

**KINGWOOD TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

KINGWOOD TOWNSHIP BOARD OF EDUCATION

KINGWOOD TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

Rick Falkenstein

Chief School Administrator
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E-mail: rfalkenstein@kingwoodschool.org
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Bobbie Beriont

Business Administrator/Board Secretary
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September 30, 2012

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, 2012 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.

1. 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 2011-2012 fiscal year with an average daily enrollment of 412.7 students, which is a 3.64% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last eight years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
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%)
2009-2010	447.9	(1.34%)
2010-2011	428.3	(4.38%)
2011-2012	412.7	(3.64%)

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, reduction in State and Federal Aid 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. Our students in grades three through eight continue to score at or above the district factor group and/or 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-10 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 three year period in the 2009-2010 school year.

The Kingwood Township School District continues to deliver high-quality programs and maintain a fiscal responsible budget. One of our major initiatives for the 2011-2012 academic school year was a focus on revising the district's curriculum to integrate the Common Core Standards. These new standards facilitate in-depth learning in all content areas through systemized and transparent integration of 21st century knowledge. The Atlas curriculum mapping software and consultants were instrumental in the revision of our curriculum.

Another major initiative was the implementation of our new math book series, EnVision. The new program provided our students with a sound understanding of the Common Core Standards, prepared for the NJ ASK, and incorporates elements of Singapore math. Concepts were presented to students through daily problem-based interactive learning, step-by-step visual learning, and bar diagrams. Student progress was measured through pre and post benchmarks to help guide curriculum and instruction.

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 \$17,000 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. 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, 2012.

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, 2011 and the percentage of increase/ (decrease) in relation to prior year amounts.

	<u>Amount</u>	<u>% of Total</u>	<u>Inc./ (Dec.) from Prior Year</u>	<u>% Inc./ (Dec.)</u>
REVENUES:				
Local Sources:				
Tax Levy:				
General	\$5,173,467	73.43%	\$700	0.01%
Debt Service	\$257,172	3.65%	\$4,300	1.70%
Other Revenues	\$63,297	.90%	\$(7,531)	-10.63%
State Aid	\$1,359,271	19.29%	\$166,091	13.92%
Federal Aid	\$192,273	2.73%	\$44,261	29.90%
Total Revenues	<u>\$7,045,480</u>	<u>100.00%</u>	<u>\$207,821</u>	3.04%
EXPENDITURES:				
Current Expense	\$6,179,430	93.62%	\$122,166	2.02%
Capital Outlay	\$40,857	0.62%	(\$17,116)	-29.52%
Special Projects	\$142,694	2.16%	(\$5,318)	-3.59%
Debt Service				
Principal	\$145,000	2.20%	\$5,000	3.57%
Interest	\$92,839	1.40%	(\$20,033)	-17.75%
Total Expenditures	<u>\$6,600,820</u>	<u>100.00%</u>	<u>\$84,699</u>	1.30%

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

8. DEBT ADMINISTRATION: At June 30, 2012, the District's outstanding debt issue was \$2,425,000 issued in July 2003 and refunded in July 2011 for a net cash flow savings of \$116,604 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.

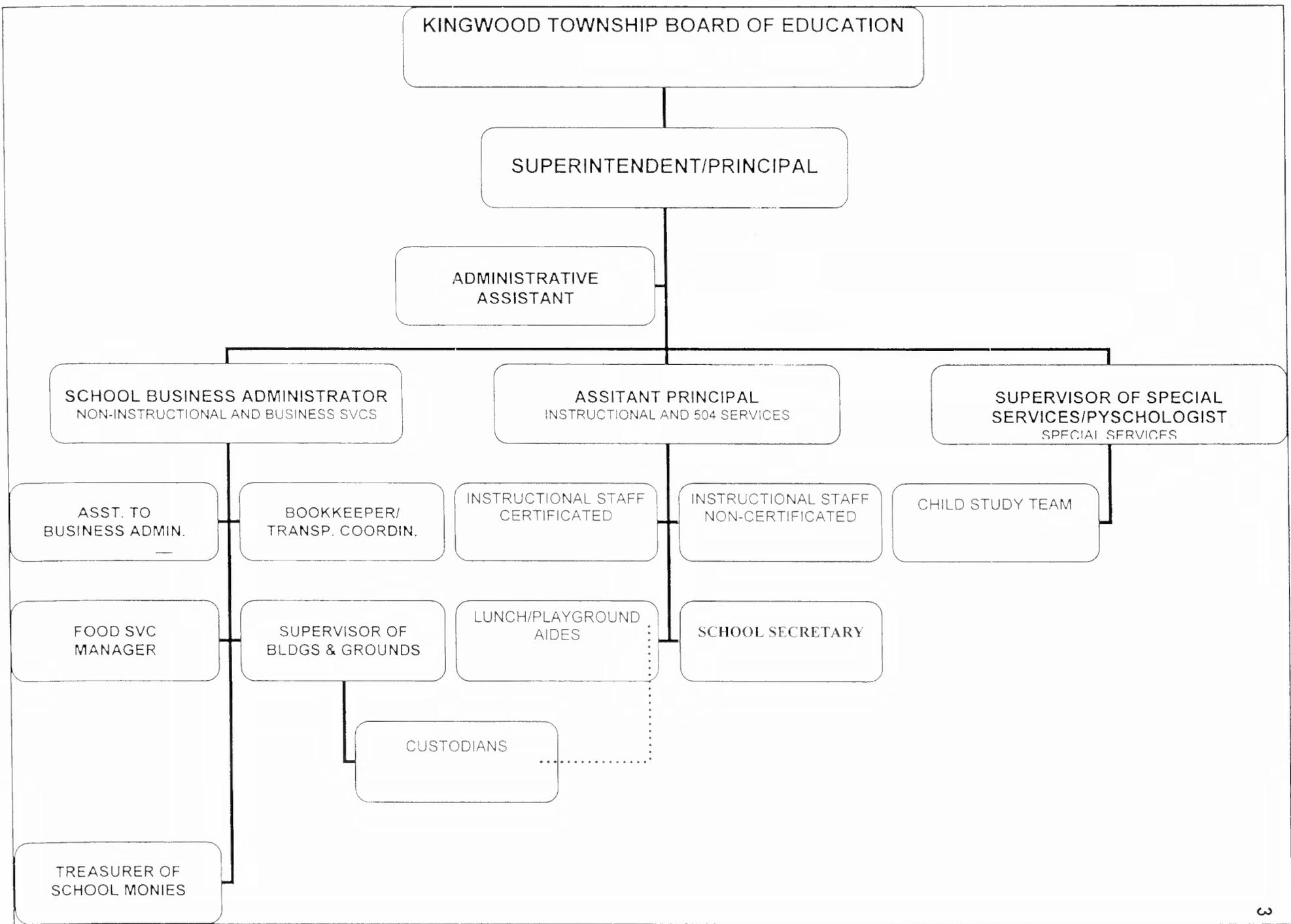
Respectfully Submitted,



Dr. Falkenstein,
Chief School Administrator



Bobbie Beriont,
School Business Administrator/Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
 FRENCHTOWN, NEW JERSEY
 ROSTER OF OFFICIALS
 JUNE 30, 2012

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mary Ellen Pilch	President	2012
Kevin Bloom	Vice President	2013
Joseph De Pinto		2012
Anthony Planer		2012
Gary Karlsrud		2013
Laurie Willard		2013
Jill Lonergan		2014
Kimberly Malina		2014
Lance Riggio		2014
<u>Other Officials</u>		
Erik Falkenstein	Superintendent	
Roberta Beriont	Business Administrator/ Board Secretary	
Diane Laudenschach	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

Investors 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

September 30, 2012

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

We 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, 2012, 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously 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, 2012, 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, we have also issued our report dated September 30, 2012 on our consideration of the Kingwood Township Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's financial statements. The schedules of expenditures of federal awards and state financial assistance as required by 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", respectively and other accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance and other accompanying supplementary information are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's basic financial statements. The introductory section, statistical section and other accompanying information are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



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, 2012
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, 2012. 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 2012 are as follows:

- ◆ In total, net assets increased \$376,600, which represents a 7.70 percent increase from 2011.
- ◆ General revenues accounted for \$7,357,326 in revenue or 96.16 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$293,815 or 3.84 percent to total revenues of \$7,651,141.
- ◆ Total assets of governmental activities increased by \$435,856 as cash and cash equivalents increased by \$82,758, receivables and other assets increased by \$54,100 and capital assets increased by \$298,998.
- ◆ The School District had \$7,239,473 in expenses; only \$293,815 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,357,326 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,141,642 in revenues and \$6,712,954 in expenditures. After net transfers to the Capital Projects Fund of \$537,132, the General Fund's balance decreased \$108,444 over 2011.

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

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 2012?" 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.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.2

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and 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 2012 compared to 2011.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

**TABLE 1
NET ASSETS**

	6/30/2012	6/30/2011	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$1,894,043	\$1,770,014	\$ 124,029	7.01%
Capital Assets	6,202,243	5,894,596	307,647	5.22%
Total Assets	<u>\$8,096,286</u>	<u>\$7,664,610</u>	<u>\$ 431,676</u>	5.63%
LIABILITIES				
Long Term Liabilities	2,647,286	2,603,224	\$ 44,062	1.69%
Other Liabilities	180,139	169,125	11,014	6.51%
Total Liabilities	<u>\$2,827,425</u>	<u>\$2,772,349</u>	<u>\$ 55,076</u>	1.99%
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	3,777,243	3,399,596	\$ 377,647	11.11%
Restricted	1,036,926	1,048,413	(11,487)	-1.10%
Unrestricted	454,692	444,252	10,440	2.35%
Total New Assets	<u>\$5,268,861</u>	<u>\$4,892,261</u>	<u>\$ 376,600</u>	7.70%

Total assets increased \$431,676. Cash and cash equivalents increased by \$70,831, receivables and other assets increased by \$53,198 and capital assets increased by \$307,647. 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 increased by \$10,440.

Table 2 shows the changes in net assets in fiscal year 2012 with comparisons to 2011.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

10.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

**TABLE 2
CHANGES IN NET ASSETS**

	6/30/2012	6/30/2011	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 126,969	\$ 133,234	\$ (6,265)	-4.70%
Operating Grants and Contrib.	166,846	171,987	(5,141)	-2.99%
Capital Grants and Contrib.	-	88,040	(88,040)	-100.00%
General Revenues:				
Property Taxes	5,425,640	5,425,640	-	0.00%
Grants and Entitlements	1,904,875	1,667,601	237,274	14.23%
Other	26,811	41,957	(15,146)	-36.10%
Total Revenues	<u>\$7,651,141</u>	<u>\$7,528,459</u>	<u>\$ 122,682</u>	1.63%
PROGRAM EXPENSES				
Instruction:				
Regular	3,070,630	2,896,592	\$ 174,038	6.01%
Special	1,055,612	1,080,669	(25,057)	-2.32%
Other	37,754	37,717	37	0.10%
Support Services:				
Tuition	90,695	40,527	50,168	123.79%
Student & Instructional Staff	945,903	850,416	95,487	11.23%
General & Business Admin.	572,838	550,843	21,995	3.99%
School Administration	185,949	208,129	(22,180)	-10.66%
Maintenance	669,183	754,886	(85,703)	-11.35%
Transportation	382,671	372,963	9,708	2.60%
Food Service	118,836	130,560	(11,724)	-8.98%
Interest on Long Term Debt	109,402	126,784	(17,382)	-13.71%
Total Expenses	<u>\$7,239,473</u>	<u>\$7,050,086</u>	<u>\$ 189,387</u>	2.69%
Inc./ (Dec.) Net Assets	\$ 411,668	\$ 478,373	\$ (66,705)	-13.94%
Special Item:				
State Capital Project Grant De-obligated	<u>(34,068)</u>	<u>-</u>	<u>(34,068)</u>	
Inc./ (Dec.) in Net Assets	<u>\$ 377,600</u>	<u>\$ 478,373</u>	<u>\$ (100,773)</u>	-21.07%

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

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 70.91 percent of revenues for governmental activities for the Kingwood Township School District for fiscal year 2012.

