

BOROUGH OF BUTLER
COUNTY OF MORRIS
REPORT OF AUDIT
2022

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF BUTLER

COUNTY OF MORRIS

REPORT OF AUDIT

2022

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BOROUGH OF BUTLER

PART I

FINANCIAL STATEMENTS AND

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2022

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 18 to the financial statements, the District implemented GASB Statement No. 87, *Leases*, during the year ended December 31, 2022. Our opinions are not modified with respect to this matter.

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 15-08, *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 29, 2023 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 29, 2023

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 5,324,947.31	\$ 4,704,205.94
Change Funds		375.00	375.00
Petty Cash Fund		200.00	200.00
		<u>5,325,522.31</u>	<u>4,704,780.94</u>
Receivables and Other Assets With			
Full Reserves:			
Delinquent Property Taxes Receivable	A-7	352,336.80	238,713.67
Tax Title Liens Receivable	A-8	72,688.74	62,622.39
Property Acquired for Taxes at Assessed Valuation		496,800.00	496,800.00
Revenue Accounts Receivable	A-9	5,208.83	4,462.73
Sewer Accounts Receivable	A-10	24,139.76	50,018.62
Due from:			
Other Trust Fund	B	19,884.22	
Water Utility Operating Fund	D	164,052.27	
Butler Library		36,092.54	24,160.11
Gas Reimbursement		776.04	779.10
Total Receivables and Other Assets With Full Reserves		<u>1,171,979.20</u>	<u>877,556.62</u>
Total Regular Fund		<u>6,497,501.51</u>	<u>5,582,337.56</u>
Federal and State Grant Fund:			
Due to Current Fund	A	952,928.24	597,255.87
Federal and State Grants Receivable	A-13	156,731.47	53,341.17
Total Federal and State Grant Fund		<u>1,109,659.71</u>	<u>650,597.04</u>
<u>TOTAL ASSETS</u>		<u>\$ 7,607,161.22</u>	<u>\$ 6,232,934.60</u>

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

	Ref.	December 31	
		2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 110,332.73	\$ 132,612.49
Unencumbered	A-3;A-11	410,604.64	331,709.85
		<u>520,937.37</u>	<u>464,322.34</u>
County Taxes Payable		32,205.82	35,438.69
School Taxes Payable	A-12	306,237.52	
Prepaid Taxes		158,412.50	180,344.55
Tax Overpayments		55,141.57	58,069.17
Sewer Rent Overpayments		1,837.52	1,307.04
Due to State of N.J. for Veterans' and Senior Citizens' Deductions		10,745.31	10,745.31
Due to State of New Jersey:			
Construction Code Fees		1,971.00	1,317.00
Marriage License Fees			225.00
Due to:			
Federal and State Grant Fund	A	952,928.24	597,255.87
Assessment Trust Fund	B	632,598.84	605,077.55
Other Trust Fund	B		2,192.16
Reserve for:			
Municipal Relief Fund Aid		50,228.72	
Garden State Preservation Trust			2,033.00
Revaluation			30,000.00
Developer's Contribution		13,692.95	13,692.95
Sale of Municipal Assets		384,209.55	398,959.55
		<u>3,121,146.91</u>	<u>2,400,980.18</u>
Reserve for Receivables and Other Assets	A	1,171,979.20	877,556.62
Fund Balance	A-1	<u>2,204,375.40</u>	<u>2,303,800.76</u>
Total Regular Fund		<u>6,497,501.51</u>	<u>5,582,337.56</u>
Federal and State Grant Fund:			
Due to Water Utility Capital Fund	D	100,000.00	
Unappropriated Reserves	A-14	719,046.84	425,806.04
Appropriated Reserves	A-15	290,612.87	224,791.00
Total Federal and State Grant Fund		<u>1,109,659.71</u>	<u>650,597.04</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,607,161.22</u>	<u>\$ 6,232,934.60</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

	Ref.	Year Ended December 31,	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 1,331,000.00	\$ 1,231,000.00
Miscellaneous Revenue Anticipated		4,512,290.22	3,609,035.00
Receipts from:			
Delinquent Taxes		202,470.92	334,606.20
Current Taxes		30,151,145.50	29,234,753.64
Nonbudget Revenue		257,675.79	509,769.51
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		180,128.91	343,163.72
Interfunds Returned		3.06	42,416.90
		<u>36,634,714.40</u>	<u>35,304,744.97</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		13,307,549.31	12,209,766.16
County Taxes		2,891,615.53	2,741,336.58
Local School District Taxes		19,007,856.00	18,724,630.00
Prior Year Senior Citizens Deductions Disallowed		250.00	928.77
Interfunds and Other Receivables Advanced		195,868.92	24,939.21
Refund of Prior Year Revenue - County Tax Board Appeal			6,712.66
		<u>35,403,139.76</u>	<u>33,708,313.38</u>
Excess in Revenue		1,231,574.64	1,596,431.59
Balance January 1		2,303,800.76	1,938,369.17
		<u>3,535,375.40</u>	<u>3,534,800.76</u>
Decreased by:			
Utilized as Anticipated Revenue		1,331,000.00	1,231,000.00
Balance December 31	A	<u>\$ 2,204,375.40</u>	<u>\$ 2,303,800.76</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, 2022

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 1,331,000.00		\$ 1,331,000.00	
Miscellaneous Revenue:				
Alcoholic Beverages Licenses	15,500.00		16,961.20	\$ 1,461.20
Other Licenses	8,500.00		10,335.00	1,835.00
Fees and Permits	4,500.00		4,709.00	209.00
Municipal Court - Fines and Costs	53,400.00		48,601.73	4,798.27 *
Interest and Costs on Taxes	65,000.00		72,068.70	7,068.70
Energy Receipts Tax	962,902.00		962,902.00	
Garden State Preservation Fund	5,799.00		5,799.00	
Payments in Lieu of Taxes on State Exempt Property	68,500.00		78,983.96	10,483.96
Interest on Investments and Deposits	10,875.00		77,669.31	66,794.31
Uniform Construction Code Fees	85,000.00		98,092.00	13,092.00
Uniform Fire Safety Act	22,500.00		23,825.93	1,325.93
Capital Fund Balance	20,000.00		20,000.00	
Sewer Rents	1,107,500.00		1,138,471.89	30,971.89
Butler Library	47,500.00		47,500.00	
Zoning Rent Registration	18,500.00		19,000.00	500.00
Shared Service Agreement - Pequannock River				
Basin Regional Sewerage Authority	33,500.00		36,273.75	2,773.75
Anticipated Electric Utility Operating Fund Balance of Prior Year	125,000.00		125,000.00	
Reserve for Sale of Municipal Assets	15,000.00		15,000.00	
Cell Tower Rental	107,500.00		123,291.34	15,791.34
Shared Service Agreements:				
Billing Services - Bloomingdale	41,500.00		62,323.03	20,823.03
Dispatching Services - Kinnelon	30,000.00		32,300.00	2,300.00
Dispatching Services - Riverdale	8,000.00		9,103.49	1,103.49
Tax Collection Services - Riverdale	30,000.00		30,000.00	
Water Utility Services - Riverdale	32,500.00		34,460.57	1,960.57
NJ Public Power Authority	219,500.00		249,647.21	30,147.21
Pequannock River Basin Regional Sewerage Authority	94,000.00		135,459.03	41,459.03
General Capital Fund - Reserve for Debt Service	535,000.00		535,000.00	
Body Armor Replacement Fund	1,081.01		1,081.01	
Safe and Secure Communities Program	32,400.00		32,400.00	
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental Funding		\$ 2,000.00	2,000.00	
Municipal Alliance on Alcoholism and Drug Abuse - DEDR		4,241.00	4,241.00	
NJ Mental Health and Addiction Services		3,900.00	3,900.00	
Recycling Tonnage Grant	21,066.24		21,066.24	
Clean Communities Program	15,823.83		15,823.83	
Pearl, Mabey, Hasbrouck DOT Grant	339,000.00		339,000.00	
Community Development Block Grant - South Gifford Water Main	80,000.00		80,000.00	
Total Miscellaneous Revenue	4,256,847.08	10,141.00	4,512,290.22	245,302.14
Receipts from Delinquent Taxes	225,000.00		202,470.92	22,529.08 *

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	\$ 7,929,549.28		\$ 8,407,609.25	\$ 478,059.97
Minimum Library Tax	369,064.72		369,064.72	
	<u>8,298,614.00</u>		<u>8,776,673.97</u>	<u>478,059.97</u>
Budget Totals	14,111,461.08	\$ 10,141.00	14,822,435.11	<u>\$ 700,833.03</u>
Nonbudget Revenue			<u>257,675.79</u>	
	<u>\$ 14,111,461.08</u>	<u>\$ 10,141.00</u>	<u>\$ 15,080,110.90</u>	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Allocation of Current Tax Collections:	
Collection of Current Taxes	\$ 30,151,145.50
Allocated to:	
School, Library and County Taxes	21,899,471.53
	8,251,673.97
Add: Appropriation "Reserve for Uncollected Taxes"	525,000.00
Realized for Support of Municipal Budget	\$ 8,776,673.97
 <u>Receipts from Delinquent Taxes:</u>	
Delinquent Tax Collections	\$ 202,470.92
 <u>Analysis of Fees and Permits:</u>	
Clerk	\$ 3,446.00
Police	1,213.00
Tax Searches	50.00
	\$ 4,709.00
 <u>Analysis of Interest on Investments and Deposits:</u>	
Deposited into Current Fund	\$ 64,440.49
Deposited into Animal Control Fund	27.49
Deposited into Other Trust Fund	4,891.66
Deposited into General Capital Fund	8,309.67
	\$ 77,669.31

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Miscellaneous Revenue Not Anticipated:

Cable Television Franchise Fees	\$ 36,788.00
Interest on Sewer Rents	5,939.32
Prior Year Refunds and Reimbursements	39,860.29
Administrative Fee - Senior Citizens and Veterans Deductions	1,086.80
Interest on Assessments	5,352.37
Copies	15.01
Sale of Recyclables	902.00
Zoning Codes	65,905.02
Sale of Leaf Bags	1,297.00
Miscellaneous Receipts	4,108.23
Nutrition Center Rent	8,500.00
DMV Inspection Fines	1,050.00
Registrar and Health	13,780.00
Sewer Connection Fees	1,500.00
FEMA Storm Reimbursements	71,591.75

\$ 257,675.79

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, 2022

	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	\$ 96,195.00	\$ 96,195.00	\$ 93,159.24	\$ 3,035.76	
Other Expenses	18,000.00	18,000.00	16,787.33	1,212.67	
Mayor and Council:					
Salary and Wages	14,226.00	14,226.00	11,639.16	2,586.84	
Other Expenses	2,400.00	2,675.00	2,660.03	14.97	
Municipal Clerk:					
Salary and Wages	40,500.00	40,500.00	29,474.72	11,025.28	
Other Expenses	10,000.00	13,000.00	12,707.24	292.76	
Other Expenses - Codification	500.00	500.00	500.00	500.00	
Assessment of Taxes:					
Salary and Wages	47,600.00	47,600.00	47,570.64	29.36	
Other Expenses	57,175.00	57,175.00	38,007.58	19,167.42	
Collection of Taxes:					
Salary and Wages	57,500.00	57,500.00	52,850.18	4,649.82	
Other Expenses	8,645.00	9,145.00	8,982.03	162.97	
Financial Administration:					
Salary and Wages	56,000.00	56,000.00	55,521.72	478.28	
Other Expenses	19,000.00	19,000.00	18,999.43	0.57	
Annual Audit	49,000.00	50,325.00	50,325.00		
Legal Services and Costs:					
Other Expenses	34,000.00	34,000.00	20,384.63	13,615.37	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Engineering Services and Costs:					
Other Expenses	\$ 44,000.00	\$ 44,000.00	\$ 41,915.25	\$ 2,084.75	
Public Buildings and Grounds:					
Salary and Wages	1,500.00	1,500.00	286.80	1,213.20	
Other Expenses	102,800.00	77,800.00	63,899.91	13,900.09	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salary and Wages	7,500.00	7,500.00	7,495.96	4.04	
Other Expenses	21,550.00	21,580.00	13,236.28	8,343.72	
Zoning Officer:					
Salary and Wages	50,400.00	50,400.00	50,395.38	4.62	
Other Expenses	500.00	500.00	245.00	255.00	
Insurance:					
General Liability	91,917.00	93,167.00	93,146.00	21.00	
Workers Compensation	80,430.00	80,430.00	79,201.00	1,229.00	
Fireman's	42,500.00	42,500.00	36,341.29	6,158.71	
Employee Group Health	887,500.00	887,500.00	792,167.09	332.91	\$ 95,000.00
Employee Group Health Waiver	2,500.00	2,500.00	2,500.00		
Unemployment	500.00	500.00	307.82	192.18	
Disability Insurance	1,000.00	1,000.00		1,000.00	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY:					
Police:					
Salary and Wages	\$ 2,380,200.00	\$ 2,380,200.00	\$ 2,342,621.80	\$ 37,578.20	
Other Expenses	150,500.00	150,500.00	133,059.44	17,440.56	
Fire:					
Salary and Wages	7,500.00	7,500.00	5,645.00	1,855.00	
Other Expenses	61,450.00	61,450.00	60,176.09	1,273.91	
First Aid Organization Contribution	31,994.00	31,994.00	31,993.48	0.52	
Emergency Management Services:					
Salary and Wages	2,287.00	2,287.00		2,287.00	
Other Expenses	2,000.00	2,000.00		2,000.00	
Public Defender:					
Other Expenses	3,500.00	3,500.00	3,500.00		
STREETS AND ROADS:					
Road Repairs and Maintenance:					
Salary and Wages	529,000.00	492,500.00	482,803.06	9,696.94	
Other Expenses	119,250.00	119,250.00	90,924.67	28,325.33	
Sanitation:					
Sewer System:					
Salary and Wages	139,160.00	139,160.00	132,004.64	7,155.36	
Other Expenses	25,725.00	13,225.00	9,503.50	3,721.50	
Garbage and Trash Removal:					
Salary and Wages	500.00	500.00		500.00	
Other Expenses	946,000.00	946,000.00	832,103.17	113,896.83	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
STREETS AND ROADS (Cont'd):					
Vehicle Maintenance:					
Salary and Wages	\$ 17,500.00	\$ 2,025.00	\$	2,025.00	
Other Expenses	48,450.00	48,450.00	\$	5,417.05	\$ 5,000.00
HEALTH AND WELFARE:					
Board of Health:					
Salary and Wages	35,997.00	35,997.00	35,111.54	885.46	
Other Expenses	87,671.00	87,671.00	84,717.61	2,953.39	
Dog Regulation:					
Other Expenses	15,000.00	20,000.00	20,000.00		
RECREATION AND EDUCATION:					
Recreation Program:					
Salary and Wages	51,445.00	55,445.00	53,057.32	2,387.68	
Other Expenses	46,850.00	46,850.00	13,690.27	8,159.73	25,000.00
Senior Citizens' Advisory Committee:					
Other Expenses	7,000.00	7,000.00	5,560.35	1,439.65	
Museum:					
Other Expenses	10,165.00	10,165.00	6,958.48	3,206.52	
Dial-A-Ride:					
Salary and Wages	24,375.00	24,375.00	22,880.64	1,494.36	
Other Expenses	77,500.00	77,595.00	77,594.00	1.00	

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
UTILITY AND BULK PURCHASES:					
Electricity	\$ 48,000.00	\$ 48,000.00	\$ 39,003.63	\$ 8,996.37	
Street Lighting	36,100.00	36,100.00	36,100.00		
Telephone	17,500.00	17,500.00	15,825.70	1,674.30	
Water	32,000.00	32,000.00	27,594.71	4,405.29	
Fuel Oil	42,000.00	79,500.00	73,443.76	6,056.24	
Gasoline	68,000.00	103,000.00	97,762.66	5,237.34	
UNCLASSIFIED EXPENDITURES:					
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	15,000.00	15,000.00	13,290.72	1,709.28	
Total Operations Within "CAPS"	<u>6,924,957.00</u>	<u>6,923,457.00</u>	<u>6,425,165.90</u>	<u>373,291.10</u>	<u>\$ 125,000.00</u>
Detail:					
Salaries and Wages	3,561,885.00	3,513,910.00	3,425,017.80	88,892.20	
Other Expenses	<u>3,363,072.00</u>	<u>3,409,547.00</u>	<u>3,000,148.10</u>	<u>284,398.90</u>	<u>125,000.00</u>
Deferred Charges and Statutory Expenditures-					
Municipal within "CAPS":					
Deferred Charges:					
Anticipated Deficit in Water Utility Fund	201,000.00	201,000.00	36,947.73		164,052.27

