

**KINGWOOD TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**KINGWOOD TOWNSHIP BOARD OF EDUCATION
KINGWOOD TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Prepared by

**KINGWOOD TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

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INTRODUCTORY SECTION

KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

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September 9, 2009

Honorable President and
Members of the Board of Education
Kingwood Township School District
880 County Road 519
Frenchtown, New Jersey 08825

Dear Board Members:

The comprehensive annual financial report of the Kingwood Township School District for the fiscal year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 04-04, "Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

I. REPORTING ENTITY AND ITS SERVICES: Kingwood Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds and account groups of the District are included in this report. The Kingwood Township Board of Education constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education. The district completed the 2008-2009 fiscal year with an average daily enrollment of 454.0 students, which is a 1.54% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last six years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2003-2004	483.0	5.00%
2004-2005	507.5	5.08%
2005-2006	486.0	(4.23%)
2006-2007	487.0	0.21%
2007-2008	461.1	(5.32%)
2008-2009	454.0	(1.54%)

2. ECONOMIC CONDITION AND OUTLOOK: The Kingwood Township Board of Education recognizes the ever changing environment of financing education in the State of New Jersey. The School Funding Reform Act of 2008 and continued failed budgets do present challenges for future years. The Kingwood Township Board of Education, along with its excellent staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvements. Second grade students scored within the average range of students nationally on the Terra Nova Test while students in grades three through eight scored at or above the district factor group and state average on the New Jersey State Assessment Program (NJ ASK-3 through 8).

3. MAJOR INITIATIVES: The Kingwood Township School District took pride in its accomplishment of being certified pursuant to N.J.S.A.18A:7A-1 et seq. and N.J.S.C.6A:30 et seq. by the New Jersey State Board of Education for its performance at or above the established evaluation standards for a seven-year period on March 1, 2006.

One of our major initiatives for the 2008-2009 academic year continued to be the full implementation of the inquiry-based, "hands on" FOSS science program for grades K through 8. A consultant from the NJ SSI program assisted our teachers through observation/coaching as well as discussions and modeling of instructional practices. These curricular enhancements, both in program for students and processes for staff, directly supported our Board and school goals for the academic year which focused on increased student engagement in science.

The second major initiative which was piloted in the spring of the previous school year focused on assessing our students' academic progress in language arts literacy, mathematics, and science and using the data obtained to drive instruction. Services were purchased for an on-line assessment program as well as for staff training. Assessments given in the fall and the early spring were analyzed to determine student needs and instructional practices as we worked to meet the state's Core Curriculum Content Standards.

The third initiative focused on the implementation of a new student information management system, Power School. Staff training led to the transfer/up-date of student information, including such processes as daily attendance, lunch counts, scheduling, and individual student health alerts.

Through the teacher portal, Power Teacher, middle school teachers were able to access a grade book component and by mid-year, to provide parents with opportunities to view their students' grades as well as to receive progress reports and report cards on-line. In continued alignment with our Technology Plan, we increased our inventory of classroom multi-media computer projection systems and SmartBoards, purchased document readers, continued paid access to a number of web-based learning sites and software products, replaced a number of out-dated computers, and provided for other technology enhancements, such as equipment needed to establish a television studio. Through the use of these items, students received greater access to a variety of educational information and resources. A portion of the cost of these items was funded through federal and state grant monies.

Our school district continues to be most fortunate in having the support and commitment of various parent and volunteer organizations. The Kingwood Township Education Foundation had another extraordinary year, and was able to award grant funding in excess of \$20,000 to teachers. The grants ranged from the purchase of materials and funding of assembly programs/guest speakers, and field trips. Our children benefited from a number of programs sponsored through the generosity of our PTA. These encompassed programs focusing on the areas of theater arts and safety, celebrations, and a variety of after-school activities. Kingwood Township School continues to be the center for activities within the community, not only academically but civically, opening its doors for many after-school and Saturday events.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a

line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2009.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements". Note 1.

7. FINANCIAL INFORMATION AT FISCAL YEAR-END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues meeting its responsibilities for sound financial management.

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2009 and the percentage of increase/ (decrease) in relation to prior year amounts.

	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) From Prior Year</u>	<u>Percentage Inc./ (Dec.)</u>
REVENUES:				
Local Sources:				
Tax Levy:				
General	\$4,940,603	72.48%	\$165,985	3.48%
Debt Service	\$230,459	3.38%	\$(23,314)	-9.19%
Other Revenues	\$36,671	0.54%	\$(32,161)	-46.72%
State Aid	\$1,465,862	21.50%	\$2,829	0.19%
Federal Aid	\$143,085	2.10%	\$(16,242)	-10.19%
Total Revenues	<u>\$6,816,680</u>	<u>100.00%</u>	<u>\$97,097</u>	1.44%
EXPENDITURES:				
Current Expense	\$6,071,317	92.85%	\$(20,277)	-0.33%
Capital Outlay	\$71,000	1.09%	\$33,172	87.69%
Special Projects	\$143,085	2.19%	\$(23,679)	-14.20%
Debt Service				
Principal	\$130,000	1.99%	\$5,000	4.00%
Interest	\$123,673	1.89%	\$(5,100)	-3.96%
Total Expenditures	<u>\$6,539,075</u>	<u>100.00%</u>	<u>\$(10,884)</u>	-0.17%

Note: Excludes "on behalf" payments, lease purchase acquisitions and capital projects.

8. DEBT ADMINISTRATION: At June 30, 2009, the District's outstanding debt issue was \$2,770,000 issued in July 2003 for the most recent addition.

9. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

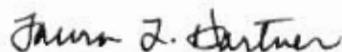
10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds.

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB's Circular 04-04. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

12. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Kingwood Township School District Board of Education for their dedication in providing fiscal accountability to the citizens and taxpayers of the school district, and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of the financial and accounting staff.

Respectfully Submitted,



Laura L. Hartner,
Chief School Administrator



Bobbie Beriont,
School Business Administrator/Board Secretary

KINGWOOD TOWNSHIP BOARD OF EDUCATION

LAURA L. HARTNER
CHIEF SCHOOL ADMINISTRATOR

SPANERAMBLETT
ADMINISTRATIVE ASSISTANT
Administrative Services

BOPHIE PERDINI
SCHOOL BUSINESS ADMINISTRATOR
NON-INSTRUCTIONAL AND BUSINESS SVCS
Purchasing Agent

KENNETH FOR
PRINCIPAL
INSTRUCTIONAL AND 504 SERVICES

LAURAL HARTNER
CHILD STUDY TEAM DIRECTOR
SPECIAL SERVICES

MEAGHAN EMMONS
ASST. TO BUSINESS ADMIN.
Accounts Payable

LAURA HAGERSTROM
BOOKKEEPER/ TRANSP. COORDIN.
Payroll

INSTRUCTIONAL STAFF
CERTIFICATED

INSTRUCTIONAL STAFF
NON-CERTIFICATED

LESUE CALLANAN
CST COORDINATOR

CHILD STUDY TEAM

SUSAN KACZINSKI
FOOD SVC MANAGER

ERIC CARR
SUPERVISOR OF BLDGS & GROUNDS

LONCH/PLAYGROUND AIDES

MELISSA KRAMER
SCHOOL SECRETARY

CUSTODIANS

DIANE LAUDENBACH
TREASURER OF SCHOOL MONIES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
FRENCHTOWN, NEW JERSEY

ROSTER OF OFFICIALS
JUNE 30, 2009

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mary Ellen Pilch	President	2012
Kevin Bloom	Vice President	2010
Eugene Hill		2010
Gary Karlsrud		2010
Karen Love Mathieu		2011
David Oertle		2011
Lance Riggio		2011
Joseph De Pinto		2012
Anthony Planer		2012
<u>Other Officials</u>		
Laura Hartner	Superintendent	
Roberta Beriont	Business Administrator/ Board Secretary	
Diane Laudenbach	Treasurer	
Fogarty & Hara	Attorney	

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Audit Firm

William M. Colantano, Jr., CPA

Architects

Spiezle Architectural Group

Attorney

Fogarty & Hara

Official Depository

Skylands Community Bank

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

July 17, 2009

Honorable President and
Members of the Board of Education
Kingwood Township School District
County of Hunterdon, New Jersey

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Kingwood Township School District in the County of Hunterdon, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kingwood Township Board of Education management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

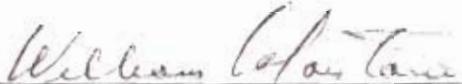
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kingwood Township Board of Education in the County of Hunterdon, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued a report dated July 17, 2009 on my consideration of the Kingwood Township Board of Education's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management Discussion and Analysis and Budgetary Comparison Information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Kingwood Township Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid" and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.0

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of Kingwood Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ◆ In total, net assets increased \$292,207, which represents a 7.83 percent increase from 2008.
- ◆ General revenues accounted for \$7,038,414, in revenue or 94.92 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$376,413 or 5.08 percent to total revenues of \$7,414,827.
- ◆ Total assets of governmental activities increased by \$218,747 as cash and cash equivalents increased by \$230,003, receivables and other assets increased by \$87,135 and capital assets decreased by \$98,391.
- ◆ The School District had \$7,122,620 in expenses; only \$286,113 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,038,414 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$6,814,679 in revenues and \$6,578,020 in expenditures. The General Fund's balance increased \$91,209 over 2008.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kingwood Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Kingwood Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. No financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of New Assets and The Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.2

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of New Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of New Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.3

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

**TABLE 1
NET ASSETS**

	6/30/2009	6/30/2008	VARIANCE	
			\$	%
ASSETS				
Current & Other Assets	\$1,236,523	\$935,561	\$300,962	32.17%
Capital Assets	\$5,906,789	\$5,984,829	(\$78,040)	-1.30%
Total Assets	<u>\$7,143,312</u>	<u>\$6,920,390</u>	<u>\$222,922</u>	<u>3.22%</u>
LIABILITIES				
Long-Term Liabilities	\$2,900,945	\$3,022,949	(\$122,004)	-4.04%
Other Liabilities	\$216,578	\$163,859	\$52,719	32.17%
Total Liabilities	<u>\$3,117,523</u>	<u>\$3,186,808</u>	<u>(\$69,285)</u>	<u>-2.17%</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$3,136,789	\$3,084,829	\$51,960	1.68%
Restricted	\$631,549	\$278,168	\$353,381	127.04%
Unrestricted	\$257,451	\$370,585	(\$113,134)	-30.53%
Total Net Assets	<u>\$4,025,789</u>	<u>\$3,733,582</u>	<u>\$292,207</u>	<u>7.83%</u>

Total assets decreased \$222,922. Cash and cash equivalents increased by \$210,775, receivables and other assets increased by \$90,187 and capital assets decreased by \$78,040. Unrestricted net assets, the part of net assets that can be used to finance day to day activities with out constraints established by grants or legal requirements, of the School District decreased by \$113,134.

Table 2 shows the changes in net assets in fiscal year 2009 with comparisons to 2008.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

**TABLE 2
CHANGES IN NET ASSETS**

	6/30/2009	6/30/2008	VARIANCE	
			\$	%
REVENUES				
Program Revenues:				
Changes for Services	\$125,355	\$117,789	\$7,566	6.42%
Operating Grants & Contrib.	\$160,758	\$185,619	(\$24,861)	-13.39%
Capital Grants and Contrib.	\$90,300		\$90,300	
General Revenues:				
Property Taxes	\$5,171,062	\$5,028,391	\$142,671	2.84%
Grants and Entitlements	\$1,837,400	\$2,063,848	(\$226,448)	-10.97%
Other	\$29,952	\$65,500	(\$35,548)	-54.27%
Total Revenues	<u>\$7,414,827</u>	<u>\$7,461,147</u>	<u>(\$46,320)</u>	-0.62%
PROGRAM EXPENSES				
Instruction:				
Regular	\$2,860,502	\$2,972,320	(\$111,818)	-3.76%
Special	\$1,088,064	\$998,160	\$89,904	9.01%
Other	\$40,133	\$39,985	\$148	0.37%
Support Services:				
Tuition	\$93,453	\$92,732	\$721	0.78%
Student & Instructional Staff	\$917,081	\$993,344	(\$76,263)	-7.68%
General & Business Admin	\$566,073	\$579,784	(\$13,711)	-2.36%
School Administration	\$199,006	\$196,671	\$2,335	1.19%
Maintenance	\$715,260	\$751,938	(\$36,678)	-4.88%
Transportation	\$388,638	\$420,074	(\$31,436)	-7.48%
Food Service	\$129,996	\$124,557	\$5,439	4.37%
Interest on Long Term Debt	\$124,414	\$129,607	(\$5,193)	-4.01%
Total Expenses	<u>\$7,122,620</u>	<u>\$7,299,172</u>	<u>(\$176,552)</u>	-2.42%
Inc./Dec. in Net Assets	<u>\$292,207</u>	<u>\$161,975</u>	<u>\$130,232</u>	80.40%

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 69.74 percent of revenues for governmental activities for the Kingwood Township School District for fiscal year 2009.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.5

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Instruction comprises 56.00 percent of district expenses. Support services expenses make up 44.00 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2009 and 2008. That is, it identifies the cost of these services supported by tax revenue and unrestricted State Entitlements.