Instruction comprises 57.52 percent of district expenses. Support services expenses make up 42.48 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 2012 and 2011. 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	
	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
Instruction	\$4,163,996	\$4,014,978	\$ 4,090,304	\$3,882,335
Support Services:				
Tuition	90,695	40,527	11,830	23,527
Student & Instructional Staff	945,903	850,416	926,205	830,047
General & Business Admin.	572,838	550,843	572,838	550,843
School Administration	185,949	208,129	185,949	208,129
Plant Operations & Maint.	669,183	754,886	662,008	748,299
Pupil Transportation	382,671	372,963	382,671	372,963
Food Services	118,836	130,560	4,451	1,938
Interest on Long-Term Debt	<u>109,402</u>	<u>126,784</u>	<u>109,402</u>	<u>126,784</u>
Total	<u>\$7,239,473</u>	<u>\$7,050,086</u>	<u>\$ 6,945,658</u>	<u>\$6,744,865</u>

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

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

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.

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 96.16 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 \$7,536,509 and expenditures of \$7,500,745. The net negative change in fund balance for the year was most significant in the Capital Projects Fund, reflecting an increase of \$75,806. The negative change in fund balance in the General Fund of \$108,444 was a result of a net transfer of \$537,132 to the Capital Projects Fund.

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 2012 year, the School District amended its General Fund budget as needed. Specifically, line item transfers were made to fund the purchase of Apple computers and the iPad initiative, replace windows

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

and doors in the C-wing, upgrade of the security system, and improvements made to the playground and replacement of the fencing. These funds became available due to higher than expected employee enrollment in the health benefit waiver program, the reduction of two staff members, increase in pre-school tuitions, increase in State and Federal grants and the reduction of all kindergarten transportation routes.

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 \$6,645,617, \$221,161 above original budgeted estimates of \$6,424,456. This difference was due primarily to additional state extraordinary aid, non-public transportation aid, adjustment aid and pre-school tuition.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$442,417, due to excess revenues of \$219,655 and budgetary savings due to the reduction of one teacher and one instructional aide, higher number of staff members who waived healthcare coverage and transportation costs. The financial position of the School District is strong.

Capital Assets

At the end of the fiscal year 2012, the School District had \$6,202,243 invested in land, building, furniture and equipment. Table 4 shows fiscal 2012 balances compared to 2011.

TABLE 4

CAPITAL ASSETS AT YEAR END (Net of Depreciation)

	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
Land	\$ 115,000	\$ 115,000	\$ -	0.00%
Construction in Progress	257,564	50,320	207,244	411.85%
Buildings & Improvements	5,543,562	5,440,108	103,454	1.90%
Machinery & Equipment	286,117	289,168	(3,051)	-1.06%
Total	<u>\$6,202,243</u>	<u>\$5,894,596</u>	<u>\$ 307,647</u>	<u>5.22%</u>

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Overall capital assets increased \$307,647 from fiscal 2011 to fiscal year 2012. Increases in capital assets were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2012, the School District had \$2,647,286 as its outstanding debt. Of this amount, \$144,334 is for compensated absences, \$77,952 of bond premium and the balance \$2,425,000 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. In July 2011 the Board of Education refunded these bonds for a net cash flow savings of \$116,604.

**TABLE 5
OUTSTANDING DEBT AT YEAR END**

	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
2002 General Obligations Bonds	\$ 155,000	\$2,495,000	\$(2,340,000)	-93.79%
2011 Refunding School bonds	<u>2,270,000</u>	<u>-</u>	<u>2,270,000</u>	
	<u>\$2,425,000</u>	<u>\$2,495,000</u>	<u>\$ (70,000)</u>	<u>-2.81%</u>

For the Future

At the present time, the Kingwood Township School District is in very good financial condition. A concern is managing our declining enrollment without jeopardizing our academic programs, specifically the honors and fine arts programs. Kingwood Township has submitted an application to be a Choice School for the 2013-2014 school year. In addition, the school will be losing adjustment aid over the next several years and we hope that the choice school aid will minimize this loss in State aid.

The Waste Treatment Plant is always a concern but Kingwood Township has entered into a new permit with the State which revised our permit limit on ammonia nitrate. This has stabilized any additional upgrades for the plant and

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

the Department of Environment Protection has removed the Administrative Consent Order with the school.

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. Kingwood Township has decided to eliminate the school budget vote and opt not to exceed the tax levy requirement as per Statue.

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.

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 Distri

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, 2012

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 571,752	\$ 19,304	\$ 591,056
Receivables, Net	98,249	880	99,129
Inventory		2,381	2,381
Bond Issuance Costs, Net	166,001		166,001
Restricted Assets:			
Capital Account-Cash	355,320		355,320
Capital Reserve-Cash	367,727		367,727
Maintenance Reserve-Cash	150,000		150,000
Emergency Reserve-Cash	150,000		150,000
Prescription Drug-Cash	12,429		12,429
Capital Assets, Net (Note 4)	6,161,772	40,471	6,202,243
Total Assets	<u>8,033,250</u>	<u>63,036</u>	<u>8,096,286</u>
LIABILITIES			
Accounts Payable	112,941		112,941
Accrued Interest	34,653		34,653
Deferred Revenue		1,045	1,045
Judgments Payable	31,500		31,500
Long-Term Liabilities (Note 5):			
Due Within One Year	189,496		189,496
Due Beyond One Year	2,457,790		2,457,790
Total Liabilities	<u>2,826,380</u>	<u>1,045</u>	<u>2,827,425</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,736,772	40,471	3,777,243
Restricted For:			
Capital Reserve	367,727		367,727
Maintenance Reserve	150,000		150,000
Emergency Reserve	150,000		150,000
Capital Projects	342,436		342,436
Debt Service	14,334		14,334
Prescription Drug Reserve	12,429		12,429
Unrestricted	433,172	21,520	454,692
TOTAL NET ASSETS	<u>\$ 5,206,870</u>	<u>\$ 61,991</u>	<u>\$ 5,268,861</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Assets		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 2,179,468	\$ 891,162	\$ 14,400	\$ 42,336		\$ (3,013,894)		\$ (3,013,894)
Special Education	583,982	273,361	15,161			(842,182)		(842,182)
Other Special Education	133,482	64,787		1,795		(196,474)		(196,474)
Other Instruction	36,543	1,211				(37,754)		(37,754)
Support Services:								
Tuition	90,695			78,865		(11,830)		(11,830)
Students & Instruction Related Services	702,392	243,511		19,698		(926,205)		(926,205)
General & Business Administrative Services	424,656	148,182				(572,838)		(572,838)
School Administrative Services	133,608	52,341				(185,949)		(185,949)
Plant Operations & Maintenance	577,862	91,321	7,175			(662,008)		(662,008)
Pupil Transportation	375,689	6,982				(382,671)		(382,671)
Interest on Long-Term Debt	109,402					(109,402)		(109,402)
Total Government Activities	5,347,779	1,772,858	36,736	142,694	\$ -	(6,941,207)	\$ -	(6,941,207)
Business-Type Activities:								
Food Service	118,836		90,233	24,152			(4,451)	(4,451)
Total Business-Type Activities	118,836		90,233	24,152	-	-	(4,451)	(4,451)
Total Primary Government	\$ 5,466,615	\$ 1,772,858	\$ 126,969	\$ 166,846	\$ -	(6,941,207)	(4,451)	(6,945,658)
General Revenues								
						5,173,467		5,173,467
						252,173		252,173
						1,904,875		1,904,875
						(34,068)		(34,068)
						18,220	247	18,467
						8,344		8,344
						<u>7,323,011</u>	<u>247</u>	<u>7,323,258</u>
						381,804	(4,204)	377,600
						<u>4,825,066</u>	<u>66,195</u>	<u>4,891,261</u>
						<u>\$ 5,206,870</u>	<u>\$ 61,991</u>	<u>\$ 5,268,861</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, 2012

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 557,418			\$ 14,334	\$ 571,752
Receivables from Other Governments:					
State	97,974				97,974
Other Receivables	275				275
Restricted Cash & Equivalents	680,156		\$ 355,320		1,035,476
TOTAL ASSETS	<u>\$ 1,335,823</u>	<u>\$ -</u>	<u>\$ 355,320</u>	<u>\$ 14,334</u>	<u>\$ 1,705,477</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 100,057		\$ 12,884		\$ 112,941
Judgments Payable	31,500				31,500
Total Liabilities	<u>131,557</u>	<u>\$ -</u>	<u>12,884</u>	<u>\$ -</u>	<u>144,441</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Capital Reserve Account	\$ 367,727				\$ 367,727
Maintenance Reserve Account	150,000				150,000
Emergency Reserve Account	150,000				150,000
Prescription Reserve Account	12,429				12,429
Excess Surplus-Designated for Subsequent Year's Expenditures	210,242				210,242
Designated for Subsequent Year's Expenditures			\$ 342,436	\$ 14,334	356,770
Committed Fund Balance:					
Year-End Encumbrances	90,441				90,441
Unassigned Fund Balance	223,427				223,427
Total Fund Balances	<u>1,204,266</u>	<u>\$ -</u>	<u>342,436</u>	<u>14,334</u>	<u>1,561,036</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,335,823</u>	<u>\$ -</u>	<u>\$ 355,320</u>	<u>\$ 14,334</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

\$ 9,153,278
2,991,506

6,161,772

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

(2,647,286)

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

(34,653)

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

223,902
57,901

166,001

Total Net Assets of Governmental Activities

\$ 5,206,870

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, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,173,467			\$ 252,173	\$ 5,425,640
Tuition	29,561				29,561
Interest on Investments	18,220				18,220
Miscellaneous	15,519				15,519
Total	5,236,767	\$ -	\$ -	252,173	5,488,940
State Sources	1,855,296				1,855,296
Federal Sources	49,579	142,694			192,273
Total Revenues	7,141,642	142,694	-	252,173	7,536,509
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,137,132	42,336			2,179,468
Special Education Instruction	583,982				583,982
Other Special Instruction	131,687	1,795			133,482
Other Instruction	36,543				36,543
Support Service & Undistributed Costs:					
Tuition	11,830	78,865			90,695
Student & Instruction Related Services	682,694	19,698			702,392
General & Business Administrative Services	424,656				424,656
School Administrative Services	133,608				133,608
Plant Operations & Maintenance	577,862				577,862
Pupil Transportation	375,689				375,689
Unallocated Benefits	1,576,414				1,576,414

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, 2012
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 40,857		\$ 407,258		\$ 448,115
Debt Service:					
Principal				\$ 145,000	145,000
Interest & Other Charges				92,839	92,839
Total Expenditures	<u>6,712,954</u>	<u>\$ 142,694</u>	<u>407,258</u>	<u>237,839</u>	<u>7,500,745</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>428,688</u>	<u>-</u>	<u>(407,258)</u>	<u>14,334</u>	<u>35,764</u>
Other Financing Sources (Uses):					
Operating Transfers In	82,868		600,000		682,868
Operating Transfers Out	(620,000)		(82,868)		(702,868)
NJSDA Grant Deobligated			(34,068)		(34,068)
Proceeds from Refunding Bond Issue				2,354,454	2,354,454
Payment to Refunding Bond Escrow Agent				(2,354,454)	(2,354,454)
Total Other Financing Sources (Uses)	<u>(537,132)</u>	<u>-</u>	<u>483,064</u>	<u>-</u>	<u>(54,068)</u>
Net Change in Fund Balance	(108,444)	-	75,806	14,334	(18,304)
Fund Balances, July 1	<u>1,312,710</u>	<u>-</u>	<u>266,630</u>	<u>-</u>	<u>1,579,340</u>
Fund Balances, June 30	<u>\$ 1,204,266</u>	<u>\$ -</u>	<u>\$ 342,436</u>	<u>\$ 14,334</u>	<u>\$ 1,561,036</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, 2012