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Deferred Charges and Statutory Expenditures- Municipal within "CAPS" (Continued):					
Statutory Expenditures					
Contributions to:					
Public Employees' Retirement System	\$ 195,086.00	\$ 195,086.00	\$ 195,085.54	\$ 0.46	
Social Security System (O.A.S.I.)	263,700.00	263,700.00	263,420.65	279.35	
Police and Firemen's Retirement System of N.J.	617,438.00	617,438.00	617,438.00		
Defined Contribution Retirement Program	2,800.00	2,800.00	924.28	1,875.72	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,280,024.00	1,280,024.00	1,113,816.20	2,155.53	\$ 164,052.27
Total General Appropriations for Municipal Purposes Within "CAPS"	8,204,981.00	8,203,481.00	7,538,982.10	375,446.63	289,052.27
Operations Excluded from "CAPS":					
Contribution to Pequannock River Basin					
Regional Sewerage Authority	2,175,063.00	2,175,063.00	2,175,063.00		
Aid to Free Public Library (NJSA 40:54-35)	369,065.00	369,065.00	369,064.84	0.16	
Shared Service Agreements:					
Billing Services - Bloomingdale:					
Salaries and Wages	21,500.00	21,500.00	19,491.02	2,008.98	
Other Expenses	11,000.00	11,000.00	4,414.66	6,585.34	
Construction Code Official - Bloomingdale:					
Other Expenses	107,500.00	109,000.00	107,975.13	1,024.87	
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		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Shared Service Agreements (Continued):					
Water Utility Services - Riverdale:					
Salaries and Wages	\$ 17,500.00	\$ 17,500.00	\$ 17,488.16	\$ 11.84	
Other Expenses	12,500.00	12,500.00	414.66	12,085.34	
Dispatching Services - Riverdale:					
Salaries and Wages	8,000.00	8,000.00	3,700.00	4,300.00	
Tax Collection Services - Riverdale:					
Salaries and Wages	17,500.00	17,500.00	16,887.26	612.74	
Other Expenses	12,500.00	12,500.00	4,000.00	8,500.00	
New Jersey Public Power Authority - Other Expenses	219,100.00	219,100.00	219,084.30	15.70	
Pequannock River Basin Regional Sewerage Authority	94,000.00	94,000.00	93,987.71	12.29	
Bloomington Fire Inspection Services:					
Other Expenses	17,063.00	17,063.00	17,062.25	0.75	
Riverdale Court Services:					
Other Expenses	171,360.00	171,360.00	171,360.00		
Public and Private Programs Offset by Revenues:					
Reserve for Clean Communities Grant	15,823.83	15,823.83	15,823.83		
Body Armor Replacement Fund	1,081.01	1,081.01	1,081.01		
Safe and Secure Communities Grant	32,400.00	32,400.00	32,400.00		
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental Funding (N.J.S.A. 40A:4-87 + \$2,000.00)		2,000.00	2,000.00		
Municipal Alliance on Alcoholism and Drug Abuse - DEDR (N.J.S.A. 40A:4-87 + \$4,241.00)		4,241.00	4,241.00		
NJ Mental Health and Addiction Services (N.J.S.A. 40A:4-87 + \$3,900.00)		3,900.00	3,900.00		

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Programs Offset by Revenues:					
Reserve for Recycling Tonnage Grant	\$ 21,066.24	\$ 21,066.24	\$ 21,066.24		
Pearl, Mabey, Hasbrouck DOT Grant	339,000.00	339,000.00	339,000.00		
Community Development Block Grant - South Gifford Water Main	80,000.00	80,000.00	80,000.00		
Total Operations Excluded from "CAPS"	3,771,522.08	3,783,163.08	3,748,005.07	\$ 35,158.01	
Detail:					
Salary and Wages	73,400.00	73,400.00	66,466.44	6,933.56	
Other Expenses	3,698,122.08	3,709,763.08	3,681,538.63	28,224.45	
Capital Improvements Excluded from "CAPS":					
Capital Improvement Fund	335,000.00	335,000.00	335,000.00		
Total Capital Improvements Excluded from "CAPS"	335,000.00	335,000.00	335,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	585,000.00	585,000.00	585,000.00		
Payment of Bond Anticipation Notes	650,000.00	650,000.00	650,000.00		
Interest on Bonds	18,900.00	18,900.00	18,900.00		
Interest on Notes	21,058.00	21,058.00	21,057.50		\$ 0.50
Total Municipal Debt Service Excluded from "CAPS"	1,274,958.00	1,274,958.00	1,274,957.50		0.50

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	\$ 5,381,480.08	\$ 5,393,121.08	\$ 5,357,962.57	\$ 35,158.01	\$ 0.50
Subtotal General Appropriations	13,586,461.08	13,596,602.08	12,896,944.67	410,604.64	289,052.77
Reserve for Uncollected Taxes	525,000.00	525,000.00	525,000.00		
Total General Appropriations	\$ 14,111,461.08	\$ 14,121,602.08	\$ 13,421,944.67	\$ 410,604.64	\$ 289,052.77

A

BOROUGH OF BUTLER
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 14,111,461.08	
Added by NJSA 40A:4-87		10,141.00	
Adopted Budget		\$ 14,121,602.08	
Cash Disbursed			\$ 12,497,177.86
Due to Federal and State Grant Fund			499,512.08
Encumbrances	A		110,332.73
Reserve for Uncollected Taxes			525,000.00
			13,632,022.67
Less: Appropriation Refunds			210,078.00
			\$ 13,421,944.67

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 154.39	\$ 45.29
Change Fund		50.00	50.00
		<u>204.39</u>	<u>95.29</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	1,251,619.09	864,988.49
Due from Current Fund	A		2,192.16
		<u>1,251,619.09</u>	<u>867,180.65</u>
Assessment Trust Fund:			
Assessment Receivable	B-6	53,936.97	81,458.26
Due from Current Fund	A	632,598.84	605,077.55
Amount to be Raised by Taxation- Funded by Assessment Bonds	B-7	13,982.00	13,982.00
		<u>700,517.81</u>	<u>700,517.81</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,952,341.29</u>	<u>\$ 1,567,793.75</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of NJ		\$ 62.00	\$ 60.00
Reserve for Animal Control Expenditures	B-11	142.39	35.29
		<u>204.39</u>	<u>95.29</u>
Other Trust Funds:			
Due to Current Fund	A	19,884.22	
Reserve for:			
Special Deposits		625,021.98	605,852.31
Recreation		18,954.90	14,803.41
Parking Offense Adjudication Fees		171.37	107.37
Tax Sale Premiums		529,600.00	197,400.00
State Unemployment Insurance Fund		54,669.12	48,282.56
Public Defender		3,317.50	735.00
		<u>1,251,619.09</u>	<u>867,180.65</u>
Assessment Trust Fund:			
Due to General Capital Fund	C	680,533.81	680,533.81
Fund Balance	B-1	19,984.00	19,984.00
		<u>700,517.81</u>	<u>700,517.81</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,952,341.29</u>	<u>\$ 1,567,793.75</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, 2021	B	<u>\$ 19,984.00</u>
Balance December 31, 2022	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, 2022

NOT APPLICABLE

ASSESSMENT TRUST FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 507,946.75	\$ 640,868.71
Due From Assessment Trust Fund	B	680,533.81	680,533.81
NJ Department of Transportation Grant Receivable		272,632.61	401,161.06
NJ Department of Community Affairs Grant Receivable		75,000.00	
Developer Contribution Receivable		27,227.00	27,227.00
Deferred Charges to Future Taxation:			
Funded		465,000.00	1,050,000.00
Unfunded	C-4	1,930,750.00	2,105,750.00
<u>TOTAL ASSETS</u>		<u>\$ 3,959,090.17</u>	<u>\$ 4,905,540.58</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-9	\$ 465,000.00	\$ 1,050,000.00
Bond Anticipation Notes Payable	C-8	1,930,750.00	2,105,750.00
Improvement Authorizations:			
Funded	C-6	513,037.21	531,406.60
Unfunded	C-6	424,456.18	
Capital Improvement Fund	C-7	115,671.21	168,671.21
Reserve for:			
Sewer Improvements		305,000.00	305,000.00
Payment of Debt Service		159,250.87	694,250.87
Fund Balance	C-1	45,924.70	50,461.90
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,959,090.17</u>	<u>\$ 4,905,540.58</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, 2021	C	\$ 50,461.90
Increased by:		
Premium on Note Sale		15,462.80
		65,924.70
Decreased by:		
Utilized as Anticipated Revenue in the Current Fund		20,000.00
		20,000.00
Balance December 31, 2022	C	\$ 45,924.70

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
WATER UTILITY FUND

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

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 304,978.12	\$ 105,295.26
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	D-6	88,084.56	87,756.67
Inventory	D-6b	183,270.40	151,371.58
Total Receivables and Inventory with Full Reserves		<u>271,354.96</u>	<u>239,128.25</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserves	D-9	2,628.39	
Deficit in Operations	D-1		133,155.27
Total Deferred Charges		<u>2,628.39</u>	<u>133,155.27</u>
Total Operating Fund		<u>578,961.47</u>	<u>477,578.78</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	319,955.75	178,390.03
Due from Federal and State Grant Fund	A	100,000.00	
Due from Water Utility Operating Fund	D		100,000.00
Community Development Block Grant Receivable		2,990.17	2,990.17
Fixed Capital	D-7	15,942,016.45	15,942,016.45
Fixed Capital Authorized and Uncompleted	D-8	2,662,200.00	2,352,200.00
Total Capital Fund		<u>19,027,162.37</u>	<u>18,575,596.65</u>
<u>TOTAL ASSETS</u>		<u>\$ 19,606,123.84</u>	<u>\$ 19,053,175.43</u>

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

	Ref.	December 31,	
		2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Liabilities:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 341.02	\$ 11,631.68
Unencumbered	D-3;D-9	4,873.49	7,521.34
		5,214.51	19,153.02
Accrued Interest on Bonds and Notes		36,672.63	11,146.71
Water Rent Overpayments		10,139.34	17,538.87
Due to Current Fund	A	164,052.27	
Due to Water Utility Capital Fund	D		100,000.00
Reserve for Meter Deposits		86,140.13	85,224.30
		302,218.88	233,062.90
Reserve for Receivables and Inventory	D	271,354.96	239,128.25
Fund Balance	D-1	5,387.63	5,387.63
		578,961.47	477,578.78
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-13	2,948,475.00	2,786,500.00
Serial Bonds Payable	D-14	683,000.00	793,000.00
Improvement Authorizations:			
Funded	D-10	111,727.24	4,222.24
Unfunded	D-10	282,835.49	248,388.22
Capital Improvement Fund	D-11	4,332.51	4,332.51
Reserve for:			
Amortization		14,599,704.45	14,472,304.45
Deferred Amortization	D-12	373,037.00	242,412.00
Fund Balance	D-1a	24,050.68	24,437.23
		19,027,162.37	18,575,596.65
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 19,606,123.84</u>	<u>\$ 19,053,175.43</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

	Ref.	Year Ended December 31,	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized			\$ 75,900.00
Rents		\$ 2,094,489.53	1,936,387.50
Miscellaneous Revenue		19,439.70	9,281.69
Fire Hydrant Service		21,000.00	21,000.00
Capital Fund Balance		24,000.00	25,000.00
Bloomington Water Supply Agreement			23,502.00
Deficit (General Budget)		36,947.73	201,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		122.06	32,551.08
Total Income		<u>2,195,999.02</u>	<u>2,324,622.27</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,669,032.00	1,627,398.00
Capital Improvements		10,000.00	476,000.00
Debt Service		202,458.75	180,327.54
Deferred Charges and Statutory Expenditures		314,508.27	174,052.00
Overexpenditure of Appropriation Reserves		2,628.39	
Total Expenditures		<u>2,198,627.41</u>	<u>2,457,777.54</u>
Excess/(Deficit) in Revenue		<u>(2,628.39)</u>	<u>(133,155.27)</u>
Adjustments to Excess Before Fund Balance:	D		<u>\$ 133,155.27</u>
Operating Deficit to be Raised in Budget in Succeeding Year			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year		2,628.39	
Statutory Excess to Fund Balance			
<u>Fund Balance</u>			
Balance January 1		<u>5,387.63</u>	<u>81,287.63</u>
		5,387.63	81,287.63
Decreased by:			
Utilized as Anticipated Revenue			75,900.00
Balance December 31	D	<u>\$ 5,387.63</u>	<u>\$ 5,387.63</u>

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

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 24,437.23
Increased by:		
Premium on Note Sale		23,613.45
		48,050.68
Decreased by:		
Utilized as Anticipated Revenue in the Water Utility Operating Fund		24,000.00
Balance December 31, 2022	D	\$ 24,050.68

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WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Water Rents	\$ 1,919,000.00	\$ 2,094,489.53	\$ 175,489.53
Miscellaneous Revenue	7,500.00	19,439.70	11,939.70
Fire Hydrant Service	21,000.00	21,000.00	
Capital Fund Balance	24,000.00	24,000.00	
Bloomington Water Supply Agreement	23,500.00		23,500.00 *
Deficit (General Budget)	201,000.00	36,947.73	164,052.27 *
	\$ 2,196,000.00	\$ 2,195,876.96	\$ 123.04 *

Analysis of Water Rents

Collections - Rents	\$ 2,076,950.66
Overpayments Applied	17,538.87
	\$ 2,094,489.53

Analysis of Miscellaneous Revenue

Interest on Investments:	
Water Utility Operating Fund	\$ 2,138.06
Water Utility Capital Fund	2,418.99
Interest on Water Rents	10,117.90
Water Connection Fees	3,000.00
Other Miscellaneous Revenue	1,764.75
	\$ 19,439.70

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, 2022

	Appropriations		Expended by			Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operating:						
Administration:						
Salaries and Wages	\$ 223,700.00	\$ 228,205.00	\$ 228,203.81	\$ 1.19		
Other Expenses	273,236.00	286,236.00	285,911.64	324.36		
Operations:						
Salaries and Wages	476,931.00	484,731.00	481,932.48	2,798.52		
Other Expenses	258,750.00	259,750.00	258,754.00	996.00		
Dispatching:						
Salaries and Wages	130,000.00	128,000.00	127,472.50	527.50		
Other Expenses	500.00	500.00	500.00			
Buildings and Grounds:						
Salaries and Wages	1,000.00					
Other Expenses	3,500.00					
Group Health Insurance	171,000.00	153,195.00	153,129.43	65.57		
MELJIF Liability	70,965.00	70,965.00	70,965.00			
MELJIF Worker's Compensation	57,450.00	57,450.00	57,450.00			
Capital Improvements:						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
Debt Service:						
Payment of Bond Principal	110,000.00	110,000.00	110,000.00			
Payment of Bond Anticipation Notes	38,025.00	38,025.00	38,025.00			
Interest on Bonds	20,159.00	20,159.00	20,158.75		\$ 0.25	
Interest on Notes	34,275.00	34,275.00	34,275.00			
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Deficit in Operations in Prior Years	133,156.00	133,156.00	133,155.27		0.73	
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System	120,053.00	120,053.00	120,052.64	0.36		
Social Security System (O.A.S.I.)	62,500.00	61,000.00	60,986.09	13.91		
Unemployment Compensation Insurance	300.00	300.00	153.92	146.08		
Disability Insurance	500.00					
	<u>\$ 2,196,000.00</u>	<u>\$ 2,196,000.00</u>	<u>\$ 2,191,125.53</u>	<u>\$ 4,873.49</u>	<u>\$ 0.98</u>	

Ref.