**TABLE 3
COST OF GOVERNMENTAL SERVICES**

	TOTAL COST OF SERVICES		NET COST OF SERVICES	
	6/30/2009	6/30/2008	6/30/2009	6/30/2008
Instruction	\$3,988,699	\$4,010,465	\$3,869,715	\$3,935,952
Support Services:				
Tuition	\$93,453	\$92,732	\$11,862	\$9,940
Student & Instructional Staff	\$917,081	\$993,344	\$894,183	\$983,885
General & Business Admin.	\$566,073	\$579,784	\$556,862	\$579,784
School Administration	\$199,006	\$196,671	\$195,936	\$196,671
Plant Operations & Maintenance	\$715,260	\$751,938	\$710,209	\$746,856
Pupil Transportation	\$388,638	\$420,074	\$388,638	\$420,074
Food Services	\$129,996	\$124,557	(\$5,612)	(\$7,005)
Interest on Long-Term Debt	\$124,414	\$129,607	\$124,414	\$129,607
Total Net Assets	<u>\$7,122,620</u>	<u>\$7,299,172</u>	<u>\$6,746,207</u>	<u>\$6,995,764</u>

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the district.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in a safe and effective working condition.

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

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. For all activities general revenue support is 95 percent. The community, as a whole, is the primary support or funding source for the Kingwood Township School District.

The School District's Funds

Information about the School district's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,278,892 and expenditures of \$7,005,496. The net positive change in fund balance for the year was most significant in the General Fund, reflecting an increase of \$91,209.

General Fund Budgeting Highlights

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

During the course of the fiscal 2009 year, the School District amended its General Fund budget as needed. Specifically, line item transfers were made to fund sixty percent of the cost to replace the equalization tank for the waste treatment plant, purchase additional security cameras, replaced exterior doors, purchase a personnel software program and install cubbies in three classrooms. These funds became available due to the canceling of the hydrogeological study for the waste treatment plant, and lowering of health benefit costs through negotiations.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The School District uses program based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$6,443,141, \$25,985 above original budgeted estimates of \$6,417,156. This difference was due primarily to additional state extraordinary aid and non-public transportation aid.

The General fund revenues and other financing sources of the School District exceeded expenditures by approximately \$308,153, due to excess revenues of \$25,985 and budgetary savings in the area of healthcare costs, professional services for the waste treatment plant, out-of-district tuition and transportation costs. The financial position of the School District is strong.

Capital Assets

At the end of the fiscal year 2009, the School District had \$5,906,789 invested in land, building, furniture and equipment. Table 4 shows fiscal 2009 balances compared to 2008.

**TABLE 4
CAPITAL ASSETS AT YEAR END (Net of Depreciation)**

	6/30/2009	6/30/2008	VARIANCE	
			\$	%
Land	\$115,000	\$115,000	\$0	0.00%
Construction in Progress	\$30,718	\$0	\$30,718	
Building & Improvements	\$5,514,559	\$5,683,203	(\$168,644)	-2.97%
Machinery & Equipment	\$246,512	\$186,626	\$59,886	32.09%
	<u>\$5,906,789</u>	<u>\$5,984,829</u>	<u>(\$78,040)</u>	<u>-1.30%</u>

Overall capital assets decreased \$78,040 from fiscal 2008 to fiscal year 2009. Increases in capital assets were offset by depreciation expenses for the year.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.8

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Debt Administration

At June 30, 2009, the School District had \$2,900,945 as its outstanding debt. Of this amount, \$130,945 is for compensated absences, and the balance \$2,770,000 is for bonds for school construction. In September 2002, voters of Kingwood Township approved the building of a new middle school wing and renovations to the existing facility in the amount of \$4,546,000.

**TABLE 5
OUTSTANDING DEBT AT YEAR END**

	6/30/2009	6/30/2008	VARIANCE	
			\$	%
2002 General Obligation Bonds	\$2,770,000	\$2,900,000	(\$130,000)	-4.48%
	<u>\$2,770,000</u>	<u>\$2,900,000</u>	<u>(\$130,000)</u>	<u>-4.48%</u>

For the Future

At the present time, the Kingwood Township School District is in a very good financial condition. A major concern is the cost to upgrade our existing Waste Treatment Plant. Although the equalization tank has been replaced, there may be other upgrades that will be required to meet the permit requirements. The Plant is currently not meeting the required Department of Environment Protection limits and remains under an Administrative Consent Order.

Kingwood Township has not successfully passed their school budget vote over several years. Kingwood Township is primarily a residential, farming community, with very few industrial ratables; thus the burden is focused on homeowners to foot the tax burden.

In conclusion, the Kingwood Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.9

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, kindly contact Bobbie Beriont, School Business Administrator/Board Secretary at Kingwood Township Board of Education, 880 County Road 519, Frenchtown, NJ 08825 or email at bberiont@kingwoodschool.org.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

These statements distinguish between the governmental and business-type activities of the District.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2009

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 493,871	\$ 23,223	\$ 517,094
Receivables, Net	123,492	2,221	125,713
Internal Balances	1,191		1,191
Inventory		2,627	2,627
Bond Issuance Costs, Net	43,876		43,876
Restricted Assets:			
Capital Accounts-Cash	525,310		525,310
Prescription Drug-Cash	20,712		20,712
Capital Assets, Net (Note 4)	5,866,762	40,027	5,906,789
Total Assets	<u>7,075,214</u>	<u>68,098</u>	<u>7,143,312</u>
LIABILITIES			
Accounts Payable	109,074		109,074
Accrued Interest	55,491		55,491
Deferred Revenue		1,613	1,613
Judgments Payable	50,400		50,400
Long-Term Liabilities (Note 5):			
Due Within One Year	135,000		135,000
Due Beyond One Year	2,765,945		2,765,945
Total Liabilities	<u>3,115,910</u>	<u>1,613</u>	<u>3,117,523</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,096,762	40,027	3,136,789
Restricted For:			
Capital Reserve	415,805		415,805
Capital Projects	195,032		195,032
Prescription Drug Reserve	20,712		20,712
Unrestricted	<u>230,993</u>	<u>26,458</u>	<u>257,451</u>
TOTAL NET ASSETS	<u>\$ 3,959,304</u>	<u>\$ 66,485</u>	<u>\$ 4,025,789</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets				
	Direct Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business Activities	Total
Government Activities								
Instruction								
Regular	\$ 2,154,187	\$ 706,315	\$	\$ 47,686	\$ 45,610	\$ (2,767,205)	\$	\$ (2,767,206)
Special Education	674,505	249,806	\$ 2,000		14,177	(908,134)		(908,134)
Other Special Education	124,081	39,672		6,088	2,610	(155,055)		(155,055)
Other Instruction	38,327	1,806			813	(39,320)		(39,320)
Support Services								
Tuition	93,453			81,591		(11,862)		(11,862)
Students & Instruction Related Services	704,747	212,334		8,089	14,809	(894,183)		(894,183)
General & Business Administration Services	440,624	125,249			9,211	(556,862)		(556,862)
School Administration Services	146,748	52,258			3,070	(195,936)		(195,936)
Plant Operations & Maintenance	649,935	65,325	5,051			(710,209)		(710,209)
Pupil Transportation	383,796	4,842				(388,638)		(388,638)
Interest on Long-Term Debt	124,414					(124,414)		(124,414)
Total Government Activities	<u>5,535,017</u>	<u>1,457,607</u>	<u>7,051</u>	<u>143,454</u>	<u>90,300</u>	<u>(6,751,819)</u>	<u>\$ -</u>	<u>(6,751,819)</u>
Business-Type Activities								
Food Service	129,956		118,304	17,304			5,612	5,612
Total Business-Type Activities	<u>129,956</u>	<u>-</u>	<u>118,304</u>	<u>17,304</u>	<u>-</u>	<u>-</u>	<u>5,612</u>	<u>5,612</u>
Total Primary Government	<u>\$ 5,665,013</u>	<u>\$ 1,457,607</u>	<u>\$ 125,355</u>	<u>\$ 160,758</u>	<u>\$ 90,300</u>	<u>(6,751,819)</u>	<u>5,612</u>	<u>(6,746,207)</u>
General Revenues								
Property Taxes Levied for General Purposes						4,940,603		4,940,603
Property Taxes Levied for Debt Service						230,459		230,459
Federal & State Aid not Restricted						1,837,400		1,837,400
Investment Earnings						26,623	327	26,950
Miscellaneous Income						3,002		3,002
Total General Revenues, Special Items & Transfers						<u>7,038,087</u>	<u>327</u>	<u>7,038,414</u>
Change in Net Assets						286,268	5,939	292,207
Net Assets-Beginning						3,673,036	60,546	3,733,582
Net Assets-Ending						<u>\$ 3,959,304</u>	<u>\$ 66,485</u>	<u>\$ 4,025,789</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

The individual fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash & Cash Equivalents	\$ 493,871				\$ 493,871
Receivables from Other Governments:					
Federal		\$ 2,576			2,576
State	29,916		\$ 90,300		120,216
Due from Other Funds	3,767				3,767
Other Receivables	700				700
Restricted Cash & Equivalents	436,517		109,505		546,022
TOTAL ASSETS	\$ 964,771	\$ 2,576	\$ 199,805	\$ -	\$ 1,167,152
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 104,301		\$ 4,773		\$ 109,074
Due To Other Funds		\$ 2,576			2,576
Judgments Payable	50,400				50,400
Total Liabilities	154,701	2,576	4,773	-	162,050

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances					
Reserved For:					
Encumbrances	\$ 58,525				\$ 58,525
Capital Reserve Account	415,805				415,805
Legally Restricted	20,712				20,712
Excess Surplus-Designated for Subsequent Year Unreserved	176,631				176,631
Designated for Subsequent Year's Expenditures Undesignated	138,397		\$ 195,032		195,032
Total Fund Balances	<u>\$ 810,070</u>	<u>\$ -</u>	<u>\$ 195,032</u>	<u>\$ -</u>	<u>\$ 1,005,102</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 964,771</u>	<u>\$ 2,576</u>	<u>\$ 199,805</u>	<u>\$ -</u>	<u>\$ 5,866,762</u>

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

Long-term liabilities, including bonds payable, are not due & payable in the current period & therefore are not reported as liabilities in the funds

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

Bond issuance costs are reported as expenditures in the governmental funds. The cost is and the accumulated amortization is

Total Net Assets of Governmental Activities

	\$ 8,374,506				
	<u>2,507,744</u>				
					5,866,762
					(2,900,945)
					(55,491)
					<u>64,448</u>
					<u>20,572</u>
					<u>43,876</u>
					<u>\$ 3,959,304</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 4,940,603			\$ 230,459	\$ 5,171,062
Tuition	2,000				2,000
Interest on Investments	26,623				26,623
Miscellaneous	8,053				8,053
Total	\$ 4,977,279	\$ -	\$ -	230,459	5,207,738
State Sources	1,837,400	369	90,300		1,928,069
Federal Sources		143,085			143,085
Total Revenues	\$ 6,814,679	\$ 143,454	\$ 90,300	\$ 230,459	\$ 7,278,892
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,109,570	47,057			2,156,627
Special Education Instruction	674,505				674,505
Other Special Instruction	117,993	6,088			124,081
Other Instruction	38,327				38,327
Support Service & Undistributed Costs:					
Tuition	11,862	81,591			93,453
Student & Instruction Related Services	696,658	8,089			704,747
General & Business Administrative Services	440,824				440,824
School Administrative Services	146,748				146,748
Plant Operations & Maintenance	649,935				649,935
Pupil Transportation	383,796				383,796
Unallocated Benefits	1,236,802	260			1,237,062