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	(18,304)
<p>Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:</p>		
<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 capital outlays exceeds depreciation in the period:</p>		
Capital Outlays	\$	440,332
Depreciation Expenses		<u>140,334</u>
		299,998
<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		2,340,000
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities. The issuance of debt increase long-term liabilities in the statement of net assets:</p>		
Proceeds of Bond Refunding Issue		(2,270,000)
<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>		
Bond Issuance Costs		159,454
Amortization of Bond Issuance Costs		(31,079)
Premium on Sale of Bonds		(84,454)
Amortization of Bond Premium		<u>6,502</u>
		50,423
<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>		
		15,797
<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>(36,110)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>381,804</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 19,304
Receivables from Other Governments:	
State	62
Federal	818
Inventory	<u>2,381</u>
Total Current Assets	<u>22,565</u>
Noncurrent Assets:	
Capital Assets	64,059
Less: Accumulated Depreciation	<u>23,588</u>
Total Noncurrent Assets	<u>40,471</u>
Total Assets	<u>63,036</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	<u>1,045</u>
Total Liabilities	<u>1,045</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	40,471
Unrestricted	<u>21,520</u>
TOTAL NET ASSETS	<u>\$ 61,991</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 61,883
Daily Sales-Nonreimbursable Programs	28,350
Total Operating Revenues	90,233
Operating Expenses:	
Cost of Sales	54,133
Salaries	36,077
Employee Benefits	5,322
Purchased Services	3,515
Insurance	3,403
Management Fee	7,000
Office Expense	366
Supplies and Materials	4,080
Depreciation	4,040
Repairs and Maintenance	410
Miscellaneous	490
Total Operating Expenses	118,836
Operating Income (Loss)	(28,603)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,252
Other State Aid	64
Federal Sources:	
National School Lunch Program	16,315
Food Distribution Program	6,521
Interest Earned on Investments	247
Total Nonoperating Revenues (Expenses)	24,399
Change in Net Assets	(4,204)
Net Assets, Beginning	66,195
Net Assets, Ending	\$ 61,991

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Food Service Fund
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (28,603)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	4,040
Federal Food Distribution Program	6,545
(Increase) Decrease in Inventory	313
Net Cash Provided by (Used For) Operating Activities	(17,705)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,361
Federal Sources	16,859
Net Cash Provided by (Used For) Noncapital Financing Activities	18,220
Cash Flows from Investing Activities:	
Interest Earned on Investment	247
Net Cash Flows from Investing Activities	247
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(12,689)
Net Cash Provided by (Used For) Capital Financing Activities	(12,689)
Net Increase (Decrease) in Cash and Cash Equivalents	(11,927)
Cash and Cash Equivalents, July 1, 2011	31,231
Cash and Cash Equivalents, June 30, 2012	\$ 19,304

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 128,830	\$ 33,804	\$ 1,744
TOTAL ASSETS	<u>128,830</u>	<u>\$ 33,804</u>	<u>\$ 1,744</u>
LIABILITIES			
Accounts Payable	71		
Payroll Deductions & Withholdings Due to Student Groups		<u>\$ 33,804</u>	\$ 1,744
TOTAL LIABILITIES	<u>71</u>	<u>\$ 33,804</u>	<u>\$ 1,744</u>
NET ASSETS			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 128,759</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,271
Operating Transfer In	20,000
Investment Earnings-Interest	742
Total Additions	27,013
DEDUCTIONS	
Unemployment Claims	13,581
Change in Net Assets	13,432
Net Assets, Beginning of the Year	115,327
Net Assets, End of the Year	\$ 128,759

NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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.

Basic 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, 2012 of 418 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, 2012
(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, 2012
(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, 2012
 (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, 2012
 (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 governments 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, 2012 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, 2012
(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 2011-2012 and 2010-2011 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, 2012.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012
 (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, 2012
 (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, 2012 consists of the following:

Legal Reserves:	
Capital	\$ 367,727
Maintenance	150,000
Emergency	150,000
Prescription Drugs	12,429
Capital Projects	<u>342,436</u>
	<u>\$ 1,022,592</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(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, 2012
 (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, 2012 appear in the financial statements as summarized below:

Cash		<u>\$ 1,790,910</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Statement of Net Assets	B-1	\$ 1,607,228
Enterprise Fund, Statement of Net Assets	B-4	19,304
Fiduciary Funds, Statement of Net Assets	B-7	<u>164,378</u>
Total Cash		<u>\$ 1,790,910</u>

Deposits – The District's carrying amount of bank deposits at June 30, 2012 is \$1,790,910 and the bank balance is \$2,325,217. Of the bank balance, \$250,000 is covered by federal depository insurance and \$2,075,217 is insured by GUDPA.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012
 (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, 2012, the district has no investments.

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 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	50,320	\$ 407,258	\$ 200,014	257,564
Total	<u>165,320</u>	<u>407,258</u>	<u>200,014</u>	<u>372,564</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	91,800			91,800
Building & Improvements	7,918,202	200,014		8,118,216
Furniture & Equipment	537,624	33,074		570,698
Total	<u>8,547,626</u>	<u>233,088</u>	<u>-0-</u>	<u>8,780,714</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012
 (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	2,479,094	\$ 95,560		2,574,654
Furniture & Equipment	280,278	44,774		325,052
Total	<u>2,850,172</u>	<u>140,334</u>	<u>\$ -0-</u>	<u>2,991,506</u>
 Total Capital Assets, Being Depreciated, Net	<u>5,696,454</u>	<u>92,754</u>	<u>-0-</u>	<u>5,789,208</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,861,774</u>	<u>\$ 500,012</u>	<u>\$ 200,014</u>	<u>\$ 6,161,772</u>
 Business-Type Activities:				
Furniture & Equipment	\$ 51,370	\$ 12,689		\$ 64,059
Less: Accum Depreciation	<u>19,548</u>	<u>4,040</u>		<u>23,588</u>
Business-Type Activities Capital Assets, Net	<u>\$ 31,822</u>	<u>\$ 8,649</u>	<u>-0-</u>	<u>\$ 40,471</u>

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

Instruction:	
Regular	\$ 72,228
Special Education	19,353
Other Special Instruction	4,424
Other Instruction	1,211
Support Services:	
Student & Instruction	23,278
General & Business Admin	14,073
School Administration	4,428
Plant Maintenance	<u>1,339</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 140,334</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2012 is as Follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,495,000	\$ 2,270,000	\$ 2,340,000	\$ 2,425,000	\$ 175,000
Compensated Absences Payable	108,224	40,617	4,507	144,334	8,000
Bond Premium		84,454	6,502	77,952	6,496
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,603,224</u>	<u>\$ 2,395,071</u>	<u>\$ 2,351,009</u>	<u>\$ 2,647,286</u>	<u>\$ 189,496</u>

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, 2012 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 175,000	\$ 72,228	\$ 247,228
2014	180,000	67,050	247,050
2015	180,000	63,450	243,450
2016	190,000	59,750	249,750
2017	190,000	55,000	245,000
2018	200,000	49,150	249,150
2019	205,000	43,075	248,075
2020	205,000	36,925	241,925
2021	215,000	30,625	245,625
2022	220,000	23,000	243,000
2023	230,000	14,000	244,000
2024	<u>235,000</u>	<u>4,700</u>	<u>239,700</u>
Total	<u>\$ 2,425,000</u>	<u>\$ 518,953</u>	<u>\$ 2,943,953</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)

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

General Obligation Bonds – General obligation school building bonds at June 30, 2012, 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, 2012	\$ 155,000
\$2,270,000 – 2011 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning July 15, 2012 to July 15, 2023	<u>2,270,000</u>
	<u>\$ 2,425,000</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, 2012 is \$19,915,021. General obligation debt at June 30, 2012 is \$2,425,000, resulting in a legal debt margin of \$17,490,021.

School Refunding Bonds of 2011

On July 15, 2012 the District issued \$2,270,000 in general obligation bonds with an interest rate of 2.00% to 4.00%. The proceeds of the bonds were utilized to pay \$2,195,000 of callable bonds of the District. The payment of the callable bonds through the issuance of refunding bonds will generate a net saving of \$116,604.

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), the Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. 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 and Defined Contribution Retirement Program are considered cost sharing multiple-employer plans.

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, 2012
 (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).

C. Defined Contribution Retirement Program – The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$7,700 in 2011) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Significant Legislation

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.

Contribution Requirements

The contribution policy is set by 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. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. 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 noncontributing employer of the TPAF.

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

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/12	\$ 284,830	100%
06/30/11	216,640	100%
06/30/10	218,319	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/12	\$ 64,113	100%
06/30/11	62,818	100%
06/30/10	50,063	100%

During the year ended June 30, 2012, the State of New Jersey contributed \$190,210 to the TPAF for post-retirement medical benefits, \$9,170 for non-contributory insurance premiums and \$85,450 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$224,924 during the year ended June 30, 2012 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)

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

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, 2011, there were 93,323 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.

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 2011, the State paid \$144 million toward Ch 126 benefits for 15,709 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 NJSA 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, PO Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/pdf/financial/gasb-43-july2011.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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012
 (Continued)

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
 Variable Annuity Life Ins Co
 Lincoln Investment Planning

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

At June 30, 2012 there were no interfund balances.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2012 consisted of the following:

Food	\$	2,054
Supplies		<u>327</u>
Total	\$	<u><u>2,381</u></u>

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. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. 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, 2012
(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:

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$ 20,000	\$ 742	\$ 6,271	\$ 13,581	\$ 128,759
2010-2011	10,000	442	6,568	24,671	115,327
2009-2010	40,000	415	6,646	12,322	122,988

NOTE 13. LEGAL RESERVE ACCOUNTS

A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the districts approved Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$265,000 to their Capital Reserve account and \$75,000 to their Emergency Reserve account and \$75,000 to their Maintenance Reserve Account by board resolution in June 2012 as summarized in the following schedule.

The following schedule is a summarization of the Legal Reserve Accounts for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Return Unused With- drawal</u>	<u>With- drawal</u>	<u>Ending Balance</u>
Capital	\$ 616,443	\$ 265,000	\$ 3,416	\$ 82,868	\$ 600,000	\$ 367,727
Maintenance	75,000	75,000				150,000
Emergency	75,000	75,000				150,000
Totals	<u>\$ 766,443</u>	<u>\$ 415,000</u>	<u>\$ 3,416</u>	<u>\$ 82,868</u>	<u>\$ 600,000</u>	<u>\$ 667,727</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2012
 (Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Restricted:		
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	\$ 104,184	\$ 106,058
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	106,058	111,179
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	367,727	616,443
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	150,000	75,000
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	150,000	75,000
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	12,429	15,340
Committed:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	90,441	102,862
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>347,975</u>	<u>321,647</u>
Total Fund Balance	<u>\$ 1,328,814</u>	<u>\$ 1,423,529</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012
(Continued)