D

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

		Analysis of	
	<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 2,196,000.00	
Cash Disbursed			\$ 2,054,195.49
Encumbrances Payable	D		341.02
Accrued Interest on Bonds and Notes			54,433.75
Deferred Charges			133,155.27
			2,242,125.53
Less: Appropriation Refunds			51,000.00
			\$ 2,191,125.53

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
ELECTRIC UTILITY FUND

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

	Ref.	December 31,	
		2022	2021
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-5	\$ 5,243,006.96	\$ 5,290,519.15
Petty Cash Fund		50.00	50.00
		<u>5,243,056.96</u>	<u>5,290,569.15</u>
Prepaid Sales Tax Payable		88,384.00	
		<u>5,331,440.96</u>	<u>5,290,569.15</u>
Receivables and Inventory With Full Reserves:			
Consumer Accounts Receivable	E-8	925,316.53	1,166,595.63
Public Power Association Receivable		42,067.76	42,067.76
Inventory	E-8a	1,536,833.66	1,516,065.16
Total Receivables and Inventory with Full Reserves		<u>2,504,217.95</u>	<u>2,724,728.55</u>
Total Operating Fund		<u>7,835,658.91</u>	<u>8,015,297.70</u>
Capital Fund:			
Cash and Cash Equivalents	E-5	462,836.70	698,092.69
Fixed Capital	E-9	24,036,541.30	23,661,541.30
Fixed Capital Authorized and Uncompleted	E-10	2,023,500.00	2,098,500.00
Total Capital Fund		<u>26,522,878.00</u>	<u>26,458,133.99</u>
TOTAL ASSETS		<u>\$ 34,358,536.91</u>	<u>\$ 34,473,431.69</u>

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

	Ref.	December 31	
		2022	2021
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-4;E-11	\$ 63,644.07	\$ 120,077.67
Unencumbered	E-4;E-11	504,631.92	1,006,564.58
		568,275.99	1,126,642.25
Accounts Payable - Vendors		327,094.64	218,693.17
Accrued Interest on Bonds and Notes		24,066.25	15,596.46
Sales Tax Payable			369.00
Zero Emission Credit Program Payable		202,952.47	204,327.56
Electric Rent Overpayments		130,903.45	105,205.59
Reserve for Meter Deposits		608,259.38	582,918.23
		1,861,552.18	2,253,752.26
Reserve for Receivables and Inventory	E	2,504,217.95	2,724,728.55
Fund Balance	E-1	3,469,888.78	3,036,816.89
		7,835,658.91	8,015,297.70
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	E-16	1,762,500.00	1,962,500.00
Serial Bonds Payable	E-17	1,201,000.00	1,961,000.00
Improvement Authorizations:			
Funded	E-12	212,590.35	263,175.21
Unfunded	E-12	272,179.06	305,715.52
Capital Improvement Fund	E-13	106,482.71	56,482.71
Reserve for:			
Debt Service		8,538.77	8,538.77
Amortization		22,230,221.30	21,180,221.30
Deferred Amortization	E-14	635,500.00	625,500.00
Fund Balance	E-2	93,865.81	95,000.48
		26,522,878.00	26,458,133.99
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 34,358,536.91	\$ 34,473,431.69

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

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

	Ref.	Year Ended December 31,	
		2022	2021
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 2,885,321.00	\$ 2,233,635.00
LEAC Revenue		9,840,998.69	11,396,757.88
Base Rate Revenue		6,620,563.92	6,432,943.54
Miscellaneous Revenue		316,578.01	250,104.43
Electric Utility Capital Fund Balance		15,250.00	11,000.00
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		955,250.60	335,308.00
Total Income		<u>20,633,962.22</u>	<u>20,659,748.85</u>
<u>Expenditures</u>			
Operating		15,334,040.00	16,762,265.00
Capital Improvements		150,000.00	150,000.00
Debt Service		1,030,588.33	976,886.60
Deferred Charges and Statutory Expenditures		675,941.00	629,570.00
Total Expenditures		<u>17,190,569.33</u>	<u>18,518,721.60</u>
Excess in Revenue		3,443,392.89	2,141,027.25
<u>Fund Balance</u>			
Balance January 1		<u>3,036,816.89</u>	<u>3,254,424.64</u>
		6,480,209.78	5,395,451.89
Decreased by:			
Utilization as Anticipated Revenue		2,885,321.00	2,233,635.00
Prior Year Fund Balance Appropriated as Revenue - Current Fund		<u>125,000.00</u>	<u>125,000.00</u>
Balance December 31	E	<u><u>\$ 3,469,888.78</u></u>	<u><u>\$ 3,036,816.89</u></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, 2021	<u>Ref.</u> E	\$ 95,000.48
Increased by:		
Premium on Note Sale		14,115.33
		<u>109,115.81</u>
Decreased by:		
Utilized as Anticipated Revenue in Electric Utility Operating Fund		15,250.00
Balance December 31, 2022	E	<u>\$ 93,865.81</u>

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ELECTRIC UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Fund Balance Anticipated	\$ 2,885,321.00	\$ 2,885,321.00	
LEAC Revenues	9,700,000.00	9,840,998.69	\$ 140,998.69
Base Rate Revenues	6,400,000.00	6,620,563.92	220,563.92
Miscellaneous Revenue	200,000.00	316,578.01	116,578.01
Electric Utility Capital Fund Balance	15,250.00	15,250.00	
	<u>\$ 19,200,571.00</u>	<u>\$ 19,678,711.62</u>	<u>\$ 478,140.62</u>
<u>Analysis of Realized Miscellaneous Revenue</u>			
Miscellaneous Revenue:			
Interest on Electric Rents	\$ 57,864.23		
Electric Search Fees	4,458.00		
Sale of Scrap Metal	576.00		
Underground Service	8,165.99		
Temporary Service	1,988.07		
Reimbursements	30,833.47		
Payment Fees	37,535.25		
Miscellaneous Reimbursements	71,625.19		
		\$ 213,046.20	
Interest Earned		35,775.29	
		<u>248,821.49</u>	
Interest Earned - Electric Utility Capital Fund		5,611.14	
Flood Lighting		37,282.88	
State Aid "Lifeline"		24,862.50	
		<u>\$ 316,578.01</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, 2022

	Appropriations		Expended by		Unexpended Balance Cancelled
	Budget	Budget After Modi- fication	Paid or Charged	Reserved	
Operating:					
Administration:					
Salaries and Wages	\$ 489,460.00	\$ 489,340.00	\$ 469,553.74	\$ 9,786.26	\$ 10,000.00
Other Expenses	663,225.00	663,225.00	638,849.19	24,375.81	
Operations:					
Salaries and Wages	2,507,000.00	2,507,000.00	2,263,428.99	136,071.01	107,500.00
Other Expenses	623,000.00	623,000.00	597,951.73	25,048.27	
Other Expenses - Purchase Power	11,500,000.00	11,500,000.00	9,367,028.01	282,971.99	1,850,000.00
Dispatching:					
Salaries and Wages	303,000.00	303,000.00	300,582.01	2,417.99	
Other Expenses	1,000.00	1,120.00	1,117.50	2.50	
Night Out:					
Other Expenses	7,500.00	7,500.00	6,036.11	1,463.89	
Buildings and Grounds:					
Salaries and Wages	107,390.00	107,390.00	105,389.44	2,000.56	
Other Expenses	7,000.00	7,000.00	3,502.78	3,497.22	
Group Insurance for Employees	925,000.00	925,000.00	882,440.01	59.99	42,500.00
MELJIF Liability	113,545.00	113,545.00	113,544.00	1.00	
MELJIF Worker's Compensation	91,920.00	91,920.00	91,920.00		
Employee Group Health Waiver	5,000.00	5,000.00	5,000.00		
Capital Improvements:					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Debt Service:					
Payment of Bond Principal	760,000.00	760,000.00	760,000.00		
Payment of Bond Anticipation Notes	200,000.00	200,000.00	200,000.00		
Interest on Bonds	44,990.00	44,990.00	44,988.33		1.67
Interest on Notes	25,600.00	25,600.00	25,600.00		
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	435,191.00	435,191.00	435,190.82	0.18	
Social Security System (O.A.S.I.)	240,000.00	240,000.00	223,506.93	16,493.07	
Unemployment Compensation Insurance	750.00	750.00	307.82	442.18	
	<u>\$ 19,200,571.00</u>	<u>\$ 19,200,571.00</u>	<u>\$ 16,685,937.41</u>	<u>\$ 504,631.92</u>	<u>\$ 2,010,001.67</u>

Ref.

E

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2022
(Continued)

		Analysis of	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 19,200,571.00	
Cash Disbursed			\$ 16,390,721.20
Encumbered	E		63,644.07
Accounts Payable			327,094.64
Accrued Interest on Bonds and Notes			70,588.33
			16,852,048.24
Less: Refunds			166,110.83
			\$ 16,685,937.41

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
PUBLIC ASSISTANCE FUND

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

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2022	2021
Cash and Cash Equivalents	F-1	\$ 8,257.62	\$ 8,159.18
<u>TOTAL ASSETS</u>		<u>\$ 8,257.62</u>	<u>\$ 8,159.18</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Reserve for Public Assistance		\$ 8,257.62	\$ 8,159.18
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 8,257.62</u>	<u>\$ 8,159.18</u>

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

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2022	2021
<u>ASSETS</u>		
Land	\$ 5,171,063.00	\$ 5,171,063.00
Building and Building Improvements	33,460,525.00	33,008,787.00
Furniture, Equipment and Vehicles	9,511,668.00	9,367,742.00
Construction in Progress	224,000.00	
	\$ 48,367,256.00	\$ 47,547,592.00
<u>TOTAL ASSETS</u>	<u>\$ 48,367,256.00</u>	<u>\$ 47,547,592.00</u>
 <u>RESERVE</u>		
Reserve for Fixed Assets	\$ 48,367,256.00	\$ 47,547,592.00
 <u>TOTAL RESERVE</u>	<u>\$ 48,367,256.00</u>	<u>\$ 47,547,592.00</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, 2022

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, 2022
(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, 2022
(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 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, 2022
(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, 2022
(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,		
	2022	2021	2020
<u>Issued</u>			
General:			
Bonds and Notes	\$ 2,395,750	\$ 3,155,750	\$ 3,983,350
Water Utility:			
Bonds, Loans and Notes	3,631,475	3,579,500	3,709,400
Electric Utility:			
Bonds and Notes	2,963,500	3,923,500	4,588,500
Total Issued	<u>8,990,725</u>	<u>10,658,750</u>	<u>12,281,250</u>
Less:			
Funds Temporarily Held to Pay Bonds and Notes:			
General	159,251	694,251	285,251
Electric Utility	8,539	8,539	8,539
Total Deductions	<u>167,790</u>	<u>702,790</u>	<u>293,790</u>
Net Debt Issued	<u>8,822,935</u>	<u>9,955,960</u>	<u>11,987,460</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2022	2021	2020
<u>Authorized but not Issued:</u>			
Electric Utility:			
Bonds and Notes	\$ 230,820	\$ 30,820	\$ 30,820
Total Authorized but not Issued	230,820	30,820	30,820
Net Bonds and Notes Issued and			
Authorized but not Issued	\$ 9,053,755	\$ 9,986,780	\$ 12,018,280

Summary of Municipal Debt Issued and Outstanding – Prior Year

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Serial Bonds:				
General Capital Fund	\$ 1,630,000		\$ 580,000	\$ 1,050,000
Water Utility Capital Fund	893,000		100,000	793,000
Electric Utility Capital Fund	2,701,000		740,000	1,961,000
Bond Anticipation Notes:				
General Capital Fund	2,353,350	\$ 2,105,750	2,353,350	2,105,750
Water Utility Capital Fund	2,816,400	2,786,500	2,816,400	2,786,500
Electric Utility Capital Fund	1,887,500	1,962,500	1,887,500	1,962,500
 Total	 \$ 12,281,250	 \$ 6,854,750	 \$ 8,477,250	 \$ 10,658,750

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Summary of Municipal Debt Issued and Outstanding – Current Year

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Serial Bonds:				
General Capital Fund	\$ 1,050,000		\$ 585,000	\$ 465,000
Water Utility Capital Fund	793,000		110,000	683,000
Electric Utility Capital Fund	1,961,000		760,000	1,201,000
Bond Anticipation Notes:				
General Capital Fund	2,105,750	\$ 1,930,750	2,105,750	1,930,750
Water Utility Capital Fund	2,786,500	2,948,475	2,786,500	2,948,475
Electric Utility Capital Fund	1,962,500	1,762,500	1,962,500	1,762,500
Total	<u>\$ 10,658,750</u>	<u>\$ 6,641,725</u>	<u>\$ 8,309,750</u>	<u>\$ 8,990,725</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 .202%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 1,155,000	\$ 1,155,000	
Water Utility Debt	3,631,475	3,631,475	
Electric Utility Debt	3,194,320	3,194,320	
General Debt	2,395,750	159,251	\$ 2,236,499
	<u>\$ 10,376,545</u>	<u>\$ 8,140,046</u>	<u>\$ 2,236,499</u>

Net Debt: \$2,236,499 divided by Equalized Valuation basis per N.J.S. 40A:2-2, as amended, of \$1,109,697,172 = .202%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 38,839,401
Net Debt	<u>2,236,499</u>
Remaining Borrowing Power	<u>\$ 36,602,902</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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		\$ 2,158,929
Deductions:		
Operating and Maintenance Cost	\$ 1,850,385	
Debt Service	202,459	
		2,052,844
Excess in Revenue		\$ 106,085

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

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 19,678,712
Deductions:		
Operating and Maintenance Cost	\$ 16,009,981	
Debt Service	1,030,588	
		17,040,569
Excess in Revenue		\$ 2,638,143

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

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
2023	\$ 465,000	\$ 4,650	\$ 115,000	\$ 18,190	\$ 400,000	\$ 51,030	\$ 980,000	\$ 73,870
2024			110,000	15,390	405,000	17,955	515,000	33,345
2025			115,000	12,015	396,000	5,940	511,000	17,955
2026			120,000	8,490			120,000	8,490
2027			120,000	4,890			120,000	4,890
2028			103,000	1,545			103,000	1,545
	\$ 465,000	\$ 4,650	\$ 683,000	\$ 60,520	\$ 1,201,000	\$ 74,925	\$ 2,349,000	\$ 140,095

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2022

General Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u> <u>Outstanding Dec. 31, 2022</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
	<u>Date</u>	<u>Amount</u>		
General Bonds	11/15/2023	\$465,000	2.00%	<u>\$ 465,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u> <u>Outstanding Dec. 31, 2022</u>		<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
	<u>Date</u>	<u>Amount</u>		
Improvements to Various Roads	9/8/2023	\$157,500	3.75%	\$ 157,500
Gifford Street Sidewalk Assessment	9/8/2023	20,000	3.75%	20,000
Improvements to Various Roads	9/8/2023	259,000	3.75%	259,000
Morse Avenue Sidewalk Assessment	9/8/2023	94,000	3.75%	94,000
Purchase Fire Truck	9/8/2023	816,250	3.75%	816,250
Manning Avenue Sidewalk Assessment	9/8/2023	109,000	3.75%	109,000
Construction of Playground	9/8/2023	475,000	3.75%	475,000
				<u>\$ 1,930,750</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2022 (Cont'd)

Water Utility Capital Fund

<u>Serial Bonds</u>	<u>Maturities of Bonds</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2022</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2022</u>
General Bonds	11/15/2023	\$ 115,000	2.00%	
	11/15/2024	110,000	3.00%	
	11/15/2025	115,000	3.00%	
	11/15/2026	120,000	3.00%	
	11/15/2027	120,000	3.00%	
	11/15/2028	103,000	3.00%	
				<u>\$ 683,000</u>
				<u>\$ 683,000</u>