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 71,000		\$ 30,718		\$ 101,718
Debt Service:					
Principal				\$ 130,000	130,000
Interest & Other Charges				123,673	123,673
Total Expenditures	<u>6,578,020</u>	<u>\$ 143,085</u>	<u>30,718</u>	<u>253,673</u>	<u>7,005,496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>236,659</u>	<u>369</u>	<u>59,582</u>	<u>(23,214)</u>	<u>273,396</u>
Other Financing Sources (Uses):					
Operating Transfers In			135,450		135,450
Operating Transfers Out	<u>(145,450)</u>				<u>(145,450)</u>
Total Other Financing Sources (Uses)	<u>(145,450)</u>	<u>-</u>	<u>135,450</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balance	91,209	369	195,032	(23,214)	263,396
Fund Balances, July 1	<u>718,861</u>	<u>(369)</u>	<u>-</u>	<u>23,214</u>	<u>741,706</u>
Fund Balances, June 30	<u>\$ 810,070</u>	<u>\$ -</u>	<u>\$ 195,032</u>	<u>\$ -</u>	<u>\$ 1,005,102</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	263,396
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital Outlays	\$ 104,418	
Depreciation Expenses	<u>(202,809)</u>	(98,391)
<p>Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:</p>		
Debt Principal Payments		130,000
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:</p>		
Amortization of Bond Issuance Costs		(3,125)
<p>In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.</p>		
		2,384
<p>In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>(7,996)</u>
Change in Net Assets of Governmental Activities	\$	<u>286,268</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 23,223
Receivables from Other Governments:	
State	271
Federal	1,950
Inventory	2,627
Total Current Assets	<u>28,071</u>
Noncurrent Assets:	
Capital Assets	51,370
Less: Accumulated Depreciation	<u>11,343</u>
Total Noncurrent Assets	<u>40,027</u>
Total Assets	<u>68,098</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	<u>1,613</u>
Total Liabilities	<u>1,613</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	40,027
Unrestricted	<u>26,458</u>
TOTAL NET ASSETS	<u>\$ 66,485</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 76,747
Daily Sales-Nonreimbursable Programs	41,557
Total Operating Revenues	<u>118,304</u>
Operating Expenses:	
Cost of Sales	59,463
Salaries	41,770
Employee Benefits	5,834
Purchased Services	3,220
Insurance	3,944
Management Fee	6,988
Office Expense	149
Supplies and Materials	5,177
Depreciation	3,314
Miscellaneous	137
Total Operating Expenses	<u>129,996</u>
Operating Income (Loss)	<u>(11,692)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,340
Federal Sources:	
National School Lunch Program	9,785
Food Distribution Program	6,179
Interest Earned on Investments	327
Total Nonoperating Revenues (Expenses)	<u>17,631</u>
Change in Net Assets	5,939
Net Assets, Beginning	<u>60,546</u>
Net Assets, Ending	<u>\$ 66,485</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 118,304
Payments to Food Service Management Co	(120,698)
Payments to Vendors (Net)	(3,131)
Net Cash Provided by (Used For) Operating Activities	(5,525)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,158
Federal Sources	8,477
Net Cash Provided by (Used For) Noncapital Financing Activities	9,635
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(23,665)
Net Cash Provided by (Used For) Capital Financing Activities	(23,665)
Cash Flows from Investing Activities:	
Interest Earned on Investment	327
Net Cash Flows from Investing Activities	327
Net Increase (Decrease) in Cash and Cash Equivalents	(19,228)
Cash and Cash Equivalents, July 1, 2008	42,451
Cash and Cash Equivalents, June 30, 2009	\$ 23,223
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Operating Income (Loss)	\$ (11,692)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	3,314
Federal Food Distribution Program	7,292
(Increase) Decrease in Inventory	(1,563)
Increase (Decrease) in Accounts Payable	(2,876)
Net Cash Provided by (Used For) Operating Activities	\$ (5,525)

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	Unemployment Compensation Fund	Student Activities Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 88,249	\$ 37,327	\$ 270
TOTAL ASSETS	<u>88,249</u>	<u>\$ 37,327</u>	<u>\$ 270</u>
LIABILITIES			
Interfund Payable Due to Student Groups		\$ 921 36,403	\$ 270
TOTAL LIABILITIES	<u>-</u>	<u>\$ 37,324</u>	<u>\$ 270</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 88,249</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 7,567
Operating Transfer In	10,000
Investment Earnings-Interest	665
Total Additions	<u>18,232</u>
DEDUCTIONS	
Unemployment Claims	<u>990</u>
Change in Net Assets	17,242
Net Assets, Beginning of the Year	<u>71,007</u>
Net Assets, End of the Year	<u><u>\$ 88,249</u></u>

NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Kingwood Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2009 of 456 students.

The primary criterion for including activities within the District's reporting entity as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

1. The organization is legally separate (can sue or be sued in their own name.)
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/ burden on the District.
6. There is a fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the District has no component units.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted, as they are needed.

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment, which are classified in the Capital Outlay sub fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

Proprietary Fund - The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

Enterprise Fund - The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a current financial resources measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other government's and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's Proprietary Funds have elected not to apply the standards issued by FASB after November 30, 1989.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2009 were insignificant.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds other than the Special Revenue Fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition Payable

Tuition charges for the fiscal years 2008-2009 and 2007-2008 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

Short-Term Interfund receivables/payables represents amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a deferred revenue as title does not pass to the school district until the commodities are used. Prepaid items in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2009.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, except for land and construction in progress, of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements & Portable Classroom	50
Land Improvements	20
Furniture	20
Maintenance Equipment	15
Musical Instruments	10
Athletic Equipment	10
Audio Visual Equipment	10
Office Equipment	5 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of social security and medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Deferred Revenue

Deferred revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

Deferred revenue in the Enterprise Fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the Food Service Fund. Prepaid lunch debit card revenue balances at year-end are also included in deferred revenue.

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

In the government-wide statements, net assets represent the difference between assets and liabilities. Invested in Capital Assets, Net of Related Debt consists of capital assets, net of accumulated depreciation, and reduced by the balance of long-term debt used to finance these assets. Net assets are reported as restricted when there are limitations externally imposed on their use either through enabling legislation or other restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's restricted net assets in the governmental activities as of June 30, 2009 consists of reserves for capital projects and prescription drugs.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF pension contributions, reimbursed TPAF social security contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed as to amount of collection by the municipality, the collection agency, and are transmitted to the school district in accordance with the schedule of tax installments as certified by the school district's Board of Education on an annual basis.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2009 appear in the financial statements as summarized below:

Cash		<u>\$ 1,188,962</u>
	<u>Ref.</u>	
Cash :		
Governmental Funds, Statement of Net Assets	B-1	\$ 1,039,893
Enterprise Fund, Statement of Net Assets	B-4	23,223
Fiduciary Funds, Statement of Net Assets	B-7	<u>125,846</u>
Total Cash		<u>\$ 1,188,962</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2009 is \$1,188,962 and the bank balance is \$1,489,571. Of the bank balance, \$250,000 is covered by federal depository insurance and \$1,239,571 is insured by GUDPA.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

1. Custodial credit risk disclosures for investments defined as category 3 assets under GASB Statement No. 3. Since all of the deposits and investments of the district are category 1 assets, these disclosures are not required.
2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2009, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 115,000			\$ 115,000
Construction in Progress		\$ 30,718	\$ -0-	30,718
Total	<u>115,000</u>	<u>30,718</u>	<u>-0-</u>	<u>145,718</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	91,800			91,800
Building & Improvements	7,731,485			7,731,485
Furniture & Equipment	331,803	73,700		405,503
Total	<u>8,155,088</u>	<u>73,700</u>	<u>-0-</u>	<u>8,228,788</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 4. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES				
Accumulated Depreciation:				
Land Improvements	\$ 91,800			\$ 91,800
Building & Improvements	2,048,282	\$ 168,644		2,216,926
Furniture & Equipment	164,853	34,165		199,018
Total	<u>2,304,935</u>	<u>202,809</u>	<u>\$ -0-</u>	<u>2,507,744</u>
 Total Capital Assets, Being Depreciated, Net	<u>5,850,153</u>	<u>(129,109)</u>	<u>-0-</u>	<u>5,721,044</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,965,153</u>	<u>\$ (98,391)</u>	<u>\$ -0-</u>	<u>\$ 5,866,762</u>
 Business-Type Activities:				
Furniture & Equipment	\$ 28,130	\$ 23,665		\$ 51,795
Less: Accum Depreciation	<u>8,454</u>	<u>3,314</u>		<u>11,768</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,676</u>	<u>\$ 20,351</u>	<u>\$ -0-</u>	<u>\$ 40,027</u>

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction:	
Regular	\$ 101,601
Special Education	31,776
Other Special Instruction	5,846
Other Instruction	1,806
Support Services:	
Student & Instruction	33,202
General & Business Admin	20,768
School Administration	6,914
Plant Maintenance	<u>896</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 202,809</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2009 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,900,000		\$ 130,000	\$ 2,770,000	\$ 135,000
Compensated Absences Payable	<u>122,949</u>	<u>\$ 33,834</u>	<u>25,838</u>	<u>130,945</u>	
Total Governmental Activities Long-Term Liabilities	\$ 3,022,949	\$ 33,834	\$ 155,838	\$ 2,900,945	\$ 135,000

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2009 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 135,000	\$ 118,372	\$ 253,372
2011	140,000	112,872	252,872
2012	145,000	107,172	252,172
2013	155,000	101,095	256,095
2014	160,000	94,637	254,637
2015-2019	910,000	364,280	1,274,280
2020-2024	<u>1,125,000</u>	<u>146,210</u>	<u>1,271,210</u>
Total	\$ 2,770,000	\$ 1,044,638	\$ 3,814,638

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 5. GENERAL LONG-TERM DEBT (Cont'd)

General Obligation Bonds – General obligation school building bonds at June 30, 2009, with their outstanding balances are comprised of the following individual issues:

\$3,370,000 - 2002 general obligation school building bonds, interest at 4.30%, due in annual installments beginning July 15, 2004, through July 15, 2023	\$ <u>2,770,000</u>
---	---------------------

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2009 is \$20,812,146. General obligation debt at June 30, 2009 is \$2,770,000, resulting in a legal debt margin of \$18,042,146.

NOTE 6. PENSION PLANS

Description of Systems

Substantially all of the Board's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund retirement system is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees Retirement System is considered a cost sharing multiple-employer plan.

A. Teachers' Pension and Annuity Fund - The Teachers' Pension and Annuity Fund was established in January, 1955 under the provisions of NJSA 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

B. Public Employees' Retirement System - The Public Employees' Retirement System was established in January, 1955 under the provisions of NJSA 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 55 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 55 with 25 or more years of credited service. Anyone who retires early and is under age 55 receives retirement benefits as calculated in the above mentioned formula but at a reduced rate (one quarter of one percent for each month the member lacks of attaining age 55).

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. 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.

Significant Legislation

During the year ended June 30, 1997, legislation was enacted authorizing the New Jersey Economic Development Authority (the "Authority") to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. On June 30, 1997, the Authority issued bonds pursuant to this legislation and \$1,547,688,633 and \$241,106,642 from the proceeds of the bonds were deposited into the investment account of TPAF and PERS, respectively.

As a result of additional legislation enacted during the year ended June 30, 1997 (Ch 115, PL 1997), the asset valuation method was changed from market related value to full market value for the valuation reports dated March 31, 1996. The legislation also provides for a reduction in the normal contributions of the State to the systems from excess assets for FY's 1997 and 1998, and local employers for FY 1999, and, thereafter, authorizes the State Treasurer to reduce the normal contributions of State and local employers to the systems, to the extent possible, from up to 100% of excess assets through FY 2002, and on a declining maximum percentage of excess thereafter.

Due to the enactment of the legislation described above, the State of New Jersey's portion of the unfunded accrued liability under each retirement system was eliminated except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contribution of 5.50% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Post Retirement Benefit Costs	Percentage of APC Contributed
06/30/09	\$ 211,070	100%
06/30/08	373,371	100%
06/30/07	346,048	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/09	\$ 41,482	100%
06/30/08	31,450	100%
06/30/07	52,592	100%

During the year ended June 30, 2009, the State of New Jersey contributed \$200,557 to the TPAF for post-retirement medical benefits and \$10,513 for non-contributory insurance premiums on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$231,962 during the year ended June 30, 2009 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2008, there were 80,181 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2009
 (Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2008, the State paid \$116.0 million toward Ch 126 benefits for 12,545 eligible retired members.

GASB Statement 45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District's only material OPEB obligation is for healthcare provided to eligible retirees through the NJ State Health Benefits Program.

Plan Description-The School District contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. The school district adopted a resolution to participate in the SHBP. The State Health Benefits Commission is the executive body established by the statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at www.state.nj.us/treasury/pension/gasb-43-aug2009.pdf

Funding Policy-Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis. Information regarding the State's annual contributions, annual OPEB cost and net OPEB obligations is available through the State as noted in the previous paragraph.

NOTE 8. DEFERRED COMPENSATION

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

Equitable
Waddell & Reed

Aim Fund Services
Variable Annuity Life Ins Co
Lincoln Investment Planning

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

The composition of Interfund balances as of June 30, 2009 is as follows:

Fund	Receivable Fund	Payable Fund
General Fund	\$ 3,767	
Student Activity Agency Fund		\$ 921
Payroll Agency Fund		270
Special Revenue Fund		2,576
	\$ 3,767	\$ 3,767

The balance due from the Student Activity Agency Fund represents expenditures made in the General Fund not reimbursed at June 30th and the balance due from the Payroll Agency Fund represents interest income not transferred at June 30th. The balance due from the Special Revenue Fund is due to grants not yet received, but expended.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2009 consisted of the following:

Food	\$ 2,287
Supplies	340
Total	\$ 2,627

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 11. CONTINGENT LIABILITIES

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the School District.

