

BOROUGH OF BUTLER
COUNTY OF MORRIS
REPORT OF AUDIT
2025

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF BUTLER

COUNTY OF MORRIS

REPORT OF AUDIT

2025

BOROUGH OF BUTLER
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BOROUGH OF BUTLER

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2025

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
Butler, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Butler, in the County of Morris (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2025 and 2024, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2025 and 2024, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division 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 Borough, and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment 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.
- 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 Borough'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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.

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state 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 New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2026 on our consideration of the Borough'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 solely 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 the effectiveness of the Borough's 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's internal control over financial reporting and compliance.

Mount Arlington, New Jersey
June 24, 2026

Nisivoccia LLP

NISIVOCCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Certified Public Accountant
Registered Municipal Accountant No. 548

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2025	2024
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 6,138,535.84	\$ 4,573,267.99
Change Funds		375.00	375.00
Petty Cash Fund		200.00	200.00
		<u>6,139,110.84</u>	<u>4,573,842.99</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	263,140.89	195,041.52
Tax Title Liens Receivable	A-8	106,484.02	92,673.48
Property Acquired for Taxes at Assessed Valuation		496,800.00	496,800.00
Revenue Accounts Receivable	A-9	5,944.62	5,624.28
Sewer Accounts Receivable	A-10	29,098.72	24,709.37
Due from:			
Animal Control Fund	B	903.79	
Other Trust Fund	B	212,265.33	17,835.93
General Capital Fund	C	302,333.06	
Water Utility Capital Fund	D	397,400.00	
Electric Utility Capital Fund	E	401,147.00	
Butler Library		77,214.87	105,987.05
Total Receivables and Other Assets		<u>2,292,732.30</u>	<u>938,671.63</u>
With Full Reserves			
Deferred Charges:			
Expenditure without Appropriation		28,454.00	
Total Deferred Charges		28,454.00	
Total Regular Fund		<u>8,460,297.14</u>	<u>5,512,514.62</u>
Federal and State Grant Fund:			
Due to Current Fund	A	265,427.62	260,732.09
Federal and State Grants Receivable	A-13	16,916.86	30,891.64
Total Federal and State Grant Fund		<u>282,344.48</u>	<u>291,623.73</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,742,641.62</u>	<u>\$ 5,804,138.35</u>

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31	
	Ref.	2025	2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 171,646.58	\$ 64,110.78
Unencumbered	A-3;A-11	514,290.67	383,688.83
		<u>685,937.25</u>	<u>447,799.61</u>
Accounts Payable - Vendors		1,000.00	1,000.00
County Taxes Payable		29,575.07	4,313.29
Prepaid Taxes		214,824.91	224,959.88
Tax Overpayments		53,462.23	53,476.97
Sewer Rent Overpayments		1,432.03	3,583.00
Due to State of N.J. for Veterans' and Senior Citizens' Deductions		11,244.31	11,658.68
Due to State of New Jersey:			
Construction Code Fees		1,583.00	1,765.00
Marriage License Fees		200.00	300.00
Lead Inspections		4,660.00	3,500.00
Due to Borough of Bloomingdale		6,353.34	493.50
Due to Borough of Riverdale		2,606.72	
Due to:			
Federal and State Grant Fund	A	265,427.62	260,732.09
Assessment Trust Fund	B	721,327.24	702,853.15
Animal Control Fund	B		3.60
Water Utility Operating Fund	D	243,916.49	
Electric Utility Operating Fund	E	2,141,547.90	
Reserve for:			
Garden State Preservation Trust		872.00	872.00
Third Party Liens			2,483.40
Developer's Contribution		13,692.95	13,692.95
Sale of Municipal Assets		340,006.58	355,006.58
		<u>4,739,669.64</u>	<u>2,088,493.70</u>
Reserve for Receivables and Other Assets	A	2,292,732.30	938,671.63
Fund Balance	A-1	1,427,895.20	2,485,349.29
		<u>8,460,297.14</u>	<u>5,512,514.62</u>
Total Regular Fund			
Federal and State Grant Fund:			
Unappropriated Reserves	A-14		34,926.22
Appropriated Reserves	A-15	282,344.48	256,697.51
		<u>282,344.48</u>	<u>291,623.73</u>
Total Federal and State Grant Fund			
		<u>\$ 8,742,641.62</u>	<u>\$ 5,804,138.35</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS
AND CHANGE IN FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,150,000.00	\$ 1,250,000.00
Miscellaneous Revenue Anticipated		3,876,681.73	4,113,257.49
Receipts from:			
Delinquent Taxes		175,349.01	154,091.81
Current Taxes		33,792,723.15	30,973,524.79
Nonbudget Revenue		191,496.27	128,611.96
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		148,697.56	242,030.64
Interfunds Returned		123,822.98	
Federal and State Grant Appropriated Reserves Cancelled			2,639.87
		<u>39,458,770.70</u>	<u>36,864,156.56</u>
Total Income			
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		13,615,050.63	13,273,267.36
County Taxes		3,418,235.34	3,206,980.57
Local School District Taxes		20,940,996.00	19,164,849.00
Prior Year Senior Citizens Deductions Disallowed		678.77	250.00
Federal and State Grants Receivable Cancelled			6,418.43
Expenditure without an Appropriation		28,454.00	
Interfunds and Other Receivables Advanced		1,391,264.05	90,243.19
Refund of Prior Year Revenue			57,316.33
		<u>39,394,678.79</u>	<u>35,799,324.88</u>
Total Expenditures			
Excess in Revenue		64,091.91	1,064,831.68
Adjustments to Excess Before Fund Balance:			
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		28,454.00	
		<u>92,545.91</u>	<u>1,064,831.68</u>
Statutory Excess to Fund Balance			
<u>Fund Balance</u>			
Balance January 1		2,485,349.29	2,670,517.61
		<u>2,577,895.20</u>	<u>3,735,349.29</u>
Decreased by:			
Utilized as Anticipated Revenue		1,150,000.00	1,250,000.00
Balance December 31	A	<u>\$ 1,427,895.20</u>	<u>\$ 2,485,349.29</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Budget	Added by N.J.S.A. 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,150,000.00		\$ 1,150,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages Licenses	15,500.00		17,375.78	\$ 1,875.78
Other Licenses	10,000.00		16,459.29	6,459.29
Fees and Permits	5,500.00		16,412.00	10,912.00
Municipal Court - Fines and Costs	60,000.00		70,134.39	10,134.39
Interest and Costs on Taxes	50,000.00		59,365.86	9,365.86
Energy Receipts Tax	974,384.00		974,384.12	0.12
Garden State Preservation Fund	4,638.00		4,638.00	
Payments in Lieu of Taxes on State Exempt Property	68,500.00		87,357.29	18,857.29
Interest on Investments and Deposits	135,000.00		153,528.43	18,528.43
Uniform Construction Code Fees	85,000.00		134,690.00	49,690.00
Uniform Fire Safety Act	22,500.00		27,917.18	5,417.18
Sewer Rents	1,110,000.00		1,285,745.16	175,745.16
Butler Library	47,500.00		47,500.00	
Zoning Rent Registration	18,500.00		16,105.00	2,395.00 *
Reserve for Sale of Municipal Assets	15,000.00		15,000.00	
Cell Tower Rental	110,000.00		155,501.36	45,501.36
Shared Service Agreements:				
Pequannock River Basin Regional Sewerage Authority	33,500.00		38,478.00	4,978.00
Billing Services - Bloomingdale	48,500.00		60,863.17	12,363.17
Dispatching Services - Kinnelon	30,000.00		33,604.92	3,604.92
Dispatching Services - Riverdale	8,000.00		8,160.00	160.00
Tax Collection Services - Riverdale	30,000.00		30,000.00	
Water Utility Services - Riverdale	32,500.00		36,569.83	4,069.83
NJ Public Power Authority	240,000.00		298,177.10	58,177.10
Pequannock River Basin Regional Sewerage Authority	100,000.00		167,361.97	67,361.97
General Capital Fund - Reserve for Debt Service	55,000.00		55,000.00	
Body Armor Replacement Fund	1,573.95		1,573.95	
Recycling Tonnage Grant	10,275.42	\$ 10,490.88	20,766.30	
Clean Communities Program	21,108.55	20,935.78	42,044.33	
Bulletproof Vest Partnership	1,968.30		1,968.30	
Total Miscellaneous Revenue	3,344,448.22	31,426.66	3,876,681.73	500,806.85
Receipts from Delinquent Taxes	150,000.00		175,349.01	25,349.01
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	9,008,288.54		9,502,604.60	494,316.06
Minimum Library Tax	470,887.21		470,887.21	
	9,479,175.75		9,973,491.81	494,316.06
Budget Totals	14,123,623.97	31,426.66	15,175,522.55	\$ 1,020,471.92
Nonbudget Revenue			191,496.27	
	\$ 14,123,623.97	\$ 31,426.66	\$ 15,367,018.82	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Allocation of Current Tax Collections:

Collection of Current Taxes	\$ 33,792,723.15
Allocated to:	
School, Library and County Taxes	24,359,231.34
	<u>9,433,491.81</u>
Add: Appropriation "Reserve for Uncollected Taxes"	540,000.00
	<u>540,000.00</u>
Realized for Support of Municipal Budget	<u>\$ 9,973,491.81</u>

Analysis of Fees and Permits:

Clerk	\$ 4,980.00
Police	11,420.00
Tax Searches	12.00
	<u>\$ 16,412.00</u>

Analysis of Interest on Investments and Deposits:

Deposited into Current Fund	\$ 129,798.06
Deposited into Animal Control Fund	177.07
Deposited into Other Trust Fund	160.54
Deposited into General Capital Fund	23,392.76
	<u>\$ 153,528.43</u>

Miscellaneous Revenue Not Anticipated:

Cable Television Franchise Fees	\$ 36,010.00
Interest on Sewer Rents	2,108.09
Prior Year Refunds and Reimbursements	2,767.40
Administrative Fee - Senior Citizens and Veterans Deductions	658.14
Interest on Assessments	3,033.66
Sale of Recyclables	904.70
Zoning Codes	47,135.00
Museum donations	2,100.00
Sale of Leaf Bags	672.00
Tree Removal	615.00
Cannabis Taxes	60,209.58
Miscellaneous Receipts	6,582.15
Nutrition Center Rent	8,500.00
Court Reports	16,020.55
Registrar and Health	2,680.00
Sewer Connection Fees	1,500.00
	<u>\$ 191,496.27</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salary and Wages	\$ 75,000.00	\$ 82,466.00	\$ 82,176.07	\$ 289.93	
Other Expenses	19,200.00	24,734.00	24,733.26	0.74	
Mayor and Council:					
Salary and Wages	16,000.00	16,000.00	13,093.02	2,906.98	
Other Expenses	3,550.00	3,550.00	966.84	2,583.16	
Municipal Clerk:					
Salary and Wages	34,300.00	40,300.00	39,584.96	715.04	
Other Expenses	14,575.00	14,575.00	12,433.26	2,141.74	
Other Expenses - Codification	500.00	500.00		500.00	
Assessment of Taxes:					
Salary and Wages	53,600.00	53,600.00	53,506.96	93.04	
Other Expenses	22,175.00	16,175.00	4,012.72	12,162.28	
Revaluation	35,000.00	35,000.00	34,600.00	400.00	
Collection of Taxes:					
Salary and Wages	63,550.00	53,550.00	46,735.05	6,814.95	
Other Expenses	9,000.00	9,000.00	7,373.51	1,626.49	
Financial Administration:					
Salary and Wages	82,970.00	86,470.00	85,362.56	1,107.44	
Other Expenses	26,175.00	53,175.00	35,943.83	17,231.17	
Annual Audit	60,000.00	60,000.00	57,340.00	2,660.00	
Legal Services and Costs:					
Other Expenses	37,500.00	37,500.00	32,745.09	4,754.91	
Engineering Services and Costs:					
Other Expenses	47,500.00	47,500.00	41,730.00	5,770.00	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Operations Within "CAPS" (Continued):
GENERAL GOVERNMENT (continued):
Historical Sites (Museum):
 Other Expenses
LAND USE ADMINISTRATION:
Municipal Land Use Law (NJSA 40:55D-1):
 Planning Board:
 Salary and Wages
 Other Expenses
 Zoning Officer:
 Salary and Wages
 Other Expenses
Insurance:
 General Liability
 Workers Compensation
 Fireman's
 Employee Group Health
 Employee Group Health Waiver
 Unemployment
 Disability Insurance
PUBLIC SAFETY:
 Police:
 Salary and Wages
 Other Expenses