<u>Bond Anticipation Notes</u>	<u>Maturities of Notes</u>		<u>Interest</u>	<u>Balance</u>
	<u>Outstanding Dec. 31, 2022</u>			
<u>Purpose</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Dec. 31, 2022</u>
Improvement of Water System	9/8/2023	\$ 282,030	3.75%	\$ 282,030
Improvement of Water System	9/8/2023	415,600	3.75%	415,600
Water System Improvements	9/8/2023	421,000	3.75%	421,000
Water System Improvements	9/8/2023	110,682	3.75%	110,682
Water System Improvements	9/8/2023	428,408	3.75%	428,408
Water System Improvements	9/8/2023	471,755	3.75%	471,755
Water System Improvements	9/8/2023	619,000	3.75%	619,000
Water System Improvements	9/8/2023	200,000	3.75%	200,000
				<u>\$ 2,948,475</u>

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2022 (Cont'd)

Electric Utility Capital Fund

Serial Bonds

<u>Purpose</u>	<u>Maturities of Bonds</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>
	<u>Outstanding Dec. 31, 2022</u>			
	<u>Date</u>	<u>Amount</u>		
General Bonds	11/15/2023	\$ 400,000	2.00%	
	11/15/2024	405,000	3.00%	
	11/15/2025	396,000	3.00%	\$ 1,201,000
				<u>\$ 1,201,000</u>

Bond Anticipation Notes

<u>Purpose</u>	<u>Maturities of Notes</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2022</u>
	<u>Outstanding Dec. 31, 2022</u>			
	<u>Date</u>	<u>Amount</u>		
Improvement of the Electrical Supply and Distribution System	9/8/2023	\$ 102,000	3.75%	\$ 102,000
Acquisition of New Vehicles	9/8/2023	31,300	3.75%	31,300
Acquisition of New Vehicles	9/8/2023	20,000	3.75%	20,000
Electrical System Improvements	9/8/2023	196,200	3.75%	196,200
Improvement of the Electrical Supply and Distribution System	9/8/2023	300,000	3.75%	300,000
Electrical System Improvements	9/8/2023	372,500	3.75%	372,500
Electrical System Improvements	9/8/2023	270,500	3.75%	270,500
Purchase of a Bucket Truck	9/8/2023	245,000	3.75%	245,000
Construction Garage	9/8/2023	225,000	3.75%	225,000
				<u>\$ 1,762,500</u>

Total Debt Issued and Outstanding

\$ 8,990,725

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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

Refunding Bonds:

On September 1, 2010, the Borough issued \$5,510,000 refunding bonds with interest rates ranging from 3.00% to 4.00% to refund \$5,585,000 of the \$8,885,000 General Improvement Bonds dated September 1, 2002 with an interest rates ranging from 4.00% to 4.625%. The refunding bonds matured on September 1, 2022 and constituted an advanced refunding. The refunding met the requirements of an in-substance debt defeasance.

As a result of the advance refunding, the Borough reduced its total debt service requirement by \$327,431 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$278,934.

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2022, which were appropriated and included as anticipated revenue in their own respective funds in the adopted budget for the year ending December 31, 2023 are as follows:

Current Fund	\$ 1,080,000
Water Utility Operating Fund	4,392
Electric Utility Operating Fund	2,826,921

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.state.nj.us/treasury/pensions/annual-reports.shtml.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 4: Pension Plans (Cont'd)

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

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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. 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 will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be 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 are adjusted by the rate of return on the actuarial value of assets.

Borough contributions to PERS amounted to \$750,329 for 2022. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$20,091 to the PERS for normal pension benefits on behalf of the Borough.

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Pension Liabilities and Pension Expense

At June 30, 2022, the Borough's liability was \$9,548,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the Borough's proportion was 0.0633%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2021. The Borough has rolled forward the net pension liability as of June 30, 2021 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2022.

For the year ended December 31, 2022, the Borough recognized actual pension expense in the amount of \$750,329.

Actuarial Assumptions

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

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2022 are summarized in the following table:

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based 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, 2022 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, 2022		
	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	\$ 12,267,200	\$ 9,548,636	\$ 7,235,029

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 State of New Jersey Police and Firemen's Retirement System (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.state.nj.us/treasury/pensions/annual-reports.shtml.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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, as defined, 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 members. 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 2021, the State contributed an amount less 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 PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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 or deferred outflows or inflows 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.

Borough contributions to PFRS amounted to \$617,438 for the year ended December 31, 2022. During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$94,606 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$121,290.

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

Pension Liabilities and Pension Expense

At June 30, 2021, the Borough's liability for its proportionate share of the net pension liability was \$3,872,232. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the Borough's proportion was 0.0530%, which was an increase of 0.0039% from its proportion measured as of June 30, 2020. The Borough has rolled forward the net pension liability to December 31, 2021 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs State of New Jersey is permitting municipalities to include the June 30, 2021 pension information in the Notes to the Financial Statements as the June 30, 2022 pension information has not been released as of the date of this audit.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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 \$1,089,064 as of June 30, 2021. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the State's proportion was 0.0530%, which was an increase of 0.0039% from its proportion measured as of June 30, 2020 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 3,872,232
State's Proportionate Share of the Net Pension Liability Associated with the Borough	1,089,064
Total Net Pension Liability	\$ 4,961,296

For the year ended December 31, 2022 the Borough recognized total pension expense of \$617,438.

Actuarial Assumptions

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

Inflation Rate	2.75%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2021 are summarized in the following table:

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

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based 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 to determine 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, 2021 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, 2021		
	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	\$ 7,533,574	\$ 4,961,296	\$ 2,820,154

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, 2022
(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 \$924 for the year ended December 31, 2022. Employee contributions to DCRP amounted to \$11,368 for the year ended December 31, 2022.

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. It is estimated that the current cost of such unpaid compensation would approximate \$547,188 at December 31, 2022. 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.

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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 7: Selected Tax Information (Cont'd)

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>2022*</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	\$ 2.767	\$ 3.834	\$ 3.736
<u>Apportionment of Tax Rate</u>			
Municipal	0.760	1.035	1.021
County	0.263	0.354	0.351
Local School	1.744	2.445	2.364
<u>Assessed Valuations</u>			
2022	<u>\$ 1,090,302,950</u>		
2021		<u>\$ 765,850,350</u>	
2020			<u>\$ 763,049,350</u>

* Revaluation of Property Taxes

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>
2022	\$ 30,507,520	\$ 30,151,146	98.83%
2021	29,744,380	29,234,754	98.28%
2020	28,582,083	28,203,684	98.67%

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, 2022
(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 on the following pages.

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, 2022
(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, 2022
(Continued)

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

As of December 31, 2022, cash and cash equivalents of the Borough of Butler consisted of the following:

<u>Fund</u>	Cash on Hand	Checking Accounts	NJ Cash Management Fund	Total
Current Fund	\$ 575	\$ 5,300,343	\$ 24,604	\$ 5,325,522
Animal Control Trust Fund	50	154		204
Other Trust Fund		1,240,192	11,427	1,251,619
General Capital Fund		506,353	1,594	507,947
Water Utility Operating Fund		289,420	15,558	304,978
Water Utility Capital Fund		317,025	2,931	319,956
Electric Utility Operating Fund	50	5,218,529	24,478	5,243,057
Electric Utility Capital Fund		457,721	5,116	462,837
Public Assistance Fund		8,258		8,258
	<u>\$ 675</u>	<u>\$ 13,337,995</u>	<u>\$ 85,708</u>	<u>\$ 13,424,378</u>

During the period ended December 31, 2022, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2022, was \$13,424,378 and the bank balance was \$14,354,182. The \$85,708 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, 2022
(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.

The December 31, 2022 audit report of the Morris County Municipal Joint Insurance Fund is not filed as of the date of this audit. Selected financial information for the Fund as of December 31, 2021 is as follows:

Total Assets	<u>\$ 38,998,094</u>
Net Position	<u>\$ 16,225,925</u>
Total Revenue	<u>\$ 21,199,571</u>
Total Expenses	<u>\$ 20,283,613</u>
Change in Net Position	<u>\$ 915,958</u>
Members Dividends	<u>\$ -0-</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 expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Borough/ Employee Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 8,596	\$ 194	\$ 942	\$ 43,076
2021	8,347	92	3,232	48,283
2022	9,326	654	3,594	54,669

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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, 2022:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 183,936	\$ 1,585,527
Federal and State Grand Fund	952,928	100,000
Other Trust Funds		19,884
Assessment Trust Fund	632,599	680,534
General Capital Fund	680,534	
Water Utility Operating Fund		164,052
Water Utility Capital Fund	100,000	
	<u>\$ 2,549,997</u>	<u>\$ 2,549,997</u>

The Borough utilizes the Current Fund as a clearing account for receipts and disbursements of the other funds. The Chief Financial Officer monitors all interfunds for these accounts and liquidates them on a monthly basis. The balances remaining at December 31, 2022, represent activity not liquidated by year end which will be subsequently liquidated in 2023.

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, 2022.

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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

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, 2022 and 2021:

	Balance Dec. 31, 2021	Additions	Deletions	Balance Dec. 31, 2022
Land	\$ 5,171,063			\$ 5,171,063
Building and Building Improvements	33,008,787	\$ 451,738		33,460,525
Furniture, Equipment and Vehicles	9,367,742	152,148	\$ (8,222)	9,511,668
Construction in Progress		224,000		224,000
	<u>\$ 47,547,592</u>	<u>\$ 827,886</u>	<u>\$ (8,222)</u>	<u>\$ 48,367,256</u>
	Balance Dec. 31, 2020	Additions	Deletions	Balance Dec. 31, 2021
Land	\$ 5,171,063			\$ 5,171,063
Building and Building Improvements	32,905,833	\$ 102,954		33,008,787
Furniture, Equipment and Vehicles	9,022,214	352,110	\$ (6,582)	9,367,742
	<u>\$ 47,099,110</u>	<u>\$ 455,064</u>	<u>\$ (6,582)</u>	<u>\$ 47,547,592</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.

As of December 31, 2022, 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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(Continued)

Note 15: Tax Abatements (Cont'd)

The Borough recognized revenue in the amount of \$78,984 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 2022 without the abatement would have been \$298,496 of which \$81,987 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 <https://www.state.nj.us/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. 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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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)

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.

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, 2020 through June 30, 2021. 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.

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
(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)

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2021 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, 2021 OPEB information in the Notes to the Financial Statements as the June 30, 2022 information has not been released as of the date of this report.

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

At June 30, 2021, the Borough had a liability of \$22,340,248 for its proportionate share of the net OPEB liability. At June 30, 2021, the Borough's proportion was .124114% which was a decrease of .0054% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$50,049.

The Borough's actual post retirement payments in 2022 for 60 retiree employees were \$706,018.

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.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

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

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality 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, 2022
(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 (Cont'd)

Actuarial assumptions used in the June 30, 2020 valuation were based on the results of the PFRS and PERS-experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

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 is 5.65% for fiscal year 2021 and decreases to a 4.5% long term trend rate after seven years. For PPO post 65 medical benefits, the trend rate is initially 13.08% and decreases to a 4.5% long term trend rate starting with fiscal year 2032 and later. For HMO Post 65 medical benefits, the trend rate is initially 13.76% and decreases to a 4.50% long term trend rate starting with fiscal year 2032 and later. For prescription drug benefits, the initial trend rate is 6.75% for fiscal year 2021 and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond 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.

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 Township as of June 30, 2021, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Township 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, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Net OPEB Liability Attributable to the Borough	\$ 26,290,187	\$ 22,340,248	\$ 19,209,837

BOROUGH OF BUTLER
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022
 (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, 2021, 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, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	\$ 18,639,291	\$ 22,340,248	\$ 27,169,539

Note 17: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022, the following deferred charge is shown on the balance sheet of the Water Utility Operating Fund:

	Balance Dec. 31, 2022	Required 2023 Budget Appropriation
Water Utility Operating Fund:		
Overexpenditure of Appropriation Reserves	\$ 2,628	\$ 2,628

The appropriation in the 2023 budget is not less than that required in statute.

Note 18: Leases

The Borough implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, during the current year.

The Borough entered into two lease agreements with the same entity for the lease of the Borough's cell towers. The terms of the leases are for 5 years in length with additional renewal terms of five years each. The total lease payments in 2022 were \$51,670.75

BOROUGH OF BUTLER

SUPPLEMENTARY DATA

BOROUGH OF BUTLER
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2022

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

Name	Title	Amount of Bond
Ryan Martinez	Mayor	
Raymond Verdonik	Council President	
Alexander Calvi	Councilman	
Robert Fox	Councilman	
Robert Meier	Councilman	
Mark Piccirillo	Councilman	
Stephen Regis	Councilman	
James Lampmann	Administrator	*
Brandi Greco	Clerk	*
James Kozimor	Chief Financial Officer	*
Cora Ashley	Tax Collector	**
	Supervisor of Utilities	
Pamela Krattiger	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
2022
CURRENT FUND

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 4,704,205.94
Increased by Receipts:		
Tax Collector	\$	30,382,839.86
Revenue Accounts Receivable		2,703,769.24
Miscellaneous Revenue Not Anticipated		257,675.79
Due from / to State of New Jersey:		
Veterans and Senior Citizens' Deductions		40,750.00
Construction Code Fees Payable		10,148.00
Marriage License Fees Payable		700.00
Interest on Investments		64,440.49
Gas Reimbursement Receipts		12,104.04
Reserve for Sale of Municipal Assets		250.00
Reserve for Garden State Preservation Trust		3,766.00
Appropriation Refunds		210,078.00
Due to/from:		
Federal and State Grant Fund:		
Federal and State Grants Receivable		370,882.30
Unappropriated Reserves		418,480.28
Animal Control Fund		27.49
General Capital Fund		8,309.67
Trust Assessment Fund - Assessments Receivable		27,521.29
Butler Library		359,249.71
Sewer Charges		1,137,164.85
Sewer Overpayments		2,639.97
Reserve for Municipal Relief Fund aid		50,228.72
		36,061,025.70
		40,765,231.64
Decreased by Disbursements:		
2022 Appropriation Expenditures		12,497,177.86
2021 Appropriation Reserves		284,193.43
Tax Overpayment Refunds		18,805.34
Sewer Overpayment Refunds		802.45
Third Party Liens		4,209.05
Local School District Taxes		18,701,618.48
County Taxes		2,894,848.40
Due State of New Jersey:		
Marriage License Fees Payable		925.00
Construction Code Fees Payable		9,494.00
Gas Reimbursement Disbursements		12,100.98
Reserve for Revaluation		30,000.00
Due to / from:		
Federal and State Grant Fund:		
Appropriated Reserves		433,690.21
Other Trust Fund		17,184.72
Water Utility Operating Fund		164,052.27
Butler Library		371,182.14
		35,440,284.33
Balance December 31, 2022	A	\$ 5,324,947.31

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2022

Increased by Receipts:	
Taxes Receivable	\$ 30,132,271.87
2023 Prepaid Taxes	158,412.50
Interest and Costs on Taxes	72,068.70
Third Party Liens	4,209.05
Tax Overpayments	<u>15,877.74</u>
	\$ 30,382,839.86
Decreased by:	
Payments to Treasurer	<u>\$ 30,382,839.86</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

Year	Balance Dec 31, 2021	2022 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Transferred to Tax Title Liens	Balance Dec 31, 2022
			2021	2022				
2021	\$ 238,713.67		\$ 202,470.92	\$ (250.00)	\$ 2.96		\$ 36,489.79	
2022	\$ 30,507,520.16	\$ 30,507,520.16	29,929,800.95	41,000.00	30,461.30	\$ 10,066.35	315,847.01	
	\$ 238,713.67	\$ 30,507,520.16	\$ 30,132,271.87	\$ 40,750.00	\$ 30,464.26	\$ 10,066.35	\$ 352,336.80	