NOTE 12. RISK MANAGEMENT

The District 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.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the NJ Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's unemployment trust fund for the current and previous two years:

Fiscal Year	Other Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2008-2009	\$ 10,000	\$ 665	\$ 7,567	\$ 990	\$ 88,249
2007-2008	10,000	1,919	6,519	211	71,007
2006-2007	5,000	2,147	8,069	11	52,780

NOTE 13. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 P-Fund Equity (Fund Balance) may be reserved or designated. An analysis of the General Fund Balance on June 30, 2009 and 2008 is as follows:

	2009	2008
Reserved:		
Encumbrances-Represents reservation of fund balance for purchase orders which have been issued but goods or services were not received as of June 30	\$ 58,525	\$ 125,828
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	100,371	76,260
Reserved:		
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	76,260	51,960
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	415,805	231,575
Legally Restricted Account-Represents amount to be maintained in a separate bank account for a prescription reimbursement plan as per the teacher's union negotiated contract	20,712	23,379
Unreserved:		
Undesignated-Represents fund balance which has not been reserved or designated	279,916	279,884
Total Fund Balance	<u>\$ 951,589</u>	<u>\$ 788,886</u>

NOTE 14. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2009 is \$100,371.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 4,940,603		\$ 4,940,603	\$ 4,940,603	
Tuition				2,000	\$ 2,000
Interest on Investments				22,393	22,393
Interest Earned on Capital Reserve Funds	1,000		1,000	4,230	3,230
Miscellaneous	25,000		25,000	8,053	(16,947)
Total	4,966,603	\$ -	4,966,603	4,977,279	10,676
State Sources					
Categorical Special Education Aid	241,168		241,168	241,168	
Equalization Aid	646,945		646,945	629,271	(17,674)
Categorical Security Aid	31,916		31,916	31,916	
Adjustment Aid	392,512		392,512	340,027	(52,485)
Categorical Transportation Aid	138,012		138,012	138,012	
Non Public Transportation Aid				4,862	4,862
Extraordinary Special Education Costs Aid				77,539	77,539
Self Assessment Aid				3,067	3,067
On-Behalf TPAF Pension Contribution				211,070	211,070
Reimbursed TPAF Social Security Contribution				231,962	231,962
Total	1,450,553	-	1,450,553	1,908,894	458,341
TOTAL REVENUES	\$ 6,417,156	\$ -	\$ 6,417,156	\$ 6,886,173	\$ 469,017
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Kindergarten	\$ 96,665	\$(36,147)	\$ 60,518	\$ 59,705	\$ 813
Grades 1-5	988,600	(56,981)	931,619	929,800	1,819
Grades 6-8	715,558	90,242	805,800	805,230	570
Home Instruction:					
Salaries and Wages	5,000	(4,000)	1,000	204	796
Regular Prog-Undistributed Instruction:					
Purchased Professional Educational Services	1,800	(1,800)			
Purchased Technical Services		6,000	6,000	5,740	260
Other Purchased Services	15,900	(4,450)	11,450	9,156	2,294
General Supplies	199,165	66,016	265,181	242,037	23,144
Textbooks	20,511	45,785	66,296	56,310	9,986
Other Objects	600	1,549	2,149	1,388	761
Total	2,043,799	106,214	2,150,013	2,109,570	40,443
Special Education:					
Cognitive:					
General Supplies		207	207	176	31
Total	-	207	207	176	31
Resource Room/Center:					
Salaries of Teachers	441,687	(40,793)	400,894	400,059	835
Other Salaries for Instruction	52,829	9,609	62,438	61,139	1,299
General Supplies	2,877	6,634	9,511	5,123	4,388
Textbooks	557	(500)	57		57
Total	497,950	(25,050)	472,900	466,321	6,579

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Pre School Disabilities-Part Time:					
Salaries of Teachers	\$ 24,641	\$ 239	\$ 24,880	\$ 24,880	
Other Salaries for Instruction	5,389	598	5,987	5,987	
General Supplies	2,600	(192)	2,408	165	\$ 2,243
Total	32,630	645	33,275	31,032	2,243
Multiple Disabilities:					
Salaries of Teachers	118,906	19,698	138,604	136,230	2,374
Other Salaries for Instruction	43,423	(9,200)	34,223	32,307	1,916
Purchased Professional Educational Services	10,278	(3,000)	7,278	2,585	4,693
Other Purchased Services		3,000	3,000	530	2,470
General Supplies	9,172	1,679	10,851	5,324	5,527
Other Objects	815		815		815
Total	182,594	12,177	194,771	176,976	17,795
Total Special Education	713,174	(12,021)	701,153	674,505	26,648
Basic Skills for Remedial:					
Salaries of Teachers	100,478	15,991	116,469	114,939	1,530
General Supplies	3,514	160	3,674	3,054	620
Total	103,992	16,151	120,143	117,993	2,150
School Sponsored Co-Curricular Activities:					
Salaries	20,700		20,700	19,364	1,336
Other Purchased Services		500	500	385	115
Supplies & Materials	2,250	(500)	1,750	184	1,566
Other Objects	1,235		1,235	490	745
Total	24,185	-	24,185	20,423	3,762
School Sponsored Athletics:					
Salaries	15,651	(2,250)	13,401	8,979	4,422
Purchased Services	5,980		5,980	4,000	1,980
Supplies & Materials	2,072	2,000	4,072	4,013	59
Other Objects	600	350	950	912	38
Total	24,303	100	24,403	17,904	6,499
Total Instruction Regular	\$ 2,909,453	\$ 110,444	\$ 3,019,897	\$ 2,940,395	\$ 79,502
Undistributed Expenditures:					
Instruction Tuition:					
Private School for the Disabled Within State	\$ 45,000	\$ (36,400)	\$ 8,600	\$ 8,503	\$ 97
Other LEAs Within State-Special	3,000	400	3,400	3,359	41
Total	48,000	(36,000)	12,000	11,862	138
Health Services:					
Salaries	50,430	237	50,667	48,608	2,059
Purchased Professional and Technical Services	1,700		1,700	1,460	240
Supplies & Materials	2,190	2,327	4,517	4,517	
Total	54,320	2,564	56,884	54,585	2,299

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Other Support Services-Students-Related:					
Salaries	\$ 70,044	\$ (309)	\$ 69,735	\$ 69,735	
Purchased Professional Educational Services	41,420	(12,100)	29,320	23,410	\$ 5,910
Supplies & Materials	1,000	672	1,672	1,662	10
Total	<u>112,464</u>	<u>(11,737)</u>	<u>100,727</u>	<u>94,807</u>	<u>5,920</u>
Other Support Services-Students-Regular:					
Salaries of Other Professional Staff	61,145	948	62,093	62,093	
Purchased Professional Educational Services	2,000	(2,000)			
Other Purchased Professional and Technical Services	14,200	17,568	31,768	31,745	23
Supplies & Material	4,675	1,500	6,175	5,689	486
Total	<u>82,020</u>	<u>18,016</u>	<u>100,036</u>	<u>99,527</u>	<u>509</u>
Other Support Services-Students-Special:					
Salaries of Other Professional Staff	199,555	(1,045)	198,510	198,510	
Salaries of Secretarial & Clerical Assistants	38,640	500	39,140	39,020	120
Purchased Professional Education Services	7,500	(7,500)			
Other Purchased Professional Technical Services	6,000	(1,205)	4,795	4,795	
Miscellaneous Purchased Services	2,468	1,468	3,936	2,999	937
Supplies & Materials	4,100	2,065	6,165	6,131	34
Other Objects	650	2	652	652	
Total	<u>258,913</u>	<u>(5,715)</u>	<u>253,198</u>	<u>252,107</u>	<u>1,091</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	12,000		12,000	10,399	1,601
Purchased Professional Educational Services	8,000	(8,000)			
Other Purchased Services	34,800		34,800	32,310	2,490
Supplies & Materials	16,500	(6,000)	10,500	3,836	6,664
Total	<u>71,300</u>	<u>(14,000)</u>	<u>57,300</u>	<u>46,545</u>	<u>10,755</u>
Instructional Staff Training Services:					
Other Salaries	4,770	3,300	8,070	2,945	5,125
Purchased Professional Educational Services	10,000	(1,700)	8,300	7,762	538
Other Purchased Services	5,000	600	5,600	5,459	141
Supplies and Materials	3,000	2,900	5,900	3,375	2,525
Total	<u>22,770</u>	<u>5,100</u>	<u>27,870</u>	<u>19,541</u>	<u>8,329</u>
Educational Media Service/School Library:					
Salaries	124,000	(5,991)	118,009	117,717	292
Purchased Professional and Technical Services	2,290		2,290	2,037	253
Other Purchased Services	1,000	(500)	500	183	317
Supplies & Materials	4,225	5,740	9,965	9,609	356
Total	<u>131,515</u>	<u>(751)</u>	<u>130,764</u>	<u>129,546</u>	<u>1,218</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current (cont'd)					
Support Services General Administration:					
Salaries	\$ 190,854	\$ (8,989)	\$ 181,865	\$ 181,865	
Legal Services	20,000	(5,000)	15,000	8,484	\$ 6,517
Audit Fees	14,000	2,000	16,000	13,750	2,250
Other Purchased Professional Services	5,000	12,250	17,250	17,237	13
Purchased Technical Services	1,700	(1,000)	700		700
Communications & Telephone	10,000	1,500	11,500	6,709	4,791
Board of Education Other Purchased Services	9,000	(5,000)	4,000	2,101	1,899
Other Purchased Services	35,100	(15,030)	20,070	17,456	2,614
General Supplies	13,000	(8,700)	4,300	1,684	2,616
Board of Ed In-House Training/Meeting Supplies	2,919		2,919	498	2,421
Judgments		1,515	1,515	1,515	
Board of Education Membership Dues & Fees	9,000		9,000	6,908	2,092
Total	310,573	(26,454)	284,119	258,207	25,913
Support Services School Administration:					
Salaries of Principal & Assistant Principal	93,600	450	94,050	94,050	
Salaries of Secretarial & Clerical Assistants	41,765	9,290	51,055	50,723	332
Other Purchased Services	2,000		2,000	20	1,980
Supplies & Materials	7,585	(2,721)	4,864	1,955	2,909
Other Objects	2,565	(1,000)	1,565		1,565
Total	147,515	6,019	153,534	146,748	6,786
Central Services:					
Salaries	171,690	1,945	173,635	173,635	
Purchased Technical Services	2,500	(2,348)	152		152
Miscellaneous Purchased Services	5,500	(489)	5,011	3,100	1,911
Supplies & Materials	8,800	(4,608)	4,192	4,192	
Miscellaneous Expenditures	2,500		2,500	1,690	810
Total	190,990	(5,500)	185,490	182,617	2,873
Other Operation & Maintenance Services:					
Salaries	227,598	300	227,898	227,898	
Purchased Professional & Technical Services	102,422	(23,257)	79,165	68,168	10,997
Cleaning Repair & Maintenance Services	47,500	67,787	115,287	85,839	29,448
Insurance	31,500	(5,714)	25,786	25,199	587
Miscellaneous Purchased Services	3,000		3,000	427	2,573
General Supplies	30,000	6,973	36,973	36,310	663
Energy (Heat & Electricity)	160,000		160,000	157,124	2,876
Other Objects	500	600	1,100	1,060	40
Total	602,520	46,689	649,209	602,025	47,184
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	25,770	49,300	75,070	47,910	27,160
Total	25,770	49,300	75,070	47,910	27,160