NOTE 15. 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, 2012 is \$104,184.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,173,467		\$ 5,173,467	\$ 5,173,467	
Tuition-Individuals	6,000		6,000	14,400	\$ 8,400
Tuition-Other LEAs Within the State				1,000	1,000
Tuition-State				14,161	14,161
Interest on Investments	9,000		9,000	14,804	5,804
Interest Earned on Capital Reserve Funds	500		500	3,416	2,916
Miscellaneous			-	15,519	15,519
Total	5,188,967	\$ -	5,188,967	5,236,767	47,800
State Sources:					
Categorical Special Education Aid	232,566		232,566	232,566	
Equalization Aid	458,092		458,092	458,092	
Categorical Security Aid	30,927		30,927	30,927	
Adjustment Aid	310,584		310,584	376,467	65,883
Categorical Transportation Aid	155,247		155,247	155,247	
Non Public Transportation Aid				3,618	3,618
Extraordinary Special Education Costs Aid				94,356	94,356
Anti Bullying Bill of Rights Act Aid				7,998	7,998
On-Behalf TPAF Pension Contribution				284,830	284,830
Reimbursed TPAF Social Security Contribution				224,924	224,924
Total	1,187,416	-	1,187,416	1,869,025	681,609
Federal Sources:					
Education Jobs Fund	48,073	1,506	49,579	49,579	
Total	48,073	1,506	49,579	49,579	-
TOTAL REVENUES	\$ 6,424,456	\$ 1,506	\$ 6,425,962	\$ 7,155,371	\$ 729,409
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 24,352	\$ 1,053	\$ 25,405	\$ 25,405	
Kidergarten	67,445	75,445	142,890	142,755	\$ 135
Grades 1-5	934,320	(38,965)	895,355	895,000	355
Grades 6-8	725,684	(319)	725,365	725,005	360
Home Instruction:					
Salaries and Wages	5,000	(4,000)	1,000	417	583
Regular Programs-Undistributed Instruction:					
Purchased Professional Educational Services	1,000		1,000	225	775
Purchased Technical Services	9,562	(2,000)	7,562	7,043	519
Other Purchased Services	37,716	(1,681)	36,035	20,275	15,760
General Supplies	177,504	146,030	323,534	307,502	16,032
Textbooks	106,826	(93,328)	13,498	11,352	2,146
Other Objects	1,770	2,224	3,994	2,153	1,841
Total	2,091,179	84,459	2,175,638	2,137,132	38,506
Resource Room/Center:					
Salaries of Teachers	404,832	(54,652)	350,180	344,394	5,786
Other Salaries for Instruction	56,735	14,104	70,839	69,188	1,651
Purchased Professional Educational Services	5,000		5,000		5,000
Other Purchased Services	2,000	1,000	3,000	2,015	985
General Supplies	3,741	211	3,952	2,374	1,578
Textbooks	696	(110)	586	268	318
Other Objects		110	110	110	
Total	473,004	(39,337)	433,667	418,349	15,318

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ 27,627	\$ 493	\$ 28,120	\$ 28,119	\$ 1
General Supplies	1,756		1,756	1,333	423
Total	29,383	493	29,876	29,452	424
Multiple Disabilities:					
Salaries of Teachers	123,383	13,223	136,606	131,252	5,354
Other Salaries for Instruction	26,313	(20,433)	5,880	1,200	4,680
Purchased Professional Educational Services	7,625	21,433	29,058	1,920	27,138
General Supplies	1,918		1,918	1,529	389
Other Objects	360		360	280	80
Total	159,599	14,223	173,822	136,181	37,641
Total Special Education	661,986	(24,621)	637,365	583,982	53,383
Basic Skills for Remedial:					
Salaries of Teachers	122,235	6,782	129,017	129,016	1
General Supplies	4,055	(527)	3,528	2,671	857
Total	126,290	6,255	132,545	131,687	858
School Sponsored Co Curricular Activities:					
Salaries	17,668	(850)	16,818	16,224	594
Other Purchased Services		500	500	415	85
Supplies & Materials	900		900	314	586
Other Objects	880	600	1,480	1,480	
Total	19,448	250	19,698	18,433	1,265
School Sponsored Athletics:					
Salaries	14,230	(2,000)	12,230	10,966	1,264
Purchased Services	6,600		6,600	4,320	2,280
Supplies & Materials	1,829	2,303	4,132	1,661	2,471
Other Objects	680	483	1,163	1,163	
Total	23,339	786	24,125	18,110	6,015
Total Instruction Regular	\$ 2,922,242	\$ 67,129	\$ 2,989,371	\$ 2,889,344	\$ 100,027
Undistributed Expenditures:					
Instruction Tuition:					
Private School for Disabled Within State	\$ 46,595	\$ (4,288)	\$ 42,307	\$ 11,830	\$ 30,477
Total	46,595	(4,288)	42,307	11,830	30,477
Health Services:					
Salaries	56,954	786	57,740	57,090	650
Purchased Professional and Technical Services	1,700	100	1,800	1,630	170
Other Purchased Services		100	100		100
Supplies & Materials	2,645	905	3,550	2,800	750
Total	61,299	1,891	63,190	61,520	1,670

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 50,416	\$ 2,594	\$ 53,010	\$ 53,010	
Purchased Professional Educational Services	25,076	4,500	29,576	24,044	\$ 5,532
Supplies & Materials	500	500	1,000	813	187
Total	<u>75,992</u>	<u>7,594</u>	<u>83,586</u>	<u>77,867</u>	<u>5,719</u>
Guidance:					
Salaries of Other Professional Staff	29,484	26,580	56,064	56,037	27
Purchased Professional Educational Services	5,380	(715)	4,665	2,800	1,865
Other Purchased Professional and Technical Services	6,563	(400)	6,163	5,557	606
Other Purchased Services (400-500 Series)		715	715	715	
Supplies & Material	9,800	3,750	13,550	12,040	1,510
Total	<u>51,227</u>	<u>29,930</u>	<u>81,157</u>	<u>77,149</u>	<u>4,008</u>
Child Study Teams:					
Salaries of Other Professional Staff	196,162	3,032	199,194	199,194	
Salaries of Secretarial & Clerical Assistants	44,691	655	45,346	42,895	2,451
Other Purchased Professional Technical Services	6,955	(1,154)	5,801	4,419	1,382
Miscellaneous Purchased Services	4,041	(1,595)	2,446	1,566	880
Supplies & Materials	2,550	(1)	2,549	1,715	834
Other Objects	1,300		1,300	1,125	175
Total	<u>255,699</u>	<u>937</u>	<u>256,636</u>	<u>250,914</u>	<u>5,722</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	10,000	(4,960)	5,040	4,144	896
Other Purchased Services	34,800		34,800	33,697	1,103
Supplies & Materials	2,000	2,000	4,000		4,000
Total	<u>46,800</u>	<u>(2,960)</u>	<u>43,840</u>	<u>37,841</u>	<u>5,999</u>
Instructional Staff Training Services:					
In-Service Training Staff		700	700	408	292
Purchased Professional Educational Services	25,000	(700)	24,300	6,300	18,000
Other Purchased Services	5,000		5,000	4,736	264
Supplies and Materials	4,500		4,500	1,412	3,088
Total	<u>34,500</u>	<u>-</u>	<u>34,500</u>	<u>12,856</u>	<u>21,644</u>
Educational Media Service/School Library:					
Salaries	129,526	(22,794)	106,732	106,239	493
Other Purchased Services		36,165	36,165	36,124	41
Supplies & Materials	5,779	16,589	22,368	22,184	184
Total	<u>135,305</u>	<u>29,960</u>	<u>165,265</u>	<u>164,547</u>	<u>718</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services General Administration:					
Salaries	\$ 156,059	\$ 1,885	\$ 157,944	\$ 157,943	\$ 1
Legal Services	15,000	(5,556)	9,444	8,867	577
Audit Fees	13,750		13,750	13,750	
Other Purchased Professional Services	6,635	430	7,065	7,065	
Communications & Telephone	8,000	821	8,821	8,670	151
Board of Education Other Purchased Services	2,000	(1,085)	915	915	
Other Purchased Services	20,000	(5,376)	14,624	14,364	260
General Supplies	2,500	208	2,708	2,291	417
Board of Ed In-House Training/Meeting Supplies	700	(311)	389	347	42
Board of Education Membership Dues & Fees	6,000	830	6,830	6,829	1
Total	230,644	(8,154)	222,490	221,041	1,449
Support Services School Administration:					
Salaries of Principal & Assistant Principal	110,050	(16,075)	93,975	93,975	
Salaries of Secretarial & Clerical Assistants	44,801	(7,251)	37,550	36,192	1,358
Other Purchased Services	1,000	6,925	7,925	1,540	6,385
Supplies & Materials	2,000	527	2,527	741	1,786
Other Objects	2,500		2,500	1,160	1,340
Total	160,351	(15,874)	144,477	133,608	10,869
Central Services:					
Salaries	189,190	1,805	190,995	190,537	458
Purchased Technical Services	10,500	(2,632)	7,868	7,868	
Miscellaneous Purchased Services	3,000	(200)	2,800	2,420	380
Supplies & Materials	3,000	(1,700)	1,300	1,251	49
Miscellaneous Expenditures	1,965	(426)	1,539	1,539	
Total	207,655	(3,153)	204,502	203,615	887
Custodial Services:					
Salaries	237,939	1,848	239,787	233,732	6,055
Purchased Professional & Technical Services	52,400	13,465	65,865	28,776	37,089
Cleaning Repair & Maintenance Services	29,700	29,275	58,975	46,640	12,335
Insurance	29,000		29,000	25,356	3,644
Miscellaneous Purchased Services	1,480		1,480	238	1,242
General Supplies	31,000	(878)	30,122	25,937	4,185
Energy (Electricity)	122,000		122,000	80,828	41,172
Energy (Oil)	65,000		65,000	22,808	42,192
Other Objects	1,000		1,000	559	441
Total	569,519	43,710	613,229	464,874	148,355
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance Services	19,000	20,000	39,000	37,785	1,215
Supplies	1,000	3,000	4,000	3,110	890
Total	20,000	23,000	43,000	40,895	2,105
Security:					
Cleaning, Repair, & Maintenance Services	1,300	14,000	15,300	10,033	5,267
Supplies	1,000		1,000	182	818
Total	2,300	14,000	16,300	10,215	6,085
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	33,500	39,600	73,100	60,801	12,299
Supplies	1,000	100	1,100	1,077	23
Total	34,500	39,700	74,200	61,878	12,322