Ref. A

A

Analysis of 2022 Property Tax Levy

Tax Yield:	
General Purpose Tax	\$ 30,151,657.39
Business Personal Property Taxes	17,026.73
Added and Omitted Taxes	338,836.04
	<u>\$ 30,507,520.16</u>
Tax Levy:	
Local School District Taxes	\$ 19,007,856.00
County Taxes	2,859,409.71
Due County for Added and Omitted Taxes	32,205.82
	<u>2,891,615.53</u>
	<u>21,899,471.53</u>
	369,064.72
Minimum Library Tax	
Local Tax for Municipal Purposes	7,929,549.28
Levied	309,434.63
Add: Additional Tax Levied	
	<u>8,238,983.91</u>
	<u>\$ 30,507,520.16</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 62,622.39
Increased by:		
Transfer from Taxes Receivable		<u>10,066.35</u>
Balance December 31, 2022	A	<u>\$ 72,688.74</u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec 31, 2021	Accrued in 2022	Received in 2022	Balance Dec 31, 2022
Clerk:				
Alcoholic Beverages Licenses		\$ 16,961.20	\$ 16,961.20	
Other Licenses		10,335.00	10,335.00	
Fees and Permits		3,446.00	3,446.00	
Construction Code Official:				
Fees and Permits		98,092.00	98,092.00	
Municipal Court:				
Fines and Costs	\$ 4,462.73	49,347.83	48,601.73	\$ 5,208.83
Police:				
Fees and Permits		1,213.00	1,213.00	
Tax Searches:				
Fees and Permits		50.00	50.00	
Energy Receipts Taxes		962,902.00	962,902.00	
Zoning Rent Registration		19,000.00	19,000.00	
Utility Operating Surplus of Prior Year		125,000.00	125,000.00	
Payments in Lieu of Taxes on State Exempt Property		78,983.96	78,983.96	
Uniform Fire Safety Act		23,825.93	23,825.93	
Library		47,500.00	47,500.00	
Interlocal Services Agreement - Pequannock River				
Basin Regional Sewerage Authority		36,273.75	36,273.75	
Cell Tower Rental		123,291.34	123,291.34	
Billing Services - Bloomingdale		62,323.03	62,323.03	
Dispatching Services - Kinnelon		32,300.00	32,300.00	
Dispatching Services - Riverdale		9,103.49	9,103.49	
Tax Collection Services - Riverdale		30,000.00	30,000.00	
Water Utility Services - Riverdale		34,460.57	34,460.57	
Pequannock River Basin Regional Sewerage Authority		135,459.03	135,459.03	
General Capital Fund - Fund Balance		20,000.00	20,000.00	
General Capital Fund - Reserve for Debt Service		535,000.00	535,000.00	
NJ Public Power Authority		249,647.21	249,647.21	
	<u>\$ 4,462.73</u>	<u>\$ 2,704,515.34</u>	<u>\$ 2,703,769.24</u>	<u>\$ 5,208.83</u>
Ref.	A			A

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF SEWER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 50,018.62
Increased by:		
Sewer Billings		<u>1,112,593.03</u>
		1,162,611.65
Decreased by:		
Sewer Collections	\$ 1,137,164.85	
Overpayments Applied	<u>1,307.04</u>	
		<u>1,138,471.89</u>
Balance December 31, 2022	A	<u><u>\$ 24,139.76</u></u>

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
General Government:				
Administrative and Executive:				
Salaries and Wages	\$ 1,856.09	\$ 1,856.09	\$ 1,852.22	\$ 3.87
Other Expenses	744.19	794.19	791.99	2.20
Mayor and Council:				
Salaries and Wages	2,655.24	2,655.24		2,655.24
Other Expenses	5.00	5.00		5.00
Municipal Clerk:				
Salaries and Wages	20.25	20.25		20.25
Other Expenses	3,868.39	3,868.39	134.03	3,734.36
Other Expenses - Codification	500.00	500.00		500.00
Assessment of Taxes:				
Salaries and Wages	0.29	0.29		0.29
Other Expenses	13,582.93	13,582.93	6,640.00	6,942.93
Collection of Taxes:				
Salaries and Wages	4,267.67	4,267.67		4,267.67
Other Expenses	1,212.51	1,212.51	1,166.93	45.58
Financial Administration:				
Salaries and Wages	3,029.35	3,029.35	2,050.00	979.35
Other Expenses	584.61	584.61		584.61
Legal Services and Costs:				
Other Expenses	4,485.54	4,485.54		4,485.54
Engineering Services and Costs:				
Other Expenses	15,150.75	6,625.75	6,265.50	360.25
Public Buildings and Grounds:				
Salaries and Wages	1,500.00	1,500.00		1,500.00
Other Expenses	21,875.45	11,875.45	7,750.19	4,125.26
Municipal Land Use Law:				
Planning Board:				
Salaries and Wages	163.93	163.93		163.93
Other Expenses	2,738.39	2,738.39	421.54	2,316.85

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Insurance:				
General Liability	\$ 54.08	\$ 54.08		\$ 54.08
Fireman's	5,310.68	310.68		310.68
Workmen's Compensation	4.24	4.24		4.24
Employee Group Health	1,350.40	2,050.40	\$ 2,025.46	24.94
Unemployment	500.00	500.00		500.00
Disability Insurance	2,600.00	2,600.00		2,600.00
Fire:				
Salaries and Wages	884.70	884.70		884.70
Other Expenses	24,803.29	16,153.29	15,741.43	411.86
Zoning Officer:				
Salaries and Wages	101.62	101.62		101.62
Other Expenses	335.72	335.72		335.72
Police:				
Salaries and Wages	8,326.39	38,826.39	38,788.90	37.49
Other Expenses	43,948.32	45,348.32	39,755.53	5,592.79
Emergency Management Services:				
Salaries and Wages	854.08	854.08		854.08
Other Expenses	660.00	660.00		660.00
Public Works:				
Road Repairs and Maintenance:				
Salaries and Wages	12,531.66	12,531.66		12,531.66
Other Expenses	55,068.00	55,068.00	47,215.42	7,852.58
Sewer System:				
Salaries and Wages	11,592.35	11,592.35		11,592.35
Other Expenses	20,217.06	10,217.06	4,743.66	5,473.40
Garbage and Trash Removal:				
Salaries and Wages	35.19	35.19		35.19
Other Expenses	64,839.59	76,589.59	76,569.86	19.73
Vehicle Maintenance:				
Salaries and Wages	2,500.00	2,500.00	453.06	2,046.94
Other Expenses	8,031.68	2,031.68	1,721.68	310.00

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Balance</u> <u>Dec 31, 2021</u>	<u>Balance</u> <u>After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Recreation Program:				
Salaries and Wages	\$ 140.29	\$ 140.29		\$ 140.29
Other Expenses	6,030.38	6,030.38	\$ 5,306.41	723.97
Health Department:				
Salaries and Wages	375.72	375.72		375.72
Other Expenses	2,501.73	2,501.73	473.05	2,028.68
Dog Regulation:				
Other Expenses	100.00	100.00		100.00
Celebration of Public Events, Anniversary or Holiday:				
Other Expenses	1,970.84	1,970.84	1,657.39	313.45
Museum:				
Other Expenses	5,094.85	5,094.85	818.57	4,276.28
Dial-A-Ride:				
Salaries and Wages	774.99	774.99		774.99
Other Expenses	824.00	824.00		824.00
Senior Advisory:				
Other Expenses	7,000.00	7,000.00		7,000.00
Unclassified Expenditures:				
Electricity	4,899.79	4,899.79		4,899.79
Telephone	4,987.04	4,987.04		4,987.04
Water	1,264.41	1,264.41		1,264.41
Fuel Oil	8,607.80	8,607.80		8,607.80
Gasoline	137.56	3,262.56	3,239.86	22.70
Contribution to :				
Public Employees' Retirement System	0.16	0.16		0.16
Social Security System (O.A.S.I)	1,323.08	1,323.08		1,323.08
Defined Contribution Retirement Program	261.86	261.86		261.86
Contribution to Pequannock River Basin				
Regional Sewage Authority	1,367.00	1,367.00		1,367.00
Shared Service Agreements -				
Billing Services - Bloomingdale:				
Salaries and Wages	1,001.87	1,001.87		1,001.87
Other Expenses	6,294.30	6,294.30	650.00	5,644.30
Construction Code Official- Bloomingdale:				
Other Expenses	17,324.00	17,974.00	17,960.75	13.25

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022
(Continued)

	<u>Balance</u> <u>Dec 31, 2021</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 -				
Dispatching Services - Riverdale:				
Salaries and Wages	\$ 8,000.00	\$ 8,000.00		\$ 8,000.00
Dispatching Services - Kinnelon:				
Other Expenses	19,600.00	19,600.00		19,600.00
Water Billing Services - Riverdale:				
Other Expenses	12,372.50	12,372.50		12,372.50
Tax Collection Services - Riverdale:				
Salaries and Wages	205.08	205.08		205.08
Other Expenses	8,000.00	8,000.00		8,000.00
Pequannock River Basin Regional Sewerage Authority:				
Other Expenses	975.27	975.27		975.27
New Jersey Public Power Authority				
Other Expenses	98.19	98.19		98.19
	<u>\$ 464,322.34</u>	<u>\$ 464,322.34</u>	<u>\$ 284,193.43</u>	<u>\$ 180,128.91</u>

Analysis of Balance December 31, 2021

Ref.

Encumbered	A	\$	132,612.49
Unencumbered	A		331,709.85
		\$	464,322.34

BOROUGH OF BUTLER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2022

Ref.

Increased by:		
Levy - Calendar Year 2022		\$ 19,007,856.00
Decreased by:		
Payments to Local School District		<u>18,701,618.48</u>
Balance December 31, 2022	A	<u>\$ 306,237.52</u>

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

Grant	Balance Dec 31, 2021	2022 Realized Revenue	2022 Receipts	Transferred from Unappropriated Reserves	Balance Dec 31, 2022
Safe and Secure Communities Program	\$ 8,100.00	\$ 32,400.00	\$ 40,500.00		
Municipal Alliance on Alcoholism and Drug Abuse - DEDR	6,987.05	4,241.00	3,941.54		\$ 7,286.51
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	2,050.00				2,050.00
Municipal Alliance on Alcoholism and Drug Abuse - Supplemental Funding	2,000.00	2,000.00	1,535.57		2,464.43
Body Armor Replacement Fund	1,596.12	1,081.01	1,081.01		1,596.12
Pearl, Mabey, Hasbrouck DOT Grant		339,000.00	232,173.59		106,826.41
Recycling Tonnage Grant		21,066.24	11,650.59	\$ 9,415.65	
Body Worn Camera Grant	32,608.00				32,608.00
Community Development Block Grant - South Gifford Water Main		80,000.00	80,000.00		
NJ Mental Health and Addiction Services		3,900.00			3,900.00
Clean Communities Program		15,823.83		15,823.83	
	<u>\$ 53,341.17</u>	<u>\$ 499,512.08</u>	<u>\$ 370,882.30</u>	<u>\$ 25,239.48</u>	<u>\$ 156,731.47</u>

Ref.

A

A

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

<u>Grant</u>	<u>Balance Dec 31, 2021</u>	<u>Cash Received</u>	<u>Transferred to Grants Receivable</u>	<u>Transferred to Water Utility Capital Fund</u>	<u>Balance Dec 31, 2022</u>
Body Armor Replacement Fund		\$ 1,359.48			\$ 1,359.48
Clean Communities Program	\$ 15,823.83	16,554.24	\$ 15,823.83		16,554.24
Recycling Tonnage Grant	9,415.65		9,415.65		
American Rescue Plan	400,566.56	400,566.56		\$ 100,000.00	701,133.12
	<u>\$ 425,806.04</u>	<u>\$ 418,480.28</u>	<u>\$ 25,239.48</u>	<u>\$ 100,000.00</u>	<u>\$ 719,046.84</u>
<u>Ref.</u>	A				A

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

<u>Grant</u>	<u>Balance Dec 31, 2021</u>	<u>Transferred From 2022 Budget Appropriations</u>	<u>Paid or Charged</u>	<u>Balance Dec 31, 2022</u>
Drunk Driving Enforcement Fund	\$ 34,901.59		\$ 240.00	\$ 34,661.59
Body Armor Replacement Fund	1,482.12	\$ 1,081.01	2,563.13	
Clean Communities Program	73,982.54	15,823.83	14,506.48	75,299.89
Alcohol Education Rehabilitation Fund	926.41			926.41
Municipal Alliance on Alcoholism Supplemental Funding	2,000.00	2,000.00		4,000.00
Municipal Alliance on Alcoholism and Drug Abuse - DEDR Program	1,467.89	4,241.00	5,131.02	577.87
Municipal Alliance on Alcoholism and Drug Abuse - DARE Program	763.32		763.32	
Recycling Tonnage Grant	92,239.13	21,066.24	16,708.94	96,596.43
Safe and Secure Communities		32,400.00	32,400.00	
Body Worn Camera Grant	16,773.00		16,773.00	
Pearl, Mabey, Hasbrouck DOT Grant		339,000.00	260,899.32	78,100.68
Community Development Block Grant - South Gifford Water Main		80,000.00	80,000.00	
NJ Mental Health and Addiction Services		3,900.00	3,705.00	195.00
Reserve for Stormwater Management Grant	255.00			255.00
	<u>\$ 224,791.00</u>	<u>\$ 499,512.08</u>	<u>\$ 433,690.21</u>	<u>\$ 290,612.87</u>
<u>Ref.</u>	A			A

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
TRUST FUNDS

BOROUGH OF BUTLER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2021	B	\$ 45.29	\$ 864,988.49
Increased by Receipts:			
Animal Control Fees		\$ 6,327.80	
Due to State Board of Health		907.20	
Miscellaneous		425.00	
Due from Current Fund:			
Interest Earned		27.49	\$ 4,891.66
Interfund Returned			17,184.72
Recreation Receipts			135,602.19
Tax Sale Premiums			335,800.00
Parking Offense Adjudication Fees			64.00
Public Defender			3,482.50
Unemployment Insurance Deposits			9,980.76
Special Deposits			458,287.22
		<u>7,687.49</u>	<u>965,293.05</u>
		7,732.78	1,830,281.54
Decreased by Disbursements:			
State Board of Health		905.20	
Expenditures Under R.S. 4:19-15.11		6,645.70	
Due to Current Fund		27.49	
Special Deposit Expenditures			439,117.55
Tax Sale Premiums Refunded			3,600.00
State Unemployment Insurance Expenditures			3,594.20
Public Defender Expenditures			900.00
Recreation Expenditures			131,450.70
		<u>7,578.39</u>	<u>578,662.45</u>
Balance December 31, 2022	B	<u>\$ 154.39</u>	<u>\$ 1,251,619.09</u>

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
ANALYSIS OF CASH

	Balance	Transfers		Balance
	(Deficit)	From	To	(Deficit)
	<u>Dec 31, 2021</u>			<u>Dec 31, 2022</u>
Fund Balance	\$ 19,984.00			\$ 19,984.00
Due From Current Fund	(605,077.55)	\$ 27,521.29		(632,598.84)
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	21,982.05		\$ 4,338.52	26,320.57
Ord. #2017-12 Morse Avenue Sidewalk	70,120.97		6,375.63	76,496.60
Ord. #2020-30 2nd, 3rd, Manning, Short & Main Sidewalk	55,801.71		16,807.14	72,608.85
	<u>\$ -0-</u>	<u>\$27,521.29</u>	<u>\$27,521.29</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, 2021	Collected in Current Fund	Balance Dec 31, 2022	Balance Pledged to General Capital Fund
2016-17	Gifford Street Sidewalk	10/17/2017	10	\$ 12,424.61	\$ 4,338.52	\$ 8,086.09	\$ 8,086.09
2017-12	Morse Avenue Sidewalk	02/19/2019	10	16,645.39	6,375.63	10,269.76	10,269.76
2019-15	2nd, 3rd, Manning Short and Main Sidewalk	02/18/2020	10	52,388.26	16,807.14	35,581.12	35,581.12
				<u>\$ 81,458.26</u>	<u>\$ 27,521.29</u>	<u>\$ 53,936.97</u>	<u>\$ 53,936.97</u>

Ref.