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transportation Services:					
Salaries (Between Home & School) Regular	\$ 15,792	\$ 76	\$ 15,868	\$ 15,868	
Cont Services (Between Home & School)- Joint Agreement	412,000	(18,711)	393,289	362,150	\$ 31,139
Cont Services (Other Than Between Home & School)-Vendors	10,000		10,000	5,778	4,222
Contracted Services (Special Education Students)-ESCS & CTSAS	26,741	(20,076)	6,665		6,665
Total	<u>464,533</u>	<u>(38,711)</u>	<u>425,822</u>	<u>383,796</u>	<u>42,026</u>
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	72,460		72,460	63,964	8,496
PERS Retirement Contributions	41,000	482	41,482	41,482	
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	40,000	(482)	39,518	34,181	5,337
Tuition Reimbursement	20,000	5,000	25,000	15,000	10,000
Health Benefits	820,000	(203,201)	616,799	573,730	43,069
Other Employee Benefits	37,000	43,201	80,201	65,413	14,788
Total	<u>1,035,460</u>	<u>(160,000)</u>	<u>875,460</u>	<u>793,770</u>	<u>81,690</u>
On-Behalf TPAF Pension Contribution				211,070	(211,070)
Reimbursed TPAF Social Security Contribution				231,962	(231,962)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>443,032</u>	<u>(443,032)</u>
Total Undistributed Expenditures	<u>\$ 3,558,663</u>	<u>\$ (171,180)</u>	<u>\$ 3,387,483</u>	<u>\$ 3,566,625</u>	<u>\$ (179,142)</u>
TOTAL CURRENT	<u>\$ 6,468,116</u>	<u>\$ (60,736)</u>	<u>\$ 6,407,380</u>	<u>\$ 6,507,020</u>	<u>\$ (99,640)</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5		\$ 47,010	\$ 47,010	\$ 47,010	
Undistributed Expenditures-Instruction		23,990	23,990	23,990	
Total	<u>\$ -</u>	<u>71,000</u>	<u>71,000</u>	<u>71,000</u>	<u>\$ -</u>
Facilities Acquisition & Construction Services:					
Purchased Professional & Technical Services		39,826	39,826		39,826
Construction Services		94,450	94,450		94,450
Miscellaneous Expenditures		1,174	1,174		1,174
Total		<u>135,450</u>	<u>135,450</u>		<u>135,450</u>
TOTAL CAPITAL OUTLAY	<u>\$ -</u>	<u>\$ 206,450</u>	<u>\$ 206,450</u>	<u>\$ 71,000</u>	<u>\$ 135,450</u>
TOTAL EXPENDITURES	<u>\$ 6,468,116</u>	<u>\$ 145,714</u>	<u>\$ 6,613,830</u>	<u>\$ 6,578,020</u>	<u>\$ 35,810</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (50,960)</u>	<u>\$ (145,714)</u>	<u>\$ (196,674)</u>	<u>\$ 308,153</u>	<u>\$ 504,827</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)-State Unemployment		(10,000)	(10,000)	(10,000)	
Operating Transfer In (Out)-Capital Projects Fund		(135,450)	(135,450)	(135,450)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(145,450)</u>	<u>(145,450)</u>	<u>(145,450)</u>	<u>-</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	\$ (50,960)	\$ (291,164)	\$ (342,124)	\$ 162,703	\$ 504,827
Fund Balances, July 1	788,886		788,886	788,886	
Fund Balances, June 30	<u>\$ 737,926</u>	<u>\$ (291,164)</u>	<u>\$ 446,762</u>	<u>\$ 951,589</u>	<u>\$ 504,827</u>
<u>Recapitulation of Excess (Deficiency) of Revenues Over (Under Expenditures)</u>					
Adjustment for Prior Year Encumbrances		\$ (125,828)	\$ (125,828)	\$ (125,828)	
Increase in Capital Reserve	\$ 1,000	180,000	181,000	184,230	\$ 3,230
Budgeted Fund Balance	<u>(51,960)</u>	<u>(345,336)</u>	<u>(397,296)</u>	<u>104,301</u>	<u>501,597</u>
TOTAL	<u>\$ (50,960)</u>	<u>\$ (291,164)</u>	<u>\$ (342,124)</u>	<u>\$ 162,703</u>	<u>\$ 504,827</u>
RECAPITULATION OF FUND BALANCE					
Reserved:					
Reserve for Encumbrances				\$ 58,525	
Capital Reserve				415,805	
Prescription Drug Reserve				20,712	
Excess Surplus					
Prior Year-Designated for 2009-2010 Budget				76,260	
Current Year-Designated for 2010-2011 Budget				<u>100,371</u>	
					\$ 671,673
Unreserved:					
Undesignated-Free				<u>279,916</u>	
					<u>279,916</u>
					951,589
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					<u>(141,519)</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 810,070</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 143,085		\$ 143,085		
TOTAL REVENUES	\$ 143,085	\$ -	\$ 143,085	\$ -	\$ -
EXPENDITURES					
Instruction:					
Other Salaries for Instruction	\$ 3,395		\$ 3,395	\$ 3,395	
General Supplies	49,750		49,750	49,750	
Totals	53,145	\$ -	53,145	53,145	\$ -
Support Services:					
Personal Services Employee Benefits	260		260	260	
Purchased Professional Educational Services	5,000		5,000	5,000	
Tuition	81,591		81,591	81,591	
Travel	3,089		3,089	3,089	
Total	89,940	-	89,940	89,940	-
TOTAL EXPENDITURES	\$ 143,085	\$ -	\$ 143,085	\$ 143,085	\$ -

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

Explanation of Differences Between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 6,886,173	\$ 143,085
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	70,025	369
State Aid Receivable Current Year	(141,519)	
Total Revenues (GAAP Basis)	\$ 6,814,679	\$ 143,454
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 6,578,020	\$ 143,085
Total Expenditures (GAAP Basis)	\$ 6,578,020	\$ 143,085

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

The special revenue fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted expenditures for specific purposes.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	IDEIA Basic	IDEIA P S	NCLB IIA	NCLB IV	REAP	Total 2009
REVENUES						
Federal Sources	\$ 81,591	\$ 3,655	\$ 10,089	\$ 693	\$ 47,057	\$ 143,085
TOTAL REVENUES	<u>\$ 81,591</u>	<u>\$ 3,655</u>	<u>\$ 10,089</u>	<u>\$ 693</u>	<u>\$ 47,057</u>	<u>\$ 143,085</u>
EXPENDITURES						
Instruction:						
Other Salaries for Instruction		\$ 3,395			\$ 47,057	\$ 3,395
Supplies			\$ 2,000	\$ 693	\$ 47,057	49,750
Totals	<u>\$ -</u>	<u>3,395</u>	<u>2,000</u>	<u>693</u>	<u>47,057</u>	<u>53,145</u>
Support Services:						
Employee Benefits		260				260
Purchased Professional Educational Services			5,000			5,000
Tuition	81,591					81,591
Travel			3,089			3,089
Total	<u>81,591</u>	<u>260</u>	<u>8,089</u>	<u>-</u>	<u>-</u>	<u>89,940</u>
TOTAL EXPENDITURES	<u>\$ 81,591</u>	<u>\$ 3,655</u>	<u>\$ 10,089</u>	<u>\$ 693</u>	<u>\$ 47,057</u>	<u>\$ 143,085</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Revenues and Other Financing Sources:	
State Sources-NJSDA Grant	\$ 90,300
Operating Transfer In	135,450
	<hr/>
Total Revenues	225,750
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	29,544
Fees & Permits	1,174
	<hr/>
Total Expenditures	30,718
	<hr/>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	195,032
	<hr/>
Fund Balance-Beginning	-
	<hr/>
Fund Balance-Ending	<u>\$ 195,032</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND
PROJECT STATUS-BUDGETARY BASIS-SEWER TREATMENT FACILITY UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant		\$ 90,300	\$ 90,300	\$ 90,300
Local Sources:				
Operating Transfer In		135,450	135,450	135,450
Total Revenues	\$ -	225,750	225,750	225,750
Expenditures and Other Financing Uses:				
Architect		3,277	3,277	4,500
Other Professional Services		26,267	26,267	40,000
Fees & Permits		1,174	1,174	1,250
Construction				180,000
Total Expenditures	-	30,718	30,718	225,750
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 195,032	\$ 195,032	\$ -

Additional Project Information:

Project Number	SDA2450-050-09-OPAE
Grant Date	07/09/09
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 225,750
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 225,750
Percentage Complete	13.61%

PROPRIETARY FUND

DETAIL STATEMENTS

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises-where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2009

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 23,223
Receivables from Other Governments:	
State	271
Federal	1,950
Inventory	2,627
Total Current Assets	28,071
Noncurrent Assets:	
Capital Assets	51,370
Less: Accumulated Depreciation	11,343
Total Noncurrent Assets	40,027
Total Assets	68,098
LIABILITIES	
Current Liabilities:	
Deferred Revenues	1,613
Total Liabilities	1,613
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	40,027
Unrestricted	26,458
TOTAL NET ASSETS	\$ 66,485

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 76,747
Daily Sales-Nonreimbursable Programs	41,557
Total Operating Revenues	118,304
Operating Expenses:	
Cost of Sales	59,463
Salaries	41,770
Employee Benefits	5,834
Purchased Services	3,220
Insurance	3,944
Management Fee	6,988
Office Expense	149
Supplies and Materials	5,177
Depreciation	3,314
Miscellaneous	137
Total Operating Expenses	129,996
Operating Income (Loss)	(11,692)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,340
Federal Sources:	
National School Lunch Program	9,785
Food Distribution Program	6,179
Interest Earned on Investments	327
Total Nonoperating Revenues (Expenses)	17,631
Change in Net Assets	5,939
Net Assets, Beginning	60,546
Net Assets, Ending	\$ 66,485

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Food Service Fund</u>
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (11,692)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	3,314
Federal Food Distribution Program	7,292
(Increase) Decrease in Inventory	(1,563)
Increase (Decrease) in Accounts Payable	(2,876)
Net Cash Provided by (Used For) Operating Activities	<u>(5,525)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,158
Federal Sources	8,477
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>9,635</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(23,665)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(23,665)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investment	327
Net Cash Flows from Investing Activities	<u>327</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,228)
Cash and Cash Equivalents, July 1, 2008	<u>42,451</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 23,223</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district for a specific purpose. Agency funds are used to account for assets held out by the school district as an agent for individuals, private organizations, other governments and/or other funds.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY FUND NET ASSETS
 JUNE 30, 2009

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 88,249	\$ 37,324	\$ 270	\$ 125,843
TOTAL ASSETS	88,249	37,324	270	125,843
LIABILITIES				
Interfund Payable Due to Student Groups		921 36,403	270	1,191 36,403
TOTAL LIABILITIES		37,324	270	37,594
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	\$ 88,249	\$ -	\$ -	\$ 88,249

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 7,567
Operating Transfer In	10,000
Investment Earnings-Interest	665
Total Additions	<u>18,232</u>
DEDUCTIONS	
Unemployment Claims	<u>990</u>
Change in Net Assets	17,242
Net Assets, Beginning of the Year	<u>71,007</u>
Net Assets, End of the Year	<u>\$ 88,249</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance 07/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/09</u>
ASSETS				
Cash & Cash Equivalents	\$ 42,358	\$ 119,276	\$ 124,310	\$ 37,324
TOTAL ASSETS	<u>\$ 42,358</u>	<u>\$ 119,276</u>	<u>\$ 124,310</u>	<u>\$ 37,324</u>
LIABILITIES				
Interfund Payable	\$ 1,312	\$ 921	\$ 1,312	\$ 921
Due to Student Groups	<u>41,046</u>	<u>118,355</u>	<u>122,998</u>	<u>36,403</u>
TOTAL LIABILITIES	<u>\$ 42,358</u>	<u>\$ 119,276</u>	<u>\$ 124,310</u>	<u>\$ 37,324</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance 07/01/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/09</u>
ASSETS				
Cash & Cash Equivalents	\$ 2,415	\$ 4,264,140	\$ 4,266,285	\$ 270
TOTAL ASSETS	<u>\$ 2,415</u>	<u>\$ 4,264,140</u>	<u>\$ 4,266,285</u>	<u>\$ 270</u>
LIABILITIES				
Interfund Payable	\$ 2,415	\$ 270	\$ 2,415	\$ 270
Payroll Deductions & Withholdings		1,832,807	1,832,807	
Net Payroll		<u>2,431,063</u>	<u>2,431,063</u>	
TOTAL LIABILITIES	<u>\$ 2,415</u>	<u>\$ 4,264,140</u>	<u>\$ 4,266,285</u>	<u>\$ 270</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2009

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/08	Issued	Retired	Balance 06/30/09
			Date	Amount					
School Additions & Renovations	12/01/02	\$ 3,370,000	07/15/09	\$ 135,000	4.30%				
			07/15/10	140,000					
			07/15/11	145,000					
			07/15/12	155,000					
			07/15/13	160,000					
			07/15/14	165,000					
			07/15/15	175,000					
			07/15/16	180,000					
			07/15/17	190,000					
			07/15/18	200,000					
			07/15/19	205,000					
			07/15/20	215,000					
		07/15/21	225,000						
		07/15/22	235,000						
			07/15/23	245,000					
						\$ 2,900,000	\$ 130,000	\$ 2,770,000	
						\$ 2,900,000	\$ -	\$ 2,770,000	

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 230,459		\$ 230,459	\$ 230,459	
Total Revenues	<u>230,459</u>	<u>\$ -</u>	<u>230,459</u>	<u>230,459</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	123,673		123,673	123,673	
Redemption of Principal	130,000		130,000	130,000	
Total Expenditures	<u>253,673</u>	<u>-</u>	<u>253,673</u>	<u>253,673</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(23,214)	-	(23,214)	(23,214)	-
Fund Balance, July 1	<u>23,214</u>		<u>23,214</u>	<u>23,214</u>	
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