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ 17,229	\$ 842	\$ 18,071	\$ 18,071	
Cont Services (Other Than Between Home & School)-Vendors	7,000	3,156	10,156	8,209	\$ 1,947
Cont Services (Between Home & School)-Joint Agreement	414,000	(142,426)	271,574	251,456	20,118
Cont Services (Special Ed Students) Joint Agreement		97,953	97,953	97,953	
Total	<u>438,229</u>	<u>(40,475)</u>	<u>397,754</u>	<u>375,689</u>	<u>22,065</u>
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	71,950	(495)	71,455	63,722	7,733
PERS Retirement Contributions	72,000		72,000	64,113	7,887
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	38,500		38,500	28,121	10,379
Tuition Reimbursement	15,000	1,230	16,230	12,293	3,937
Health Benefits	989,345	(115,755)	873,590	850,982	22,608
Other Employee Benefits	38,700	9,681	48,381	47,429	952
Total	<u>1,230,495</u>	<u>(110,339)</u>	<u>1,120,156</u>	<u>1,066,660</u>	<u>53,496</u>
On-Behalf TPAF Pension Contribution				284,830	(284,830)
Reimbursed TPAF Social Security Contribution				224,924	(224,924)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>509,754</u>	<u>(509,754)</u>
Total Undistributed Expenditures	<u>\$ 3,601,110</u>	<u>\$ 5,479</u>	<u>\$ 3,606,589</u>	<u>\$ 3,782,753</u>	<u>\$ (176,164)</u>
TOTAL CURRENT	<u>\$ 6,523,352</u>	<u>\$ 72,608</u>	<u>\$ 6,595,960</u>	<u>\$ 6,672,097</u>	<u>\$ (76,137)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction Grades 6-8	\$ 4,000	\$ 85,060	\$ 85,060	\$ 30,760	\$ 54,300
Equipment O&M		(4,000)			
Total	<u>4,000</u>	<u>2,350</u>	<u>2,350</u>	<u>2,314</u>	<u>36</u>
Facilities Acquisition and Construction Services:					
Other Objects	7,783		7,783	7,783	
Total	<u>7,783</u>	<u>-</u>	<u>7,783</u>	<u>7,783</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>\$ 11,783</u>	<u>\$ 83,410</u>	<u>\$ 95,193</u>	<u>\$ 40,857</u>	<u>\$ 54,336</u>
TOTAL EXPENDITURES	<u>\$ 6,535,135</u>	<u>\$ 156,018</u>	<u>\$ 6,691,153</u>	<u>\$ 6,712,954</u>	<u>\$ (21,801)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (110,679)</u>	<u>\$ (154,512)</u>	<u>\$ (265,191)</u>	<u>\$ 442,417</u>	<u>\$ 707,608</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)-State Unemployment		(20,000)	(20,000)	(20,000)	
Operating Transfer In (Out)-Capital Projects Fund				82,868	82,868
Operating Transfer In (Out)-Capital Projects Fund		(600,000)	(600,000)	(600,000)	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(620,000)</u>	<u>(620,000)</u>	<u>(537,132)</u>	<u>82,868</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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	\$ (110,679)	\$ (774,512)	\$ (885,191)	\$ (94,715)	\$ 790,476
Fund Balances, July 1	1,423,529		1,423,529	1,423,529	657,017
Fund Balances, June 30	<u>\$ 1,312,850</u>	<u>\$ (774,512)</u>	<u>\$ 538,338</u>	<u>\$ 1,328,814</u>	<u>\$ 1,447,493</u>
<u>Recapitulation of Excess (Deficiency) of Revenues Over (Under Expenditures)</u>					
Adjustment for Prior Year Encumbrances		\$ (102,862)	\$ (102,862)	\$ (102,862)	
Increase in Capital Reserve	\$ 500	(335,000)	(334,500)	(248,716)	\$ 85,784
Increase in Emergency Reserve		75,000	75,000	75,000	
Increase in Maintenance Reserve		75,000	75,000	75,000	
Budgeted Fund Balance	<u>(111,179)</u>	<u>(486,650)</u>	<u>(597,829)</u>	<u>106,863</u>	<u>704,692</u>
TOTAL	<u>\$ (110,679)</u>	<u>\$ (774,512)</u>	<u>\$ (885,191)</u>	<u>\$ (94,715)</u>	<u>\$ 790,476</u>
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Capital Reserve				\$ 367,727	
Maintenance Reserve				150,000	
Emergency Reserve				150,000	
Prescription Drug Reserve				12,429	
Excess Surplus:					
Prior Year-Designated for 2012-2013 Budget				106,058	
Current Year-Designated for 2013-2014 Budget				<u>104,184</u>	
					\$ 890,398
Committed Fund Balance:					
Year-End Encumbrances					90,441
Unassigned Fund Balance					
					<u>347,975</u>
					1,328,814
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments not Recognized on GAAP Basis					<u>(124,548)</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 1,204,266</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
EDUCATION JOBS FUND PROGRAM-BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources:					
Education Jobs Fund	\$ 48,073	\$ 1,506	\$ 49,579	\$ 49,579	
TOTAL REVENUES	<u>\$ 48,073</u>	<u>\$ 1,506</u>	<u>\$ 49,579</u>	<u>\$ 49,579</u>	<u>\$ -</u>
EXPENDITURES					
Fund 18 Education Jobs Fund:					
Child Study Teams:					
Salaries of Secretarial & Clerical Assistants	\$ 16,024		\$ 16,024	\$ 16,024	
Custodial Services:					
Salaries	32,049	\$ 1,506	33,555	33,555	
Total	<u>48,073</u>	<u>1,506</u>	<u>49,579</u>	<u>49,579</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ 48,073</u>	<u>\$ 1,506</u>	<u>\$ 49,579</u>	<u>\$ 49,579</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances, July 1	-	-	-	-	-
Fund Balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 142,694		\$ 142,694	\$ 142,694	
TOTAL REVENUES	<u>\$ 142,694</u>	<u>\$ -</u>	<u>\$ 142,694</u>	<u>\$ 142,694</u>	<u>\$ -</u>
EXPENDITURES					
Instruction:					
Other Purchased Services	\$ 1,795		\$ 1,795	\$ 1,795	
Supplies	42,336		42,336	42,336	
Totals	<u>44,131</u>	<u>\$ -</u>	<u>44,131</u>	<u>44,131</u>	<u>\$ -</u>
Support Services:					
Purchased Professional Educational Services	4,528		4,528	4,528	
Tuition	78,865		78,865	78,865	
Travel	1,409		1,409	1,409	
General Supplies	13,761		13,761	13,761	
Total	<u>98,563</u>	<u>-</u>	<u>98,563</u>	<u>98,563</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment					
TOTAL EXPENDITURES	<u>\$ 142,694</u>	<u>\$ -</u>	<u>\$ 142,694</u>	<u>\$ 142,694</u>	<u>\$ -</u>

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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,155,371	\$ 142,694
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	110,819	
State Aid Receivable Current Year	<u>(124,548)</u>	
Total Revenues (GAAP Basis)	<u>\$ 7,141,642</u>	<u>\$ 142,694</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 6,712,954</u>	<u>\$ 142,694</u>
Total Expenditures (GAAP Basis)	<u>\$ 6,712,954</u>	<u>\$ 142,694</u>

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, 2012

	IDEA Basic	IDEA Pre School	NCLB 1A	NCLB IIA	REAP	Total 2012
REVENUES						
Federal Sources	\$ 78,681	\$ 3,712	\$ 8,437	\$ 9,528	\$ 42,336	\$ 142,694
TOTAL REVENUES	\$ 78,681	\$ 3,712	\$ 8,437	\$ 9,528	\$ 42,336	\$ 142,694
EXPENDITURES						
Instruction:						
Other Purchased Services			\$ 1,795			\$ 1,795
Supplies					\$ 42,336	42,336
Total	\$ -	\$ -	1,795	\$ -	42,336	44,131
Support Services:						
Purchased Professional Educational Services	3,528			1,000		4,528
Tuition	75,153	3,712				78,865
Travel			581	828		1,409
Supplies			6,061	7,700		13,761
Total	78,681	3,712	6,642	9,528	-	98,563
Facilities Acquisition and Construction Services:						
Instructional Equipment	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 78,681	\$ 3,712	\$ 8,437	\$ 9,528	\$ 42,336	\$ 142,694

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, 2012

Revenues and Other Financing Sources:	
Operating Transfer In	\$ 600,000
Total Revenues	<u>600,000</u>
Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	30,914
Construction Services	375,267
Fees & Permits	1,077
State Sources-NJSDA Grant Deobligated	34,068
Operating Transfer Out	<u>82,868</u>
Total Expenditures	<u>524,194</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	75,806
Fund Balance-Beginning	<u>266,630</u>
Fund Balance-Ending	<u><u>\$ 342,436</u></u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-BOILER CONVERSION PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources:				
Operating Transfer In (Out)	\$ 96,850	\$ (30,977)	\$ 65,873	\$ 65,873
Total Revenues	96,850	(30,977)	65,873	65,873
Expenditures and Other Financing Uses:				
Architect	12,695	1,386	14,081	14,081
Fees & Permits				
Construction		51,792	51,792	51,792
Total Expenditures	12,695	53,178	65,873	65,873
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 84,155	\$ (84,155)	\$ -	\$ -

Additional Project Information:

Project Number	2450-050-11-1000
Authorization Date	12/03/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 96,850
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 65,873
Percentage Complete	100.00%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-REMOVAL AND REPLACEMENT OF MAIN OFFICE HVAC EQUIPMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources-NJSDA Grant	\$ 88,040	\$ (34,068)	\$ 53,972	\$ 53,972
Local Sources:				
Operating Transfer In (Out)	132,060	(51,891)	80,169	80,169
Total Revenues	220,100	(85,959)	134,141	134,141
Expenditures and Other Financing Uses:				
Architect	15,618	91	15,709	15,709
Fees & Permits	111		111	111
Construction	21,896	96,425	118,321	118,321
Total Expenditures	37,625	96,516	134,141	134,141
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 182,475	\$ (182,475)	\$ -	\$ -

Additional Project Information:

Project Number	SDA2450-050-10-GOIX
Grant Date	12/15/10
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 220,100
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 134,141
Percentage Complete	100.00%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-REMOVE EXISTING ROOFING SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources:				
Operating Transfer In (Out)		\$ 600,000	\$ 600,000	\$ 639,995
Total Revenues	\$ -	600,000	600,000	639,995
Expenditures and Other Financing Uses:				
Architect		29,437	29,437	34,995
Fees & Permits		1,077	1,077	5,000
Construction		227,050	227,050	600,000
Total Expenditures	-	257,564	257,564	639,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 342,436	\$ 342,436	\$ -

Additional Project Information:

Project Number	2450-050-12-1000
Authorization Date	10/18/11
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 639,995
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 639,995
Percentage Complete	40.24%

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, 2012

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 19,304
Receivables from Other Governments:	
State	62
Federal	818
Inventory	2,381
Total Current Assets	22,565
Noncurrent Assets:	
Capital Assets	64,059
Less: Accumulated Depreciation	23,588
Total Noncurrent Assets	40,471
Total Assets	63,036
LIABILITIES	
Current Liabilities:	
Deferred Revenues	1,045
Total Liabilities	1,045
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	40,471
Unrestricted	21,520
TOTAL NET ASSETS	\$ 61,991

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, 2012

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 61,883
Daily Sales-Nonreimbursable Programs	28,350
Total Operating Revenues	90,233
Operating Expenses:	
Cost of Sales	54,133
Salaries	36,077
Employee Benefits	5,322
Purchased Services	3,515
Insurance	3,403
Management Fee	7,000
Office Expense	366
Supplies and Materials	4,080
Depreciation	4,040
Repairs and Maintenance	410
Miscellaneous	490
Total Operating Expenses	118,836
Operating Income (Loss)	(28,603)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,252
Other State Aid	64
Federal Sources:	
National School Lunch Program	16,315
Food Distribution Program	6,521
Interest Earned on Investments	247
Total Nonoperating Revenues (Expenses)	24,399
Change in Net Assets	(4,204)
Net Assets, Beginning	66,195
Net Assets, Ending	\$ 61,991

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Food Service Fund
Cash Flows from Operating Activities:	
Operating Income (Loss)	\$ (28,603)
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities:	
Depreciation	4,040
Federal Food Distribution Program	6,545
(Increase) Decrease in Inventory	313
Net Cash Provided by (Used For) Operating Activities	(17,705)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,361
Federal Sources	16,859
Net Cash Provided by (Used For) Noncapital Financing Activities	18,220
Cash Flows from Investing Activities:	
Interest Earned on Investment	247
Net Cash Flows from Investing Activities	247
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(12,689)
Net Cash Provided by (Used For) Capital Financing Activities	(12,689)
Net Increase (Decrease) in Cash and Cash Equivalents	(11,927)
Cash and Cash Equivalents, July 1, 2011	31,231
Cash and Cash Equivalents, June 30, 2012	\$ 19,304

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, 2012

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 128,830	\$ 33,804	\$ 1,744	\$ 164,378
TOTAL ASSETS	<u>128,830</u>	<u>33,804</u>	<u>1,744</u>	<u>164,378</u>
LIABILITIES				
Accounts Payable	71			71
Payroll Deductions & Withholdings Due to Student Groups		33,804	1,744	33,804
TOTAL LIABILITIES	<u>71</u>	<u>33,804</u>	<u>1,744</u>	<u>35,619</u>
NET ASSETS				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 128,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,759</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,271
Operating Transfer In	20,000
Investment Earnings-Interest	742
Total Additions	27,013
DEDUCTIONS	
Unemployment Claims	13,581
Change in Net Assets	13,432
Net Assets, Beginning of the Year	115,327
Net Assets, End of the Year	\$ 128,759