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>2022</u>	<u>2021</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, 2022

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF BUTLER
ASSESSMENT TRUST FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

	<u>Ref.</u>		
Balance December 31, 2021	B	\$	35.29
Increased by:			
Animal License Fees Collected		\$	6,327.80
Late Fees			425.00
			6,752.80
			6,788.09
Decreased by:			
Animal Control Fund Expenditures Under R.S. 4:19-15.11			6,645.70
			6,645.70
Balance December 31, 2022	B	\$	142.39

License Fees Collected

<u>Year</u>		<u>Amount</u>
2020	\$	6,103.80
2021		6,457.60
		6,457.60
Maximum Allowable Reserve	\$	12,561.40

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
GENERAL CAPITAL FUND

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 640,868.71
Increased by Receipts:		
Received from Current Fund Budget Appropriation:		
Capital Improvement Fund		\$ 335,000.00
Payment of Bond Anticipation Notes		650,000.00
Interest Earned on Investments - Due to Current Fund		8,309.67
NJ Department of Transportation Grants:		
Grant Receivable		128,528.45
Premium on Note Sale		15,462.80
Bond Anticipation Notes Issued		<u>1,930,750.00</u>
		<u>3,068,050.92</u>
		3,708,919.63
Decreased by Disbursements:		
Improvement Authorization Expenditures		531,913.21
Bond Anticipation Notes Matured		2,105,750.00
Due to Current Fund		8,309.67
Due to Current Fund as Anticipated Revenue:		
Reserve to Pay Debt Service		535,000.00
Fund Balance		<u>20,000.00</u>
		<u>3,200,972.88</u>
Balance December 31, 2022	C	<u><u>\$ 507,946.75</u></u>

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
ANALYSIS OF CASH

Fund Balance	Balance (Deficit) Dec. 31, 2021		Receipts		Disbursements		Balance (Deficit) Dec. 31, 2022	
	Miscellaneous	Budget Appropriation	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	Bond Anticipation Notes	Transfers	
							From	To
Capital Improvement Fund	\$ 15,462.80	\$ 335,000.00			\$ 20,000.00		\$ 388,000.00	\$ 45,924.70
Due to/from Current Fund	8,309.67				8,309.67			115,671.21
Due from Assessment Trust Fund								(680,533.81)
N.J. Department of Transportation Grant Receivable	128,528.45						75,000.00	(272,632.61)
Developer Contribution Receivable								(75,000.00)
Reserve for Sewer Improvements								(27,227.00)
Reserve to Pay Debt Service					535,000.00			305,000.00
								159,250.87
Ord. No.	Improvement Description							
	<u>General Improvements:</u>							
13-08	Improvements to Various Roads In and By Butler Borough							
15-13	Improvements to Various Roads							
16-07	Improvements to Buildings and Grounds							
16-13	Improvements to Various Roads							
17-04	Improvements to Buildings and Grounds							
17-11	Improvements to Various Roads and Purchase of Vehicular Equipment							
17-14	Improvements to Sewer Pump Stations							
18-07	Improvements to Buildings and Grounds							
18-12	Improvements to Various Roads							
18-16	Acquisition of Equipment for the Fire Department							
19-05	Improvements to Buildings and Grounds							
19-06	Acquisition of Equipment for Fire Department							
20-12	Improvements to Maple Lake Road							
21-06	Purchase of Fire Department Utility Vehicle							
21-08	Purchase of Streets and Roads Equipment							
21-09	Acquisition of Equipment for Police Department							
21-10	Acquisition of Equipment for Fire Department							
21-11	Improvements to Buildings and Grounds							
21-12	Improvements to Sewer System							
22-06	Purchase of Police Equipment							
22-08	Improvements to Various Roads							
22-11	Construction of Playground							
	<u>General and Local Improvements:</u>							
16-17	Gifford Street Sidewalk Assessment							
17-12	Construction of Sidewalks Along Morse Avenue							
19-15	Construction of Sidewalks Along Various Roads							
	\$ 640,868.71	\$ 985,000.00	\$ 1,930,750.00	\$ 531,913.21	\$ 563,309.67	\$ 2,105,750.00	\$ 463,000.00	\$ 507,946.75

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

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2022	Analysis of Balance December 31, 2022	
						Bond	Anticipation Notes
	<u>General Improvements:</u>						
13-08	Improvement to Various Roads In and By Butler Borough	\$ 61,000.00		\$ 61,000.00			
15-13	Improvements to Various Roads	98,000.00		98,000.00			
16-13	Improvements to Various Roads	197,500.00		40,000.00	\$ 157,500.00	\$	157,500.00
17-11	Improvements to Various Roads and Purchase of Vehicular Equipment	322,250.00		322,250.00			
18-12	Improvements to Various Roads	289,000.00		30,000.00	259,000.00		259,000.00
18-16	Acquisition of Equipment for the Fire Department	875,000.00		58,750.00	816,250.00		816,250.00
22-11	Construction of Playground		\$ 475,000.00		475,000.00		475,000.00
	<u>General and Local Improvements:</u>						
16-17	Gifford Street Sidewalk Assessment	30,000.00		10,000.00	20,000.00		20,000.00
17-12	Construction of Sidewalks Along Morse Avenue	114,000.00		20,000.00	94,000.00		94,000.00
19-15	Construction of Sidewalks Along Various Roads	119,000.00		10,000.00	109,000.00		109,000.00
		<u>\$ 2,105,750.00</u>	<u>\$ 475,000.00</u>	<u>\$ 650,000.00</u>	<u>\$ 1,930,750.00</u>	<u>\$</u>	<u>1,930,750.00</u>

Ref. C

C

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	2022 Improvement Authorizations											
		Date	Ordinance	Amount	Balance Dec. 31, 2021		Capital Improvement Fund	Morris Department of Community Affairs		Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Balance Dec. 31, 2022	
					Funded	Unfunded		Grant	Unfunded			Funded	Unfunded
General Improvements:													
16-07	Improvements to Buildings and Grounds	05/17/16	\$ 38,000.00	\$ 4,678.94						\$ 312.38	\$ 4,366.56		
17-04	Improvements to Buildings and Grounds	04/18/17	172,000.00	37,499.00						22,874.28	14,624.72		
17-14	Improvements to Sewer Pump Stations	12/19/17	150,000.00	39,980.78						480.00	39,500.78		
18-07	Improvements to Buildings and Grounds	05/15/18	56,500.00	9,042.20						6,369.04	2,673.16		
19-05	Improvements to Buildings and Grounds	05/21/19	70,000.00	63,977.40							63,977.40		
19-06	Acquisition of Equipment for Fire Department	05/21/19	20,000.00	13,458.30						9,545.94	3,912.36		
20-12	Improvements to Maple Lake Road	08/18/20	345,000.00	164,671.90						44,523.30	164,671.90		
21-06	Purchase of Fire Department Utility Vehicle	04/20/21	45,000.00	45,000.00							30,000.00		
21-08	Purchase of Streets and Roads Equipment	05/18/21	30,000.00	30,000.00							12,421.50		
21-09	Acquisition of Equipment for Police Department	05/18/21	64,000.00	39,704.08						27,282.58	21,894.00		
21-10	Improvements to Buildings and Grounds	05/18/21	25,000.00	21,894.00							26,500.00		
21-11	Improvements to Buildings and Grounds	05/18/21	26,500.00	26,500.00							35,000.00		
21-12	Improvements to Sewer System	05/18/21	35,000.00	35,000.00							38,000.00		
22-06	Purchase of Police Equipment	05/17/22	38,000.00										
22-08	Improvements to Various Roads	05/17/22	250,000.00							194,981.87	55,018.13		
22-11	Construction of Playground	06/21/22	650,000.00							225,543.82			
				\$ 531,406.60	\$ 388,000.00	\$ 75,000.00	\$ 475,000.00	\$ 513,037.21	\$ 424,456.18				

Ref. C

C C

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 168,671.21
Increased by:		
Current Fund Budget Appropriation		<u>335,000.00</u>
		503,671.21
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>388,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 115,671.21</u></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, 2021	Matured	Balance Dec. 31, 2022
			Issue of Original Note	Issue	Maturity				
13-08	Improvement to Various Roads In and By Butler Borough	\$ 403,750.00	09/18/14	09/09/21	09/09/22	1.00%	\$ 61,000.00	\$ 61,000.00	
15-13	Improvements to Various Roads	250,000.00	09/17/15	09/09/21	09/09/22	1.00%	98,000.00	98,000.00	
16-13	Improvements to Various Roads	495,000.00	09/15/16	09/09/21	09/09/22	1.00%	197,500.00	197,500.00	
				09/08/22	09/08/23	3.75%	\$ 157,500.00	\$ 157,500.00	
16-17	Gifford Street Sidewalk Assessment	57,100.00	09/15/16	09/09/21	09/09/22	1.00%	30,000.00	30,000.00	
				09/08/22	09/08/23	3.75%	20,000.00	20,000.00	
17-11	Improvements to Various Roads and Purchase of Vehicular Equipment	409,000.00	09/15/17	09/09/21	09/09/22	1.00%	322,250.00	322,250.00	
18-12	Improvements to Various Roads	324,000.00	09/13/18	09/09/21	09/09/22	1.00%	289,000.00	289,000.00	
				09/08/22	09/08/23	3.75%	259,000.00	259,000.00	
17-12	Construction of Sidewalks Along Morse Avenue	114,000.00	09/12/19	09/09/21	09/09/22	1.00%	114,000.00	114,000.00	
				09/08/22	09/08/23	3.75%	94,000.00	94,000.00	
18-16	Purchase Fire Truck	950,000.00	09/12/19	09/09/21	09/09/22	1.00%	875,000.00	875,000.00	
				09/08/22	09/08/23	3.75%	816,250.00	816,250.00	
19-15	Construction of Sidewalks Along Various Roads	119,000.00	09/12/19	09/09/21	09/09/22	1.00%	119,000.00	119,000.00	
				09/08/22	09/08/23	3.75%	109,000.00	109,000.00	
22-11	Construction of Playground	475,000.00	09/08/22	09/08/22	09/08/23	3.75%	475,000.00	475,000.00	
							<u>\$ 2,105,750.00</u>	<u>\$ 2,105,750.00</u>	<u>\$ 1,930,750.00</u>
							C	C	C
							Renewals	\$ 1,455,750.00	\$ 1,455,750.00
							New Issues	475,000.00	475,000.00
							Paid by Budget Appropriation	650,000.00	650,000.00
							<u>\$ 1,930,750.00</u>	<u>\$ 2,105,750.00</u>	<u>\$ 1,930,750.00</u>

BOROUGH OF BUTLER
 GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2021	Balance Dec. 31, 2022
			Date	Amount			
Refunding Bonds	09/01/10	\$ 1,295,000.00				\$ 125,000.00	
General Bonds	05/22/13	4,230,000.00	11/15/23	\$ 465,000.00	2.00%	460,000.00	\$ 465,000.00
						<u>\$ 585,000.00</u>	<u>\$ 465,000.00</u>

Ref.

C

C

BOROUGH OF BUTLER
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2022

Ord. No.	Improvement Description	2022 Authorizations	Bond Anticipation Notes Issued
	<u>General Improvements:</u>		
22-11	Construction of Playground	\$ 475,000.00	\$ 475,000.00
		<u>\$ 475,000.00</u>	<u>\$ 475,000.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
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, 2021	D	\$ 105,295.26	\$ 178,390.03
Increased by Receipts:			
Consumer Accounts Receivable		\$ 2,076,950.66	
Fire Hydrant Service		21,000.00	
Capital Fund Balance		24,000.00	
Water Rent Overpayments		10,634.18	
Interest on Investments		2,138.06	\$ 2,418.99
Miscellaneous Revenue		14,882.65	
Due to Water Utility Capital Fund		2,418.99	
Due from Water Utility Operating Fund			100,000.00
Meter Deposits		10,678.73	
Appropriation Refunds		51,000.00	
Received from Water Utility Operating Fund Budget Appropriation:			
Capital Improvement Fund			10,000.00
Bond Anticipation Notes Payable			38,025.00
Received from Current Fund Budget Appropriation:			
Operating Deficit		36,947.73	
Interfund Advanced		164,052.27	
Premium on Note Sale			23,613.45
Bond Anticipation Notes Issued			2,948,475.00
		<u>2,414,703.27</u>	<u>3,122,532.44</u>
		2,519,998.53	3,300,922.47
Decreased by Disbursements:			
2022 Appropriation Expenditures		2,054,195.49	
2021 Appropriation Reserves		21,659.35	
Interest on Bonds, Loan and Notes		28,907.83	
Refund of Water Rent Overpayments		494.84	
Meter Deposit Refunds		9,762.90	
Due to Water Utility Operating Fund - Fund Balance			
Utilized as Anticipated Revenue			24,000.00
Due to Water Utility Capital Fund			
Due to Water Utility Operating Fund:			
Interest on Investments			2,418.99
Bond Anticipation Notes Matured			2,786,500.00
Improvement Authorizations			168,047.73
		<u>2,215,020.41</u>	<u>2,980,966.72</u>
Balance December 31, 2022	D	<u>\$ 304,978.12</u>	<u>\$ 319,955.75</u>

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

Ord. No.	General Improvements	Receipts			Disbursements			Transfers		Balance (Deficit) Dec. 31, 2022
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	From	To	
	Fund Balance	\$ 24,437.23		\$ 23,613.45			\$ 24,000.00			\$ 24,050.68
	Due to Water Utility Operating Fund	(100,000.00)		102,418.99			2,418.99			(100,000.00)
	Due from Federal and State Grant Fund	(2,990.17)						\$ 100,000.00		(2,990.17)
	Community Development Block Grant Receivable	4,332.51	\$ 10,000.00					10,000.00		4,332.51
	Capital Improvement Fund									
General Improvements										
12-09	Improvements to Municipal Buildings and Grounds	3,309.52								814.52
13-06	Improvement of Water Supply and Distribution System		4,400.00		\$ 286,430.00	\$ 2,495.00				
14-07	Improvement to Water System		5,700.00		421,300.00					
15-04	Water System Improvements		5,700.00		426,700.00	11,042.18				
16-11	Improvement of Water Supply and Distribution	26,564.58	1,600.00		112,282.00					15,522.40
17-10	Water System Improvements	5,767.26	6,000.00		434,408.00	1,608.29				5,767.26
18-11	Improvements to Water System	4,270.04	6,625.00		478,380.00	24,932.85				2,661.75
19-10	Improvements to Water System	147,595.72	8,000.00		627,000.00	61,601.66				122,662.87
20-09	Purchase of a Backhoe	64,190.62								2,588.96
22-07	Improvements to Water System	912.72							10,000.00	912.72
22-10	Improvements to Water System				200,000.00	66,367.75				10,000.00
22-12	Purchase of Water Meters							100,000.00		133,632.25
										100,000.00
		\$ 178,390.03	\$ 48,025.00	\$ 126,032.44	\$ 2,786,500.00	\$ 168,047.73	\$ 26,418.99	\$ 110,000.00	\$ 110,000.00	\$ 319,955.75

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

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 87,756.67
Increased by:		
Water Rents Levied		<u>2,094,817.42</u>
		2,182,574.09
Decreased by:		
Collections:		
Water Collections	\$ 2,076,950.66	
Overpayments Applied	<u>17,538.87</u>	
		<u>2,094,489.53</u>
Balance December 31, 2022	D	<u><u>\$ 88,084.56</u></u>

WATER UTILITY OPERATING FUND
SCHEDULE OF WATER UTILITY LIENS RECEIVABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 151,371.58
Net Inventory Increase		<u>31,898.82</u>
Balance December 31, 2022	D	<u>\$ 183,270.40</u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2021	Balance Dec. 31, 2022
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, 2021</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Improvements to Municipal Buildings and Grounds	\$ 116,250.00	\$ 116,250.00
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	<u>3,776,070.05</u>	<u>3,776,070.05</u>
	<u>\$ 15,942,016.45</u>	<u>\$ 15,942,016.45</u>
	D	D

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

Improvement Description	Ord. No.	Balance Dec.31, 2021	2022 Authorizations	Balance Dec.31, 2022
Improvements to Municipal Building and Grounds	12-09	\$ 15,000.00		\$ 15,000.00
Water System Improvements	15-04	450,000.00		450,000.00
Improvement of Water Supply and Distribution	16-11	120,000.00		120,000.00
Water System Improvements	17-10	477,500.00		477,500.00
Improvements to Water System	18-11	598,500.00		598,500.00
Improvements to Water System	19-10	666,200.00		666,200.00
Purchase of a Backhoe	20-09	25,000.00		25,000.00
Improvements to Water System	22-07		\$ 10,000.00	10,000.00
Improvements to Water System	22-10		200,000.00	200,000.00
Purchase of Water Meters	22-12		100,000.00	100,000.00
		<u>\$ 2,352,200.00</u>	<u>\$ 310,000.00</u>	<u>\$ 2,662,200.00</u>
<u>Ref.</u>		D		D

BOROUGH OF BUTLER
WATER UTILITY OPERATING FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Over-</u> <u>Expended</u>
Operating:					
Administration:					
Salaries and Wages	\$ 1,402.59	\$ 2.59		\$ 2.59	
Other Expenses	2,881.33	4,211.33	\$ 4,207.03	4.30	
Operations:					
Salaries and Wages	466.14	16.14		16.14	
Other Expenses	12,301.87	13,821.87	16,450.26		\$ 2,628.39
Dispatching:					
Salaries and Wages	908.17	708.17	702.76	5.41	
Group Health Insurance	312.82	312.82	299.30	13.52	
MELJIF Liability	481.48	6.48		6.48	
MELJIF Worker's Compensation	3.76	3.76		3.76	
Statutory Expenditures:					
Public Employees' Retirement System	0.96	0.96		0.96	
Disability Insurance					
Social Security System	336.74	11.74		11.74	
Unemployment Compensation					
Insurance	57.16	57.16		57.16	
	<u>\$ 19,153.02</u>	<u>\$ 19,153.02</u>	<u>\$ 21,659.35</u>	<u>\$ 122.06</u>	<u>\$ 2,628.39</u>

Ref.