CONTENTS	PAGE
FINANCIAL TRENDS	
These Schedules Contain Trend Information to Help the Reader Understand how the District's Financial Performance and Well Being have Changed Over Time.	J-1 to J-5
REVENUE CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the District's Most Significant Local Revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These Schedules Contain Trend Information to Help the Reader Assess the Affordability of the District's Current Levels of Outstanding Debt and the District's Ability to Issue Additional Debt in the Future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These Schedules Offer Demographic and Economic Indicators to Help the Reader Understand the Environment Within Which the District's Financial Activities Take Place.	J-14 to J-15
OPERATING INFORMATION	
These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

Sources: Unless Otherwise noted, the Information in these Schedules is Derived from the Comprehensive Annual Financial Reports (CAFR) for the Relevant Year. The District Implemented GASB Statement 34 in the Fiscal Year Ending June 30, 2004; Schedules Presenting District-Wide Information Include Information Beginning in That Year.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NET ASSETS BY COMPONENT
 LAST SIX FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
GOVERNMENT ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 1,387,217	\$ 2,964,799	\$ 3,044,481	\$ 3,102,255	\$ 3,065,153	\$ 3,096,762
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549
Unrestricted	245,121	295,746	204,317	325,956	329,715	230,993
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 3,093,092	\$ 3,477,158	\$ 3,412,731	\$ 3,519,503	\$ 3,673,036	\$ 3,959,304
BUSINESS-TYPE ACTIVITIES						
Invested in Capital Assets, Net of Related Debt	\$ 9,261	\$ 8,354	\$ 16,220	\$ 14,660	\$ 19,676	\$ 40,027
Unrestricted	13,800	19,496	19,166	37,444	40,870	26,458
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 23,061	\$ 27,850	\$ 35,386	\$ 52,104	\$ 60,546	\$ 66,485
DISTRICT-WIDE						
Invested in Capital Assets, Net of Related Debt	\$ 1,396,478	\$ 2,973,153	\$ 3,060,701	\$ 3,116,915	\$ 3,084,829	\$ 3,136,789
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549
Unrestricted	258,921	315,242	223,483	363,400	370,585	257,451
TOTAL DISTRICT-WIDE	\$ 3,116,153	\$ 3,505,008	\$ 3,448,117	\$ 3,571,607	\$ 3,733,582	\$ 4,025,789

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
EXPENSES						
Governmental Activities:						
Instruction:						
Regular	\$ 2,361,814	\$ 2,404,320	\$ 2,828,419	\$ 2,986,510	\$ 2,972,320	\$ 2,860,502
Special Education	665,034	708,533	760,735	909,287	887,642	924,311
Other Special Education	55,233	72,137	192,963	159,363	110,518	163,753
Other Instruction	27,496	31,117	22,195	43,235	39,985	40,133
Support Services:						
Tuition	166,617	116,905	94,606	87,071	92,732	93,453
Student & Instruction Related Services	734,735	673,794	806,694	826,592	993,344	917,081
General & Business Administrative Services	492,340	489,792	541,118	583,252	579,784	566,073
School Administration	175,965	183,859	161,277	164,504	196,671	199,006
Plant Operations & Maintenance	528,664	497,517	659,048	646,411	751,938	715,260
Pupil Transportation	377,566	401,435	396,409	414,770	420,074	388,638
Interest on Long-Term Debt	157,508	144,238	139,614	134,598	129,607	124,414
Total Governmental Activities Expenses	<u>5,742,972</u>	<u>5,723,647</u>	<u>6,603,078</u>	<u>6,955,593</u>	<u>7,174,615</u>	<u>6,992,624</u>
Business-Type Activities:						
Food Services	119,421	124,638	126,298	120,009	124,557	129,996
Total Business-Type Activities	<u>119,421</u>	<u>124,638</u>	<u>126,298</u>	<u>120,009</u>	<u>124,557</u>	<u>129,996</u>
TOTAL DISTRICT EXPENSES	<u>\$ 5,862,393</u>	<u>\$ 5,848,285</u>	<u>\$ 6,729,376</u>	<u>\$ 7,075,602</u>	<u>\$ 7,299,172</u>	<u>\$ 7,122,620</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SIX FISCAL YEARS
(ACCURAL BASIS OF ACCOUNTING)
(Continued)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
PROGRAM REVENUES						
Governmental Activities:						
Operating Grants & Contributions	\$ 173,532	\$ 164,237	\$ 177,887	\$ 168,374	\$ 166,764	\$ 143,454
Capital Grants & Contributions	940,576	176,358	52,907			90,300
Total Governmental Activities	<u>1,114,108</u>	<u>340,595</u>	<u>230,794</u>	<u>168,374</u>	<u>166,764</u>	<u>233,754</u>
Business-Type Activities:						
Charges for Services:						
Food Service	102,581	106,330	105,248	115,995	112,707	118,304
Operating Grants & Contributions	20,073	18,086	19,430	19,133	18,855	17,304
Total Business-Type Activities	<u>122,654</u>	<u>124,416</u>	<u>124,678</u>	<u>135,128</u>	<u>131,562</u>	<u>135,608</u>
TOTAL DISTRICT-PROGRAM REVENUES	\$ 1,236,762	\$ 465,011	\$ 355,472	\$ 303,502	\$ 298,326	\$ 369,362
NET (EXPENSE) REVENUES						
Governmental Activities	\$ (4,628,864)	\$ (5,383,052)	\$ (6,372,284)	\$ (6,787,219)	\$ (7,007,851)	\$ (6,758,870)
Business-Type Activities	3,233	(222)	(1,620)	15,119	7,005	5,612
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (4,625,631)	\$ (5,383,274)	\$ (6,373,904)	\$ (6,772,100)	\$ (7,000,846)	\$ (6,753,258)
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS						
Governmental Activities						
Property Taxes Levied for General Purposes, Net	\$ 3,600,316	\$ 3,630,501	\$ 4,286,709	\$ 4,564,642	\$ 4,774,618	\$ 4,940,603
Taxes Levied for Debt Service	327,145	402,771	248,939	253,953	253,773	230,459
Unrestricted Grants & Contributions	1,811,746	1,713,780	1,724,140	1,979,993	2,063,848	1,837,400
Tuition Income	4,290	6,384	650	2,000		2,000
Investment Earnings	33,424	27,318	45,546	78,995	62,418	26,623
Miscellaneous Income	21,706	1,364	3,272	14,408	6,727	8,053
Operating Transfer	(13,535)	(15,000)	(9,118)			
Loss on Sale of Assets			(2,529)			
Total Governmental Activities	<u>5,785,092</u>	<u>5,767,118</u>	<u>6,297,609</u>	<u>6,893,991</u>	<u>7,161,384</u>	<u>7,045,138</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 CHANGES IN NET ASSETS
 LAST SIX FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (Continued)

	Fiscal Year Ending June 30.					
	2004	2005	2006	2007	2008	2009
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)						
Business-Type Activities:						
Investment Earnings	\$ 16	\$ 11	\$ 38	\$ 1,599	\$ 1,437	\$ 327
Transfers	8,535	5,000	9,118			
Total Business-Type Activities	<u>8,551</u>	<u>5,011</u>	<u>9,156</u>	<u>1,599</u>	<u>1,437</u>	<u>327</u>
TOTAL DISTRICT-WIDE	<u>\$ 5,793,643</u>	<u>\$ 5,772,129</u>	<u>\$ 6,306,765</u>	<u>\$ 6,895,590</u>	<u>\$ 7,162,821</u>	<u>\$ 7,045,465</u>
CHANGE IN NET ASSETS						
Governmental Activities	\$ 1,156,228	\$ 384,066	\$ (74,675)	\$ 106,772	\$ 153,533	\$ 286,268
Business-Type Activities	11,784	4,789	7,536	16,718	8,442	5,939
TOTAL DISTRICT	<u>\$ 1,168,012</u>	<u>\$ 388,855</u>	<u>\$ (67,139)</u>	<u>\$ 123,490</u>	<u>\$ 161,975</u>	<u>\$ 292,207</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 FUND BALANCES, GOVERNMENTAL FUNDS,
 LAST SIX FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30,					
	2004	2005	2006	2007	2008	2009
General Fund:						
Reserved	\$ 143,293	\$ 347,641	\$ 349,998	\$ 353,192	\$ 509,002	\$ 671,673
Unreserved	263,811	96,967	76,793	197,118	209,859	138,397
Total General Fund	<u>\$ 407,104</u>	<u>\$ 444,608</u>	<u>\$ 426,791</u>	<u>\$ 550,310</u>	<u>\$ 718,861</u>	<u>\$ 810,070</u>
All Other Governmental Funds:						
Unreserved, Reported In:						
Special Revenue Fund	\$ (371)	\$ (409)	\$ (369)	\$ (369)	\$ (369)	
Capital Projects Fund	1,446,788	226,823	101,372		23,214	\$ 195,032
Debt Service Fund	9,006	4,433		23,214	23,214	
Total All Other Governmental Funds	<u>\$ 1,455,423</u>	<u>\$ 230,847</u>	<u>\$ 101,003</u>	<u>\$ 22,845</u>	<u>\$ 22,845</u>	<u>\$ 195,032</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Tax Levy	\$ 2,733,794	\$ 3,235,866	\$ 3,271,268	\$ 3,490,039	\$ 3,927,461	\$ 4,033,272	\$ 4,535,648	\$ 4,818,595	\$ 5,028,391	\$ 5,171,062
Tuition Charges				6,200	4,260	6,384	650	2,000		2,000
Interest Earnings	9,405	19,634	6,460	25,982	78,995	27,318	45,546	78,995	62,418	26,623
Miscellaneous	22,428	4,851	7,698	9,785	22,963	2,364	3,272	14,408	6,727	8,053
State Sources	1,513,964	1,564,074	1,645,157	1,646,086	2,764,721	1,901,663	1,789,166	1,988,378	2,071,599	1,928,069
Federal Sources	68,637	71,853	97,770	119,500	159,876	151,722	185,768	159,989	159,013	143,085
Total Revenues	4,348,158	4,898,278	4,928,553	5,200,552	6,917,735	6,122,713	6,540,050	7,052,365	7,328,148	7,278,892
Expenditures										
Instruction										
Regular Instruction	1,385,120	1,372,183	1,454,556	1,499,723	1,768,421	1,753,443	2,054,543	2,110,996	2,117,630	2,109,570
Special Education Instruction	432,828	487,340	387,576	393,713	491,253	544,941	561,276	646,805	630,637	674,505
Other Special Instruction	30,529	33,822	35,814	56,998	38,829	42,900	109,037	91,000	117,993	117,993
Other Instruction	24,753	22,744	20,587	27,840	23,460	31,117	22,195	37,337	38,197	38,327
Support Services										
Tuition	85,720	152,695	108,683	54,911	98,379	44,350	14,106	6,048	9,940	11,862
Student & Inst Related Services	331,399	395,177	492,776	592,969	565,743	521,324	603,434	598,597	728,664	686,658
General Administration	164,948	210,148	221,277	258,452	265,634	262,545	286,799	283,407	246,025	258,207
School Administration Services	115,601	123,909	125,484	127,742	130,413	134,582	125,706	122,990	145,230	146,748
Central Services	78,864	89,219	119,267	130,659	149,659	143,065	161,839	166,970	168,365	162,617
Admin Information Technology										
Plant Operations & Maintenance	271,389	285,810	281,434	345,164	470,178	443,129	608,778	618,872	688,313	649,935
Pupil Transportation	295,017	337,975	377,131	356,308	377,192	395,077	382,059	412,520	415,302	383,796
Employee Benefits	426,059	420,211	483,708	616,475	665,638	664,962	825,902	820,290	807,103	793,770
On-Behalf TPAF Pension & Soc Sec Contributions	189,139	208,620	166,776	218,972	270,179	283,671	342,826	576,030	605,283	443,032
Capital Outlay	166,788	173,919	194,349	39,384	7,907	19,881	19,881	16,900	37,828	71,000
Capital Projects				345,370	2,574,083	1,405,901	118,993	80,912	166,764	30,718
Special Revenue Funds	98,018	105,342	128,434	148,318	172,543	164,275	177,847	168,377	166,764	143,085
Debt Service										
Principal	250,000	248,000	200,000	200,000	200,000	310,000	115,000	120,280	125,000	130,000
Interest & Other Charges	78,951	61,488	46,200	33,003	178,171	149,473	138,372	133,673	128,773	123,673
Total Expenditures	4,423,133	4,728,602	4,854,082	5,449,018	8,447,882	7,294,785	6,668,593	7,012,004	7,149,597	7,065,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,975)	167,676	74,471	(248,426)	(1,534,847)	(1,172,072)	(128,543)	50,361	178,551	273,396
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	60,979			26,370						
Proceeds from Bond Issue				3,370,000						
Transfers Out	(3,000)		(3,000)	(14,500)	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)
Total Other Financing Sources (Uses)	57,979		(3,000)	3,381,870	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)
Net Change in Fund Balances	(16,996)	\$ 167,676	\$ 71,471	\$ 3,133,444	\$ (1,548,482)	\$ (1,187,072)	\$ (147,661)	\$ 45,361	\$ 168,551	\$ 263,396
Debt Service as a Percentage of Non-capital Expenditures	8.38%	7.29%	5.56%	4.82%	8.2%	8.46%	4.04%	3.81%	3.70%	3.61%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay
Central Service and Administrative Information Technology account classifications were added beginning with year end June 30, 2005
Prior to June 30, 2005 Central Service and Administrative Information Technology were combined in Other Support Services and Other Support Services