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
ASSETS				
Cash & Cash Equivalents	\$ 44,894	\$ 126,965	\$ 138,055	\$ 33,804
Interfund Receivable	113		113	
TOTAL ASSETS	<u>\$ 45,007</u>	<u>\$ 126,965</u>	<u>\$ 138,168</u>	<u>\$ 33,804</u>
LIABILITIES				
Due to Student Groups	<u>\$ 45,007</u>	<u>\$ 126,965</u>	<u>\$ 138,168</u>	<u>\$ 33,804</u>
TOTAL LIABILITIES	<u>\$ 45,007</u>	<u>\$ 126,965</u>	<u>\$ 138,168</u>	<u>\$ 33,804</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 PAYROLL AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Balance 07/01/11	Additions	Deletions	Balance 06/30/12
ASSETS				
Cash & Cash Equivalents	\$ 37	\$ 4,245,175	\$ 4,243,468	\$ 1,744
TOTAL ASSETS	<u>\$ 37</u>	<u>\$ 4,245,175</u>	<u>\$ 4,243,468</u>	<u>\$ 1,744</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 24	\$ 1,783,749	\$ 1,782,054	\$ 1,719
Net Payroll	13	2,461,426	2,461,414	25
TOTAL LIABILITIES	<u>\$ 37</u>	<u>\$ 4,245,175</u>	<u>\$ 4,243,468</u>	<u>\$ 1,744</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, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/11	Issued	Retired	Balance 06/30/12
			Date	Amount					
School Additions & Renovations	12/01/02	\$ 3,370,000	07/15/12	\$ 155,000	4.30%	\$ 2,495,000		\$ 2,340,000	\$ 155,000
Refunding School Bonds of 2011			07/15/12	20,000	2.00%		\$ 2,270,000		2,270,000
			07/15/13	180,000	2.00%				
			07/15/14	180,000	2.00%				
			07/15/15	190,000	2.00%				
			07/15/16	190,000	3.00%				
			07/15/17	200,000	3.00%				
			07/15/18	205,000	3.00%				
			07/15/19	205,000	3.00%				
			07/15/20	215,000	3.00%				
			07/15/21	220,000	4.00%				
			07/15/22	230,000	4.00%				
			07/15/23	235,000	4.00%				
						<u>\$ 2,495,000</u>	<u>\$ 2,270,000</u>	<u>\$ 2,340,000</u>	<u>\$ 2,425,000</u>
			<u>Analysis</u>						
			Bonds Refunded					\$ 2,195,000	
			Bonds Issued				\$ 2,270,000		
			Bonds Retired					<u>145,000</u>	
							<u>\$ 2,270,000</u>	<u>\$ 2,340,000</u>	

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 252,173		\$ 252,173	\$ 252,173	
Total Revenues	<u>252,173</u>	<u>\$ -</u>	<u>252,173</u>	<u>252,173</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	107,173		107,173	92,839	(14,334)
Redemption of Principal	145,000		145,000	145,000	
Total Expenditures	<u>252,173</u>	<u>-</u>	<u>252,173</u>	<u>237,839</u>	<u>(14,334)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	14,334	14,334
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,334</u>	<u>\$ 14,334</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 NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ending June 30.								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 3,224,646	\$ 3,367,774	\$ 3,736,772
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926
Unrestricted	245,121	295,746	204,317	325,956	329,715	230,993	452,699	409,879	433,172
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 3,093,092	\$ 3,477,158	\$ 3,412,731	\$ 3,519,503	\$ 3,673,036	\$ 3,959,304	\$ 4,344,882	\$ 4,826,066	\$ 5,206,870
BUSINESS-TYPE ACTIVITIES									
Invested in Capital Assets, Net of Related Debt	\$ 9,261	\$ 8,354	\$ 16,220	\$ 14,660	\$ 19,676	\$ 40,027	\$ 35,925	\$ 31,822	\$ 40,471
Unrestricted	13,800	19,496	19,166	37,444	40,870	26,458	32,081	34,373	21,520
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 23,061	\$ 27,850	\$ 35,386	\$ 52,104	\$ 60,546	\$ 66,485	\$ 68,006	\$ 66,195	\$ 61,991
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	\$ 3,260,571	\$ 3,399,596	\$ 3,777,243
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926
Unrestricted	258,921	315,242	223,483	363,400	370,585	257,451	484,780	444,252	454,692
TOTAL DISTRICT-WIDE	\$ 3,116,153	\$ 3,505,008	\$ 3,448,117	\$ 3,571,607	\$ 3,733,582	\$ 4,025,789	\$ 4,412,888	\$ 4,892,261	\$ 5,268,861

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
EXPENSES									
Governmental Activities:									
Instruction:									
Regular	\$ 2,361,814	\$ 2,404,320	\$ 2,828,419	\$ 2,986,510	\$ 2,972,320	\$ 2,860,502	\$ 2,902,136	\$ 2,896,592	\$ 3,070,630
Special Education	665,034	708,533	760,735	909,287	887,642	924,311	856,655	896,165	857,343
Other Special Education	55,233	72,137	192,963	159,363	110,518	163,753	273,351	184,504	198,269
Other Instruction	27,496	31,117	22,195	43,235	39,985	40,133	37,640	37,717	37,754
Support Services:									
Tuition	166,617	116,905	94,606	87,071	92,732	93,453	47,009	40,527	90,695
Student & Instruction Related Services	734,735	673,794	806,694	826,592	993,344	917,081	878,051	850,416	945,903
General & Business Administrative Services	492,340	489,792	541,118	583,252	579,784	566,073	569,588	550,843	572,838
School Administrative Services	175,965	183,859	161,277	164,504	196,671	199,006	205,387	208,129	185,949
Plant Operations & Maintenance	528,664	497,517	659,048	646,411	751,938	715,260	824,872	754,886	669,183
Pupil Transportation	377,566	401,435	396,409	414,770	420,074	388,638	370,447	372,963	382,671
Interest on Long-Term Debt	157,508	144,238	139,614	134,598	129,607	124,414	119,023	126,784	109,402
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>	<u>7,084,159</u>	<u>6,919,526</u>	<u>7,120,637</u>
Business-Type Activities:									
Food Services	119,421	124,638	126,298	120,009	124,557	129,996	130,382	130,560	118,836
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>	<u>130,382</u>	<u>130,560</u>	<u>118,836</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>	<u>\$ 7,214,541</u>	<u>\$ 7,050,086</u>	<u>\$ 7,239,473</u>

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

	Fiscal Year Ending June 30.								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
PROGRAM REVENUES									
Governmental Activities:									
Operating Grants & Contributions	\$ 173,532	\$ 164,237	\$ 177,887	\$ 168,374	\$ 166,764	\$ 143,454	\$ 237,712	\$ 148,012	\$ 142,694
Capital Grants & Contributions	940,576	176,358	52,907			90,300	10,650	88,040	
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>	<u>248,362</u>	<u>236,052</u>	<u>142,694</u>
Business-Type Activities:									
Charges for Services:									
Food Service	102,581	106,330	105,248	115,995	112,707	118,304	109,742	104,647	90,233
Operating Grants & Contributions	20,073	18,086	19,430	19,133	18,855	17,304	21,999	23,975	24,152
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>	<u>131,741</u>	<u>128,622</u>	<u>114,385</u>
TOTAL DISTRICT-PROGRAM REVENUES	<u>\$ 1,236,762</u>	<u>\$ 465,011</u>	<u>\$ 355,472</u>	<u>\$ 303,502</u>	<u>\$ 298,326</u>	<u>\$ 369,362</u>	<u>\$ 380,103</u>	<u>\$ 364,674</u>	<u>\$ 257,079</u>
NET (EXPENSE) REVENUES									
Governmental Activities	\$ (4,628,864)	\$ (5,383,052)	\$ (6,372,284)	\$ (6,787,219)	\$ (7,007,851)	\$ (6,758,870)	\$ (6,835,797)	\$ (6,683,474)	\$ (6,977,943)
Business-Type Activities	3,233	(222)	(1,620)	15,119	7,005	5,612	1,359	(1,938)	(4,451)
TOTAL DISTRICT-WIDE NET EXPENSES	<u>\$ (4,625,631)</u>	<u>\$ (5,383,274)</u>	<u>\$ (6,373,904)</u>	<u>\$ (6,772,100)</u>	<u>\$ (7,000,846)</u>	<u>\$ (6,753,258)</u>	<u>\$ (6,834,438)</u>	<u>\$ (6,685,412)</u>	<u>\$ (6,982,394)</u>
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	\$ 5,045,985	\$ 5,172,767	\$ 5,173,467
Taxes Levied for Debt Service	327,145	402,771	248,939	253,953	253,773	230,459	253,373	252,873	252,173
Unrestricted Grants & Contributions	1,811,746	1,713,780	1,724,140	1,979,993	2,063,848	1,837,400	1,893,944	1,667,601	1,904,875
State Capital Projects Grant Deobligated							(31,556)		(34,068)
Tuition Income	4,290	6,384	650	2,000		2,000	15,700	22,000	29,561
Investment Earnings	33,424	27,318	45,546	78,995	62,418	26,623	16,435	12,909	18,220
Miscellaneous Income	21,706	1,364	3,272	14,408	6,727	8,053	27,494	35,508	15,519
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>	<u>7,221,375</u>	<u>7,163,658</u>	<u>7,359,747</u>

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL REVENUES & OTHER CHANGES IN NET ASSETS (Cont'd)									
Business-Type Activities:									
Investment Earnings	\$ 16	\$ 11	\$ 38	\$ 1,599	\$ 1,437	\$ 327	\$ 162	\$ 127	\$ 247
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>	<u>162</u>	<u>127</u>	<u>247</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>	<u>\$ 7,221,537</u>	<u>\$ 7,163,785</u>	<u>\$ 7,359,994</u>
CHANGE IN NET ASSETS									
Governmental Activities	\$ 1,156,228	\$ 384,066	\$ (74,675)	\$ 106,772	\$ 153,533	\$ 286,268	\$ 385,578	\$ 480,184	\$ 381,804
Business-Type Activities	11,784	4,789	7,536	16,718	8,442	5,939	1,521	(1,811)	(4,204)
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>	<u>\$ 387,099</u>	<u>\$ 478,373</u>	<u>\$ 377,600</u>

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

	Fiscal Year Ending June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund:									
Reserved	\$ 143,293	\$ 347,641	\$ 349,998	\$ 353,192	\$ 509,002	\$ 671,673	\$ 979,463	\$ 1,101,882	\$ 980,839
Unreserved	263,811	96,967	76,793	197,118	209,859	138,397	207,454	210,828	223,427
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>	<u>\$ 1,186,917</u>	<u>\$ 1,312,710</u>	<u>\$ 1,204,266</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			\$ 195,032	\$ 33,294	\$ 266,630	\$ 342,436
Debt Service Fund	9,006	4,433		23,214	23,214				14,334
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>	<u>\$ 33,294</u>	<u>\$ 266,630</u>	<u>\$ 356,770</u>