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Analysis of Balance December 31, 2021

Unencumbered	D	\$ 7,521.34
Encumbered	D	<u>11,631.68</u>
		<u>\$ 19,153.02</u>

BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	2022 Authorizations				Deferred Charges to Future Revenue	Paid or Charged	Balance Dec. 31, 2022	
				Due from Federal and State Grant		Capital Improvement Fund	American Rescue Fund			Funded	Unfunded
				Funded	Unfunded					Funded	Unfunded
12-09	Improvements to Municipal Buildings and Grounds	07/17/2012	\$ 15,000.00	\$ 3,309.52				\$ 2,495.00	\$ 814.52	\$ 15,522.40	
15-04	Water System Improvements	05/19/2015	450,000.00		\$ 26,564.58			11,042.18		5,767.26	
16-11	Improvement of Water Supply and Distribution	05/17/2016	120,000.00		5,767.26					2,661.75	
17-10	Water System Improvements	05/16/2017	477,500.00		4,270.04			1,608.29		122,662.87	
18-11	Improvements to Water System	05/15/2018	598,500.00		147,595.72			61,601.66		2,588.96	
19-10	Improvements to Water System	05/07/2019	666,200.00		64,190.62				912.72		
20-09	Purchase of a Backhoe	06/16/2020	25,000.00	912.72							
22-07	Improvements to Water System	05/17/2022	10,000.00			\$ 10,000.00			10,000.00	133,632.25	
22-10	Improvements to Water System	06/21/2022	200,000.00					66,367.75			
22-12	Purchase of Water Meters	06/21/2022	100,000.00						100,000.00		
				\$ 4,222.24	\$ 248,388.22	\$ 10,000.00	\$ 200,000.00	\$ 168,047.73	\$ 111,727.24	\$ 282,835.49	

Ref.

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BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 4,332.51
Increased by:		
Water Operating Fund Budget Appropriation		<u>10,000.00</u>
		14,332.51
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>10,000.00</u>
Balance December 31, 2022	D	<u><u>\$ 4,332.51</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2021	2022 Authorizations	Funded by Operating Budget	Balance Dec. 31, 2022
12-09	Improvements to Municipal Buildings and Grounds	07/17/12	\$ 15,000.00			\$ 15,000.00
17-10	Water System Improvements	05/16/17	43,092.00		\$ 6,000.00	49,092.00
18-11	Improvements to Water System	05/15/18	120,120.00		6,625.00	126,745.00
19-10	Improvements to Water System	05/07/19	39,200.00		8,000.00	47,200.00
20-09	Purchase of a Backhoe	06/16/20	25,000.00			25,000.00
22-07	Improvements to Water System	05/17/22		\$ 10,000.00		10,000.00
22-12	Purchase of Water Meters	06/21/22		100,000.00		100,000.00
			<u>\$ 242,412.00</u>	<u>\$ 110,000.00</u>	<u>\$ 20,625.00</u>	<u>\$ 373,037.00</u>

Ref.

D

D

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

Ord. No.	Improvement Description	Original Amount Issued	Issue of Original Note	Date of			Interest Rate	Balance Dec. 31, 2021	Issued	Matured	Balance Dec. 31, 2022
				Issue	Maturity						
13-06	Improvement of Water Supply and Distribution System	\$ 345,000.00	12/19/13	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	\$ 286,430.00	\$ 282,030.00	\$ 286,430.00	\$ 282,030.00	
14-07	Improvement of Water Supply and Distribution System	450,000.00	09/18/14	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	421,300.00	415,600.00	421,300.00	415,600.00	
15-04	Water System Improvements	450,000.00	09/17/15	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	426,700.00	421,000.00	426,700.00	421,000.00	
16-11	Water System Improvements	120,000.00	09/15/16	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	112,282.00	110,682.00	112,282.00	110,682.00	
17-10	Water System Improvements	446,500.00	09/15/17	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	434,408.00	428,408.00	434,408.00	428,408.00	
18-11	Water System Improvements	485,000.00	09/13/18	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	478,380.00	471,755.00	478,380.00	471,755.00	
19-10	Water System Improvements	627,000.00	09/12/19	09/09/21 09/08/22	09/09/22 09/08/23	1.00% 3.75%	627,000.00	619,000.00	627,000.00	619,000.00	
22-10	Water System Improvements	200,000.00	09/08/22	09/08/22	09/08/23	3.75%		200,000.00		200,000.00	
								<u>\$ 2,948,475.00</u>	<u>\$ 2,786,500.00</u>	<u>\$ 2,948,475.00</u>	<u>\$ 2,948,475.00</u>
								<u>Ref.</u>	<u>D</u>		
								\$ 200,000.00	\$ 2,748,475.00	\$ 2,748,475.00	\$ 2,748,475.00
								New Issue	Renewals	Paid by Operating Budget	38,025.00
								<u>\$ 2,948,475.00</u>	<u>\$ 2,786,500.00</u>	<u>\$ 2,948,475.00</u>	<u>\$ 2,786,500.00</u>

BOROUGH OF BUTLER
WATER UTILITY FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Balance Dec. 31, 2022	
			Date	December 31, 2022 Amount	Interest Rate	Balance Dec. 31, 2021		Matured
General Bonds	5/22/2013	\$ 1,518,000.00	11/15/2023	\$ 115,000.00	2.00%	\$ 793,000.00	\$ 110,000.00	\$ 683,000.00
			11/15/2024	110,000.00	3.00%			
			11/15/2025	115,000.00	3.00%			
			11/15/2026	120,000.00	3.00%			
			11/15/2027	120,000.00	3.00%			
			11/15/2028	103,000.00	3.00%			
						\$ 793,000.00	\$ 110,000.00	\$ 683,000.00

Ref.

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BOROUGH OF BUTLER
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2022

Ord. No.	Improvement Description	2022 Authorizations	Bond Anticipation Notes Issued
22-10	Improvements to Water System	\$ 200,000.00	\$ 200,000.00
		<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
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, 2021	E	\$ 5,290,519.15		\$ 698,092.69
Increased by Receipts:				
Electric Utility Charges Receivable		\$ 16,393,639.90		
Miscellaneous Revenue		213,046.20		
Meter Deposits (With Interest)		126,850.38		
State Aid - "Lifeline"		24,862.50		
Sales Tax Payable		882,200.00		
Zero Emission Credit Program Payable		416,857.58		
Interest Earned on Investments		35,775.29		
Due to/from Electric Utility Capital Fund		20,861.14		
Overpayments of Electric Charges		139,794.09		
Budget Appropriation:				
Bond Anticipation Notes Payable				5,611.14
Capital Improvement Fund		166,110.83		
Appropriation Refunds				200,000.00
Premium on Note Sale				150,000.00
Bond Anticipation Notes Issued				14,115.33
		<u>18,419,997.91</u>		<u>2,132,226.47</u>
		23,710,517.06		2,830,319.16
Decreased by Disbursements:				
2022 Appropriation Expenditures		16,390,721.20		
2021 Appropriation Reserves		171,391.65		
Accounts Payable		218,693.17		
Sales Tax Payable		970,953.00		
Zero Emission Credit Program Payable		418,232.67		
Interest on Bonds and Notes		62,118.54		
Due to/from Current Fund:				
Electric Utility Operating Fund - Fund Balance		125,000.00		15,250.00
Due to/from Electric Utility Operating Fund				5,611.14
Electric Overpayments Refunded		8,890.64		
Meter Deposit Refunds		101,509.23		
Bond Anticipation Notes Matured				1,962,500.00
Improvement Authorization Expenditures				384,121.32
		<u>18,467,510.10</u>		<u>2,367,482.46</u>
		\$ 5,243,006.96		\$ 462,836.70
Balance December 31, 2022	E			

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

Ord. No.	Improvement Authorizations: General Improvements	Balance (Deficit) Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance (Deficit) Dec. 31, 2022
			Miscellaneous	Budget Appropriation	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	Bond Anticipation Notes	
	Capital Fund Balance	\$ 95,000.48	\$ 14,115.33						\$ 93,865.81
	Due - Electric Utility Operating Fund	56,482.71	5,611.14	\$ 150,000.00		\$ 15,250.00		\$ 100,000.00	106,482.71
	Capital Improvement Fund Reserve for Debt Service	8,538.77				5,611.14			8,538.77
	Improvement Authorizations:								
	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)		20,000.00				\$ 20,000.00	(28,500.00)
	13-07 Acquisition of New Vehicles								
	14-01 Improvement of the Electrical Supply and Distribution System			25,000.00	\$ 102,000.00			127,000.00	
	14-05 Acquisition of New Vehicles			35,000.00	31,300.00			66,300.00	
	15-03 Acquisition of New Aerial Bucket Truck			40,000.00	20,000.00			60,000.00	
	16-07 Improvements to Buildings & Grounds	3,227.12		20,000.00	196,200.00			216,200.00	3,227.12
	16-12 Improvements to Electrical System								
	17-09 Improvement of the Electrical Supply and Distribution System	66,688.11		25,000.00	300,000.00		\$ 8,536.46	325,000.00	58,151.65
	18-07 Improvements to Buildings and Grounds	21,779.80					584.86		21,194.94
	18-13 Various Electrical Supply and Distribution System Improvements			20,000.00	372,500.00			392,500.00	1,677.01
	19-05 Improvements to Buildings and Grounds	37,678.29							37,678.29
	19-09 Improvements to Electrical System	8,742.87		15,000.00	270,500.00			285,500.00	8,742.87
	20-10 Site Remediation at DPW Facilities	40,490.00							40,490.00
	20-11 Purchase of a Bucket Truck	3,607.53			245,000.00			245,000.00	3,607.53
	21-11 Improvements to Buildings and Grounds	10,000.00							10,000.00
	21-14 Construction Garage	375,000.00			225,000.00		375,000.00	225,000.00	100,000.00
	22-05 Acquisition of a Bucket Truck							100,000.00	100,000.00
		\$ 698,092.69	\$ 19,726.47	\$ 350,000.00	\$ 1,762,500.00	\$ 20,861.14	\$ 384,121.32	\$ 100,000.00	\$ 462,836.70

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

	<u>Balance</u> Dec.31, 2021	<u>2022 Billings</u>	<u>Cash Receipts</u>	<u>State Aid</u> <u>"Lifeline"</u> <u>Revenue</u>	<u>Overpayments</u> <u>Applied</u>	<u>Balance</u> Dec.31, 2022
Electric Rents	\$ 1,166,595.63	\$ 17,514,727.92	\$ 17,625,938.93	\$ 24,862.50	\$ 105,205.59	\$ 925,316.53
Street Lighting		66,758.55	66,758.55			
	<u>\$ 1,166,595.63</u>	<u>\$ 17,581,486.47</u>	<u>\$ 17,692,697.48</u>	<u>\$ 24,862.50</u>	<u>\$ 105,205.59</u>	<u>\$ 925,316.53</u>
<u>Ref. E</u>						
<u>Realized Revenue</u>						
Cash Collections		\$ 16,393,639.90				
Sales Tax Payable		882,200.00				
Zero Emission Credit Program Payable		<u>416,857.58</u>	\$ 17,692,697.48			
State Aid "Lifeline"			24,862.50			
Overpayments Applied			<u>105,205.59</u>			
			<u>\$ 17,822,765.57</u>			
<u>Analysis of Realized Revenue</u>						
LEAC Revenues	\$ 9,840,998.69					
Base Rate Revenues	6,620,563.92					
State Aid "Lifeline"	24,862.50					
Flood Lighting	37,282.88					
Sales Tax Payable	882,200.00					
Zero Emission Credit Program Payable	<u>416,857.58</u>					
	<u>\$ 17,822,765.57</u>					

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF INVENTORY

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 1,516,065.16
Net Inventory Increase		<u>20,768.50</u>
Balance December 31, 2022	E	<u>\$ 1,536,833.66</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec.31, 2021	Additions by Ordinance	Balance Dec.31, 2022
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	2,638,700.10		2,638,700.10
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
Improvement of the Electrical Supply and Distribution System	6,108,473.69		6,108,473.69
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	132,998.41		132,998.41
Site, Soil and Ground Water Remediation	311,000.00		311,000.00
Purchase of Dispatching Equipment	19,000.00		19,000.00
Construction Garage		\$ 375,000.00	375,000.00
	<u>\$ 23,661,541.30</u>	<u>\$ 375,000.00</u>	<u>\$ 24,036,541.30</u>

Ref.