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
\$	10,165.00	\$ 10,165.00	\$ 5,812.74	\$ 4,352.26	
	7,500.00	8,500.00	8,343.92	156.08	
	14,050.00	14,050.00	8,070.70	5,979.30	
	56,685.00	56,185.00	55,839.42	345.58	
	500.00	1,500.00	522.20	977.80	
	120,000.00	120,000.00	111,241.31	8,758.69	
	78,400.00	79,400.00	79,285.26	114.74	
	38,000.00	38,000.00	37,126.85	873.15	
	1,115,000.00	1,040,564.88	980,133.62	60,431.26	
	15,000.00				
	500.00	950.00	912.64	37.36	
	1,000.00	1,000.00		1,000.00	
	2,649,700.00	2,632,700.00	2,576,985.64	55,714.36	
	189,850.00	234,850.00	232,233.26	2,616.74	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Continued):					
Fire:					
Salary and Wages	\$ 5,000.00	\$ 3,000.00	\$ 457.20	\$ 2,542.80	
Other Expenses	101,700.00	90,900.00	90,808.69	91.31	
First Aid Organization Contribution	34,250.00	34,250.00	32,849.06	1,400.94	
Emergency Management Services:					
Salary and Wages	2,572.00	572.00		572.00	
Other Expenses	2,000.00				
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salary and Wages	659,100.00	644,100.00	603,345.71	40,754.29	
Other Expenses	137,500.00	137,500.00	112,738.96	24,761.04	
Sanitation:					
Sewer System:					
Salary and Wages	162,765.00	172,765.00	168,241.43	4,523.57	
Other Expenses	25,725.00	25,725.00	12,681.14	13,043.86	
Garbage and Trash Removal:					
Salary and Wages	500.00	500.00		500.00	
Other Expenses	1,330,400.00	1,330,400.00	1,287,839.42	42,560.58	
Vehicle Maintenance:					
Salary and Wages	10,000.00				
Other Expenses	55,750.00	55,750.00	48,565.11	7,184.89	
Public Buildings and Grounds:					
Salary and Wages	10,000.00	1,000.00	779.67	220.33	
Other Expenses	85,000.00	98,500.00	97,204.71	1,295.29	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Continued):					
HEALTH AND WELFARE:					
Board of Health:					
Salary and Wages	\$ 42,920.43	\$ 23,920.43	\$ 21,170.81	\$ 2,749.62	
Other Expenses	91,822.00	91,822.00	88,092.94	3,729.06	
Dog Regulation:					
Other Expenses	22,500.00	29,000.00	28,630.00	370.00	
RECREATION AND EDUCATION:					
Recreation Program:					
Salary and Wages	57,644.71	60,144.71	57,584.97	2,559.74	
Other Expenses	16,850.00	20,850.00	20,085.31	764.69	
Senior Citizens' Advisory Committee:					
Other Expenses	7,000.00	7,000.00	6,316.93	683.07	
Dial-A-Ride:					
Salary and Wages	26,606.40	26,606.40	25,152.40	1,454.00	
Other Expenses	81,400.00	81,400.00	61,032.00	20,368.00	
UTILITY AND BULK PURCHASES:					
Electricity	42,000.00	84,100.00	82,812.93	1,287.07	
Street Lighting	36,100.00				
Telephone	19,000.00	18,050.00	10,727.34	7,322.66	
Water	32,000.00	32,000.00	23,273.00	8,727.00	
Fuel Oil	70,000.00	62,000.00	43,002.58	18,997.42	
Gasoline	85,000.00	77,000.00	53,275.09	23,724.91	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UNCLASSIFIED EXPENDITURES:					
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	\$ 22,500.00	\$ 23,500.00	\$ 22,987.98	\$ 512.02	
Total Operations Within "CAPS"	8,172,550.54	8,104,315.42	7,668,500.07	435,815.35	
Detail:					
Salaries and Wages	4,031,413.54	3,962,379.54	3,838,359.79	124,019.75	
Other Expenses	4,141,137.00	4,141,935.88	3,830,140.28	311,795.60	
Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS":					
Statutory Expenditures					
Contributions to:					
Public Employees' Retirement System	220,987.00	221,052.00	221,050.44	1.56	
Social Security System (O.A.S.I.)	280,000.00	293,000.00	287,488.68	5,511.32	
Police and Firemen's Retirement System of N.J.	716,688.00	716,688.00	716,688.00		
Defined Contribution Retirement Program	3,500.00	13,435.00	11,417.08	2,017.92	
Total Deferred Charges and Statutory					
Expenditures - Municipal Within "CAPS"	1,221,175.00	1,244,175.00	1,236,644.20	7,530.80	
Total General Appropriations for Municipal					
Purposes Within "CAPS"	9,393,725.54	9,348,490.42	8,905,144.27	443,346.15	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS":					
Contribution to Pequannock River Basin					
Regional Sewerage Authority	\$ 2,258,053.00	\$ 2,258,053.00	\$ 2,258,053.00		
Aid to Free Public Library (N.J.S.A. 40:54-35)	470,887.21	470,887.21	470,887.21		
Insurance:					
Employee Group Health Insurance	120,000.00	120,000.00	120,000.00		
Shared Service Agreements:					
Billing Services - Bloomingdale:					
Salaries and Wages	21,500.00	21,500.00	18,564.12	\$ 2,935.88	
Other Expenses	11,000.00	11,000.00	5,500.00	5,500.00	
Construction Code Official - Bloomingdale:					
Other Expenses	115,000.00	115,000.00	109,515.00	5,485.00	
Dispatching Services - Kinnelon:					
Salaries and Wages	8,900.00	8,900.00		8,900.00	
Other Expenses	19,600.00	19,600.00		19,600.00	
Water Utility Services - Riverdale:					
Salaries and Wages	18,600.00	18,600.00	18,568.94	31.06	
Other Expenses	12,500.00	12,500.00	5,500.00	7,000.00	
Dispatching Services - Riverdale:					
Salaries and Wages	8,000.00	8,000.00		8,000.00	
Tax Collection Services - Riverdale:					
Salaries and Wages	17,500.00	49,500.00	48,507.42	992.58	
Other Expenses	12,500.00	12,500.00		12,500.00	
New Jersey Public Power Authority:					
Salaries and Wages	235,000.00	242,083.49	242,083.49		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Excluded from "CAPS":					
Shared Service Agreements (Continued):					
Pequannock River Basin Regional Sewerage Authority:					
Salaries and Wages	\$ 104,000.00	\$ 110,151.63	\$ 110,151.63		
Bloomingdale Fire Inspection Services:					
Other Expenses	18,360.00	18,360.00	18,360.00		
Rivendale Court Services:					
Other Expenses	195,472.00	195,472.00	195,472.00		
Public and Private Programs Offset by Revenues:					
Reserve for Clean Communities Grant (N.J.S.A. 40A:4-87 + \$20,935.78)	21,108.55	42,044.33	42,044.33		
Body Armor Replacement Fund	1,573.95	1,573.95	1,573.95		
Recycling Tonnage Grant (N.J.S.A. 40A:4-87 + \$10,490.88)	10,275.42	20,766.30	20,766.30		
Bulletproof Vest Program	1,968.30	1,968.30	1,968.30		
Total Operations Excluded from "CAPS"	3,681,798.43	3,758,460.21	3,687,515.69	\$ 70,944.52	
Detail:					
Salary and Wages	413,500.00	458,735.12	437,875.60	20,859.52	
Other Expenses	3,268,298.43	3,299,725.09	3,249,640.09	50,085.00	
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
Total Capital Improvements Excluded from "CAPS"	200,000.00	200,000.00	200,000.00		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 150,000.00	\$ 150,000.00	\$ 150,000.00		
Payment of Bond Anticipation Notes	34,000.00	34,000.00	34,000.00		
Interest on Bonds	69,100.00	69,100.00	69,100.00		
Interest on Notes	15,000.00	15,000.00	15,000.00		
Total Municipal Debt Service Excluded from "CAPS"	268,100.00	268,100.00	268,100.00		
Deferred Charges - Municipal - Excluded from "CAPS"					
Deferred Charges to Future Taxation:					
Ordinance 2018-12	40,000.00	40,000.00	40,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	40,000.00	40,000.00	40,000.00		
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	4,189,898.43	4,266,560.21	4,195,615.69	\$ 70,944.52	
Subtotal General Appropriations	13,583,623.97	13,615,050.63	13,100,759.96	514,290.67	
Reserve for Uncollected Taxes	540,000.00	540,000.00	540,000.00		
Total General Appropriations	\$ 14,123,623.97	\$ 14,155,050.63	\$ 13,640,759.96	\$ 514,290.67	\$ -0-
				A	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,123,623.97	
Added by NJSA 40A:4-87		<u>31,426.66</u>	
		<u>\$ 14,155,050.63</u>	
Cash Disbursed			\$ 13,185,872.10
Due to Federal and State Grant Fund			66,352.88
Encumbrances	A		171,646.58
Reserve for Uncollected Taxes			<u>540,000.00</u>
			13,963,871.56
Less: Appropriation Refunds			<u>323,111.60</u>
			<u>\$ 13,640,759.96</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2025	2024
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 6,420.47	\$ 222.62
Change Fund		50.00	50.00
Due from Current Fund	A		3.60
		<u>6,470.47</u>	<u>276.22</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,114,051.42	1,128,739.12
		<u>1,114,051.42</u>	<u>1,128,739.12</u>
Assessment Trust Fund:			
Assessment Receivable	B-6	30,788.13	49,262.22
Due from Current Fund	A	721,327.24	702,853.15
Amount to be Raised by Taxation- Funded by Assessment Bonds	B-7	13,982.00	13,982.00
		<u>766,097.37</u>	<u>766,097.37</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,886,619.26</u>	<u>\$ 1,895,112.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of NJ		\$ 59.60	\$ 58.40
Due to Current Fund	A	903.79	
Reserve for Animal Control Expenditures	B-11	5,507.08	217.82
		<u>6,470.47</u>	<u>276.22</u>
Other Trust Funds:			
Due to Current Fund	A	212,265.33	17,835.93
Reserve for:			
Special Deposits		666,498.52	721,705.44
Recreation		23,715.31	31,219.95
Parking Offense Adjudication Fees		303.65	153.65
Tax Sale Premiums		132,800.00	281,600.00
State Unemployment Insurance Fund		75,151.11	72,906.65
Public Defender		3,317.50	3,317.50
		<u>1,114,051.42</u>	<u>1,128,739.12</u>
Assessment Trust Fund:			
Due to General Capital Fund	C	746,113.37	746,113.37
Fund Balance	B-1	19,984.00	19,984.00
		<u>766,097.37</u>	<u>766,097.37</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,886,619.26</u>	<u>\$ 1,895,112.71</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2024	B	<u>\$ 19,984.00</u>
Balance December 31, 2025	B	<u><u>\$ 19,984.00</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
GENERAL CAPITAL FUND

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,054,717.64	\$ 258,042.25
Due From Assessment Trust Fund	B	746,113.37	746,113.37
NJ Department of Transportation Grant Receivable		374,756.50	91,226.50
Developer Contribution Receivable		27,227.00	27,227.00
Due from Water Utility Capital Fund	D	34,790.53	
Deferred Charges to Future Taxation:			
Funded		1,340,000.00	1,490,000.00
Unfunded	C-4	1,081,537.36	414,287.36
<u>TOTAL ASSETS</u>		<u>\$ 4,659,142.40</u>	<u>\$ 3,026,896.48</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-9	\$ 1,340,000.00	\$ 1,490,000.00
Bond Anticipation Notes Payable	C-8	1,045,250.00	338,000.00
Improvement Authorizations:			
Funded	C-6	640,382.01	590,881.33
Unfunded	C-6	796,012.60	65,000.00
Capital Improvement Fund	C-7	77,642.91	52,397.91
Reserve for:			
Sewer Improvements		305,000.00	305,000.00
Payment of Debt Service		124,367.43	179,367.43
Due to Current Fund	A	302,333.06	
Due to Electric Utility Capital Fund	E	9,460.50	
Fund Balance	C-1	18,693.89	6,249.81
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,659,142.40</u>	<u>\$ 3,026,896.48</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 6,249.81
Increased by:		
Premium on Note Sale		<u>12,444.08</u>
Balance December 31, 2025	C	<u><u>\$ 18,693.89</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
WATER UTILITY FUND

BOROUGH OF BUTLER
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2025	2024
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 524,454.43	\$ 415,033.22
Due from Current Fund	A	243,916.49	
Due from Electric Utility Operating Fund	E	254.29	
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	41,957.46	38,576.01
Inventory	D-6b	128,209.65	151,371.58
Total Receivables and Inventory with Full Reserves		170,167.11	189,947.59
Deferred Charges:			
Overexpenditure of Appropriation	D-3	72,165.84	
Total Deferred Charges		72,165.84	
Total Operating Fund		1,010,958.16	604,980.81
Capital Fund:			
Cash and Cash Equivalents	D-4	950,321.33	69,387.52
Community Development Block Grant Receivable		81,783.17	2,990.17
Fixed Capital	D-7	17,363,567.96	17,355,067.96
Fixed Capital Authorized and Uncompleted	D-8	21,680,700.00	1,719,200.00
Total Capital Fund		40,076,372.46	19,146,645.65
<u>TOTAL ASSETS</u>		\$ 41,087,330.62	\$ 19,751,626.46

BOROUGH OF BUTLER
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2025	2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 25,380.00	\$ 8,490.96
Unencumbered	D-3;D-9	72,982.56	43,896.25
		98,362.56	52,387.21
Accrued Interest on Bonds and Notes		39,570.30	43,142.86
Water Rent Overpayments		15,340.99	15,685.68
Reserve for Meter Deposits		107,768.30	103,070.07
		261,042.15	214,285.82
Reserve for Receivables and Inventory	D	170,167.11	189,947.59
Fund Balance	D-1	579,748.90	200,747.40
Total Operating Fund		1,010,958.16	604,980.81
Capital Fund:			
Bond Anticipation Notes Payable	D-13	1,278,107.00	400,000.00
Serial Bonds Payable	D-14	2,903,000.00	3,123,000.00
Improvement Authorizations:			
Funded	D-10	17,698.94	35,724.24
Unfunded	D-10	19,533,652.11	
Capital Improvement Fund	D-11	9,245.23	9,745.23
Due to Current Fund	A	397,400.00	
Due to General Capital Fund	C	34,790.53	
Reserve for:			
Amortization		15,393,830.96	15,162,730.96
Deferred Amortization	D-12	469,330.00	388,537.00
Fund Balance	D-1a	39,317.69	26,908.22
Total Capital Fund		40,076,372.46	19,146,645.65
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 41,087,330.62</u>	<u>\$ 19,751,626.46</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
FUND BALANCE - REGULATORY BASIS

		Year Ended December 31,	
	Ref.	2025	2024
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 163,693.00	\$ 153,896.00
Rents		2,461,460.10	2,148,693.97
Miscellaneous Revenue		40,138.30	30,376.39
Fire Hydrant Service		21,000.00	21,000.00
Capital Fund Balance		2,800.00	2,800.00
Bloomington Water Supply Agreement		488,822.50	436,366.00
American Rescue Plan - Local Fiscal Recovery			181,133.12
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,371.30	654.96
Total Income		3,179,285.20	2,974,920.44
<u>Expenditures</u>			
Budget Expenditures:			
Operating		2,144,200.84	2,035,066.00
Capital Improvements		10,000.00	191,133.12
Debt Service		347,673.70	355,484.50
Deferred Charges and Statutory Expenditures		206,882.00	201,500.00
Total Expenditures		2,708,756.54	2,783,183.62
Excess in Revenue		470,528.66	191,736.82
Adjustments to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year	D	72,165.84	
Statutory Excess to Fund Balance		542,694.50	191,736.82
<u>Fund Balance</u>			
Balance January 1		200,747.40	162,906.58
		743,441.90	354,643.40
Decreased by:			
Utilized as Anticipated Revenue		163,693.00	153,896.00
Balance December 31	D	\$ 579,748.90	\$ 200,747.40

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2024	<u>Ref.</u> D	\$ 26,908.22
Increased by:		
Premium on Note Sale - Due from General Capital Fund		15,209.47
		<u>42,117.69</u>
Decreased by:		
Utilized as Anticipated Revenue in the Water Utility Operating Fund		2,800.00
		<u>2,800.00</u>
Balance December 31, 2025	D	<u>\$ 39,317.69</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 163,693.00	\$ 163,693.00	
Water Rents	2,010,000.00	2,376,460.10	\$ 366,460.10
Miscellaneous Revenue	15,524.00	40,138.30	24,614.30
Fire Hydrant Service	21,000.00	21,000.00	
Capital Fund Balance	2,800.00	2,800.00	
Bloomington Water Supply Agreement	350,000.00	488,822.50	138,822.50
Rents - Fee Increase	85,000.00	85,000.00	
	<u>\$ 2,648,017.00</u>	<u>\$ 3,177,913.90</u>	<u>\$ 529,896.90</u>

Analysis of Water Rents

Collections - Rents	\$ 2,080,494.08
Due from Current Fund - Collections - Rents	365,280.34
Overpayments Applied	15,685.68
	<u>\$ 2,461,460.10</u>

Analysis of Miscellaneous Revenue

Interest on Investments	\$ 7,020.77
Interest on Water Rents	2,691.15
Other Miscellaneous Revenue	22,458.40
	<u>32,170.32</u>

Interest Earned - Water Utility Capital Fund	7,967.98
	<u>\$ 40,138.30</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended by		Unexpended Balance Cancelled	Overexpended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Administration:						
Salaries and Wages	\$ 215,000.00	\$ 233,000.00	\$ 229,544.97	\$ 3,455.03		
Other Expenses	328,625.00	328,625.00	400,790.84			\$ 72,165.84
Operations:						
Salaries and Wages	547,900.00	529,900.00	516,502.96	13,397.04		
Other Expenses	495,000.00	495,000.00	452,181.05	42,818.95		
Dispatching:						
Salaries and Wages	138,510.00	138,510.00	136,145.41	2,364.59		
Other Expenses	500.00	500.00		500.00		
Buildings and Grounds:						
Salaries and Wages	1,000.00	1,000.00		1,000.00		
Other Expenses	1,500.00	1,500.00	36.72	1,463.28		
Group Health Insurance	201,400.00	201,400.00	201,400.00			
MELJIF Liability	91,600.00	91,600.00	90,041.89	1,558.11		
MELJIF Worker's Compensation	51,000.00	51,000.00	50,750.48	249.52		
Capital Improvements:						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Debt Service:						
Payment of Bond Principal	220,000.00	220,000.00	220,000.00			
Payment of Bond Anticipation Notes	2,600.00	2,600.00	2,600.00			
Interest on Bonds	118,500.00	107,599.19	96,172.89		\$ 11,426.30	
Interest on Notes	18,000.00	28,900.81	28,900.81			
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	136,082.00	136,082.00	136,031.04	50.96		
Social Security System (O.A.S.I.)	70,000.00	70,000.00	64,674.92	5,325.08		
Unemployment Compensation Insurance	300.00	300.00		300.00		
Disability Insurance	500.00	500.00		500.00		
	\$ 2,648,017.00	\$ 2,648,017.00	\$ 2,635,773.98	\$ 72,982.56	\$ 11,426.30	\$ 72,165.84
						D

Ref.

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 2,648,017.00</u>	
Cash Disbursed			\$ 2,517,916.62
Encumbrances Payable	D		25,380.00
Accrued Interest on Bonds and Notes			<u>125,073.70</u>
			2,668,370.32
Less: Appropriation Refunds			<u>32,596.34</u>
			<u>\$ 2,635,773.98</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2025	2024
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 1,430,644.86	\$ 3,154,858.15
Petty Cash Fund		50.00	50.00
		<u>1,430,694.86</u>	<u>3,154,908.15</u>
Prepaid Sales Tax Payable			74,102.00
Prepaid Zero Emission Credit Program Payable		69,334.83	
Due from Current Fund	A	<u>2,141,547.90</u>	
		<u>3,641,577.59</u>	<u>3,229,010.15</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	E-8	963,931.64	714,903.26
Public Power Association Receivable		42,067.76	42,067.76
Inventory	E-8a	<u>2,635,302.64</u>	<u>2,619,505.74</u>
Total Receivables and Inventory with Full Reserves		<u>3,641,302.04</u>	<u>3,376,476.76</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves		<u>19,453.66</u>	
Total Deferred Charges		<u>19,453.66</u>	
Total Operating Fund		<u>7,302,333.29</u>	<u>6,605,486.91</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	1,093,979.34	1,308,548.08
Due from General Capital Fund	C	9,460.50	
Due from Electric Utility Operating Fund	E	28,483.14	
Fixed Capital	E-9	25,435,596.42	24,868,596.42
Fixed Capital Authorized and Uncompleted	E-10	<u>1,679,000.00</u>	<u>1,930,000.00</u>
Total Capital Fund		<u>28,246,519.40</u>	<u>28,107,144.50</u>
TOTAL ASSETS		<u>\$ 35,548,852.69</u>	<u>\$ 34,712,631.41</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31	
	Ref.	2025	2024
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 185,519.82	\$ 105,818.96
Unencumbered	E-4;E-11	299,433.42	189,702.25
		484,953.24	295,521.21
Accounts Payable - Vendors		916,119.94	593,513.18
Accrued Interest on Bonds and Notes		31,658.33	32,209.51
Sales Tax Payable		167,203.43	
Zero Emission Credit Program Payable			166,406.33
Electric Rent Overpayments		109,436.07	146,932.89
Due to Water Utility Operating Fund	D	254.29	
Due to Electric Utility Capital Fund	E	28,483.14	
Reserve for Meter Deposits		679,159.61	665,378.59
		2,417,268.05	1,899,961.71
Reserve for Receivables and Inventory	E	3,641,302.04	3,376,476.76
Fund Balance	E-1	1,243,763.20	1,329,048.44
Total Operating Fund		7,302,333.29	6,605,486.91
Capital Fund:			
Bond Anticipation Notes Payable	E-16	795,000.00	550,000.00
Serial Bonds Payable	E-17	1,405,000.00	1,951,000.00
Improvement Authorizations:			
Funded	E-12	86,633.21	581,629.58
Unfunded	E-12	473,763.77	550,000.00
Due to Current Fund	A	401,147.00	
Capital Improvement Fund	E-13	106,507.71	122,507.71
Reserve for:			
Debt Service		8,538.77	8,538.77
Amortization		24,340,776.42	23,674,776.42
Deferred Amortization	E-14	543,000.00	592,000.00
Fund Balance	E-2	86,152.52	76,692.02
Total Capital Fund		28,246,519.40	28,107,144.50
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 35,548,852.69	\$ 34,712,631.41