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Tax Levy	\$ 3,490,039	\$ 3,927,461	\$ 4,033,272	\$ 4,535,648	\$ 4,818,595	\$ 5,028,391	\$ 5,171,062	\$ 5,299,358	\$ 5,425,640	\$ 5,425,640
Tuition Charges	6,200	4,290	6,384	650	2,000		2,000	15,700	22,000	29,561
Interest Earnings	25,982	33,424	27,318	45,546	78,995	62,418	26,623	16,435	12,909	18,220
Miscellaneous	9,785	22,963	2,354	3,272	14,408	6,727	8,053	27,494	35,508	15,519
State Sources	1,549,086	2,764,721	1,901,663	1,789,166	1,988,378	2,071,599	1,928,069	1,822,948	1,755,641	1,855,296
Federal Sources	119,500	159,876	151,722	165,768	159,989	159,013	143,085	319,358	148,012	192,273
Total Revenues	5,200,592	6,912,735	6,122,713	6,540,050	7,062,365	7,328,148	7,278,892	7,501,293	7,399,710	7,536,509
Expenditures:										
Instruction:										
Regular Instruction	1,499,723	1,768,421	1,753,443	2,054,543	2,110,996	2,117,630	2,109,570	2,109,905	2,027,723	2,137,132
Special Education Instruction	393,713	491,253	544,941	561,276	646,805	630,637	674,505	618,793	580,253	583,982
Other Special Instruction	59,998	38,829	42,900	109,037	91,000	90,543	117,993	119,624	125,322	131,687
Other Instruction	27,840	23,460	31,117	22,195	37,337	38,197	38,327	35,894	36,518	36,543
Support Services:										
Tuition	54,911	98,379	44,350	14,106	6,048	9,940	11,862	504	23,527	11,830
Student & Instruction Related Services	592,989	565,743	521,324	603,434	598,597	728,664	696,658	639,251	604,411	682,694
General Administrative Services	258,452	265,634	262,545	286,799	283,407	246,025	258,207	261,066	214,186	221,041
School Administrative Services	127,742	130,413	134,582	125,706	122,990	145,230	146,748	154,388	147,524	133,608
Central Services	130,659	149,659	143,095	161,839	166,970	168,365	182,617	188,998	202,975	203,615
Plant Operations & Maintenance	345,164	470,178	443,129	608,778	618,872	688,313	649,935	748,932	671,630	577,862
Pupil Transportation	356,308	377,192	395,077	382,059	412,520	415,302	383,796	364,210	365,719	375,689
Employee Benefits	616,475	665,638	664,962	825,902	820,290	807,103	793,770	853,775	1,050,274	1,066,660
On-Behalf TPAF Pension & Soc Sec Contributions	218,972	270,179	283,671	342,826	576,030	605,283	443,032	452,268	440,191	509,754
Capital Outlay	39,384	7,907		19,881	16,900	37,828	71,000	51,086	57,973	40,857
Capital Projects	345,370	2,574,083	1,405,901	118,993	80,912		30,718	124,849	81,470	407,258
Special Revenue Funds	148,318	172,543	164,275	177,847	168,377	166,764	143,085	237,712	148,012	142,694
Debt Service:										
Principal	200,000	200,000	310,000	115,000	120,280	125,000	130,000	135,000	140,000	145,000
Interest & Other Charges	33,000	178,171	149,473	138,372	133,673	128,773	123,673	118,373	112,873	92,839
Total Expenditures	5,449,018	8,447,682	7,294,785	6,668,593	7,012,004	7,149,597	7,005,496	7,214,628	7,030,581	7,500,745
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(248,426)	(1,534,947)	(1,172,072)	(128,543)	50,361	178,551	273,396	286,665	369,129	35,764
Other Financing Sources (Uses):										
Capital Leases (Non-Budgeted)	26,370									
Proceeds from Bond Issue	3,370,000									
NJSDA Grant Deobligated								(31,556)		(34,068)
Transfers Out	(14,500)	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)	(40,000)	(10,000)	(20,000)
Total Other Financing Sources (Uses)	3,381,870	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)	(71,556)	(10,000)	(54,068)
Net Change in Fund Balances	\$ 3,133,444	\$ (1,548,482)	\$ (1,187,072)	\$ (147,661)	\$ 45,361	\$ 168,551	\$ 263,396	\$ 215,109	\$ 359,129	\$ (18,304)
Debt Service as a Percentage of Non-capital Expenditures	4.82%	6.89%	8.46%	4.04%	3.81%	3.70%	3.81%	3.73%	3.81%	3.49%

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 as Business 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,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Interest Income	\$ 4,160	\$ 5,459	\$ 17,740	\$ 45,546	\$ 76,521	\$ 62,418	\$ 26,623	\$ 16,435	\$ 12,909	\$ 18,220
Tuition	6,200	4,290	6,384	650	2,000		2,000	15,700	22,000	29,561
Building Use Fees	1,868	4,917	210		6,025	5,082	5,051	7,811	6,587	7,175
Insurance Rebates	309									
Prior Year Refunds	4,179	2,442	990		7,430	85	135	16,867	23,582	4,994
Accounts Payable Canceled	2,066			1,722		1,246	2,210		222	622
Miscellaneous Other	327	218	80		254		657	1,649	27	30
State of New Jersey-Unclaimed Property		10,120								
Semi Payments								1,167	1,850	298
Energy Audit									3,240	
Balances Cancelled					416					
Miscellaneous Refunds	152					314				
Book Fines	396	1,521								
Payroll Excess-Prior Years				1,000						
Sale of Surplus Equipment										2,400
Outstanding Checks Voided	469	2,488	84	550						
Annual Totals	<u>\$ 20,126</u>	<u>\$ 31,455</u>	<u>\$ 25,488</u>	<u>\$ 49,468</u>	<u>\$ 92,646</u>	<u>\$ 69,145</u>	<u>\$ 36,676</u>	<u>\$ 59,629</u>	<u>\$ 70,417</u>	<u>\$ 63,300</u>

Source: District Records

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Vacant Land	\$ 11,426,300	\$ 10,409,379	\$ 9,292,379	\$ 9,344,079	\$ 29,392,700	\$ 28,977,700	\$ 24,913,500	\$ 19,877,000	\$ 19,848,200	\$ 20,682,400
Residential	217,302,400	223,549,850	232,456,100	236,095,900	486,985,900	490,067,000	494,471,800	421,467,300	422,700,800	417,770,800
Farm Regular	61,848,500	62,229,900	62,830,700	63,625,900	124,369,300	123,850,000	126,078,000	111,387,300	111,775,600	114,411,900
Q Farm	3,481,121	3,504,032	3,476,438	15,775,698	6,256,967	5,970,400	5,910,000	5,862,400	5,809,900	5,810,800
Commercial	15,854,095	15,903,295	16,010,415	16,010,415	36,682,000	34,335,100	40,870,300	34,544,300	35,078,200	34,583,000
Industrial	8,325,610	8,325,610	8,325,610	8,840,610	11,539,200	11,539,200	10,401,900	9,346,600	9,346,600	9,346,600
Apartment	1,210,500	1,210,500	1,210,500	1,210,500	2,262,500	2,262,500	2,262,500	2,018,900	1,988,300	1,988,300
Total Assessed Value	319,448,526	325,132,566	333,602,142	350,903,102	697,488,567	697,001,900	704,908,000	604,503,800	606,547,600	604,593,800
Public Utilities (a)	1,082,559	1,040,047	947,193	947,193	1,622,202	1,545,883	1,359,500	1,639,850	1,559,512	1,663,096
Net Valuation Taxable	\$ 320,531,085	\$ 326,172,613	\$ 334,549,335	\$ 351,850,295	\$ 699,110,769	\$ 698,547,783	\$ 706,267,500	\$ 606,143,650	\$ 608,107,112	\$ 606,256,896
Estimated Actual County Equalized Value	\$ 464,207,484	\$ 508,082,317	\$ 577,613,171	\$ 615,263,836	\$ 716,228,633	\$ 717,447,587	\$ 704,115,651	\$ 697,873,317	\$ 660,555,194	\$ 639,241,772
Percentage of Net Valuation to Estimated Actual County Equalized Value	69.05%	64.20%	57.92%	57.19%	97.61%	97.37%	100.31%	86.86%	92.06%	94.84%
Total Direct School Tax Rate (b)	\$ 1.226	\$ 1.237	\$ 1.356	\$ 1.369	\$ 0.719	\$ 0.740	\$ 0.750	\$ 0.895	\$ 0.892	\$ 0.907

*

*

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				Overlapping Rates			Total Direct & Overlapping Tax Rate	
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Debt	Municipality	County		Fire District
			Total Direct School Tax Rate						
2003	\$ 1.124	\$ 0.102	\$ 1.226	\$ 0.640	\$ 0.189	\$ 0.625		\$ 2.68	
2004	1.113	0.124	1.237	0.708	0.219	0.636		2.80	
2005	1.282	0.074	1.356	0.758	0.314	0.652		3.08	
2006	1.296	0.073	1.369	0.786	0.300	0.620		3.08	
2007	* 0.683	0.036	0.719	0.386	0.174	0.341		1.62	
2008	0.707	0.033	0.740	0.393	0.190	0.335		1.66	
2009	0.714	0.036	0.750	0.413	0.188	0.342		1.69	
2010	* 0.853	0.042	0.895	0.506	0.222	0.391		2.01	
2011	0.851	0.041	0.892	0.549	0.221	0.373		2.04	
2012	0.869	0.038	0.907	0.571	0.225	0.373		2.08	

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

	2012			2003		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Buckeye Pipeline Co	\$ 4,575,000	1	0.75%	\$ 2,325,300	2	0.73%
Route 12 Business Park LLC	4,188,100	2	0.69%			
Mel Chemicals Inc	3,463,700	3	0.57%			
Horseshoe Bend LLC	3,110,300	4	0.51%			
Buckeye Pipeline Co	3,040,000	5	0.50%			
Lutz Welding & Fabricating Inc	2,895,500	6	0.48%	1,783,100	4	0.56%
Frenchtown Run LLC	2,500,000	7	0.41%			
869 Associates LLC	2,324,100	8	0.38%			
Horseshoe Bend LLC	1,750,000	9	0.29%			
Individual Property Owner	1,650,800	10	0.27%	2,100,000	3	0.66%
Magnesium Elektron Inc				3,768,400	1	1.18%
United Telephone Co of NJ				1,460,600	5	0.46%
Individual Property Owner				1,041,300	6	0.32%
Individual Property Owner				913,500	7	0.28%
Individual Property Owner				791,500	8	0.25%
Razberry"s Inc				743,900	9	0.23%
Individual Property Owner				737,900	10	0.23%
	<u>\$ 29,497,500</u>		<u>4.87%</u>	<u>\$ 15,665,500</u>		<u>4.89%</u>

Source: Municipal Tax Assessor

Razberry"s Inc

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
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%
2009	12,016,948	11,452,551	95.30%
2010	12,253,395	11,821,890	96.48%
2011	12,574,328	12,112,601	96.33%

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

- School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a
(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			
2003	\$ 3,770,000		\$ 23,818			\$ 3,793,818	1.70%	\$ 971
2004	3,570,000		3,403			3,573,403	1.54%	905
2005	3,260,000					3,260,000	1.37%	823
2006	3,145,000					3,145,000	1.32%	792
2007	3,025,000					3,025,000	1.17%	756
2008	2,900,000					2,900,000	1.05%	719
2009	2,770,000					2,770,000	0.98%	683
2010	2,635,000					2,635,000	0.99%	649
2011	2,495,000					2,495,000	0.97%	649
2012	2,425,000					2,425,000	N/a	632

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		Net General Bonded Debt Outstanding		
	Bonds	Deductions			
2003	\$ 3,770,000		\$ 3,770,000	1.18%	\$ 955
2004	3,570,000		3,570,000	1.09%	901
2005	3,260,000		3,260,000	0.97%	821
2006	3,145,000		3,145,000	0.89%	786
2007 *	3,025,000		3,025,000	0.43%	750
2008	2,900,000		2,900,000	0.42%	715
2009	2,770,000		2,770,000	0.39%	683
2010 *	2,635,000		2,635,000	0.43%	685
2011	2,495,000		2,495,000	0.41%	651
2012	2,425,000		2,425,000	0.40%	632

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, 2011

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 3,666,428	100.00	\$ 3,666,428
Regional High School	4,039,000	25.45	1,027,889
County General Obligation Debt	83,215,385	2.77	2,302,334
Subtotal, Overlapping Debt			6,996,650
School District Direct Debt			2,350,000
Total Direct and Overlapping Debt			<u>\$ 9,346,650</u>

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 2012

Equalized Valuation Basis

2011	\$	639,548,292
2010		656,641,104
2009		695,312,685
		<u>\$ 1,991,502,081</u>

Average Equalized Valuation of Taxable Property

	\$	663,834,027
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Debt Limit (3.0% of Average Equalization Value)

	\$	19,915,021	(a)
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Total Net Debt Applicable to Limit

		<u>2,425,000</u>
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Legal Debt Margin