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

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Balance Dec.31, 2021</u>	<u>2022 Authorizations</u>	<u>Costs to Fixed Capital</u>	<u>Balance Dec.31, 2022</u>
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
Various Electrical Supply and Distribution System Improvements	18-13	420,000.00			420,000.00
Improvements to Buildings and Grounds	19-05	95,000.00			95,000.00
Improvements to Electrical System	19-09	350,500.00			350,500.00
Site Remediation at DPW Facilities	20-10	50,000.00			50,000.00
Purchase of a Bucket Truck	20-11	245,000.00			245,000.00
Improvements to Buildings and Grounds	21-11	10,000.00			10,000.00
Construction Garage	21-14	375,000.00		\$ 375,000.00	
Acquisition of a Bucket Truck	22-05		\$ 300,000.00		300,000.00
		<u>\$ 2,098,500.00</u>	<u>\$ 300,000.00</u>	<u>\$ 375,000.00</u>	<u>\$ 2,023,500.00</u>
	<u>Ref.</u>	E			E

BOROUGH OF BUTLER
ELECTRIC UTILITY OPERATING FUND
SCHEDULE OF 2021 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2022

	<u>Balance</u> <u>Dec. 31, 2021</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	\$ 1,010.43	\$ 2,310.43	\$ 2,287.77	\$ 22.66
Other Expenses	54,623.88	53,323.88	53,294.61	29.27
Operations:				
Salaries and Wages	143,791.56	143,791.56	1,434.48	142,357.08
Other Expenses	169,868.30	169,868.30	108,558.03	61,310.27
Other Expenses - Purchase Power	665,285.32	665,285.32		665,285.32
Dispatching:				
Salaries and Wages	19,852.97	19,852.97	1,639.78	18,213.19
Other Expenses	1,000.00	1,000.00		1,000.00
Night Out:				
Other Expenses	2,512.70	2,512.70	1,577.18	935.52
Buildings and Grounds:				
Salaries and Wages	2,000.24	2,000.24		2,000.24
Other Expenses	7,000.00	7,000.00		7,000.00
Group Insurance for Employees	44,699.54	44,699.54	2,599.80	42,099.74
MELJIF Liability	2,370.40	2,370.40		2,370.40
MELJIF Worker's Compensation	22.00	22.00		22.00
Contribution to:				
Public Employees' Retirement System	0.88	0.88		0.88
Social Security System (O.A.S.I.)	12,582.54	12,582.54		12,582.54
Unemployment Compensation Insurance	21.49	21.49		21.49
	<u>\$ 1,126,642.25</u>	<u>\$ 1,126,642.25</u>	<u>\$ 171,391.65</u>	<u>\$ 955,250.60</u>

Analysis of Balance December 31, 2021

	<u>Ref.</u>	
Unencumbered	E	\$ 1,006,564.58
Encumbered	E	<u>120,077.67</u>
		<u>\$ 1,126,642.25</u>

BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance December 31, 2021		Paid or Charged	2022 Authorizations		Balance December 31, 2022
				Funded	Unfunded		Capital Improvement Fund	Deferred Charges to Future Revenue	
16-07	Improvements to Buildings & Grounds	05/17/16	\$ 55,000.00	\$ 3,227.12				\$ 3,227.12	
17-09	Improvement of the Electrical Supply and Distribution System	05/16/17	474,000.00		\$ 66,688.11	\$ 8,536.46			\$ 58,151.65
18-07	Improvements to Buildings and Grounds	05/15/18	24,000.00	21,779.80		584.86		21,194.94	
18-13	Various Electrical Supply and Distribution System Improvements	05/15/18	420,000.00		1,677.01				1,677.01
19-05	Improvements to Buildings and Grounds	05/21/19	95,000.00	37,678.29				37,678.29	
19-09	Improvements to Electrical System	05/07/19	350,500.00		8,742.87				8,742.87
20-10	Site Remediation at DPW Facilities	06/16/20	50,000.00	40,490.00				40,490.00	
20-11	Purchase of a Bucket Truck	06/16/20	245,000.00		3,607.53				3,607.53
21-11	Improvements to Buildings and Grounds	05/18/21	10,000.00	10,000.00				10,000.00	
21-14	Construction Garage	05/18/21	375,000.00	150,000.00	225,000.00				
22-05	Acquisition of a Bucket Truck	05/17/22	300,000.00						
				<u>\$ 263,175.21</u>	<u>\$ 305,715.52</u>			<u>\$ 212,590.35</u>	<u>\$ 272,179.06</u>
				E	E			E	E

Ref.

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

	<u>Ref.</u>	
Balance December 31, 2021	E	\$ 56,482.71
Increased by:		
Electric Operating Fund Budget Appropriation		<u>150,000.00</u>
		206,482.71
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>100,000.00</u>
Balance December 31, 2022	E	<u><u>\$ 106,482.71</u></u>

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

Ord. No.	Improvement Description	Date of Ordinance	Balance Dec. 31, 2021	2022 Authorizations	Funded by Operating Budget	Transferred to Reserve for Amortization	Balance Dec. 31, 2022
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	149,000.00		\$ 25,000.00		174,000.00
18-07	Improvements to Buildings and Grounds	05/15/18	24,000.00				24,000.00
18-13	Various Electrical Supply and Distribution System Improvements	05/15/18	27,500.00		20,000.00		47,500.00
19-05	Improvements to Buildings and Grounds	05/21/19	95,000.00				95,000.00
19-09	Improvements to Electrical System	05/07/19	65,000.00		15,000.00		80,000.00
20-10	Site Remediation at DPW Facilities	06/16/20	50,000.00				50,000.00
21-11	Improvements to Buildings and Grounds	05/18/21	10,000.00				10,000.00
21-14	Construction Garage	05/18/21	150,000.00			\$ 150,000.00	
22-05	Acquisition of a Bucket Truck	05/17/22		\$ 100,000.00			100,000.00
			\$ 625,500.00	\$ 100,000.00	\$ 60,000.00	\$ 150,000.00	\$ 635,500.00

Ref.

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BOROUGH OF BUTLER
ELECTRIC UTILITY CAPITAL FUND
SCHEDULE OF FARMERS HOME ADMINISTRATION LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2022

NOT APPLICABLE

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

Ord. No.	Improvement Description	Date of				Interest Rate	Balance Dec. 31, 2021	Issued	Matured	Balance Dec. 31, 2022
		Issue of Original Note	Issue	Maturity						
13-07	Acquisition of New Vehicles	09/18/14	09/09/21	09/09/22	1.00%	\$ 20,000.00		\$ 20,000.00		
14-01	Improvement of the Electrical Supply and Distribution System	09/18/14	09/09/21	09/09/22	1.00%	127,000.00		127,000.00		
14-05	Acquisition of New Vehicles	09/18/14	09/08/22	09/08/23	3.75%		\$ 102,000.00		\$ 102,000.00	
15-03	Acquisition of New Aerial Bucket Truck	09/17/15	09/09/21	09/09/22	1.00%	66,300.00		66,300.00	31,300.00	
16-12	Improvements to Electrical System	09/15/16	09/08/22	09/08/23	3.75%	60,000.00		60,000.00	20,000.00	
17-09	Improvement of the Electrical Supply and Distribution System	09/15/17	09/09/21	09/09/22	1.00%	216,200.00		216,200.00	196,200.00	
18-13	Various Electrical Supply and Distribution System Improvements	09/13/18	09/08/22	09/08/23	3.75%	325,000.00		325,000.00	300,000.00	
19-09	Improvements to Electrical System	09/12/19	09/09/21	09/09/22	1.00%	392,500.00		392,500.00	372,500.00	
20-11	Purchase of a Bucket Truck	09/10/20	09/08/22	09/08/23	3.75%	285,500.00		285,500.00	270,500.00	
21-14	Construction Garage	09/09/21	09/09/21	09/09/22	1.00%	245,000.00		245,000.00	245,000.00	
			09/08/22	09/08/23	3.75%	225,000.00		225,000.00	225,000.00	
						<u>\$ 1,962,500.00</u>		<u>\$ 1,962,500.00</u>	<u>\$ 1,762,500.00</u>	
					<u>Ref.</u>	<u>E</u>			<u>E</u>	
	Renewals					\$ 1,762,500.00		\$ 1,762,500.00		
	Paid by Operating Budget							200,000.00		
						<u>\$ 1,762,500.00</u>		<u>\$ 1,962,500.00</u>	<u>\$ 1,962,500.00</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, 2021	Matured	Balance Dec. 31, 2022
			Date	Dec. 31, 2022	Amount				
Refunding Bonds	09/01/10	\$ 4,215,000.00				\$ 380,000.00	\$ 380,000.00		
General Bonds	5/22/13	3,661,000.00	11/15/2023	\$ 400,000.00		2.00%	1,581,000.00	380,000.00	\$ 1,201,000.00
			11/15/2024	405,000.00		3.00%			
			11/15/2025	396,000.00		3.00%			
						<u>\$ 1,961,000.00</u>	<u>\$ 760,000.00</u>	<u>\$ 1,201,000.00</u>	

Ref.

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

Ord. No.	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Balance Dec. 31, 2022
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
22-05	Acquisition of a Bucket Truck	<u> </u>	\$ 200,000.00	<u>200,000.00</u>
		<u>\$ 30,820.00</u>	<u>\$ 200,000.00</u>	<u>\$ 230,820.00</u>

BOROUGH OF BUTLER
COUNTY OF MORRIS
2022
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, 2021	F	\$ 5,267.65	\$ 2,891.53	\$ 8,159.18
Increase by Receipts:				
Interest Earned		<u> </u>	<u>98.44</u>	<u>98.44</u>
Balance December 31, 2022	F	<u>\$ 5,267.65</u>	<u>\$ 2,989.97</u>	<u>\$ 8,257.62</u>

BOROUGH OF BUTLER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2022

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Name of Federal Agency or Department	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 Housing and Urban Development: (Passed through Morris County Office of Community Development)	Community Development Block Grant- South Grifford Street Water Main	14.218	N/A	01/01/22	12/31/22	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	\$ 80,000.00	
	Total Department of Housing and Urban Development					\$ 80,000.00	80,000.00	80,000.00	80,000.00	
	U.S. Department of Homeland Security: (Passed through New Jersey Department of Law and Public Safety)	Disaster Grants - Public Assistance - F.E.M.A.: Tropical Storm Isaias Winter Storm Orlena	97.036 97.036	N/A N/A	08/04/20 01/01/21	12/31/22 12/31/22	288,244.80 63,773.59	60,683.11 10,908.64	60,683.11 * 10,908.64 *	288,244.80 63,773.59
Total Department of Homeland Security						71,591.75	71,591.75	352,018.39		
U.S. Department of Treasury: (Passed through New Jersey Department of Community Affairs)	COVID 19 American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	801,133.12	400,566.56			
	COVID 19 American Rescue Plan Act - Coronavirus State and Local Fiscal Recovery Funds - Eviction and Homeless Prevention Program	21.027	100-022-8020-300-020120	03/03/21	12/31/24	66,745.60	66,745.60 (1)	66,745.60	66,745.60	
	COVID 19 American Rescue Plan Act - Low Income Home Energy Assistance Program	93.568	100-022-8050-996-052322	03/03/21	12/31/24	7,118.97	7,118.97 (1)	7,118.97	7,118.97	
Total Department of Treasury							474,431.13	73,864.57	73,864.57	
TOTAL FEDERAL AWARDS						\$ 626,022.88	\$ 225,456.32	\$ 505,882.96	\$ -0-	

(1) - Included in cash collections of Electric Utility Operating Fund Consumer Accounts Receivable

N/A - Not Applicable/Available

* - Expended in Prior Years

BOROUGH OF BUTLER
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

Name of State Agency or Department	Name of Program	Name of Project	Grant I.D. No.	Grant Period From	Grant Period To	Grant Award Amount	Amount Received	Amount of Expenditures	Cumulative Expenditures	
Department of Law and Public Safety	Safe and Secure Communities Program	Safe and Secure Communities Program	100-066-1020-232-090940	01/01/21	12/31/21	\$ 32,400.00	\$ 8,100.00		\$ 32,400.00	
				01/01/22	12/31/22	32,400.00	32,400.00	32,400.00	64,800.00	
							40,500.00	32,400.00		
Department of Law and Public Safety	Drunk Driving Enforcement Fund	Drunk Driving Enforcement Fund	100-078-6400-260-YYYY	01/01/10	12/31/23	2,877.50		240.00	240.00	
								240.00		
Department of Law and Public Safety	NJ Statewide Body Worn Camera Program	NJ Statewide Body Worn Camera Program	100-066-1020-495-092120	01/01/21	12/31/22	32,608.00		16,773.00	32,608.00	
				01/01/22	12/31/23	2,563.13	1,081.01	2,563.13	2,563.13	
				01/01/22	12/31/23	1,359.48	1,359.48			
Department of Law and Public Safety	Body Armor Replacement Program	Body Armor Replacement Program	718-066-1020-001-090160	01/01/22	12/31/23	1,359.48	1,359.48			
							2,440.49	2,563.13	2,563.13	
							42,940.49	51,976.13	100,211.13	
Total Department of Law and Public Safety										
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	07/01/19	06/30/22	11,475.00	5,477.11	763.32	11,475.00	
				07/01/20	06/30/22	9,661.00		1,467.89	7,661.00	
				07/01/21	06/30/23	4,241.00		3,663.13	3,663.13	
Department of the Treasury	Youth Leadership Program	Youth Leadership Program	100-082-2000-044-995120	07/01/22	03/14/23	3,900.00	5,477.11	3,705.00	3,705.00	
								9,599.34	26,504.13	
Total Department of the Treasury										
Department of Community Affairs	Local Recreational Improvement 2021	Ace Road Recreational Complex	2022-495-8030-668-FFFF-6120	02/01/22	08/31/23	75,000.00		75,000.00	75,000.00	
								75,000.00	75,000.00	
Total Department of Community Affairs										
Department of Environmental Protection	Clean Communities Program	Clean Communities Program	765-042-4900-004-178910	01/01/16	12/31/22	18,172.90		12,416.01	18,172.90	
				01/01/17	12/31/23	15,439.02		2,090.47	2,090.47	
				01/01/22	12/31/23	16,554.24	16,554.24	14,506.48	20,263.37	
Department of Environmental Protection	Recycling Tonnage Grant	Recycling Tonnage Grant	100-042-4900-224-238490	01/01/12	12/31/22	9,828.90		9,797.39	9,828.90	
				01/01/13	12/31/23	10,053.84		6,911.55	6,911.55	
				01/01/22	12/31/23	21,066.24	11,650.59	16,708.94	16,740.45	
Total Department of Environmental Protection										
Department of Transportation	Municipal Aid Program	Maple Lake Road Western Avenue Pearl, Mabey, & Hasbrouck Roads	480-078-6320-AN8-606280	01/01/20	12/31/23	325,000.00	25,657.55	31,215.42	168,654.75	
				01/01/22	12/31/23	366,000.00	102,870.90	2,608.99	344,286.90	
				01/01/22	12/31/23	339,000.00	232,173.59	2,608.99	260,899.32	
Total Department of Transportation										
							\$ 437,324.47	\$ 428,690.21	\$ 1,012,560.05	

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

TOTAL STATE AWARDS

BOROUGH OF BUTLER
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 15-08, *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 10 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, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated June 29, 2023. 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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*.

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 29, 2023

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF BUTLER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

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.
- There were no material weaknesses or significant deficiencies 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 15-08 for the year ended December 31, 2022 as both state and federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance and NJOMB 15-08.

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

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

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, 2022

There were no prior year findings.

BOROUGH OF BUTLER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

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 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 \$44,000 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 4, 2022, 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 15, 2022.

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>
2022	2
2021	2
2020	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 2022 Taxes	20
Payment of 2023 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 complies with these accounting requirements.

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 below is a summary of receipts and disbursements for the year ended December 31, 2022.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

	Balance Dec. 31, 2021	Receipts	Disbursements	Balance Dec. 31, 2022
Municipal Treasurer:				
Fines and Costs	\$ 4,462.73	\$ 49,347.83	\$ 48,601.73	\$ 5,208.83
POAA FTA	2.00	64.00	64.00	2.00
Public Defender	300.00	3,807.00	3,482.50	624.50
County:				
Fines	1,588.50	19,561.25	19,296.25	1,853.50
Weights and Measures	200.00		200.00	
State:				
Fines and Costs	1,818.52	26,905.76	25,306.43	3,417.85
Weights and Measures	3,500.00	13,350.00	13,500.00	3,350.00
Bail	5,580.00	8,901.00	14,378.00	103.00
 TOTAL	 <u>\$ 17,451.75</u>	 <u>\$ 121,936.84</u>	 <u>\$ 124,828.91</u>	 <u>\$ 14,559.68</u>

Inherent internal control problems exist throughout the State for the municipal court system. Throughout the State there is the possibility that court employees can recall warrants, postpone court cases, set bail and lift suspensions of licenses. However, our review of the records of the Municipal Court revealed no internal control deficiencies.

Water Utility Operating Fund Overexpenditures

The Water Utility Operating Fund appropriation reserves had an overexpenditure of \$2,628. Overexpenditures are violations of State statute and result in a restriction of the utilization of fund balance.

It is recommended that appropriation reserves be monitored to prevent overexpenditures.

Management's Response

The Chief Financial Officer will review line items periodically to ensure that funds are available for expenses generated and make appropriate line item transfers to avoid overexpenditures.

BOROUGH OF BUTLER
COMMENTS AND RECOMMENDATIONS
(Continued)

Management Suggestions

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*, is effective for the year ended December 31, 2023. This statement addresses issues related to public-private and public-public partnership agreements (PPP's). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APA's). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining or operating an underlying nonfinancial asset or a period of time.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA's), is effective for the year ended December 31, 2023. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor) information technology software, alone or in combination with tangible capital assets as specified in the related contract for a period of time. It is likely that a SBITA software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

Status of Prior Year Recommendation

The Borough's prior year audit recommendation with regards to the Water Utility Operating Fund deficit was resolved during the current year.

BOROUGH OF BUTLER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. Appropriation reserves be monitored to prevent overexpenditures in the Water Utility Operating Fund.

* * * * *