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
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BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN
OPERATING FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2025</u>	<u>2024</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	1,250,000.00	\$ 3,610,407.00
LEAC Revenue		5,800,000.00	5,872,244.13
Base Rate Revenue		7,039,697.30	6,726,867.47
Additional Revenue - LEAC Rate Increase		5,372,444.34	
Additional Revenue - Base Rate Increase		1,240,000.00	
Miscellaneous Revenue		397,336.45	641,535.77
Electric Utility Capital Fund Balance			15,250.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		77,792.48	142,069.67
Total Income		<u>21,177,270.57</u>	<u>17,008,374.04</u>
<u>Expenditures</u>			
Operating		18,509,615.00	14,329,884.11
Debt Service		700,128.81	651,802.79
Deferred Charges and Statutory Expenditures		768,875.00	751,550.00
Sales Tax Payable		33,937.00	
Overexpenditure of Appropriation Reserves		19,453.66	
Total Expenditures		<u>20,032,009.47</u>	<u>15,733,236.90</u>
Excess in Revenue		1,145,261.10	1,275,137.14
Adjustments to Excess Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		19,453.66	
Statutory Excess to Fund Balance		1,164,714.76	1,275,137.14
<u>Fund Balance</u>			
Balance January 1		1,329,048.44	3,664,318.30
		<u>2,493,763.20</u>	<u>4,939,455.44</u>
Decreased by:			
Utilization as Anticipated Revenue		1,250,000.00	3,610,407.00
Balance December 31	E	<u>\$ 1,243,763.20</u>	<u>\$ 1,329,048.44</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

Balance December 31, 2024	<u>Ref.</u> E	\$ 76,692.02
Increased by:		
Premium on Note Sale - Due General Capital Fund		<u>9,460.50</u>
Balance December 31, 2025	E	<u><u>\$ 86,152.52</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 1,250,000.00	\$ 1,250,000.00	
LEAC Revenues	5,800,000.00	5,800,000.00	
Base Rate Revenues	6,750,000.00	7,039,697.30	\$ 289,697.30
Rents Increase	1,240,000.00	1,240,000.00	
LEAC Revenue - Increase	5,442,690.00	5,372,444.34	70,245.66 *
Miscellaneous Revenue	<u>300,000.00</u>	<u>397,336.45</u>	<u>97,336.45</u>
	<u>\$ 20,782,690.00</u>	<u>\$ 21,099,478.09</u>	<u>\$ 316,788.09</u>

Analysis of Realized Miscellaneous Revenue

Miscellaneous Revenue:

Interest on Electric Rents	\$ 53,504.18	
Miscellaneous Reimbursements	172,654.10	
Interest Earned	<u>50,885.50</u>	
		\$ 277,043.78
Department of Transportation Route 23		
Reimbursement - Federal - Due from Current Fund		17,210.07
Interest Earned - Electric Utility Capital Fund		32,668.67
Flood Lighting		47,913.93
State Aid "Lifeline"		<u>22,500.00</u>
		<u>\$ 397,336.45</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025

	Appropriations		Expended by			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Administration:						
Salaries and Wages	\$ 498,100.00	\$ 520,600.00	\$ 507,440.74	\$ 13,159.26		
Other Expenses	714,750.00	714,750.00	704,102.58	10,647.42		
Operations:						
Salaries and Wages	2,955,000.00	2,865,000.00	2,860,650.53	4,349.47		
Other Expenses	647,920.00	605,420.00	546,923.10	58,496.90		
Other Expenses - Purchase Power	12,650,000.00	12,650,000.00	11,673,923.02	176,076.98	\$ 800,000.00	
Dispatching:						
Salaries and Wages	331,350.00	331,350.00	309,970.04	21,379.96		
Other Expenses	1,000.00	1,000.00		1,000.00		
Night Out:						
Other Expenses	7,500.00	7,500.00	5,338.33	2,161.67		
Buildings and Grounds:						
Salaries and Wages	122,800.00	122,800.00	120,788.92	2,011.08		
Other Expenses	7,000.00	2,000.00	82.88	1,917.12		
Group Insurance for Employees	1,105,000.00	1,225,000.00	1,225,000.00			
MELJIF Liability	150,000.00	150,000.00	144,063.90	5,936.10		
MELJIF Worker's Compensation	99,195.00	99,195.00	99,194.12	0.88		
Employee Group Health Waiver	15,000.00	15,000.00	15,000.00			
Debt Service:						
Payment of Bond Principal	546,000.00	546,000.00	546,000.00			
Payment of Bond Anticipation Notes	55,000.00	55,000.00	55,000.00			
Interest on Bonds	74,700.00	77,940.00	74,697.50			3,242.50
Interest on Notes	28,500.00	25,260.00	24,431.31			828.69

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	\$ 493,125.00	\$ 493,125.00	\$ 493,112.52	\$ 12.48	
Social Security System (O.A.S.I.)	280,000.00	275,000.00	273,465.90	1,534.10	
Unemployment Compensation Insurance	750.00	750.00		750.00	
	<u>\$ 20,782,690.00</u>	<u>\$ 20,782,690.00</u>	<u>\$ 19,679,185.39</u>	<u>\$ 299,433.42</u>	<u>\$ 804,071.19</u>
				E	

Ref.

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2025
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 20,782,690.00</u>	
Cash Disbursed			\$ 18,736,600.11
Encumbered	E		185,519.82
Accounts Payable			850,110.94
Accrued Interest on Bonds and Notes			99,128.81
			<u>19,871,359.68</u>
Less: Refunds			192,174.29
			<u>\$ 19,679,185.39</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER
PUBLIC ASSISTANCE FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	F-1	\$ 8,887.08	\$ 8,887.08
<u>TOTAL ASSETS</u>		<u>\$ 8,887.08</u>	<u>\$ 8,887.08</u>
<u>RESERVES</u>			
Reserve for Public Assistance		\$ 8,887.08	\$ 8,887.08
<u>TOTAL RESERVES</u>		<u>\$ 8,887.08</u>	<u>\$ 8,887.08</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF BUTLER
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS

	December 31,	
	2025	2024
<u>ASSETS</u>		
Land	\$ 5,171,063.00	\$ 5,171,063.00
Building and Building Improvements	34,021,585.00	34,021,585.00
Furniture, Equipment and Vehicles	9,514,732.00	8,394,486.00
<u>TOTAL ASSETS</u>	<u>\$ 48,707,380.00</u>	<u>\$ 47,587,134.00</u>
 <u>RESERVE</u>		
Reserve for Fixed Assets	<u>\$ 48,707,380.00</u>	<u>\$ 47,587,134.00</u>
<u>TOTAL RESERVE</u>	<u>\$ 48,707,380.00</u>	<u>\$ 47,587,134.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Butler include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Butler, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Butler do not include the operations of the Municipal Library or Volunteer Fire and First Aid Organizations.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Butler conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Butler accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

Assessment Trust Fund- Resources and expenditures for the payment of Assessment Trust Fund Debt.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Electric Utility Operating and Capital Funds – Account for the operations and acquisition of capital facilities of the municipally owned Electric Utility.

Public Assistance Fund - Receipt and disbursement of funds that provide assistance to certain residents of the municipality pursuant to Title 44 of New Jersey Statutes. The operations of the State funded General Assistance Program were transferred to the County of Morris in a prior year.

General Fixed Assets Account Group – Estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is budgeted and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Other amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; Federal and State grants and assistance would be recognized when earned, not when awarded; inventories would not be reflected as expenditures at the time of purchase, fixed assets purchased by the water and electric utility capital funds would be depreciated, investments would generally be stated at fair value, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor, and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable would be recorded.

The cash basis of accounting is followed in the Trust and Capital Funds.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means that debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or by financed purchases agreements.

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include: (Cont'd)

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed Property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds, except the Electric and Water Utilities, is recorded as an expenditure at the time individual items are purchased. The cost of the Electric Utility Operating and Water Utility Funds inventory is included on these Funds balance sheets and are offset by a reserve.

General Fixed Assets Account Group – In accordance with N.J.A.C. accounting requirements, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at cost except for land, which is recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets". When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, the General Capital Fund and the Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital and Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water and Electric Utility Funds are recorded in their respective capital accounts at cost. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current and Water and Electric Utility Operating Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bond to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2025	2024	2023
<u>Issued</u>			
General:			
Bonds and Notes	\$ 2,385,250	\$ 1,828,000	\$ 1,938,000
Water Utility:			
Bonds and Notes	4,181,107	3,523,000	3,733,000
Electric Utility:			
Bonds and Notes	2,200,000	2,501,000	2,501,000
Total Issued	<u>8,766,357</u>	<u>7,852,000</u>	<u>8,172,000</u>
Less:			
Funds Temporarily Held			
to Pay Bonds and Notes:			
General	124,367	179,367	143,788
Electric Utility	8,539	8,539	8,539
Total Deductions	<u>132,906</u>	<u>187,906</u>	<u>152,327</u>
Net Debt Issued	<u>8,633,451</u>	<u>7,664,094</u>	<u>8,019,673</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt (Cont'd)

	December 31,		
	2025	2024	2023
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	\$ 36,287	\$ 76,287	\$ 116,287
Water Utility:			
Bonds and Notes	19,000,000		
Electric Utility:			
Bonds and Notes	30,820	30,820	\$ 230,820
Total Authorized but not Issued	<u>19,067,107</u>	<u>107,107</u>	<u>347,107</u>
Net Bonds and Notes Issued and Authorized but not Issued	<u>\$ 27,700,558</u>	<u>\$ 7,771,201</u>	<u>\$ 8,366,780</u>

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2023	Additions	Retirements	Balance 12/31/2024
Serial Bonds:				
General Capital Fund	\$ 1,635,000		\$ 145,000	\$ 1,490,000
Water Utility Capital Fund	3,333,000		210,000	3,123,000
Electric Utility Capital Fund	2,501,000		550,000	1,951,000
Bond Anticipation Notes:				
General Capital Fund	303,000	\$ 338,000	303,000	338,000
Water Utility Capital Fund	400,000	400,000	400,000	400,000
Electric Utility Capital Fund	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>
Total	<u>\$ 8,172,000</u>	<u>\$ 1,288,000</u>	<u>\$ 1,608,000</u>	<u>\$ 7,852,000</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025
Serial Bonds:				
General Capital Fund	\$ 1,490,000		\$ 150,000	\$ 1,340,000
Water Utility Capital Fund	3,123,000		220,000	2,903,000
Electric Utility Capital Fund	1,951,000		546,000	1,405,000
Bond Anticipation Notes:				
General Capital Fund	338,000	\$ 1,045,250	338,000	1,045,250
Water Utility Capital Fund	400,000	1,278,107	400,000	1,278,107
Electric Utility Capital Fund	550,000	795,000	550,000	795,000
Total	<u>\$ 7,852,000</u>	<u>\$ 3,118,357</u>	<u>\$ 2,204,000</u>	<u>\$ 8,766,357</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .162%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,700,000	\$ 13,700,000	
Water Utility Debt	23,181,107	23,181,107	
Electric Utility Debt	2,230,820	2,230,820	
General Debt	2,421,537	124,367	\$ 2,297,170
	<u>\$ 41,533,464</u>	<u>\$ 39,236,294</u>	<u>\$ 2,297,170</u>

Net Debt: \$2,297,170 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$1,416,761,831 = .162%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3-1/2% Average Equalized Valuation of Real Property	\$ 49,586,664
Net Debt	<u>2,297,170</u>
Remaining Borrowing Power	<u>\$ 47,289,494</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Calculation of "Self-Liquidating Purpose", Water Utility Per N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 3,177,914
Deductions:	
Operating and Maintenance Cost	\$ 2,351,083
Debt Service	<u>347,674</u>
	<u>2,698,757</u>
Excess in Revenue	<u><u>\$ 479,157</u></u>

Calculation of "Self-Liquidating Purpose", Electric Utility Per N.J.S.40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 21,099,478
Deductions:	
Operating and Maintenance Cost	\$ 19,278,490
Debt Service	<u>700,129</u>
	<u>19,978,619</u>
Excess in Revenue	<u><u>\$ 1,120,859</u></u>

Note: If there is a deficit in revenue, then the utility debt is not deductible to the extent of 20 times such deficit amount.

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Schedule of Annual Debt Service for the Next Five Years and Thereafter for
Bonded Debt Issued and Outstanding

Year Ended December 31,	General		Water Utility		Electric Utility		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 150,000	\$ 61,600	\$ 230,000	\$ 111,871	\$ 155,000	\$ 64,500	\$ 535,000	\$ 237,971
2027	155,000	54,100	235,000	102,771	160,000	56,750	550,000	213,621
2028	160,000	46,350	218,000	93,676	165,000	48,750	543,000	188,776
2029	165,000	38,350	120,000	86,381	170,000	40,500	455,000	165,231
2030	170,000	30,100	125,000	80,381	180,000	32,000	475,000	142,481
2031-2035	540,000	43,600	670,000	319,881	575,000	46,600	1,785,000	410,081
2036-2040			765,000	196,356			765,000	196,356
2041-2043			540,000	44,000			540,000	44,000
	<u>\$ 1,340,000</u>	<u>\$ 274,100</u>	<u>\$ 2,903,000</u>	<u>\$ 1,035,318</u>	<u>\$ 1,405,000</u>	<u>\$ 289,100</u>	<u>\$ 5,648,000</u>	<u>\$ 1,598,518</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2025

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Outstanding Dec. 31, 2025</u>			
	<u>Date</u>	<u>Amount</u>		
General Bonds	9/1/2026	\$150,000	5.00%	
	9/1/2027	155,000	5.00%	
	9/1/2028	160,000	5.00%	
	9/1/2029	165,000	5.00%	
	9/1/2030	170,000	5.00%	
	9/1/2031	175,000	4.00%	
	9/1/2032	180,000	4.00%	
	9/1/2033	185,000	4.00%	<u>\$ 1,340,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Outstanding Dec. 31, 2025</u>			
	<u>Date</u>	<u>Amount</u>		
Morse Avenue Sidewalk Assessment	9/5/2026	\$ 40,000	4.00%	\$ 40,000
Manning Avenue Sidewalk Assessment	9/5/2026	79,000	4.00%	79,000
South Gifford Avenue Sidewalk Construction	9/5/2026	120,000	4.00%	120,000
Improvements to Public Works Garage	9/5/2026	65,000	4.00%	65,000
Various Capital Improvements	9/5/2026	741,250	4.00%	741,250
				<u>\$ 1,045,250</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2025 (Cont'd)

Water Utility Capital Fund

<u>Serial Bonds</u> <u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2025</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		
General Bonds	11/15/2026	\$ 120,000	3.00%	
	11/15/2027	120,000	3.00%	
	11/15/2028	103,000	3.00%	\$ 343,000
General Bonds	9/1/2026	110,000	5.000%	
	9/1/2027	115,000	5.000%	
	9/1/2028	115,000	5.000%	
	9/1/2029	120,000	5.000%	
	9/1/2030	125,000	5.000%	
	9/1/2031	125,000	4.000%	
	9/1/2032	130,000	4.000%	
	9/1/2033	135,000	4.000%	
	9/1/2034	140,000	3.125%	
	9/1/2035	140,000	3.250%	
	9/1/2036	145,000	3.375%	
	9/1/2037	145,000	3.500%	
	9/1/2038	150,000	3.625%	
	9/1/2039	160,000	3.750%	
	9/1/2040	165,000	4.000%	
	9/1/2041	170,000	4.000%	
	9/1/2042	180,000	4.000%	
	9/1/2043	190,000	4.000%	2,560,000
				<u>\$ 2,903,000</u>

<u>Bond Anticipation Notes</u> <u>Purpose</u>	<u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2025</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Date</u>	<u>Amount</u>		
Water System Improvements	9/5/2026	\$ 197,400	4.00%	\$ 197,400
Water System Improvements	9/5/2026	200,000	4.00%	200,000
Water System Improvements	9/5/2026	880,707	4.00%	880,707
				<u>\$ 1,278,107</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 2: Long-Term Debt (Cont'd)

Analysis of Debt Issued and Outstanding at December 31, 2025 (Cont'd)

Electric Utility Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Outstanding Dec. 31, 2025</u>			
	<u>Date</u>	<u>Amount</u>		
General Bonds	9/1/2026	\$ 155,000	5.00%	
	9/1/2027	160,000	5.00%	
	9/1/2028	165,000	5.00%	
	9/1/2029	170,000	5.00%	
	9/1/2030	180,000	5.00%	
	9/1/2031	185,000	4.00%	
	9/1/2032	190,000	4.00%	
	9/1/2033	200,000	4.00%	\$ 1,405,000
				<u>\$ 1,405,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
	<u>Outstanding Dec. 31, 2025</u>			
	<u>Date</u>	<u>Amount</u>		
Acquisition of a Bucket Truck	9/5/2026	\$ 180,000	4.00%	\$ 180,000
Improvement of the Electrical Supply and Distribution System	9/5/2026	315,000	4.00%	315,000
Improvement of the Electrical Supply and Distribution System	9/5/2026	300,000	4.00%	300,000
				<u>\$ 795,000</u>
Total Debt Issued and Outstanding				<u>\$ 8,766,357</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2025, which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2026 are as follows:

Current Fund	\$ 1,150,000
Water Utility Operating Fund	275,000
Electric Utility Operating Fund	1,240,000

Note 4: Pension Plans

Borough employees participate in one of the two contributory, defined benefit public employee retirement systems: the State of New Jersey Public Employee's Retirement System (PERS) or the State of New Jersey Police and Firemen's Retirement System (PFRS); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

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.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 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 members 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
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2025, the State's pension contribution was more than the actuarially determined amount. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to \$873,684 for 2025. During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$27,014 to the PERS for normal pension expense on behalf of the Borough.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employers in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense

At June 30, 2025, the Borough's liability was \$7,862,255 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2025, the Borough's proportion was 0.0639%, which was an increase of 0.00145% from its proportion measured as of June 30, 2024.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2025.

For the year ended December 31, 2025, the Borough recognized actual pension expense in the amount of \$873,684.

Actuarial Assumptions

The collective total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	3.25 – 7.75% based on years of service
Investment Rate of Return	7.00%

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee Mortality Table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and a 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2025) 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 rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2025 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%	8.55%
Non-U.S. Developed Market Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 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 in determining the total pension liability.