KINGWOOD TOWNSHIP SCHOOL DISTRICT
GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Interest Income	\$ 9,325	\$ 19,634	\$ 6,460	\$ 4,160	\$ 5,459	\$ 17,740	\$ 45,546	\$ 76,521	\$ 62,418	\$ 26,623
Tuition				6,200	4,290	6,384	650	2,000		2,000
Building Use Fees			1,400	1,868	4,917	210		6,025	5,082	5,051
Insurance Rebates				309						
Prior Year Refunds	3,063	1,015	3,310	4,179	2,442	990		7,430	85	135
Accounts Payable Cancelled			549	2,066			1,722		1,246	2,210
Donations	3,432									
Miscellaneous Other	14	136	70	327	218	80		254		657
State of New Jersey-Unclaimed Property					10,120					
Insurance Recovery	10,000									
Sale of Surplus Equipment		25								
Balances Cancelled	1,003							416		
Miscellaneous Refunds	567	1,358	86	152					314	
Book Fines		656	304	396	1,521					
Payroll Excess-Prior Years	4,349		226				1,000			
Outstanding Checks Voided		137		469	2,488	84	550			
Annual Totals	\$ 31,753	\$ 22,961	\$ 12,405	\$ 20,126	\$ 31,455	\$ 25,488	\$ 49,468	\$ 92,646	\$ 69,145	\$ 36,676

Source: District Records

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Vacant Land	\$ 12,414,800	\$ 11,791,200	\$ 11,478,100	\$ 11,426,300	\$ 10,409,379	\$ 9,292,379	\$ 9,344,079	\$ 29,392,700	\$ 28,977,700	\$ 24,913,500
Residential	191,445,700	202,777,200	207,568,000	217,302,400	223,549,850	232,456,100	236,095,900	486,985,900	490,067,000	494,471,800
Farm Regular	56,801,400	59,001,350	60,714,900	61,848,500	62,229,900	62,830,700	63,625,900	124,369,300	123,850,000	125,078,000
Q Farm	3,485,972	3,465,447	3,527,167	3,481,121	3,504,032	3,476,438	15,775,698	6,256,967	5,970,400	5,910,000
Commercial	15,241,195	15,412,470	15,813,395	15,854,095	15,903,295	16,010,415	16,010,415	36,682,000	34,335,100	40,870,300
Industrial	7,843,500	8,325,610	8,325,610	8,325,610	8,325,610	8,325,610	8,840,610	11,539,200	11,539,200	10,401,900
Apartment	1,439,000	1,210,500	1,210,500	1,210,500	1,210,500	1,210,500	1,210,500	2,262,500	2,262,500	2,262,500
Total Assessed Value	288,671,567	301,983,777	308,637,672	319,448,526	325,132,566	333,602,142	350,903,102	697,488,567	697,001,900	704,908,000
Public Utilities (a)	1,481,251	1,510,381	1,412,208	1,082,559	1,040,047	947,193	947,193	1,622,202	1,545,883	1,359,500
Net Valuation Taxable	\$ 290,152,818	\$ 303,494,158	\$ 310,049,680	\$ 320,531,085	\$ 326,172,613	\$ 334,549,335	\$ 351,850,295	\$ 699,110,769	\$ 698,547,783	\$ 706,267,500
Estimated Actual County Equalized Value	\$ 297,797,785	\$ 337,125,515	\$ 412,949,466	\$ 464,207,484	\$ 508,082,317	\$ 577,613,171	\$ 615,263,836	\$ 716,228,633	\$ 717,447,587	\$ 704,115,651
Percentage of Net Valuation to Estimated Actual County Equalized Value	97.43%	90.02%	75.08%	69.05%	64.20%	57.92%	57.19%	97.61%	97.37%	100.31%
Total Direct School Tax Rate (b)	\$ 1.117	\$ 1.078	\$ 1.127	\$ 1.226	\$ 1.237	\$ 1.355	\$ 1.369	\$ 0.719	\$ 0.740	\$ 0.750

*

Source: Municipal Tax Assessor

NOTE

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

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

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

KINGWOOD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate (From J-6)										Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Service (b)		Direct School Tax Rate	Regional School Debt	Overlapping Rates			Fire District		
		\$				\$	Municipality	County			
2000	1.039	0.078	0.078	1.117	0.555	0.114	0.484				2.27
2001	1.017	0.061	0.061	1.078	0.591	0.121	0.510				2.30
2002	1.071	0.056	0.056	1.127	0.611	0.189	0.603				2.53
2003	1.124	0.102	0.102	1.226	0.640	0.189	0.625				2.68
2004	1.113	0.124	0.124	1.237	0.708	0.219	0.636				2.80
2005	1.282	0.074	0.074	1.356	0.758	0.314	0.652				3.08
2006	1.296	0.073	0.073	1.369	0.786	0.300	0.620				3.08
2007	0.683	0.036	0.036	0.719	0.386	0.174	0.341				1.62
2008	0.707	0.033	0.033	0.740	0.393	0.190	0.335				1.66
2009	0.714	0.036	0.036	0.750	0.413	0.188	0.342				1.69

Sources: Municipal Tax Collector

NOTE: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

* Revalued/Reassessed

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS,
 CURRENT YEAR AND NINE YEARS AGO

	2009			2000		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Buckeye Pipeline Co	\$ 10,414,400	1	1.47%	\$ 2,931,500	2	1.01%
Horseshoe Bend LLC	4,919,200	2	0.70%			
Route 12 Business Park LLC	4,464,500	3	0.63%			
Magnesium Elektron Inc	3,699,500	4	0.52%	3,768,400	1	1.30%
Lutz Welding & Fabricating Inc	3,279,100	5	0.46%	1,608,100	4	0.55%
869 Associates LLC	2,700,000	6	0.38%			
Frenchtown Run LLC	2,500,000	7	0.35%			
Individual Property Owner	1,833,400	8	0.26%	2,100,000	3	0.72%
Individual Property Owner	1,760,300	9	0.25%	737,900	7	0.25%
Individual Property Owner	1,748,200	10	0.25%	614,900	9	0.21%
United Telephone Co of NJ				1,428,645	5	0.49%
Razberry's				743,900	6	0.26%
Kingston Trap Rock				670,500	8	0.23%
Embassy of Our Lord Jesus Christ				345,000	10	0.12%
	<u>\$ 37,318,600</u>		<u>5.28%</u>	<u>\$ 14,948,845</u>		<u>5.15%</u>

Source: Municipal Tax Assessor

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
1999	\$ 5,978,231	\$ 5,817,298	97.31%
2000	6,847,029	6,659,172	97.26%
2001	7,142,775	6,944,962	97.23%
2002	8,106,258	7,847,809	96.81%
2003	8,759,756	8,511,868	97.17%
2004	9,341,808	8,995,984	96.30%
2005	10,365,736	10,032,517	96.79%
2006	11,482,594	10,736,432	93.50%
2007	11,426,531	11,075,341	96.93%
2008	11,742,295	11,327,917	96.47%

Sources: District records including the Certificate and Report of School Taxes (A4F form)

(a) School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 RATIOS OF OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2000	\$ 1,048,000		\$ 60,155			\$ 1,108,155	0.61%	\$ 293
2001	800,000		49,807			849,807	0.42%	224
2002	600,000		64,943			664,943	0.32%	172
2003	3,770,000		23,818			3,793,818	1.74%	972
2004	3,570,000		3,403			3,573,403	1.59%	906
2005	3,260,000					3,260,000	1.41%	824
2006	3,145,000					3,145,000	1.36%	793
2007	3,025,000					3,025,000	1.21%	759
2008	2,900,000					2,900,000	1.09%	723
2009	2,770,000					2,770,000	N/A	688

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

- (a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding

N/A Information is not available

KINGWOOD TOWNSHIP SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2000	\$ 1,048,000		\$ 1,048,000	0.36%	\$ 276
2001	800,000		800,000	0.26%	207
2002	600,000		600,000	0.19%	154
2003	3,770,000		3,770,000	1.18%	956
2004	3,570,000		3,570,000	1.09%	902
2005	3,260,000		3,260,000	0.97%	822
2006	3,145,000		3,145,000	0.89%	789
2007	3,025,000		3,025,000	0.43%	755
2008	2,900,000		2,900,000	0.42%	720
2009	2,770,000		2,770,000	0.39%	688

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

- (a) See Exhibit NJ J-6 for property tax data.
- (b) Population data can be found in Exhibit J-14.
Revalued / Reassessed

KINGWOOD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008

GOVERNMENTAL UNIT	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
Municipality	\$ 3,896,285	100.00	\$ 3,896,285
Regional High School	5,284,000	24.98	1,320,064
County General Obligation Debt	123,537,841	2.86	3,535,029
Subtotal, Overlapping Debt			8,751,378
School District Direct Debt			2,770,000
Total Direct and Overlapping Debt			\$ 11,521,378

Sources: Assessed Value Data Used to Estimate Applicable Percentages
 Provided by the County Board of Taxation. Debt Outstanding Data
 Provided by Each Governmental Unit.

Note: Overlapping Governments are those that Coincide, at least in Part, with the Geographic Boundaries of the District. This Schedule Estimates the Portion of the Outstanding Debt of Those Overlapping Governments that is Borne by the Residents and Businesses of the Municipality. This Process Recognizes that, when Considering the District's Ability to Issue and Repay Long-Term Debt, the Entire Debt Burden Borne by the Residents and Businesses Should be Taken into Account. However this Does Not Imply that Every Taxpayer is a resident, and Therefore Responsible for Repaying the Debt, of Each Overlapping Payment.

(a) For Debt Repaid with Property Taxes, the Percentage of Overlapping Debt Applicable is Estimated Using Taxable Assessed Property Values. Applicable Percentages were Estimated by Determining the Portion of Another Governmental Unit's Taxable Value that is Within the District's Boundaries and Dividing it by Each Unit's Total Taxable Value.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2009

Equalized Valuation Basis	
2008	\$ 712,172,558
2007	706,460,617
2006	652,581,366
	<u>\$ 2,081,214,561</u>
	<u>\$ 693,738,167</u>
	\$ 20,812,146 (a)
	<u>2,770,000</u>
	<u>\$ 18,042,146</u>

Average Equalized Valuation of Taxable Property

Debt Limit (3.0% of Average Equalization Value)
 Total Net Debt Applicable to Limit

Legal Debt Margin

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 8,092,862	\$ 8,423,167	\$ 9,106,300	\$ 10,263,063	\$ 11,869,061	\$ 13,776,118	\$ 15,816,621	\$ 17,873,663	\$ 19,641,225	\$ 20,812,146
Total Net Debt Applicable	1,048,000	800,000	600,000	4,940,121	3,799,545	3,312,907	3,145,280	3,025,000	2,900,000	2,770,000
Legal Debt Margin	\$ 7,044,862	\$ 7,623,167	\$ 8,506,300	\$ 5,322,942	\$ 8,068,516	\$ 10,465,211	\$ 12,671,341	\$ 14,848,663	\$ 16,741,225	\$ 18,042,146
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.95%	9.50%	6.59%	48.13%	32.01%	24.04%	19.89%	16.92%	14.76%	13.31%

Source Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey
 Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)		Personal Income (b)		Per Capita Personal Income (c)		Unemployment Rate (d)
		\$		\$			
2000	3,799		200,834,135		52,865		2.5%
2001	3,863		210,688,020		54,540		3.1%
2002	3,907		217,912,925		55,775		5.3%
2003	3,947		225,026,364		57,012		5.7%
2004	3,963		231,340,125		58,375		4.7%
2005	3,971		237,517,423		59,813		3.4%
2006	3,993		255,927,342		64,094		3.8%
2007	4,020		N/A		N/A		3.3%
2008	4,020		N/A		N/A		N/A
2009	4,020		N/A		N/A		N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

N/A Information is not available

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2008			1999		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