	\$	<u>17,490,021</u>
--	----	-------------------

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 10,263,063	\$ 11,868,061	\$ 13,778,118	\$ 15,816,621	\$ 17,873,663	\$ 19,641,225	\$ 20,812,146	\$ 21,124,196	\$ 20,626,001	\$ 19,915,021
Total Net Debt Applicable	<u>4,940,121</u>	<u>3,799,545</u>	<u>3,312,907</u>	<u>3,145,280</u>	<u>3,025,000</u>	<u>2,900,000</u>	<u>2,770,000</u>	<u>2,635,000</u>	<u>2,495,000</u>	<u>2,425,000</u>
Legal Debt Margin	<u>\$ 5,322,942</u>	<u>\$ 8,068,516</u>	<u>\$ 10,465,211</u>	<u>\$ 12,671,341</u>	<u>\$ 14,848,663</u>	<u>\$ 16,741,225</u>	<u>\$ 18,042,146</u>	<u>\$ 18,489,196</u>	<u>\$ 18,131,001</u>	<u>\$ 17,490,021</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	48.13%	32.01%	24.04%	19.89%	16.92%	14.76%	13.31%	12.47%	12.10%	12.18%

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)
2003	3,948	\$ 232,284,528	\$ 58,836	5.3%
2004	3,962	238,349,958	60,159	5.7%
2005	3,971	237,783,480	59,880	4.7%
2006	3,999	258,679,314	64,686	3.4%
2007	4,032	275,740,416	68,388	3.8%
2008	4,055	282,905,185	69,767	3.3%
2009	4,057	265,100,608	65,344	7.8%
2010	3,844	251,182,336	65,344	8.0%
2011	3,834	N/A	N/A	7.8%
2012	3,834	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	2012			2003		
	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

FUNCTION/PROGRAM	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction:										
Regular	32.0	31.0	31.5	32.0	32.0	32.0	32.0	31.5	30.0	30.2
Special Education	6.0	9.0	10.0	10.0	11.0	10.0	10.0	9.0	9.1	8.0
Other Special Education										
Vocational										
Other Instruction-Aides	4.0	4.5	4.5	4.5	4.5	5.0	5.0	4.5	3.5	3.1
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	7.2	7.2	7.7	9.6	9.8	10.8	10.8	10.6	10.6	9.8
General Administration	1.9	1.9	1.9	2.4	2.4	2.0	2.0	2.0	2.0	1.5
School Administration Services	2.0	2.0	2.0	2.0	2.0	2.4	2.4	2.4	2.4	1.9
Other Administrative Services										
Central Services	2.0	2.5	3.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Administrative Information Technology										
Plant Operations and Maintenance	6.2	6.6	6.0	6.0	6.0	6.0	6.0	6.0	5.6	5.6
Pupil Transportation	0.1	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other Support Services										
Special Schools										
Food Service										
Child Care										
Total	61.4	64.8	66.7	69.1	70.3	70.8	70.8	68.6	65.8	62.7

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
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	-6.09%	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%	96.04%
2010	456	6,785,320	14,880	2.03%	49.1	1 to 10.70	447.9	430.7	-1.34%	96.16%
2011	435	6,638,265	15,260	2.56%	50.7	1 to 10.48	428.3	411.1	-4.38%	95.98%
2012	396	6,814,791	17,209	12.77%	46.4	1 to 11.10	412.7	396.0	-3.64%	95.95%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>Elementary (1948)</u>										
Square Feet	56,116	56,116	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519
Capacity (Students)	424.0	424.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0
Average Daily Enrollment	460.0	483.0	507.5	486.0	488.0	461.1	454.0	447.9	431.8	396.0
Number of Schools at June 30, 2012:										
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 TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
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
2010	88,308	88,308
2011	56,596	56,596
2012	<u>61,878</u>	<u>61,878</u>
Total School Facilities	<u>\$ 621,311</u>	<u>\$ 621,311</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, 2012
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ School Boards Assoc:		
Property-Blanket Building & Contents (Policy Limit)	\$ 500,000,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	1,000
Comprehensive Automobile Liability (Policy Limit)	16,000,000	1,000
Boiler & Machinery-NJ School Boards Assoc:		
Property Damage	100,000,000	1,000
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	50,000	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

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

September 30, 2012

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

We 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, 2012, and have issued our report thereon dated September 30, 2012. We conducted our 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 Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our 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 deficiencies significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

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

This report is intended solely for the information of the management of the Board of Education, federal and state awarding agencies and pass through entities, and the New Jersey Department of Education 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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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

September 30, 2012

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

Compliance

We 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 the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. 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. Our responsibility is to express an opinion on the Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School 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 we 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 we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board of Education's compliance with those requirements.

In our opinion the Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.

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 our audit, we 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 program in order to determine our audit procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 but not for the purpose of expressing an opinion on the effectiveness on internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Education, others within the entity, the New Jersey Department of Education, federal 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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2011		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2012		
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
US Department of Education Passed Through State Department of Education: General Fund: Education Jobs Fund													
	84.410A		\$ 49,579	8/10/2010			\$ 49,579	\$ 49,579					
				9/30/2012									
Total General Fund							\$ 49,579	49,579	\$ -	\$ -	\$ -	\$ -	\$ -
US Department of Education Passed Through State Department of Education: Special Revenue Fund													
NCLB Title IA													
	84-010A	NCLB-245012	8,437	9/01/11-8/31/2012			8,437	8,437					
NCLB Title IA													
	84-010A	NCLB-245011	5,753	9/01/10-8/31/2011	(517)		517						
NCLB Title II A													
	84.367A	NCLB-245012	9,528	9/01/11-8/31/2012			9,528	9,528					
NCLB Title II A													
	84.367A	NCLB-245011	10,285	9/01/10-8/31/2011	(3,880)		3,880						
Rural School Achievement Program													
	84.358A	S 358A11 1011	42,336	7/01/11-9/30/2012			42,336	42,336					
IDEA Basic													
	84.027	IDEA-245012	78,681	9/01/11-8/31/2012			78,681	78,681					
IDEA Basic													
	84.027	IDEA-245011	81,053	9/01/10-8/31/2011	(5,462)		5,462						
IDEA Pre School													
	84.173	IDEA-245012	3,712	9/01/11-8/31/2012			3,712	3,712					
IDEA Pre School													
	84.173	IDEA-245011	3,774	9/01/10-8/31/2011	(2,385)		2,385						
Total Special Revenue Fund					(12,244)	-	154,938	142,694	-	-	-	-	-
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:													
Food Distribution Program													
	10.550-	N/A	6,872	7/01/2010-6/30/2011		1,021		1,021					
Food Distribution Program													
	10.550-	N/A	6,545	7/01/2011-6/30/2012			6,545	5,500				1,045	
Special Milk Program for Children													
	10.556-	N/A	298	7/01/2010-6/30/2011	(30)		30						
National School Lunch Program													
	10.555-	N/A	15,430	7/01/2010-6/30/2011	(1,332)		1,332						
National School Lunch Program													
	10.555-	N/A	16,315	7/01/2011-6/30/2012			15,497	16,315			(818)		
Total Enterprise Fund					(341)	-	23,404	22,836	-	-	(818)	1,045	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (12,585)	\$ -	\$ 227,921	\$ 215,109	\$ -	\$ -	\$ (818)	\$ 1,045	\$ -

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, 2012

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2011 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2012			Memo		
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
State Department of Education													
General Fund:													
Transportation Aid	11-495-034	\$ 155,247	7/01/2010-										
	-5120-014		6/30/2011	\$ (15,340)	\$ 15,340								
Transportation Aid	12-495-034	155,247	7/01/2011-										
	-5120-014		6/30/2012		139,819	\$ 155,247		\$ (15,428)			\$ (15,428)	\$ 155,247	
Special Education Categorical Aid	11-495-034	232,566	7/01/2010-										
	-5120-089		6/30/2011	(22,980)	22,980								
Special Education Categorical Aid	12-495-034	232,566	7/01/2011-										
	-5120-089		6/30/2012		209,454	232,566		(23,112)			(23,112)	232,566	
Equalization Aid	12-495-034	458,092	7/01/2011-										
	-5120-078		6/30/2012		412,569	458,092		(45,523)			(45,523)	458,092	
Extraordinary Special Education Costs Aid	11-100-034	69,122	7/01/2010-										
	-5120-473		6/30/2011	(69,122)	69,122								
Extraordinary Special Education Costs Aid	12-100-034	94,356	7/01/2011-										
	-5120-473		6/30/2012			94,356		(94,356)			(94,356)	94,356	
Security Aid	11-495-034	30,927	7/01/2010-										
	-5120-084		6/30/2011	(3,056)	3,056								
Security Aid	12-495-034	30,927	7/01/2011-										
	-5120-084		6/30/2012		27,854	30,927		(3,073)			(3,073)	30,927	
Adjustment Aid	11-495-034	244,701	7/01/2010-										
	-5120-085		6/30/2011	(24,179)	24,179								
Adjustment Aid	12-495-034	376,467	7/01/2011-										
	-5120-085		6/30/2012		339,055	376,467		(37,412)			(37,412)	376,467	
Equalization Aid	11-495-034	458,092	7/01/2010-										
	-5120-078		6/30/2011	(45,264)	45,264								
Anti Bullying Bill of Rights Act Aid	N/A	7,998	7/01/2011-										
			6/30/2012		7,998	7,998						7,998	
Reimbursement TPAF Social Security Contribution	12-495-034	224,924	7/01/2011-										
	-5095-002		6/30/2012		224,924	224,924						224,924	
NP School Transportation	11-495-034	2,525	7/01/2010-										
	-5120-014		6/30/2011	(2,525)	2,525								
NP School Transportation	12-495-034	3,618	7/01/2011-										
	-5120-014		6/30/2012			3,618		(3,618)			(3,618)	3,618	
On-Behalf TPAF Pension Contribution- Teachers' Pension and Annuity Fund	12-495-034	85,450	7/01/2011-										
	-5095-006		6/30/2012		85,450	85,450						85,450	
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	12-495-034	9,170	7/01/2011-										
	-5095-007		6/30/2012		9,170	9,170						9,170	
On-Behalf TPAF Pension Contribution- Post Retirement Medical	12-495-034	190,210	7/01/2011-										
	-5095-001		6/30/2012		190,210	190,210						190,210	
Total General Fund				<u>(182,466)</u>	<u>1,828,969</u>	<u>1,869,025</u>	<u>\$ -</u>	<u>(222,522)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(222,522)</u>	<u>1,869,025</u>	
Capital Projects Fund:													
NJSDA Grant-Removal and Replacement of Main Office HVAC Equipment	SDA2450-050-10-GOIX	88,040											
				<u>(15,050)</u>	<u>53,972</u>	<u>38,922</u>		<u>-</u>				<u>53,972</u>	
Total Capital Projects Fund				<u>(15,050)</u>	<u>53,972</u>	<u>38,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,972</u>	

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, 2012
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2011 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2012			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Agriculture Enterprise Fund:</u>												
National School Lunch Program (St Share)	11-100-010	\$ 1,172	7/01/2010-									
	-3350-023		6/30/2011	\$ (107)	\$ 107							
National School Lunch Program (St Share)	12-100-010	1,252	7/01/2011-									
	-3350-023		6/30/2012		1,190	\$ 1,252		\$ (62)			\$ (62)	\$ 1,252
Total Enterprise Fund				(107)	1,297	1,252	\$ -	(62)	\$ -	\$ -	(62)	1,252
TOTAL STATE FINANCIAL ASSISTANCE				\$ (197,623)	\$ 1,884,238	\$ 1,909,199	\$ -	\$ (222,584)	\$ -	\$ -	\$ (222,584)	\$ 1,924,249

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012

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 \$13,729 for the general fund and \$-0- 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:

	Federal	State	Total
General Fund	\$ 49,579	\$ 1,855,296	\$ 1,904,875
Special Revenue Fund	142,694		142,694
Capital Projects Fund		38,922	38,922
Food Service Fund	22,836	1,252	24,088
	<u>\$ 215,109</u>	<u>\$ 1,895,470</u>	<u>\$ 2,110,579</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2012
(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, 2012. 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, 2012.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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>
12-495-034-5120-078	\$ 458,092	Equalization Aid
12-495-034-5120-085	376,467	Adjustment Aid

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2012.

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, 2012.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.