Sensitivity of the Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2025 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2025		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 10,762,959	\$ 7,862,255	\$ 5,390,085

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Police and Firemen's Retirement System (PFRS)

Plan Description

The Police and Firemen's Retirement System of New Jersey (PFRS), is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:16A. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal costs and unfunded accrued liability. For fiscal year 2025, the State contributed an amount more than the actuarially determined amount.

The employers in the Local Group contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for employers in the Local Group of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers were credited with the full payment and any such amounts were not included in their unfunded liability. The actuaries have determined the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Borough contributions to PFRS amounted to \$716,688 for the year ended December 31, 2025. During the fiscal year ended June 30, 2025, the State of New Jersey contributed \$123,459 to the PFRS for normal pension benefits on behalf of the Borough, which is the same as the contractually required contribution of \$123,459.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2025, the Borough's liability for its proportionate share of the net pension liability was \$5,131,065. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2025, the Borough's proportion was 0.0512%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2024.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,041,592 as of June 30, 2025. The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2025, the State's proportion 0.0512%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2024 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 5,131,065
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>1,041,592</u>
Total Net Pension Liability	<u>\$ 6,172,657</u>

For the year ended December 31, 2025 the Borough recognized total pension expense of \$716,688.

Actuarial Assumptions

The collective total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of July 1, 2024 which was rolled forward to June 30, 2025. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.50%
Wage	3.00%
Salary Increases:	
All future years	4.00 – 17.50% based on years of service
Investment Rate of Return	7.00%

Employee mortality rates were based on the Pub-2016 Safety Employee mortality tables projected generationally from 2016 with Scale MP-2021. 5% of deaths are assumed to be accidental. Healthy annuitants, mortality rates were 100% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for males and 98% of the Pub-2016 Safety Retiree Below Median amount-weighted mortality tables for females, projected generationally from 2016 with Scale MP-2021 mortality projection. For contingent annuitants, mortality rates were 100% of the Pub-2016 Contingent Survivor Below Median amount-weighted mortality tables for males and 102% Pub-2016 Contingent Survivor Below Median amount-weighted tables for females, projected generationally from 2016 with Scale MP-2021. Disability mortality rates were 134% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for males and 100% of the Pub-2016 Safety Disabled Retiree amount-weighted mortality table for females, projected generationally from 2016 with Scale MP-2021 mortality projection.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Actuarial Assumptions (Cont'd)

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2024.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2025) is determined by the State Treasurer, after consultation with the PFRS Board of Trustees, and 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 which is combined with analysis of asset class trends and key influences driving capital markets, to develop the 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 rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2025 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. Large-Cap Equity	24.00%	6.90%
U.S. Small/Mid Cap Equity	4.00%	7.40%
Non-U.S. Developed Large-Cap Equity	9.50%	6.70%
Non-U.S. Developed Small Cap Equity	2.00%	7.50%
Emerging Markets Large-Cap Equity	6.00%	9.60%
Emerging Markets Small-Cap Equity	1.50%	9.60%
U.S. Treasury Bond	7.00%	4.10%
U.S. Corporate Bond	5.00%	5.90%
U.S. Mortgage-Backed Securities	5.00%	4.40%
Global Multisector Fixed Income	6.00%	6.50%
Cash	2.00%	3.40%
Real Estate Core	3.00%	5.10%
Real Estate Non-Core	4.00%	6.50%
Infrastructure	3.00%	7.00%
Private Debt/Credit	8.00%	9.10%
Private Equity	10.00%	10.10%

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

B. Police and Firemen's Retirement System (PFRS) (Cont'd)

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the employers in the State Group and 100% of actuarially determined contributions for the employers in the Local Group. 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 in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2025 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2025		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 8,979,646	\$ 6,172,657	\$ 3,830,745

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 4: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, 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.

For DCRP, the Borough recognized pension expense of \$11,417 for the year ended December 31, 2025. Employee contributions to DCRP amounted to \$12,732 for the year ended December 31, 2025.

Note 5: Local School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Butler has elected not to defer school taxes.

Note 6: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue a limited amount of unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed-upon rate. This amount is not reported either as expenditure or a liability. It is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used.

Balance Dec. 31, 2024	Net Change	Balance Dec. 31, 2025	Amount Due Within One Year
\$ 612,646	\$ 90,485	\$ 703,132	\$ -0-

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid Taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Tax Rate</u>	\$ 2.511	\$ 2.497	\$ 2.654
<u>Apportionment of Tax Rate</u>			
Municipal	0.702	0.703	0.727
County	0.253	0.258	0.264
Local School	1.556	1.536	1.663
<u>Assessed Valuations</u>			
2025	<u>\$ 1,346,555,210</u>		
2024		<u>\$ 1,247,738,901</u>	
2023			<u>\$ 1,181,716,005</u>

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collections</u>
2025	\$ 34,104,245	\$ 33,792,723	99.09%
2024	31,197,851	30,973,525	99.28%
2023	31,431,995	31,241,630	99.39%

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the investment section of this footnote.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which NJ municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of collected public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L.1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 8: Cash and Cash Equivalents (Cont'd)

As of December 31, 2025, cash and cash equivalents of the Borough of Butler consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking Accounts</u>	<u>NJ Cash Management Fund</u>	<u>Total</u>
Current Fund	\$ 575	\$ 6,138,536		\$ 6,139,111
Animal Control Trust Fund	50	6,420		6,470
Other Trust Fund		1,100,877	\$ 13,174	1,114,051
General Capital Fund		1,052,880	1,838	1,054,718
Water Utility Operating Fund		524,454		524,454
Water Utility Capital Fund		946,942	3,380	950,321
Electric Utility Operating Fund	50	1,430,645		1,430,695
Electric Utility Capital Fund		1,088,081	5,899	1,093,979
Public Assistance Fund		8,887		8,887
	<u>\$ 675</u>	<u>\$ 12,297,722</u>	<u>\$ 24,290</u>	<u>\$ 12,322,687</u>

During the period ended December 31, 2025, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2025, was \$12,322,687 and the bank balance was \$12,587,029. The \$24,290 invested with the State of New Jersey Cash Management Fund is uninsured and unregistered.

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey health benefits plan.

The Borough of Butler is a member of the Morris County Municipal Joint Insurance Fund. This fund is both an insured and self-administered group of municipalities established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum.

The following coverages are offered by the fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Public Officials' Liability/Employment Practices Coverage
- f.) Environmental Coverage

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 9: Risk Management (Cont'd)

The fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year assessments with their respective share of the distribution.

Summarized selected financial information for the Funds as of December 31, 2025 is as follows:

Total Assets	<u>\$ 43,276,628</u>
Net Position	<u>\$ 17,081,561</u>
Total Revenue	<u>\$ 28,660,760</u>
Total Expenses	<u>\$ 25,973,063</u>
Change in Net Position	<u>\$ 2,424,814</u>
Members Dividends	<u>\$ 262,883</u>

Financial statements for the fund are available at the Office of the Executive Director:

Morris County Municipal Joint Insurance Fund
PERMA Risk Management Services
9 Campus Drive, Suite 216
Parsippany, New Jersey 07054
(201) 881-7632

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

Year	Borough/ Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2023	\$ 10,001	\$ 2,075	\$ 3,351	\$ 63,394
2024	10,196	2,543	3,227	72,906
2025		2,244		75,151

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 10: Deferred Compensation Plan

The Borough of Butler offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by AXA Equitable, is available to all Borough employees and permits participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 11: Interfund Receivables and Payables

The following interfund balances remain on the balance sheets at December 31, 2025:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,314,049	\$ 3,372,219
Federal and State Grand Fund	265,428	
Animal Control Fund		904
Other Trust Funds		212,265
Assessment Trust Fund	721,327	746,113
General Capital Fund	780,904	311,794
Water Utility Operating Fund	244,171	
Electric Utility Operating Fund	2,141,548	28,737
Water Utility Capital Fund		432,191
Electric Utility Capital Fund	37,944	401,147
	<u>\$ 5,505,370</u>	<u>\$ 5,505,370</u>

The Borough utilizes the Current Fund as a clearing account for receipts and disbursements of the other funds. The interfund between the Assessment Trust Fund and the General Capital Fund is for receipts collected by the Assessment Trust Fund on behalf of the General Capital Fund. The interfund between the General Capital Fund and the Water Utility Capital Fund is for receipts collected by the Water Utility Capital Fund on behalf of the General Capital Fund. The interfund between the General Capital Fund and the Electric Utility Capital Fund is for premium on note sale collected by the General Capital Fund on behalf of the Electric Utility Capital Fund. The interfund between the Electric Utility Operating Fund and the Water Utility Operating Fund is for receipts collected by the Electric Utility Operating Fund on behalf of the Water Utility Operating Fund. The interfund between the Electric Utility Operating Fund and the Electric Utility Capital Fund is for receipts collected by the Electric Utility Operating Fund on behalf of the Electric Utility Capital Fund.

Note 12: Commitments and Contingencies

The Borough is periodically involved in various lawsuits arising in the normal course of the Borough's operations including claims for property damage, personal injury and various contract disputes. The Borough vigorously contest these lawsuits and believes the ultimate resolution will not have a material adverse effect on the Borough's financial position and operations as of December 31, 2025.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 12: Commitments and Contingencies (Cont'd)

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 13: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 14: Fixed Assets

The following is a summarization of the activity of the Borough of Butler's fixed assets for the years ended December 31, 2025 and 2024:

	Balance Dec. 31, 2024	Additions	Adjustments/ Deletions	Balance Dec. 31, 2025
Land	\$ 5,171,063			\$ 5,171,063
Building and Building Improvements	34,021,585			34,021,585
Furniture, Equipment and Vehicles	8,394,486	\$1,120,246		9,514,732
	<u>\$ 47,587,134</u>	<u>\$1,120,246</u>	<u>\$ -0-</u>	<u>\$ 48,707,380</u>
	Balance Dec. 31, 2023	Additions	Deletions	Balance Dec. 31, 2024
Land	\$ 5,171,063			\$ 5,171,063
Building and Building Improvements	34,021,585			34,021,585
Furniture, Equipment and Vehicles	8,394,486			8,394,486
	<u>\$ 47,587,134</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 47,587,134</u>

Note 15: Tax Abatements

Governmental Accounting Standards Board requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 15: Tax Abatements (Cont'd)

As of December 31, 2025, the Borough provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Borough pursuant to the authority contained in Section 5 of the Senior Citizens Nonprofit Rental Housing Tax Law (N.J.S.A. 55:14I-5) (the "Law") and a resolution of the governing body dated December 18, 1990 and an agreement dated December 18, 1990. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Borough an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

The Borough recognized revenue in the amount of \$87,357 from this annual service charge or payment in lieu of taxes which is recorded as a miscellaneous revenue anticipated in the Current Fund. The taxes which would have been paid on this property for 2025 without the abatement would have been \$270,879 of which \$75,730 would have been for the local municipal tax and minimum library tax.

Note 16: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Benefits Provided (Cont'd)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage.

Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

The Borough provides post-retirement benefits, as follows, to Borough employees, other than the Police, who meet the following criteria:

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan at age fifty-five (55) will receive full benefits, (i.e., Health Care, Major Medical, and Prescription plans) which will cover the retiring employee, their spouse and/or dependents.

The Police bargaining unit has negotiated the following benefits:

Police

Upon retirement, full time employees with twenty-five (25) years in the State Pension Plan will receive full benefits, (i.e., Health Care, Major Medical, prescription, dental, life insurance, vision and disability insurance plans) which will cover the retiring employee, their spouse and/or dependents.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Contributions

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.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2023 through June 30, 2024. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2024 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2024 OPEB information in the Notes to the Financial Statements as the June 30, 2025 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

At June 30, 2024, the Borough had a liability of \$23,365,353 for its proportionate share of the net OPEB liability. At June 30, 2024, the Borough's proportion was 0.1305% which was a decrease of 0.0065% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was (\$386,348).

The Borough's actual post retirement payments in 2025 for 55 retiree employees were \$871,090.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Salary Increases*:

Public Employees' Retirement System (PERS)

Rate for all future years 2.75% to 6.55% based on years of service

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 16.25% based on years of service

* - Salary increases are based on years of service within the respective plan.

Pre-Retirement Healthy Mortality

Pre-retirement mortality rates for PERS 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. Preretirement mortality rates for PFRS were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Post-Retirement Healthy Mortality

Post-retirement mortality rates for Chapter 330 retirees were based on the PUB-2010 Safety classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates for other retirees is 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.

Disabled Retiree Mortality

Disabled retiree mortality rates for PERS future disabled retirees were 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. Disabled retiree mortality rates for PFRS future disabled retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Disabled Retiree Mortality (Cont'd)

Disabled retiree mortality rates for Chapter 330 current retirees were based on the PUB-2010 Safety classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disabled retiree mortality rates for other current retirees were 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.

Actuarial assumptions used in the July 1, 2023 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

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 rate is increasing to 22.62% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend rate is increasing to 23.58% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2024 was 3.93%. This represents the municipal bond return rate as chosen by the State. 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.

OPEB Expense

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
Net OPEB Liability Attributable to the Borough	\$ 27,218,118	\$ 23,365,353	\$ 20,279,631

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

General Information about the OPEB Plan (Cont'd)

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2024		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Net OPEB Liability Attributable to the Borough	\$ 19,762,319	\$ 23,365,353	\$ 27,997,842

Note 17: Leases

The Borough entered into two lease agreements in 2005 and 2017 with the same entity for the lease of the Borough's cell towers. The initial payments for these leases were \$20,000 and \$10,000. The terms of the leases are for 5 years in length with additional renewal terms of five years each. The total lease payments in 2025 were \$155,501.

BOROUGH OF BUTLER

SUPPLEMENTARY DATA

BOROUGH OF BUTLER
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2025

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Ryan Martinez	Mayor	
Raymond Verdonik	Council President	
Alexander Calvi	Councilman	
Jose Guzman	Councilman	
Robert Meier	Councilman	
Mark Piccirillo	Councilman	
Britni Morley	Councilman	
Matthew Guildler	Administrator	*
Brandi Greco	Clerk	*
Melissa Berger	Chief Financial Officer	*
Cora Ashley	Tax Collector	**
Linda DeCumber	Tax Clerk	*
John Gillooly	Tax Assessor	*
Robert H. Oostdyk, Jr.	Attorney	

* Covered under a \$50,000.00 Public Employees Bond with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Public Employees Bond with the Municipal Excess Liability Joint Insurance Fund.

** \$50,000.00 Basic coverage with the Morris County Municipal Joint Insurance Fund and \$950,000.00 Excess coverage with the Municipal Excess Liability Joint Insurance Fund.

All bonds were examined and were properly executed.

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2024	A	\$ 4,573,267.99
Increased by Receipts:		
Tax Collector	\$ 34,268,832.01	
Revenue Accounts Receivable	2,296,689.40	
Miscellaneous Revenue Not Anticipated	191,496.27	
Due from / to State of New Jersey:		
Veterans and Senior Citizens' Deductions	32,906.86	
Construction Code Fees Payable	9,276.00	
Marriage License Fees Payable	1,175.00	
Lead Inspections	1,160.00	
Interest on Investments	129,798.06	
Appropriation Refunds	323,111.60	
Due to/from:		
Federal and State Grant Fund:		
Federal and State Grants Receivable	45,401.44	
Animal Control Fund:	177.07	
General Capital Fund	23,392.76	
Water Utility Operating Fund - Collections - Rents	365,280.34	
Trust Assessment Fund - Assessments Receivable	18,474.09	
Electric Utility Operating Fund:		
Collections - Rents	1,112,207.25	
Interfund Advanced	1,012,130.58	
Reimbursement of Pole Replacement	17,210.07	
Butler Library	371,869.99	
Due to Borough of Bloomingdale	142,843.58	
Due to Borough of Riverdale	23,451.92	
Sewer Charges	1,282,162.16	
Sewer Overpayments	1,432.03	
		41,670,478.48
		46,243,746.47

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH
(Continued)

Decreased by Disbursements:			
2025 Appropriation Expenditures	\$	13,185,872.10	
2024 Appropriation Reserves		299,102.05	
Expenditure without an Appropriation		28,454.00	
Tax Overpayment Refunds		53,171.82	
Third Party Liens		192,855.28	
Local School District Taxes		20,940,996.00	
County Taxes		3,392,973.56	
Due State of New Jersey:			
Marriage License Fees Payable		1,275.00	
Construction Code Fees Payable		9,458.00	
Due to Borough of Bloomingdale		136,983.74	
Due to Borough of Riverdale		20,845.20	
Due to / from:			
Federal and State Grant Fund:			
Appropriated Reserves		40,705.91	
Animal Control Fund		907.39	
Other Trust Fund:			
Interund Advanced		194,268.86	
Tax Sale Premium		42,000.00	
General Capital Fund		302,333.06	
Water Utility Operating Fund		121,363.85	
Water Utility Capital Fund		397,400.00	
Electric Utility Capital Fund		401,147.00	
Butler Library		343,097.81	
			40,105,210.63
Balance December 31, 2025	A		\$ 6,138,535.84

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

Increased by Receipts:

Taxes Receivable	\$ 33,704,866.54	
2026 Prepaid Taxes	214,824.91	
Interest and Costs on Taxes	59,365.86	
Third Party Liens	190,371.88	
Tax Overpayments	57,402.82	
Tax Sale Premiums	42,000.00	
		\$ 34,268,832.01

Decreased by:

Payments to Treasurer		<u><u>\$ 34,268,832.01</u></u>
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BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec 31, 2024	2025 Levy	Collections		Overpayments Applied	State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec 31, 2025
			2024	2025					
2023	\$ 7,409.10			\$ 175,349.01		\$ (678.77)	\$ 1,904.92	\$ 672.75	\$ 7,409.10
2024	187,632.42			175,349.01		(678.77)	1,904.92	672.75	10,384.51
2025	195,041.52	\$ 34,104,245.23	\$ 224,959.88	33,529,517.53	\$ 4,245.74	34,000.00	53,157.77	13,017.03	17,793.61
									245,347.28
	\$ 195,041.52	\$ 34,104,245.23	\$ 224,959.88	\$ 33,704,866.54	\$ 4,245.74	\$ 33,321.23	\$ 55,062.69	\$ 13,689.78	\$ 263,140.89