KINGWOOD TOWNSHIP SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
FUNCTION/PROGRAM										
Instruction:										
Regular	29.0	30.0	31.0	32.0	31.0	31.5	32.0	32.0	32.0	32.0
Special Education	10.0	9.0	7.0	6.0	9.0	10.0	10.0	11.0	10.0	10.0
Other Special Education										
Vocational										
Other Instruction-Aides	3.0	3.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0	5.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services										
Student and Instruction Related Services	5.8	6.0	5.4	7.2	7.2	7.7	9.6	9.8	10.8	10.8
General Administration	2.0	2.0	1.9	1.9	1.9	1.9	2.4	2.4	2.0	2.0
School Administration Services	2.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.4	2.4
Other Administrative Services										
Central Services	2.0	2.0	2.0	2.0	2.5	3.0	2.3	2.3	2.3	2.3
Administrative Information Technology										
Plant Operations and Maintenance	3.0	3.0	4.0	6.2	6.6	6.0	6.0	6.0	6.0	6.0
Pupil Transportation			0.1	0.1	0.1	0.1	0.3	0.3	0.3	0.3
Other Support Services										
Special Schools										
Food Service										
Child Care										
Total	56.8	57.0	56.4	61.4	64.8	66.7	69.1	70.3	70.8	70.8

Sources: District Personnel Records

KINGWOOD TOWNSHIP SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2000	455	\$ 3,927,394	\$ 8,446	3.77%	46.0	1 to 10.11	451.5	430.8	-4.10%	95.42%
2001	449	4,245,195	9,455	11.94%	48.0	1 to 9.35	451.0	432.7	-0.11%	95.94%
2002	447	4,413,533	9,874	4.43%	48.0	1 to 9.31	440.5	419.0	-2.33%	95.12%
2003	460	4,831,264	10,503	6.37%	48.0	1 to 9.58	460.0	441.4	4.43%	95.96%
2004	485	5,487,521	11,314	7.73%	50.0	1 to 9.70	483.0	463.5	5.00%	95.96%
2005	511	5,429,411	10,625	-6.08%	51.0	1 to 10.20	507.5	487.1	5.07%	95.98%
2006	490	6,276,347	12,809	20.55%	51.8	1 to 9.46	486.0	466.9	-4.24%	96.07%
2007	488	6,660,239	13,648	6.55%	51.8	1 to 9.46	487.0	466.3	0.21%	95.75%
2008	463	6,857,996	14,812	8.53%	50.8	1 to 9.11	461.1	442.3	-5.32%	95.92%
2009	456	6,650,105	14,584	-1.54%	50.8	1 to 10.06	454.0	436.0	-1.54%	95.04%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS)

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

DISTRICT BUILDING	2000	2001	2002	2003	2004	2005	2005	2006	2007	2008	2009
Elementary (1948)											
Square Feet	56,116	56,116	56,116	56,116	56,116	69,166	69,166	69,166	69,166	69,166	69,166
Capacity (Students)	424.0	424.0	424.0	424.0	424.0	607.0	607.0	607.0	607.0	607.0	607.0
Enrollment	451.5	451.0	440.5	460.0	483.0	507.5	486.0	488.0	463.0	456.0	456.0

Number of Schools at June 30, 2009

Elementary	1
Middle School	0
High School	0
Other	0

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST NINE FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	Amount	Total
2001	\$ 50,261	\$ 50,261
2002	57,751	57,751
2003	51,167	51,167
2004	32,443	32,443
2005	33,249	33,249
2006	108,100	108,100
2007	63,723	63,723
2008	77,937	77,937
2009	47,910	47,910
	<u>522,541</u>	<u>522,541</u>
Total School Facilities	<u>\$ 522,541</u>	<u>\$ 522,541</u>

* School Facilities as Defined Under EFCFA,
(NJAC 6A:26-1.2 and NJAC 6A:26A-1.3)

Source: District Records

KINGWOOD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2009
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ School Boards Assoc:		
Property-Blanket Building & Contents (Policy Limit)	\$11,350,337,221	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	
Comprehensive Automobile Liability (Policy Limit)	16,000,000	
Boiler & Machinery-NJ School Boards Assoc:		
Property Damage	100,000,000	1,000
Umbrella Liability-NJ School Boards Assoc:		
Umbrella Policy	5,000,000	
School Board Legal Liability-NJ School Boards Assoc:		
Directors and Officers Policy	16,000,000	5,000
Worker's Compensation-NJ School Boards Assoc:		
Per Accident, Disease and Disease Limit	2,000,000	
Public Employees' Faithful Performance-NJ School Boards Assoc:		
Blanket Position Bond	25,000	500
Treasurer of School Monies Bond	250,000	1,000
School Board Secretary Bond	250,000	1,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

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

July 17, 2009

Honorable President and
Members of the Board of Education
Kingwood Township School District
County of Hunterdon, New Jersey

I have audited the financial statements of the Board of Education of the Kingwood School District in the County of Hunterdon as of and for the year ended June 30, 2009, and have issued my report thereon dated July 17, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Board of Education's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Board of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of the management of the Board of Education and federal and state awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



William M. Colantano, Jr.
Public School Accountant
No. CS 0128

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
NEW JERSEY OMB CIRCULAR 04-04

July 17, 2009

Honorable President and
Members of the Board of Education
Kingwood Township School District
County of Hunterdon, New Jersey

Compliance

I have audited the compliance of the Board of Education of the Kingwood School District in the County of Hunterdon, with the types of compliance requirements described in the US Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and New Jersey OMB's Circular 04-04 that are applicable to its major federal and state programs for the year ended June 30, 2009. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Board of Education's management. My responsibility is to express an opinion on the Board of Education's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 04-04 "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid;" and OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Those Standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In my opinion the Board of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of the Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing my audit I considered the Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state programs in order to determine my audit procedures for the purpose of expressing my opinion on compliance but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Education, the New Jersey State Department of Education (the cognizant audit agency) and other state and federal awarding agencies and is not intended to be and should not be used by anyone other than those specified parties.


William M. Colantano, Jr.
Public School Accountant
No. CS 0128

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2008 (Accr Rec) Del Revenue	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Accounts Receivable	Balance June 30, 2009 Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education Special Revenue Fund NCLB Title II A	84 367A	NCLB- 245009	\$ 10,089	09/01/08- 8/31/2009	-	-	\$ 8,095	\$ 10,089	-	-	\$ (1,994)	-	-
NCLB Title IV	84 186A	NCLB- 245009	693	09/01/08- 8/31/2009	-	-	648	693	-	-	(45)	-	-
Rural Education Achievement Program	84 358B	S-359AO 81011	47,057	09/01/08- 8/31/2009	-	-	47,057	47,057	-	-	-	-	-
IDEIA Basic	84 027	IDEIA- 245009	81,591	07/01/08- 9/30/2008	-	-	81,591	81,591	-	-	-	-	-
IDEIA Pre-School	84 173	IDEIA- 245009	3,655	09/01/08- 8/31/2009	-	-	3,118	3,655	-	-	(537)	-	-
Total Special Revenue Fund							\$ 140,509	\$ 143,085	\$ -	\$ -	\$ (2,576)	\$ -	\$ -
US Department of Agriculture Passed Through State Department of Education Enterprise Fund	10 550	N/A	7,675	07/01/2007- 6/30/2008	501	-	-	501	-	-	-	-	-
Food Distribution Program	10 550	N/A	7,292	07/01/2008- 6/30/2009	-	-	7,292	5,679	-	-	-	1,613	-
National School Lunch Program	10 555	N/A	9,603	07/01/2007- 6/30/2008	(643)	-	643	-	-	-	-	-	-
National School Lunch Program	10 555	N/A	9,785	07/01/2008- 6/30/2009	-	-	7,834	9,784	-	-	(1,950)	-	-
Total Enterprise Fund					(142)	-	\$ 15,769	\$ 15,964	\$ -	\$ -	\$ (1,950)	\$ 1,613	\$ -
TOTAL FEDERAL FINANCIAL ASSISTANCE					(142)	\$ -	\$ 156,278	\$ 159,049	\$ -	\$ -	\$ (4,526)	\$ 1,613	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2008 (Acct Rec) Def/Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2009		Memo	
								Accounts Receivable	Deferred Revenue	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education											
General Fund											
Transportation Aid	05-495-034	\$ 138,012	07/01/2008-6/30/2009		\$ 123,863	\$ 138,012		\$ (14,149)	\$ (14,149)	\$	\$ 138,012
Transportation Aid	-5120-014	172,785	07/01/2007-								
Core Curriculum Standards Aid	-5120-014	853,693	6/30/2008	\$ (8,588)	8,588						
Consolidated Aid	08-495-034	49,813	07/01/2007-	(42,433)	42,433						
Special Education Categorical Aid	-5120-057	241,168	6/30/2008	(2,476)	2,476						
Special Education Aid	09-495-034	250,608	07/01/2008-6/30/2009		216,443	241,168		(24,725)	(24,725)		241,168
Extraordinary Special Education Costs Aid	-5120-011	24,585	6/30/2008	(12,457)	12,457						
Extraordinary Special Education Costs Aid	05-100-034	77,539	07/01/2008-	(24,585)	24,585						
Security Aid	09-100-034	31,916	6/30/2008		52,485	77,539		(25,054)	(25,054)		77,539
Adjustment Aid	-5120-084	340,027	07/01/2008-		28,644	31,916		(3,272)	(3,272)		31,916
Equalization Aid	09-495-034	629,271	07/01/2008-		305,167	340,027		(34,860)	(34,860)		340,027
Reimbursement TPAF Social Security Contribution	-5120-078	231,962	6/30/2008		564,758	629,271		(64,513)	(64,513)		629,271
NP School Transportation	-5095-002	5,289	07/01/2007-	(5,289)	5,289						
NP School Transportation	08-495-034	4,862	07/01/2008-			4,862		(4,862)	(4,862)		4,862
Additional Formula Aid	-5120-014	81,915	6/30/2009	(4,071)	4,071						
Self Assessment Aid	-5120-058	3,067	07/01/2008-								
On-Behalf TPAF Pension Contribution-Non-Contributory Insurance	05-495-034	10,513	6/30/2009		3,067	3,067					3,067
On-Behalf TPAF Pension Contribution-Post Retirement Medical	-5095-007	200,557	07/01/2008-		16,513	16,513					16,513
Total General Fund	09-495-034	200,557	6/30/2009	(99,909)	1,837,368	1,908,894	\$	(171,435)	(171,435)	\$	1,908,894
Special Revenue Fund											
Instructional Supplement Aid	08-495-034	7,410	07/01/2007-	(371)	371						
Total Special Revenue Fund	-5120-029		6/30/2008	(371)	371						
Capital Projects Fund											
NJSDA Grant	SDA2450-050-	90,300				4,181		(90,300)	(90,300)		4,181
Total Capital Projects Fund	09-OPAE					4,181		(90,300)	(90,300)		4,181

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30 2009
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2008 (Acct Rec)	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2009			Memo		
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Agriculture Enterprise Fund													
National School Lunch Program (St Share)	08-100-010 3350-023	\$ 1,315	07/01/2007- 6/30/2008	\$ (89)	\$ 89	\$ 1,340							
National School Lunch Program (St Share)	09-100-010 -3350-023	1,340	07/01/2008- 6/30/2009	(89)	1,069	1,340							
Total Enterprise Fund					1,158	1,340							
TOTAL STATE FINANCIAL ASSISTANCE				\$ (100,369)	\$ 1,838,897	\$ 1,914,415	\$	\$ (262,006)	\$	\$	\$ (271)	\$ (271)	\$ 1,340
								\$ (262,006)				\$ (271)	\$ 1,340
								\$ (262,006)				\$ (262,006)	\$ 1,914,415

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Kingwood Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$71,494 for the general fund and \$369 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Financial assistance revenues are reported in the Board's financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,837,400	\$ 1,837,400
Special Revenue Fund	\$ 143,085	369	143,454
Capital Projects Fund		90,300	90,300
Food Service Fund	<u>15,964</u>	<u>1,340</u>	<u>17,304</u>
	<u>\$ 159,049</u>	<u>\$ 1,929,409</u>	<u>\$ 2,088,458</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2009
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2009. TPAF Social Security Contribution represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2009.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

1. Material weakness(es) identified? Yes X No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes X No

Noncompliance Material to General Purpose Financial Statements Noted? Yes X No

Federal Awards

NOT APPLICABLE

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes No

2. Reportable conditions identified that are not considered to be material weaknesses? Yes No

Type of Auditor's Report Issued on Compliance for Major Programs? _____

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section .510 (a) of Circular A-133 Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
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KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd)

NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

Auditee qualified as a low-risk auditee

_____ Yes _____ No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs:

_____ \$ 300,000 _____

Auditee Qualified as low-risk auditee

X Yes _____ No

Type of Auditor's Report Issued on Compliance
for Major Programs:

_____ Unqualified _____

Internal Control Over Major Programs:

1. Material weakness(es) identified?

_____ Yes X No

2. Reportable conditions identified
that are not considered to be material
weaknesses?

_____ Yes X No

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 04-04?

_____ Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
09-495-034-5120-085	\$ 340,027	Adjustment Aid
09-495-034-5120-078	629,271	Equalization Aid

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2009.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2009.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.