Ref. A

Analysis of 2025 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 33,795,952.28
Business Personal Property Taxes	16,050.56
Added and Omitted Taxes	292,242.39
	<u>\$ 34,104,245.23</u>

Tax Levy:

Local School District Taxes	\$ 20,940,996.00
County Taxes	3,388,660.27
Due County for Added and Omitted Taxes	29,575.07
	<u>3,418,235.34</u>
	24,359,231.34
	470,887.21
Minimum Library Tax	
Local Tax for Municipal Purposes Levied	9,008,288.54
Add: Additional Tax Levied	265,838.14
	<u>9,274,126.68</u>
	<u>\$ 34,104,245.23</u>

A

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>		
Balance December 31, 2024	A	\$	92,673.48
Increased by:			
Transfer from Taxes Receivable		\$	13,689.78
Interest and Costs Accrued at Sale			<u>120.76</u>
			<u>13,810.54</u>
Balance December 31, 2025	A	\$	<u><u>106,484.02</u></u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2024	Accrued in 2025	Received in 2025	Balance Dec 31, 2025
Clerk:				
Alcoholic Beverages Licenses		\$ 17,375.78	\$ 17,375.78	
Other Licenses		16,459.29	16,459.29	
Fees and Permits		4,980.00	4,980.00	
Construction Code Official:				
Fees and Permits		134,690.00	134,690.00	
Municipal Court:				
Fines and Costs	\$ 5,624.28	70,454.73	70,134.39	\$ 5,944.62
Police:				
Fees and Permits		11,420.00	11,420.00	
Tax Searches:				
Fees and Permits		12.00	12.00	
Energy Receipts Taxes		974,384.12	974,384.12	
Garden State Preservation Trust		4,638.00	4,638.00	
Zoning Rent Registration		16,105.00	16,105.00	
Payments in Lieu of Taxes on State Exempt Property		87,357.29	87,357.29	
Uniform Fire Safety Act		27,917.18	27,917.18	
Butler Library		47,500.00	47,500.00	
Interlocal Services Agreement - Pequannock River				
Basin Regional Sewerage Authority		38,478.00	38,478.00	
Cell Tower Rental		155,501.36	155,501.36	
Shared Services Agreement:				
Billing Services - Bloomingdale		60,863.17	60,863.17	
Dispatching Services - Kinnelon		33,604.92	33,604.92	
Dispatching Services - Riverdale		8,160.00	8,160.00	
Tax Collection Services - Riverdale		30,000.00	30,000.00	
Water Utility Services - Riverdale		36,569.83	36,569.83	
Pequannock River Basin Regional Sewerage Authority		167,361.97	167,361.97	
General Capital Fund - Reserve for Debt Service		55,000.00	55,000.00	
NJ Public Power Authority		298,177.10	298,177.10	
	<u>\$ 5,624.28</u>	<u>\$ 2,297,009.74</u>	<u>\$ 2,296,689.40</u>	<u>\$ 5,944.62</u>
Ref.	A			A

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF SEWER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2024	A	\$ 24,709.37
Increased by:		
Sewer Billings		<u>1,290,134.51</u>
		1,314,843.88
Decreased by:		
Sewer Collections		\$ 1,282,162.16
Overpayments Applied		<u>3,583.00</u>
		<u>1,285,745.16</u>
Balance December 31, 2025	A	<u><u>\$ 29,098.72</u></u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages	\$ 6,857.39	\$ 1,257.39		\$ 1,257.39
Other Expenses	393.69	3,893.69	\$ 829.20	3,064.49
Mayor and Council:				
Salaries and Wages	2,800.80	2,800.80		2,800.80
Other Expenses	12.74	12.74		12.74
Municipal Clerk:				
Salaries and Wages	1,479.95	1,479.95		1,479.95
Other Expenses	973.43	973.43	490.70	482.73
Other Expenses - Codification	500.00	500.00		500.00
Assessment of Taxes:				
Salaries and Wages	8.34	8.34		8.34
Other Expenses	15,485.54	15,485.54	9,600.00	5,885.54
Collection of Taxes:				
Salaries and Wages	12,975.90	2,975.90		2,975.90
Other Expenses	6,439.53	6,439.53	1,398.88	5,040.65
Financial Administration:				
Salaries and Wages	2,631.84	2,631.84		2,631.84
Other Expenses	711.37	1,461.37	1,455.56	5.81
Annual Audit	16.00	18,000.00	18,000.00	
Legal Services and Costs:				
Other Expenses	267.05	267.05		267.05
Engineering Services and Costs:				
Other Expenses	501.49	4,301.49	4,220.00	81.49
Public Buildings and Grounds:				
Other Expenses	13,246.05	13,246.05	2,959.73	10,286.32
Historical Sites				
Other Expenses	3,769.23	3,769.23	479.12	3,290.11
Municipal Land Use Law:				
Planning Board:				
Other Expenses	427.73	427.73	280.00	147.73
Insurance:				
General Liability	869.57	869.57		869.57
Fireman's	2,391.36	2,391.36		2,391.36
Workmen's Compensation	31.85	31.85		31.85
Employee Group Health	1,393.41	1,393.41	1,286.56	106.85
Unemployment	163.67	163.67		163.67
Disability Insurance	1,000.00	1,000.00		1,000.00

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Fire:				
Salaries and Wages	\$ 4,312.87	\$ 4,312.87		\$ 4,312.87
Other Expenses	11,415.14	11,415.14	\$ 11,357.37	57.77
First Aid Organization Contribution				
Other Expenses	0.23	0.23		0.23
Zoning Officer:				
Salaries and Wages	1.76	1.76		1.76
Other Expenses	162.93	162.93		162.93
Police:				
Salaries and Wages	7,279.14	84,279.14	82,039.52	2,239.62
Other Expenses	72,101.29	76,201.29	76,123.09	78.20
Emergency Management Services:				
Salaries and Wages	2,473.00	2,473.00		2,473.00
Other Expenses	2,000.00	2,000.00		2,000.00
Road Repairs and Maintenance:				
Salaries and Wages	39,046.53	4,046.53	1,769.47	2,277.06
Other Expenses	43,151.61	20,151.61	20,150.44	1.17
Sewer System:				
Salaries and Wages	5,321.62	1,687.62		1,687.62
Other Expenses	8,013.50	3,013.50		3,013.50
Garbage and Trash Removal:				
Salaries and Wages	500.00	500.00		500.00
Other Expenses	76,719.78	50,419.78	49,623.27	796.51
Vehicle Maintenance:				
Salaries and Wages	1,949.02	3,249.02	3,247.12	1.90
Recreation Program:				
Salaries and Wages	905.00	905.00		905.00
Other Expenses	1,580.04	1,680.04	1,648.55	31.49
Health Department:				
Salaries and Wages	215.57	215.57		215.57
Other Expenses	4,935.97	4,935.97	505.64	4,430.33
Celebration of Public Events, Anniversary or Holiday:				
Other Expenses	1,329.85	1,329.85	636.18	693.67
Dial-A-Ride:				
Salaries and Wages	816.00	816.00		816.00
Other Expenses	23.00	23.00		23.00

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	Balance Dec 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed
Senior Advisory:				
Other Expenses	\$ 791.45	\$ 791.45		\$ 791.45
Unclassified Expenditures:				
Electricity	6,074.41	6,074.41		6,074.41
Telephone	418.54	418.54	\$ 415.30	3.24
Water	7,550.96	7,550.96	1,516.88	6,034.08
Fuel Oil	9,345.30	9,345.30		9,345.30
Gasoline	13,669.23	13,669.23	4,086.12	9,583.11
Contribution to :				
Social Security System (O.A.S.I)	27.52	27.52		27.52
Defined Contribution Retirement Program	243.43	243.43		243.43
Contribution to Pequannock River Basin				
Regional Sewage Authority	831.00	831.00		831.00
Shared Service Agreements -				
Billing Services - Bloomingdale:				
Salaries and Wages	4,520.89	4,520.89		4,520.89
Other Expenses	2,349.36	2,349.36		2,349.36
Construction Code Official- Bloomingdale:				
Other Expenses	7,635.00	7,635.00	4,983.35	2,651.65
Water Billing Services - Riverdale:				
Salaries and Wages	24.98	24.98		24.98
Other Expenses	11,031.90	11,031.90		11,031.90
Dispatching Services - Kinnelon:				
Other Expenses	18,485.57	18,485.57		18,485.57
Tax Collection Services - Riverdale:				
Salaries and Wages	13.98	13.98		13.98
Other Expenses	16.68	16.68		16.68
Dispatching Services - Riverdale:				
Salaries and Wages	425.00	425.00		425.00
Aid To Free Public Library (NJSA 40:54-35)	0.20	0.20		0.20
Pequannock River Basin Regional				
Sewerage Authority:				
Salaries and Wages	97.84	97.84		97.84

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025
(Continued)

	<u>Balance</u> <u>Dec 31, 2024</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Shared Service Agreements -				
New Jersey Public Power Authority				
Salaries and Wages	\$ 1,127.55	\$ 1,127.55		\$ 1,127.55
Riverdale Court Services:				
Other Expenses	3,517.04	3,517.04		3,517.04
	<u>\$ 447,799.61</u>	<u>\$ 447,799.61</u>	<u>\$ 299,102.05</u>	<u>\$ 148,697.56</u>

Analysis of Balance December 31, 2024

Ref.

Encumbered	A	\$ 64,110.78
Unencumbered	A	<u>383,688.83</u>
		<u>\$ 447,799.61</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE

Increased by:

Levy - Calendar Year 2025

\$ 20,940,996.00

Decreased by:

Payments to Local School District

\$ 20,940,996.00

BOROUGH OF BUTLER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE

Grant	Balance Dec 31, 2024	2025 Realized Revenue	2025 Receipts	Transferred from Unappropriated Reserves	Balance Dec 31, 2025
Safe and Secure Communities Program	\$ 10,919.43		\$ 10,919.43		
Municipal Alliance on Alcoholism and Drug Abuse - DEDR	3,476.09		2,080.35		\$ 1,395.74
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental Funding	1,000.00				1,000.00
Body Armor Replacement Fund	1,596.12	\$ 1,573.95		\$ 1,573.95	1,596.12
Recycling Tonnage Grant		20,766.30	10,490.88	10,275.42	
NJ Mental Health and Addiction Services	3,900.00		975.00		2,925.00
Bulletproof Vest Program Grant		1,968.30		1,968.30	
Clean Communities Program		42,044.33	20,935.78	21,108.55	
NJ DEP Stormwater Assistance Grant	10,000.00				10,000.00
	<u>\$ 30,891.64</u>	<u>\$ 66,352.88</u>	<u>\$ 45,401.44</u>	<u>\$ 34,926.22</u>	<u>\$ 16,916.86</u>
	A				A
Original Budget		\$ 34,926.22			
Added by NJSA 40A:4-87		<u>31,426.66</u>			
		<u>\$ 66,352.88</u>			

BOROUGH OF BUTLER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
YEAR ENDED DECEMBER 31, 2025

Grant	Balance Dec 31, 2024	Transferred to Grants Receivable	Balance Dec 31, 2025
Body Armor Replacement Fund	\$ 1,573.95	\$ 1,573.95	
Clean Communities Program	21,108.55	21,108.55	
Bulletproof Vest Program Grant	1,968.30	1,968.30	
Recycling Tonnage Grant	10,275.42	10,275.42	
	<u>\$ 34,926.22</u>	<u>\$ 34,926.22</u>	<u>\$ -0-</u>

Ref.

A

A

BOROUGH OF BUTLER
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant	Balance Dec 31, 2024	Transferred From 2025 Budget Appropriations	Paid or Charged	Balance Dec 31, 2025
Drunk Driving Enforcement Fund	\$ 29,825.09		\$ 23,065.25	\$ 6,759.84
Body Armor Replacement Fund		\$ 1,573.95		1,573.95
Clean Communities Program	95,973.22	42,044.33	11,327.66	126,689.89
Alcohol Education Rehabilitation Fund	326.41			326.41
Municipal Alliance on Alcoholism Supplemental Funding	765.57			765.57
Municipal Alliance on Alcoholism and Drug Abuse - DEDR Program	1,738.00		1,738.00	
Recycling Tonnage Grant	101,119.22	20,766.30	2,625.00	119,260.52
Bulletproof Vest Program Grant		1,968.30		1,968.30
NJ DEP Stormwater Assistance Grant	25,000.00			25,000.00
NJ Mental Health and Addiction Services	1,950.00		1,950.00	
	<u>\$ 256,697.51</u>	<u>\$ 66,352.88</u>	<u>\$ 40,705.91</u>	<u>\$ 282,344.48</u>
<u>Ref.</u>	<u>A</u>			<u>A</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	Ref.	Animal Control Fund	Other Trust Funds
Balance December 31, 2024	B	\$ 222.62	\$ 1,128,739.12
Increased by Receipts:			
Animal Control Fees	\$	5,910.40	
Due to State Board of Health		840.60	
Miscellaneous		450.00	
Due from Current Fund:			
Interest Earned		177.07	\$ 160.54
Interfund Advanced			4,986.75
Recreation Receipts			150,044.13
Parking Offense Adjudication Fees			150.00
Unemployment Insurance Deposits			2,244.46
Special Deposits Receipts			108,840.36
		<u>7,378.07</u>	<u>266,426.24</u>
		7,600.69	1,395,165.36
Decreased by Disbursements:			
State Board of Health		839.40	
Expenditures Under R.S. 4:19-15.11		163.75	
Due to Current Fund		177.07	
Special Deposit Expenditures			134,430.07
Recreation Expenditures			146,683.87
		<u>1,180.22</u>	<u>281,113.94</u>
Balance December 31, 2025	B	\$ <u>6,420.47</u>	\$ <u>1,114,051.42</u>

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance (Deficit) Dec 31, 2024	Transfers		Balance (Deficit) Dec 31, 2025
		From	To	
Fund Balance	\$ 19,984.00			\$ 19,984.00
Due From Current Fund	(702,853.15)	\$ 18,474.09		(721,327.24)
Assessment Serial Bonds:				
Ord. #91-13 Various Sidewalk Improvements	(13,982.00)			(13,982.00)
Due General Capital Fund:				
Ord. #93-10 Various Sidewalk Improvements	53,523.49			53,523.49
Ord. #92-14 Improvements to Senior Citizen Housing	4,590.90			4,590.90
Ord. #94-11 Improvements to Carey Avenue, Robert Street and High St.	33,363.87			33,363.87
Ord. #95-09 Improvements to Carey Avenue	70,160.75			70,160.75
Ord. #97-02 Improvements to Sanitary Sewer System	8,402.67			8,402.67
Ord. #98-03 Improvements to High Street Roadway and Sidewalk	64,237.41			64,237.41
Ord. #98-33 Improvements to George Street, William Street and Central Street	52,003.53			52,003.53
Ord. #99-7, 99-11 Improvements to Arch Street	106,909.84			106,909.84
Ord. #2010-5 Improvements to Myrtle Ave	57,978.36			57,978.36
Ord. #2016-17 Improvements to Gifford Street Sidewalk	34,406.66			34,406.66
Ord. #2017-12 Morse Avenue Sidewalk	82,846.19		\$ 1,249.17	84,095.36
Ord. #2020-30 2nd, 3rd, Manning, Short & Main Sidewalk	88,299.66		8,621.15	96,920.81
Ord. #2024-67 Improvements to South Gifford Street Sidewalk	40,127.82		8,603.77	48,731.59
	<u>\$ -0-</u>	<u>\$ 18,474.09</u>	<u>\$ 18,474.09</u>	<u>\$ -0-</u>

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE

Ord. No.	Improvement Description	Date of Confirmation	Annual Installments	Balance Dec 31, 2024	Collected in Current Fund	Balance Dec 31, 2025	Balance Pledged to General Capital Fund
2017-12	Morse Avenue Sidewalk	02/19/2019	10	3,920.17	1,249.17	\$ 2,671.00	\$ 2,671.00
2019-15	2nd, 3rd, Manning Short and Main Sidewalk	02/18/2020	10	19,890.31	8,621.15	11,269.16	11,269.16
2024-67	South Gifford Sidewalk Assessment	06/18/2024	10	25,451.74	8,603.77	16,847.97	16,847.97
				<u>\$ 49,262.22</u>	<u>\$ 18,474.09</u>	<u>\$ 30,788.13</u>	<u>\$ 30,788.13</u>
	<u>Ref.</u>			B		B	

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF AMOUNTS TO BE RAISED BY TAXATION - FUNDED BY ASSESSMENT BONDS

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance December 31,</u>	
		<u>2025</u>	<u>2024</u>
91-13	Various Sidewalk Improvements	<u>\$ 13,982.00</u>	<u>\$ 13,982.00</u>
	<u>Ref.</u>	B	B

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF AMOUNTS TO BE RAISED BY TAXATION
- FUNDED BY BOND ANTICIPATION NOTES
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>		
Balance December 31, 2024	B	\$	217.82
Increased by:			
Animal License Fees Collected		\$	5,910.40
Late Fees			448.00
Replacement Fees			2.00
			<u>6,360.40</u>
			<u>6,578.22</u>
Decreased by:			
Animal Control Fund Expenditures Under R.S. 4:19-15.11			163.75
Expenditures - Paid by Current Fund			907.39
			<u>1,071.14</u>
Balance December 31, 2025	B	\$	<u><u>5,507.08</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2023	\$ 6,384.00
2024	5,738.80
	<u>12,122.80</u>
Maximum Allowable Reserve	<u><u>\$ 12,122.80</u></u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
GENERAL CAPITAL FUND

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 258,042.25
Increased by Receipts:		
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund	\$ 200,000.00	
Payment of Bond Anticipation Notes	34,000.00	
Deferred Charges to Future Taxation Unfunded	40,000.00	
Due to Current Fund:		
Interest Earned on Investments	23,392.76	
Interfund Advanced	302,333.06	
Due to Water Utility Capital Fund:		
Premium on Note Sale	15,209.47	
Due to Electric Utility Capital Fund:		
Premium on Note Sale	9,460.50	
Premium on Note Sale	12,444.08	
Bond Anticipation Notes Issued	1,045,250.00	
		<u>1,682,089.87</u>
		1,940,132.12
Decreased by Disbursements:		
Improvement Authorization Expenditures	419,021.72	
Bond Anticipation Notes Matured	338,000.00	
Due to Current Fund		
Interest on Investments	23,392.76	
Anticipated Revenue - Reserve to Pay Debt Service	55,000.00	
Due from Water Utility Capital Fund:		
Interfund Advanced	50,000.00	
		<u>885,414.48</u>
Balance December 31, 2025	C	<u><u>\$ 1,054,717.64</u></u>

**BOROUGH OF BUTLER
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

Ord. No.	Improvement Description	Balance (Deficit) Dec. 31, 2024			Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2025
		Miscellaneous	Budget Appropriation	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	Improvement Authorizations	Bond Anticipation Notes	From	To	
Fund Balance		\$ 6,249.81			\$ 12,444.08								\$ 18,693.89
Capital Improvement Fund		52,397.91			325,725.82	\$ 200,000.00					\$ 174,755.00		77,642.91
Due to/from Current Fund		(746,113.37)			15,209.47			\$ 78,392.76				\$ 55,000.00	302,333.06
Due from Assessment Trust Fund					9,460.50			50,000.00					(746,113.37)
Due to/from Water Utility Capital Fund											283,530.00		(34,790.53)
Due to/from Electric Utility Capital Fund													9,460.50
N.J. Department of Transportation Grant Receivable		(91,226.50)											(374,756.50)
Developer Contribution Receivable		(27,227.00)											(27,227.00)
Reserve for Sewer Improvements		305,000.00											305,000.00
Reserve to Pay Debt Service		179,367.43									55,000.00		124,367.43
General Improvements:													
17-14	Improvements to Sewer Pump Stations	39,500.78											39,500.78
18-12	Improvements to Various Roads	(54,574.26)	40,000.00										(14,574.26)
19-05	Improvements to Buildings and Grounds	45,130.32											45,130.32
21-03	Improvements to Western Avenue	(21,713.10)											(21,713.10)
21-08	Purchase of Streets and Roads Equipment	29,860.00											29,860.00
21-09	Acquisition of Equipment for Police Department	1,436.50				\$ 1,388.00							1,436.50
21-10	Acquisition of Equipment for Fire Department	1,056.42				1,056.42							1,056.42
21-12	Improvements to Sewer System	29,388.33				5,591.09							23,797.24
22-11	Construction of Playground	167,873.29											167,873.29
23-09	Improvements to Various Roads	2,920.00				2,920.00							58.93
24-07	Acquisition of Equipment for Police Department	8,058.93				8,000.00							18,572.79
24-10	Various Improvements at the Stonybrook Recreational Facility	18,572.79											54,762.60
24-11	Acquisition of Equipment for Fire Department	780.34				780.34							35.00
24-12	Improvements to Public Works Garage	70,000.00		\$ 65,000.00		15,237.40	\$ 65,000.00						94,785.30
24-13	Acquisition of Equipment	35.00				22,000.00							800,829.31
24-19	Acquisition of Computer Equipment	22,000.00				46,219.70						\$ 141,005.00	
25-04	Various Capital Improvements					257,700.69						317,280.00	
25-05	Various Road and Equipment Purchases						741,250.00						
General and Local Improvements:													
17-12	Construction of Sidewalks Along Morse Avenue		24,000.00				40,000.00			64,000.00			
19-15	Construction of Sidewalks Along Various Roads		10,000.00				79,000.00			89,000.00			
23-05	Construction of Sidewalks Along South Gifford Avenue						120,000.00			120,000.00			
24-08	Improvements to Streets and Roads	219,268.63				56,691.58							162,577.05
		\$ 258,042.25	\$ 274,000.00	\$ 1,045,250.00	\$ 362,839.87	\$ 419,021.72	\$ 338,000.00	\$ 128,392.76	\$ 513,285.00	\$ 513,285.00	\$ 513,285.00	\$ 513,285.00	\$ 1,054,717.64

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Analysis of Balance December 31, 2025						
		Balance Dec. 31, 2024	2025 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2025	Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
<u>General Improvements:</u>								
18-12	Improvements to Various Roads	\$ 54,574.26		\$ 40,000.00	\$ 14,574.26		\$ 14,574.26	
21-03	Improvements to Western Avenue	21,713.10			21,713.10		21,713.10	
25-05	Various Road and Equipment Purchases		\$ 741,250.00		741,250.00	\$ 741,250.00		
<u>General and Local Improvements:</u>								
17-12	Construction of Sidewalks Along Morse Avenue	64,000.00		24,000.00	40,000.00	40,000.00		
19-15	Construction of Sidewalks Along Various Roads	89,000.00		10,000.00	79,000.00	79,000.00		
23-05	Construction of Sidewalks Along South Gifford Avenue	120,000.00			120,000.00	120,000.00		
24-12	Improvements to Public Works Garage	65,000.00			65,000.00	65,000.00		
		<u>\$ 414,287.36</u>	<u>\$ 741,250.00</u>	<u>\$ 74,000.00</u>	<u>\$ 1,081,537.36</u>	<u>\$ 1,045,250.00</u>	<u>\$ 36,287.36</u>	<u>\$ -0-</u>
	<u>Ref.</u>	C			C			
		Improvement Authorization Unfunded						\$ 796,012.60
		Less: Unexpended Proceeds - Bond Anticipation Notes:						
		Ordinance #24-12 - Improvements to Public Works Garage						54,762.60
		Ordinance #25-05 - Various Capital Improvements						741,250.00
								\$ -0-

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2025 Improvement Authorizations									
		Ordinance		Balance Dec. 31, 2024		Capital Improvement Fund	New Jersey Department of Transportation Grant	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Balance Dec. 31, 2025	
		Date	Amount	Funded	Unfunded			Unfunded		Funded	Unfunded
General Improvements:											
17-14	Improvements to Sewer Pump Stations	12/19/17	\$ 150,000.00	\$ 39,500.78						\$ 39,500.78	
19-05	Improvements to Buildings and Grounds	05/21/19	70,000.00	45,130.32						45,130.32	
21-08	Purchase of Streets and Roads Equipment	05/18/21	30,000.00	29,860.00				\$	1,388.00	28,472.00	
21-09	Acquisition of Equipment for Police Department	05/18/21	64,000.00	1,436.50						1,436.50	
21-10	Acquisition of Equipment for Fire Department	05/18/21	25,000.00	1,056.42					1,056.42		
21-12	Improvements to Sewer System	05/18/21	35,000.00	29,388.33					5,591.09		
22-11	Construction of Playground	06/21/22	650,000.00	167,873.29					2,920.00	167,873.29	
23-09	Improvements to Various Roads	05/16/23	125,000.00	2,920.00					8,000.00	58.93	
24-07	Acquisition of Equipment for Police Department Various Improvements at the Stonybrook Recreational Facility	05/21/24	68,750.00	8,058.93							
24-10		05/21/24	20,000.00	18,572.79						18,572.79	
24-11	Acquisition of Equipment for Fire Department	05/21/24	30,000.00	780.34					780.34		
24-12	Improvements to Public Works Garage	05/21/24	70,000.00	5,000.00	\$ 65,000.00				15,237.40		\$ 54,762.60
24-13	Acquisition of Equipment	05/21/24	2,500.00	35.00						35.00	
24-19	Acquisition of Computer Equipment	10/01/24	22,000.00	22,000.00					22,000.00		
25-04	Various Capital Improvements	06/17/25	141,005.00		\$ 141,005.00				46,219.70	94,785.30	
25-05	Various Road and Equipment Purchases	06/17/25	1,058,530.00		33,750.00	\$ 283,530.00	\$ 741,250.00		257,700.69	59,579.31	741,250.00
General and Local Improvements:											
24-08	Improvements to Streets and Roads	05/21/24	789,906.00	219,268.63					56,691.58	162,577.05	
				\$ 590,881.33	\$ 65,000.00	\$ 174,755.00	\$ 283,530.00	\$ 741,250.00	\$ 419,021.72	\$ 640,382.01	\$ 796,012.60
			Ref	C	C	C	C		C	C	C

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	C	\$ 52,397.91
Increased by:		
Current Fund Budget Appropriation		200,000.00
		<u>252,397.91</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		174,755.00
		<u>174,755.00</u>
Balance December 31, 2025	C	<u>\$ 77,642.91</u>

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Original Amount Issued	Date of			Interest Rate	Balance Dec. 31, 2024	Issued	Matured	Balance Dec. 31, 2025
			Issue of Original Note	Issue	Maturity					
17-12	Construction of Sidewalks Along Morse Avenue	\$ 114,000.00	09/12/19	09/05/24 09/05/25	09/05/25 09/05/26	4.25% 4.00%	\$ 64,000.00	\$ 40,000.00	\$ 64,000.00	\$ 40,000.00
19-15	Construction of Sidewalks Along Various Roads	119,000.00	09/12/19	09/05/24 09/05/25	09/05/25 09/05/26	4.25% 4.00%	89,000.00	79,000.00	89,000.00	79,000.00
23-05	Construction of Sidewalks Along South Gifford Avenue	120,000.00	09/07/23	09/05/24 09/05/25	09/05/25 09/05/26	4.25% 4.00%	120,000.00	120,000.00	120,000.00	120,000.00
24-12	Improvements to Public Works Garage	65,000.00	09/05/24	09/05/24 09/05/25	09/05/25 09/05/26	4.25% 4.00%	65,000.00	65,000.00	65,000.00	65,000.00
25-05	Various Road and Equipment Purchases	741,250.00	09/05/25	09/05/25	09/05/26	4.00%		741,250.00		741,250.00
							<u>\$ 338,000.00</u>	<u>\$ 1,045,250.00</u>	<u>\$ 338,000.00</u>	<u>\$ 1,045,250.00</u>
							C			C
							Ref.			
							Renewals	\$ 304,000.00	\$ 304,000.00	
							New Issues	741,250.00		
							Paid by Budget Appropriation		34,000.00	
								<u>\$ 1,045,250.00</u>	<u>\$ 338,000.00</u>	

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Maturities of Bonds										
Purpose	Date of Issue	Original Issue	Outstanding				Interest Rate	Balance Dec. 31, 2024	Matured	Balance Dec. 31, 2025
			December 31, 2025							
			Date	Amount						
General Bonds	9/7/2023	\$ 1,635,000.00	9/1/2026	\$ 150,000.00	5.00%					
			9/1/2027	155,000.00	5.00%					
			9/1/2028	160,000.00	5.00%					
			9/1/2029	165,000.00	5.00%					
			9/1/2030	170,000.00	5.00%					
			9/1/2031	175,000.00	4.00%					
			9/1/2032	180,000.00	4.00%					
			9/1/2033	185,000.00	4.00%					
						\$ 1,490,000.00	\$ 150,000.00	\$ 1,340,000.00		
					\$ 1,490,000.00	\$ 150,000.00	\$ 1,340,000.00			

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec 31, 2024	2025 Authorizations	Bond Anticipation Notes Issued	Funded by Budget Appropriation	Balance Dec 31, 2025
	<u>General Improvements:</u>					
18-12	Improvements to Various Roads	\$ 54,574.26			\$ 40,000.00	\$ 14,574.26
21-03	Improvements to Western Avenue	21,713.10				21,713.10
25-05	Various Road and Equipment Purchases		\$ 741,250.00	\$ 741,250.00		
		<u>\$ 76,287.36</u>	<u>\$ 741,250.00</u>	<u>\$ 741,250.00</u>	<u>\$ 40,000.00</u>	<u>\$ 36,287.36</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
WATER UTILITY FUND

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CASH-TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2024	D	\$ 415,033.22	\$ 69,387.52
Increased by Receipts:			
Consumer Accounts Receivable		\$ 2,080,494.08	
Fire Hydrant Service		21,000.00	
Capital Fund Balance		2,800.00	
Bloomington Water Supply Agreement		488,822.50	
Water Rent Overpayments		15,340.99	
Miscellaneous Revenue		32,170.32	
Due to Current Fund:			
Interfund Advanced		121,363.85	\$ 397,400.00
Due to General Capital Fund:			
Interfund Advanced			50,000.00
Due to Water Utility Operating Fund:			
Interest on Investments			7,967.98
Due to Water Utility Capital Fund:			
Interfund Advanced			
Meter Deposits		7,967.98	
Appropriation Refunds		14,725.00	
Budget Appropriations:		32,596.34	
Capital Improvement Fund			10,000.00
Payment of Bond Anticipation Notes			2,600.00
Bond Anticipation Notes Issued			1,278,107.00
		<u>2,817,281.06</u>	<u>1,746,074.98</u>
		3,232,314.28	1,815,462.50

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CASH-TREASURER
(Continued)

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Decreased by Disbursements:			
2025 Appropriation Expenditures	\$	2,517,916.62	
2024 Appropriation Reserves		51,015.91	
Interest on Bonds and Notes		128,646.26	
Meter Deposit Refunds		10,026.77	
Due to Water Utility Operating Fund:			
Fund Balance Utilized as Anticipated Revenue	\$		2,800.00
Interest on Investments			7,967.98
Due from Electric Utility Operating Fund:			
Interfund Advanced		254.29	
Bond Anticipation Notes Matured			400,000.00
Improvement Authorizations			454,373.19
		<u>\$ 2,707,859.85</u>	<u>\$ 865,141.17</u>
Balance December 31, 2025	D	<u>\$ 524,454.43</u>	<u>\$ 950,321.33</u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
ANALYSIS OF WATER CAPITAL CASH

Ord. No.	General Improvements	Receipts			Disbursements		Transfers		Balance (Deficit) Dec. 31, 2025		
		Balance (Deficit) Dec. 31, 2024	Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous		From	To
Fund Balance											
Due to/from Current Fund		\$ 26,908.22							\$ 2,800.00	\$ 15,209.47	\$ 39,317.69
Due to/from General Capital Fund					\$ 397,400.00						397,400.00
Due to/from Water Utility Operating Fund					50,000.00				15,209.47		34,790.53
Community Development Block Grant Receivable		(2,990.17)			7,967.98			\$ 10,767.98		2,800.00	
Capital Improvement Fund		9,745.23		\$ 10,000.00					78,793.00		(81,783.17)
									10,500.00		9,245.23
Ord. No.	General Improvements										
15-04	Water System Improvements	141.57									141.57
17-10	Water System Improvements	2,661.75									2,661.75
19-10	Improvements to Water System	2,588.96									2,588.96
22-07	Improvements to Water System	10,000.00					\$ 7,104.05				2,895.95
22-10	Improvements to Water System			2,600.00		\$ 200,000.00					
22-12	Purchase of Water Meters	6,422.50					2,421.25				4,001.25
23-07	Improvements to Water System		200,000.00			200,000.00					
24-09	Purchase Water Supplies	5,409.46									5,409.46
24-19	Acquisition of Computer Equipment	8,500.00					8,500.00				
25-07	Improvements to Water System		880,707.00				333,522.76			89,293.00	636,477.24
25-08	Water Treatment Plant Project						102,825.13				(102,825.13)
		\$ 69,387.52	\$ 1,278,107.00	\$ 12,600.00	\$ 455,367.98	\$ 400,000.00	\$ 454,373.19	\$ 10,767.98	\$ 107,302.47	\$ 107,302.47	\$ 950,321.33

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 38,576.01
Increased by:		
Water Rents Levied		2,464,841.55
		<u>2,503,417.56</u>
Decreased by:		
Collections:		
Water Collections	\$ 2,080,494.08	
Water Collections - Due from Current Fund	365,280.34	
Overpayments Applied	<u>15,685.68</u>	
		<u>2,461,460.10</u>
Balance December 31, 2025	D	<u>\$ 41,957.46</u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 151,371.58
Net Inventory Decrease		<u>23,161.93</u>
Balance December 31, 2024	D	<u><u>\$ 128,209.65</u></u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2024	Additions by Ordinance	Balance Dec. 31, 2025
Fixed Capital Prior to September 15, 1931	\$ 275,000.00		\$ 275,000.00
Engineering	9,096.15		9,096.15
Organization	3,179.87		3,179.87
Transmission Mains and Accessories	629,234.25		629,234.25
Distribution Mains and Accessories	120,437.02		120,437.02
Structures	36,612.95		36,612.95
Water Treatment Equipment	57,512.39		57,512.39
Water Meters	660,276.34		660,276.34
Service Pipes and Stops	82,587.09		82,587.09
General Equipment	389,542.99		389,542.99
Reservoir	205,590.56		205,590.56
Screen House	1,592.60		1,592.60
Filter Plant	2,584,867.29		2,584,867.29
Office Furniture and Equipment	24,546.19		24,546.19
Storage Tank and Pump House	562,542.54		562,542.54
Land and Land Rights:			
Source of Supply Plant	118,919.44		118,919.44
Water Treatment Plant	1,500.00		1,500.00
Transmission and Distribution Plant	7,698.72		7,698.72
Administration Office	23,000.00		23,000.00
Dam Study	4,000.00		4,000.00
Construction of Intake Structure	74,306.92		74,306.92
Various Improvements Ord. #81-19;88-17;89-16;99-14; #90-20;95-05,05-11,07-18;09-05;07-22;14-07	2,253,757.12		2,253,757.12
Filter and Clarifier Plant Roof Repairs	39,080.27		39,080.27
Water Main Installation	52,906.55		52,906.55
Guenter Street Road Improvements	13,541.71		13,541.71
Water Main Replacement	1,116,629.19		1,116,629.19
Rehabilitation of Filters	63,329.21		63,329.21
Soil and Ground Water Remediation	30,000.00		30,000.00
Replacement of Reservoir Fuel Tank	10,000.00		10,000.00
Garage Exhaust Emissions System	1,806.00		1,806.00
Cook Street and Boonton Avenue Water Improvements	24,899.63		24,899.63
Homestead Avenue Water Main Renovations	61,861.04		61,861.04
Purchase of Security System for Municipal Building	3,000.00		3,000.00
Data Processing Equipment	7,498.41		7,498.41
Employee Time Keeping System	3,729.41		3,729.41
Vehicles	420,349.52		420,349.52
Automated Envelope Stuffer	1,000.00		1,000.00
Upgrade of Elevator at Kakeout Dam Water Plant	10,000.00		10,000.00
Acquisition of Server and Related Software	2,500.00		2,500.00
Acquisition and Installation of Police Emergency Generator	24,000.00		24,000.00

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
(Continued)

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Additions</u> <u>by Ordinance</u>	<u>Balance</u> <u>Dec. 31, 2025</u>
Improvements to Municipal Buildings and Grounds	\$ 131,250.00		\$ 131,250.00
Improvements to Water Lines Ord. #02-29	40,000.00		40,000.00
Acquisition of Digital Imaging System Ord. #03-05	4,000.00		4,000.00
Improvements to Main Street	200,000.00		200,000.00
Improvements to Route 23	1,091,408.57		1,091,408.57
Removal of Lower Kakeout Dam	127,356.46		127,356.46
Acquisition of Automatic Chemical Feed	50,000.00		50,000.00
Acquisition and Replacement of Fire Hydrants	25,000.00		25,000.00
Improvements to High Street and Carey Avenue	500,000.00		500,000.00
Improvements of Water Supply and Distribution System	5,174,121.56		5,174,121.56
Acquisition of Computer Equipment		\$ 8,500.00	8,500.00
	<u>\$ 17,355,067.96</u>	<u>\$ 8,500.00</u>	<u>\$ 17,363,567.96</u>
	D		D

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ord. No.	Balance Dec.31, 2024	2025 Authorizations	Costs to Fixed Capital	Balance Dec.31, 2025
Water System Improvements	15-04	\$ 450,000.00			\$ 450,000.00
Water System Improvements	17-10	477,500.00			477,500.00
Improvements to Water System	19-10	666,200.00			666,200.00
Improvements to Water System	22-07	10,000.00			10,000.00
Purchase of Water Meters	22-12	100,000.00			100,000.00
Purchase Water Supplies	24-09	7,000.00			7,000.00
Acquisition of Computer Equipment	24-19	8,500.00		\$ 8,500.00	
Improvements to Water System	25-07		\$ 2,970,000.00		2,970,000.00
Water Treatment Plant Project	25-08		17,000,000.00		17,000,000.00
		<u>\$ 1,719,200.00</u>	<u>\$ 19,970,000.00</u>	<u>\$ 8,500.00</u>	<u>\$ 21,680,700.00</u>

Ref.

D

D

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Administration:				
Salaries and Wages	\$ 10,051.24	\$ 51.24		\$ 51.24
Other Expenses	16,303.73	4,303.73	\$ 4,279.44	24.29
Operations:				
Salaries and Wages	3,213.98	1,113.98	1,106.73	7.25
Other Expenses	5,924.98	41,494.98	40,937.60	557.38
Dispatching:				
Salaries and Wages	11,695.04	4,695.04	4,602.14	92.90
Other Expenses	500.00	500.00		500.00
Buildings and Grounds:				
Salaries and Wages	1,000.00			
Other Expenses	1,500.00			
Group Health Insurance	741.04	91.04	90.00	1.04
MELJIF Liability	3.26	3.26		3.26
Statutory Expenditures:				
Public Employees' Retirement System				
Disability Insurance	500.00			
Social Security System	822.11	2.11		2.11
Unemployment Compensation				
Insurance	131.83	131.83		131.83
	<u>\$ 52,387.21</u>	<u>\$ 52,387.21</u>	<u>\$ 51,015.91</u>	<u>\$ 1,371.30</u>

Ref.

Analysis of Balance December 31, 2024

Unencumbered	D \$ 43,896.25
Encumbered	D <u>8,490.96</u>
	<u>\$ 52,387.21</u>

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	D	\$ 9,745.23
Increased by:		
Budget Appropriation		<u>10,000.00</u>
		19,745.23
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>10,500.00</u>
Balance December 31, 2025	D	<u><u>\$ 9,245.23</u></u>

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Maturities of Bonds											
Purpose	Date of Issue	Original Issue	Outstanding			Interest Rate	Balance		Matured	Balance Dec. 31, 2025	
			Date	December 31, 2025	Amount		Dec. 31, 2024				
General Bonds	5/22/2013	\$ 1,518,000.00	11/15/2026	\$ 120,000.00		3.00%					
			11/15/2027	120,000.00		3.00%					
			11/15/2028	103,000.00		3.00%	\$ 458,000.00	\$ 115,000.00	\$ 343,000.00		
General Bonds	9/7/2023	2,765,000.00	9/1/2026	110,000.00		5.000%					
			9/1/2027	115,000.00		5.000%					
			9/1/2028	115,000.00		5.000%					
			9/1/2029	120,000.00		5.000%					
			9/1/2030	125,000.00		5.000%					
			9/1/2031	125,000.00		4.000%					
			9/1/2032	130,000.00		4.000%					
			9/1/2033	135,000.00		4.000%					
			9/1/2034	140,000.00		3.125%					
			9/1/2035	140,000.00		3.250%					
			9/1/2036	145,000.00		3.375%					
			9/1/2037	145,000.00		3.500%					
			9/1/2038	150,000.00		3.625%					
			9/1/2039	160,000.00		3.750%					
			9/1/2040	165,000.00		4.000%					
			9/1/2041	170,000.00		4.000%					
			9/1/2042	180,000.00		4.000%					
			9/1/2043	190,000.00		4.000%					
							2,665,000.00	105,000.00	2,560,000.00		
							<u>\$ 3,123,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ 2,903,000.00</u>		
Ref.							D		D		

Ref.

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec.31, 2024	2025 Authorizations	Bond Anticipation Notes Issued	Balance Dec.31, 2025
25-07	Improvements to Water System		\$ 2,880,707.00	\$ 880,707.00	\$ 2,000,000.00
25-08	Water Treatment Plant Project		17,000,000.00		17,000,000.00
		<u>\$ -0-</u>	<u>\$ 19,880,707.00</u>	<u>\$ 880,707.00</u>	<u>\$ 19,000,000.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
ELECTRIC UTILITY FUND

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2024	E	\$ 3,154,858.15	\$ 1,308,548.08
Increased by Receipts:			
Electric Utility Charges Receivable		\$ 18,240,915.43	
Miscellaneous Revenue		277,043.78	
Meter Deposits (With Interest)		130,824.03	
State Aid - "Lifeline"		22,500.00	
Sales Tax Payable		877,259.47	
Zero Emission Credit Program Payable		188,880.93	
Budget Appropriation:			
Payment of Bond Anticipation Notes			\$ 55,000.00
Due to/from Electric Utility Operating Fund:			
Interest Earned on Investments			32,668.67
Due to/from Electric Utility Capital Fund:			
Interest Earned		32,668.67	
Interfund Advanced		28,483.14	
Due to/from Water Utility Operating Fund:			
Interfund Advanced		254.29	
Overpayments of Electric Charges		118,621.30	
Appropriation Refunds		192,174.29	
Bond Anticipation Notes Issued			795,000.00
		<u>20,109,625.33</u>	<u>882,668.67</u>
		23,264,483.48	2,191,216.75

BOROUGH OF BUTLER
ELECTRIC UTILITY FUND
SCHEDULE OF CASH - TREASURER
(Continued)

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Decreased by Disbursements:			
2025 Appropriation Expenditures		\$ 18,736,600.11	
2024 Appropriation Reserves		237,182.39	
Accounts Payable		527,504.18	
Sales Tax Payable		669,891.04	
Zero Emission Credit Program Payable		424,622.09	
Interest on Bonds and Notes		99,679.99	
Due to/from Current Fund:			
Interfund Advanced		1,012,130.58	
Due to/from Electric Utility Operating Fund :			
Interest Earned			\$ 32,668.67
Interfund Advanced			28,483.14
Electric Overpayments Refunded		9,185.23	
Meter Deposit Refunds		117,043.01	
Bond Anticipation Notes Matured			550,000.00
Improvement Authorization Expenditures			486,085.60
		<u>\$ 21,833,838.62</u>	<u>\$ 1,097,237.41</u>
Balance December 31, 2025	E	<u><u>\$ 1,430,644.86</u></u>	<u><u>\$ 1,093,979.34</u></u>

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2025

NOT APPLICABLE

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	Balance Dec.31, 2024	2025 Billings	Cash Receipts	State Aid "Lifeline" Revenue	Overpayments Applied	Balance Dec.31, 2025
Electric Rents	\$ 714,903.26	\$ 20,765,297.20	\$ 20,346,835.93	\$ 22,500.00	\$ 146,932.89	\$ 963,931.64
Street Lighting		72,427.15	72,427.15			
	<u>\$ 714,903.26</u>	<u>\$ 20,837,724.35</u>	<u>\$ 20,419,263.08</u>	<u>\$ 22,500.00</u>	<u>\$ 146,932.89</u>	<u>\$ 963,931.64</u>
<u>Ref.</u>	E					
<u>Realized Revenue</u>						
Cash Collections		\$ 18,240,915.43				
Due from Current Fund - Rents Collected		1,112,207.25				
Sales Tax Payable		877,259.47				
Zero Emission Credit Program Payable		188,880.93				
			\$ 20,419,263.08			
State Aid "Lifeline"			22,500.00			
Overpayments Applied			146,932.89			
			<u>\$ 20,588,695.97</u>			
<u>Analysis of Realized Revenue</u>						
LEAC Revenues			\$ 5,800,000.00			
Base Rate Revenues			7,039,697.30			
Additional Revenue - LEAC			5,372,444.34			
Additional Revenue - Base Rate			1,240,000.00			
State Aid "Lifeline"			22,500.00			
Flood Lighting			47,913.93			
Sales Tax Payable			877,259.47			
Zero Emission Credit Program Payable			188,880.93			
			<u>\$ 20,588,695.97</u>			

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2024	E	\$ 2,619,505.74
Net Inventory Increase		<u>15,796.90</u>
Balance December 31, 2025	E	<u><u>\$ 2,635,302.64</u></u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2024	Additions by Ordinance	Balance Dec.31, 2025
Fixed Capital Prior To January 1, 1919	\$ 50,000.00		\$ 50,000.00
Production Plant and Equipment	390,481.05		390,481.05
Transmission Poles, Towers and Fixtures	170,233.62		170,233.62
Transmission-Overhead Conductor and Devices	26,614.73		26,614.73
Distribution Plant Structures	24,117.78		24,117.78
Distribution Poles, Towers and Fixtures	91,927.60		91,927.60
Distribution - Overhead Conductors and Devices	702,867.71		702,867.71
Line Transformers	667,496.17		667,496.17
Meters and Meter Reading Devices	301,890.16		301,890.16
Installations On Consumers' Premises	117,221.82		117,221.82
Street Lighting and Signal System	424,021.17		424,021.17
General Plant Structures	71,127.86		71,127.86
Land	20,000.00		20,000.00
Administration Office	96,758.01		96,758.01
Office Furniture and Equipment	345,858.69		345,858.69
General Plant Transportation	346,916.99		346,916.99
General Plant Equipment	2,641,165.10		2,641,165.10
Glen Wild Lake Co.	18,000.00		18,000.00
High Pressure Sodium Street Light Conversions, Removal and Replacement of Underground Storage Tanks, Carpeting at Municipal Building and Installation of Conversion for High Voltage Distribution System	348,000.00		348,000.00
Purchase of Computers and Computer System Expansion	17,841.67		17,841.67
Equipment / Various Improvements Ord.#86-19;96-06;97-12;00-21, 08-10	2,060,844.97		2,060,844.97
Municipal Building Roof	29,999.30		29,999.30
Brush Chipper	12,704.00		12,704.00
Various Utility Vehicles	2,264,546.08		2,264,546.08
Various Improvements Ord. # 88-15;89-15;91-10;00-16;02-31;03-06	5,007,940.81		5,007,940.81
Purchase of Megawatt Load System	107,812.82		107,812.82
Purchase of Transformers	47,182.00		47,182.00
Relocation of Electrical Lines	85,358.93		85,358.93
Purchase of Substation Transformer Upgrade	131,220.50		131,220.50
Installation of New Telephone System	6,849.90		6,849.90
Purchase of Copy Machine	4,987.34		4,987.34
Fencing and Security Equipment	18,975.28		18,975.28
Garage Exhaust Emissions System	1,843.20		1,843.20
Automated Envelope Stuffer and Postage System	21,744.25		21,744.25
Substation Improvements	165,000.00		165,000.00
Equipment Upgrade for Y2K	10,000.00		10,000.00
Software Upgrade and Replacement for Y2K	10,000.00		10,000.00
Purchase and Installation of Computer Equipment	72,384.69		72,384.69

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
(Continued)

	Balance Dec.31, 2024	Additions by Ordinance	Balance Dec.31, 2025
Improvement of the Electrical Supply and Distribution System	\$ 6,868,553.81		\$ 6,868,553.81
Purchase of Security System for Municipal Building	7,500.00		7,500.00
Server and Related Software	10,000.00		10,000.00
Purchase and Installation of Emergency Generators	135,100.00		135,100.00
Digital Imaging System	8,000.00		8,000.00
Improvements to Municipal Buildings and Grounds	142,998.41		142,998.41
Site, Soil and Ground Water Remediation	360,510.00		360,510.00
Purchase of Dispatching Equipment	19,000.00		19,000.00
Construction Garage	375,000.00		375,000.00
Dumpsters	10,000.00		10,000.00
Purchase of Bucket Truck Ord. # 20-11; 22-05		\$ 545,000.00	545,000.00
Aquisition of Computer Equipment		22,000.00	22,000.00
	<u>\$ 24,868,596.42</u>	<u>\$ 567,000.00</u>	<u>\$ 25,435,596.42</u>
<u>Ref.</u>	E		E

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ord. No.	Balance Dec.31, 2024	2025 Authorizations	Costs to Fixed Capital	Balance Dec.31, 2025
Improvements to Buildings and Grounds	16-07	\$ 55,000.00			\$ 55,000.00
Improvement of the Electrical					
Supply and Distribution System	17-09	474,000.00			474,000.00
Improvements to Buildings and Grounds	18-07	24,000.00			24,000.00
Improvements to Buildings and Grounds	19-05	95,000.00			95,000.00
Purchase of a Bucket Truck	20-11	245,000.00		\$ 245,000.00	
Acquisition of a Bucket Truck	22-05	300,000.00		300,000.00	
Acquisition of a Bucket Truck	23-06	365,000.00			365,000.00
Acquisition of Equipment	24-13				
Improvement of the Electrical					
Supply and Distribution System	24-14	350,000.00			350,000.00
Acquisition of Computer Equipment	24-19	22,000.00		22,000.00	
Various Electrical Supply and Distribution					
System Improvements	25-06		\$ 316,000.00		316,000.00
		<u>\$ 1,930,000.00</u>	<u>\$ 316,000.00</u>	<u>\$ 567,000.00</u>	<u>\$ 1,679,000.00</u>
	<u>Ref.</u>	<u>E</u>			<u>E</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF 2024 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Balance After Modification	Paid or Charged	Balance Lapsed	Over- expended
Operating:					
Administration:					
Salaries and Wages	\$ 4,650.29	\$ 4,650.29		\$ 4,650.29	
Other Expenses	10,233.94	32,301.57	\$ 51,755.23		\$ 19,453.66
Operations:					
Salaries and Wages	13,759.52	13,759.52	1,310.28	12,449.24	
Other Expenses	196,337.93	172,881.58	172,881.58		
Other Expenses - Purchase Power	48,795.58	48,795.58		48,795.58	
Dispatching:					
Salaries and Wages	9,349.59	10,738.31	10,738.31		
Other Expenses	1,000.00	1,000.00		1,000.00	
Night Out:					
Other Expenses	2,332.17	2,332.17	96.99	2,235.18	
Buildings and Grounds:					
Salaries and Wages	397.42	397.42		397.42	
Other Expenses	6,118.50	6,118.50		6,118.50	
Group Insurance for Employees	400.00	400.00	400.00		
MELJIF Liability	0.20	0.20		0.20	
MELJIF Worker's Compensation	19.12	19.12		19.12	
Employee Group Health Waiver					
Contribution to:					
Public Employees' Retirement System	16.00	16.00		16.00	
Social Security System (O.A.S.I.)	1,697.28	1,697.28		1,697.28	
Unemployment Compensation Insurance	413.67	413.67		413.67	
	<u>\$ 295,521.21</u>	<u>\$ 295,521.21</u>	<u>\$ 237,182.39</u>	<u>\$ 77,792.48</u>	<u>\$ 19,453.66</u>

Analysis of Balance December 31, 2024

	<u>Ref.</u>	
Unencumbered	E	\$ 189,702.25
Encumbered	E	<u>105,818.96</u>
		<u>\$ 295,521.21</u>

[illegible]

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2024	E	\$ 122,507.71
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>16,000.00</u>
Balance December 31, 2025	E	<u>\$ 106,507.71</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2024	2025 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Balance Dec. 31, 2025
16-07	Improvements to Buildings & Grounds	05/17/16	\$ 55,000.00				\$ 55,000.00
17-09	Improvement of the Electrical Supply and Distribution System	05/16/17	196,000.00				196,000.00
18-07	Improvements to Buildings and Grounds	05/15/18	24,000.00				24,000.00
19-05	Improvements to Buildings and Grounds	05/21/19	95,000.00				95,000.00
22-05	Acquisition of a Bucket Truck	05/17/22	100,000.00			\$ 100,000.00	
23-06	Acquisition of a Bucket Truck	05/16/23	100,000.00				100,000.00
24-14	Improvement of the Electrical Supply and Distribution System	05/21/24			\$ 35,000.00		35,000.00
24-19	Acquisition of Computer Equipment	10/01/24	22,000.00				22,000.00
25-06	Various Electrical Supply and Distribution System Improvements	06/17/25		\$ 16,000.00			16,000.00
			<u>\$ 592,000.00</u>	<u>\$ 16,000.00</u>	<u>\$ 35,000.00</u>	<u>\$ 100,000.00</u>	<u>\$ 543,000.00</u>
		<u>Ref.</u>	E				E

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2024	Issued	Matured	Balance Dec. 31, 2025
		Issue of Original Note	Issue	Maturity					
22-05	Acquisition of a Bucket Truck	09/05/24	09/05/24	09/05/25	4.25%	\$ 200,000.00	\$ 180,000.00	\$ 200,000.00	\$ 180,000.00
			09/05/25	09/05/26	4.00%				
24-14	Improvement of the Electrical Supply and Distribution System	09/05/24	09/05/24	09/05/25	4.25%	350,000.00	315,000.00	350,000.00	315,000.00
			09/05/25	09/05/26	4.00%				
25-06	Improvement of the Electrical Supply and Distribution System	09/05/25	09/05/25	09/05/26	4.00%		300,000.00		300,000.00
						<u>\$ 550,000.00</u>	<u>\$ 795,000.00</u>	<u>\$ 550,000.00</u>	<u>\$ 795,000.00</u>
					<u>Ref.</u>	E			E
				New Issue		\$ 300,000.00			
				Renewals		495,000.00	\$ 495,000.00	\$ 495,000.00	
				Paid by Operating Budget			55,000.00	55,000.00	
						<u>\$ 795,000.00</u>	<u>\$ 795,000.00</u>	<u>\$ 550,000.00</u>	

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2024	Matured	Balance Dec. 31, 2025
			Date	Dec. 31, 2025	Amount				
General Bonds	5/22/13	\$ 3,661,000.00					\$ 396,000.00	\$ 396,000.00	
General Bonds	9/7/2023	1,700,000.00	9/1/2026	\$ 155,000.00		5.00%			
			9/1/2027	160,000.00		5.00%			
			9/1/2028	165,000.00		5.00%			
			9/1/2029	170,000.00		5.00%			
			9/1/2030	180,000.00		5.00%			
			9/1/2031	185,000.00		4.00%			
			9/1/2032	190,000.00		4.00%			
			9/1/2033	200,000.00		4.00%			
							1,555,000.00	150,000.00	\$ 1,405,000.00
							<u>\$ 1,951,000.00</u>	<u>\$ 546,000.00</u>	<u>\$ 1,405,000.00</u>

Ref. E E

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2024	2025 Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2025
86-19	Acquisition of Equipment; Various Improvements	\$ 2,320.00			\$ 2,320.00
04-12	Acquisition of New and Additional Vehicular Equipment	28,500.00			28,500.00
25-06	Improvement of the Electrical Supply and Distribution System		\$ 300,000.00	\$ 300,000.00	
		<u>\$ 30,820.00</u>	<u>\$ 300,000.00</u>	<u>\$ 300,000.00</u>	<u>\$ 30,820.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2025
PUBLIC ASSISTANCE FUND

BOROUGH OF BUTLER
PUBLIC ASSISTANCE FUND
SCHEDULE OF CASH

	<u>Ref.</u>	<u>P.A.T.F. I</u>	<u>P.A.T.F. II</u>	<u>Fund Total</u>
Balance December 31, 2024	F	<u>\$ 5,267.65</u>	<u>\$ 3,619.43</u>	<u>\$ 8,887.08</u>
Balance December 31, 2025	F	<u><u>\$ 5,267.65</u></u>	<u><u>\$ 3,619.43</u></u>	<u><u>\$ 8,887.08</u></u>

BOROUGH OF BUTLER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Name of Federal Agency or Department/Cluster Title	Name of Program	Assistance Listing Number	State Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amount Provided to Subrecipients
				From	To					
U.S. Department of Transportation:										
(Passed through New Jersey Department of Transportation)	Route 23 - Alexander Road to Maple Lake Road	20.205	480-078-6300-IYE-371382	01/01/22	12/31/25	\$ 17,210.07	\$ 17,210.07	\$ 17,210.07	\$ 17,210.07	*
Total Department of Transportation							17,210.07	17,210.07	17,210.07	
TOTAL FEDERAL AWARDS						\$ 17,210.07	\$ 17,210.07	\$ 17,210.07	\$ 17,210.07	\$ -0-

* - Expended in Prior Years

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Name of State Agency or Department	Name of Program	Name of Project	Grant I.D. No.	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures
				From	To				
Department of Law and Public Safety	Safe and Secure Communities Program	Safe and Secure Communities Program	495-066-1020- 497-490940	01/01/24	12/31/24	\$ 45,150.00	\$ 10,919.43 10,919.43		\$ 45,150.00 45,150.00
	Drunk Driving Enforcement Fund	Drunk Driving Enforcement Fund	100-078-6400- 260-YYYY	01/01/11 01/01/16 01/01/17 01/01/18	12/31/25 12/31/25 12/31/25 12/31/26	6,663.12 3,773.68 713.25 19,660.82		\$ 5,677.34 3,773.68 713.25 12,900.98 23,065.25 23,065.25	6,663.12 3,773.68 713.25 12,900.98 24,051.03 69,201.03
	Total Department of Law and Public Safety						10,919.43		
Department of the Treasury (Passed Through the County of Morris - Governor's Council on Alcoholism and Drug Abuse)	Municipal Alliance Grant	DARE/DEDR Program	100-082-2000- 044-995120	07/01/23	06/30/26	4,476.00	2,080.35 2,080.35	1,738.00 1,738.00	3,710.43 3,710.43
	Total Department of the Treasury								
Department of Community Affairs	Community Development Block Grant	Improvements to Water System	N/A	01/01/25	12/31/26	78,793.00		78,793.00	78,793.00
	Total Department of Community Affairs							78,793.00	78,793.00
Department of Environmental Protection	Clean Communities Program	Clean Communities Program	765-042-4900- 004-178910	01/01/18 01/01/25	12/31/26 12/31/26	14,773.22 20,935.78	20,935.78 20,935.78	11,327.66 11,327.66	12,444.34 12,444.34
	Recycling Tonnage Grant	Recycling Tonnage Grant	100-042-4910- 100-238490	01/01/14 01/01/25	12/31/26 12/31/26	11,877.31 10,490.88	10,490.88 31,426.66	2,625.00 2,625.00 13,952.66	4,962.10 4,962.10 17,406.44
	Total Department of Environmental Protection								
Department of Transportation	Municipal Aid Program	Hillcrest Avenue	N/A	01/01/25	12/31/26	283,530.00		257,700.69	257,700.69
	Total Department of Transportation							257,700.69	257,700.69
TOTAL STATE AWARDS							\$ 44,426.44	\$ 375,249.60	\$ 426,811.59
N/A - Not Available									

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF BUTLER
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2025

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the "Schedules") include the federal and state grant activity of the Borough of Butler under programs of the federal and state governments for the year ended December 31, 2025. 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 New Jersey's OMB Circular 25-12, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. 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.

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*

Independent Auditors' Report

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
Butler, New Jersey

We have audited in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Butler, in the County of Morris (the "Borough") as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements and have issued our report thereon dated June 24, 2026. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

The Honorable Mayor and Members
of the Borough Council
Borough of Butler
Page 2

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 Borough's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses, as Findings 2025-001 and 2025-002 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough'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 financial statements. 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*.

The Borough's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Borough's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 result of that testing, and not to provide an opinion on the effectiveness of the Borough'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 Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, NJ
June 24, 2026

Nisivoccia LLP
NISIVOCIA LLP

Valerie A. Dolan

Valerie A. Dolan
Certified Public Accountant
Registered Municipal Accountant No. 548

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- Material Weaknesses were disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 25-02 for the year ended December 31, 2025 as both state and federal grant expenditures were less than the single audit threshold of \$1,000,000 identified in the Uniform Guidance and NJOMB 25-02.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

The audit disclosed the following significant deficiencies required to be reported under Generally Accepted Government Auditing Standards:

Finding 2025-001:

Segregation of Duties (Material Weakness)

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. The various departments of the Borough are responsible for the issuance and collection of permits, and licenses; and recording of collections. The reconciliation of certain bank accounts, the preparation of the general ledger for the various funds as well as the preparation of certain aspects of payroll are performed by the Chief Financial Officer. Also, the Tax/Utilities Rent Collector is responsible for cash collections and recording of receipts.

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2025-001: (Cont'd)

Segregation of Duties (Material Weakness) (Cont'd)

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties be maintained with respect to the collection, recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints and limited personnel, no resolution can be made at this time.

Finding 2025-002:

Bank Reconciliations (Material Weakness)

Criteria

Accurate and timely bank reconciliations for all Borough bank accounts should be maintained.

Condition

Accurate and timely bank reconciliations were not maintained.

Cause

The Borough went through a transition of key finance personnel.

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2025-002: (Cont'd)

Bank Reconciliations (Material Weakness) (Cont'd)

Effect or Potential Effect

Not having timely completed reconciliations throughout the year may lead to overdrawn cash accounts or inaccurate reports on the financial status of the Borough throughout the year.

Recommendation

It is recommended that accurate and timely bank reconciliations for all bank accounts be prepared.

Management's Response

Monthly bank reconciliations will be prepared in a timely manner in the future.

Finding 2025-003:

General Ledger Accounting System (Material Weakness)

Criteria

The general ledger accounting system should be properly maintained and reconciled with the related subsidiary ledgers which led to an expenditure without an appropriation and an overexpenditure of appropriation reserves.

Condition

The general ledger accounting system was not properly maintained and reconciled with the related subsidiary ledgers.

Cause

The Borough went through a transition of key finance personnel.

Effect or Potential Effect

Not having a properly maintained and reconciled general ledger accounting system throughout the year may lead to expenditures without appropriations, overexpenditures, or inaccurate reports on the financial status of the Borough throughout the year.

Recommendation

It is recommended that the general ledger accounting system be properly maintained and reconciled with the related subsidiary ledgers.

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2025

(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2025-003: (Cont'd)

General Ledger Accounting System (Material Weakness) (Cont'd)

Management's Response

The general ledger accounting system will be properly maintained and reconciled with the related subsidiary ledgers in the future.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

BOROUGH OF BUTLER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

There were no prior year findings.

BOROUGH OF BUTLER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2025

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S. 40A:11-3 states:

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2020 through June 30, 2025, the bid thresholds in accordance with N.J.S.A. 40A:11-3 were \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2025 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$53,000 for a contracting unit with a qualified purchasing agent.

The governing body of the Borough of Butler has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the year and where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Attorney's opinion should be sought before a commitment is made.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4 (Cont'd)

The minutes indicated that bids were requested by public advertising per N.J.S. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" in accordance with N.J.S. 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes, Utility Charges and Assessments

The statute provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes, utility charges or assessments on or before the date when they would become delinquent.

On January 7, 2025, the governing body adopted the following resolution authorizing interest to be charged on delinquent tax, assessment and utility charges:

BE IT RESOLVED by the Borough Council of the Borough of Butler, Morris County, New Jersey, that, in accordance with R.S. 54:4-67 as amended, the rate of interest to be charged for the nonpayment of taxes, utilities or assessments on or before the date when they would become delinquent be and the same is hereby fixed as follows:

1. No interest shall be charged if payment of tax, utility or assessment installment, as the case may be, is made within ten (10) days after the date upon which the same became payable.
2. The rate of interest to be charged for the nonpayment of taxes, utilities or assessment installments on or before the date when they become delinquent shall be eight percent (8%) per annum on the first \$1,500 of the delinquency and eighteen percent (18%) on any delinquency over \$1,500, to be calculated from the date the tax was payable until the date of actual payment. The interest to be charged a delinquent taxpayer for nonpayment of real property taxes shall be an additional penalty of 6% if the amount of delinquency is in excess of \$10,000 at the end of the calendar year.

It appears from an examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 14, 2025.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Tax Title Liens</u>
2025	3
2024	2
2023	2

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2025 Taxes	20
Payment of 2026 Taxes	20
Delinquent Taxes	15
Tax Title Liens	2
Payment of Water/Sewer Utility Charges	20
Delinquent Sewer Utility Charges	15
Delinquent Water Utility Charges	15
Payment of Electric Utility Charges	20
Delinquent Electric Utility Charges	15

For items not returned, alternative procedures were performed, as appropriate.

Accounting Requirements under New Jersey Administrative Code

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough maintains an encumbrance accounting system and a fixed asset accounting system. The Borough's general ledger accounting and reporting system was implemented in prior years but was not properly maintained during the current year and reconciled with the related subsidiary ledgers.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
 (Continued)

Accounting Requirements under New Jersey Administrative Code (Cont'd)

It is recommended that the general ledger accounting system be properly maintained and reconciled with the related subsidiary ledgers.

Management's Response

The Borough will ensure the general ledger accounting system will be properly maintained and reconciled with the related subsidiary ledgers in the future.

Segregation of Duties

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions. It is recommended that management initiates more involvement in the areas of collecting, disbursing, and recording to provide a more adequate segregation of duties.

Management's Response

Duties of personnel will be reviewed to determine where a more adequate segregation of duties can be provided.

Accounting Records

Our audit of the accounting records revealed that:

1. Accurate and timely bank reconciliations were not being maintained.
2. Transfers between budget line items were not formally approved by governing body.
3. The Current Fund reflects an expenditure made without budget appropriation.
4. There were overexpenditures of appropriations in the Water Utility Operating Fund and appropriation reserves in the Electric Utility Operating Fund.
5. There was a large amount of interfund activity during the year and interfund balances were not liquidated by year-end.
6. A monthly analysis of the Payroll Agency balance is not being maintained.

It is recommended that:

1. Accurate and timely bank reconciliations be prepared.
2. Budget appropriation transfers be formally approved by the governing body.
3. The Borough ensure that all expenditures are authorized in the approved budget.
4. The Borough make every effort to ensure that there are no overexpenditures of appropriations.
5. A continuing effort be made to limit the amount of interfund balances at year-end.
6. A monthly analysis of the Payroll Agency balance be maintained.

Management's Response

The Borough will make every effort to resolve these recommendations in 2026.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected on the following page is a summary of receipts and disbursements for the year ended December 31, 2025.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2025

	Balance Dec. 31, 2024	Receipts	Disbursements	Balance Dec. 31, 2025
Municipal Treasurer:				
Fines and Costs	\$ 5,624.28	\$ 70,454.73	\$ 70,134.39	\$ 5,944.62
Restitution		909.37	909.37	
POAA FTA	4.00	154.00	150.00	8.00
Public Defender	300.00	5,150.00	5,300.00	150.00
County:				
Fines	1,974.00	27,793.92	27,654.42	2,113.50
Weights and Measures	4,950.00	26,800.00	28,950.00	2,800.00
State:				
Fines and Costs	3,462.37	39,942.14	39,475.61	3,928.90
Conditional Dismissal		75.00	75.00	
Bail	200.00	2,850.00	2,510.00	540.00
TOTAL	<u>\$ 16,514.65</u>	<u>\$ 174,129.16</u>	<u>\$ 175,158.79</u>	<u>\$ 15,485.02</u>

During our review of the Municipal Court records we noted that receipts were not being deposited by the court administrator who is bonded to handle court funds.

It is recommended that Municipal Court receipts are deposited by the court administrator who is bonded to handle court funds.

Management's Response

The Borough will make every effort to ensure receipts are being deposited by the court administrator.

Management Suggestions

General Capital Fund

Ordinance 18-12, which is more than five years old has a deficit cash balance at December 31, 2025. This situation arises when expenditures are made from an ordinance without funding. It is suggested that Ordinance 18-12 either be canceled and/or expended.

Federal and State Grant Fund

During our review of the federal and state grants, there are grants receivable and reserve balances that are several years old. It is suggested that a continued review be performed to ensure that only active receivables and reserve balances are being carried forward.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions (Cont'd)

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2026

GASB Statement No. 104, Disclosure of Certain Capital Assets

Standard requires lease assets as well as subscription assets to be disclosed separately in the capital assets note disclosures. The standard also requires a disclosure for capital assets held for sale where it is probable that the sale will be finalized within one year of the financial statement date.

Governmental Accounting Standards Board (GASB) Statements effective for Year Ending December 31, 2027

GASB Statement No. 105, Subsequent Events

Standard will improve financial reporting related to subsequent events by clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and specifying the information items that are required to be disclosed about subsequent events.

Status of Prior Year Recommendation

The prior year recommendation regarding fixed assets has been resolved in the current year.

BOROUGH OF BUTLER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The general ledger accounting system be properly maintained and reconciled with the related subsidiary ledgers.
2. Management initiates more involvement in the areas of collecting, disbursing and recording to provide for a more adequate segregation of duties.
3. Accurate and timely bank reconciliations be prepared.
4. Budget appropriation transfers be formally approved by the governing body.
5. The Borough ensure that all expenditures are authorized in the approved budget.
6. The Borough make every effort to ensure that there are no overexpenditures of appropriations.
7. A continuing effort be made to limit the amount of interfund balances at year-end.
8. A monthly analysis of the Payroll Agency balance be maintained.
9. Municipal Court receipts are deposited by the court administrator who is bonded to handle court funds.
