

**KINGWOOD TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

KINGWOOD TOWNSHIP BOARD OF EDUCATION

KINGWOOD TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Prepared by

KINGWOOD TOWNSHIP BOARD OF EDUCATION

DEPARTMENT OF ADMINISTRATION

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION

KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

Rick Falkenstein

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Bobbie Beriont

Business Administrator/Board Secretary
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September 13, 2013

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, 2013 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 2012-2013 fiscal year with an average daily enrollment of 408.7 students, which is a .98% 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>
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%)
2012-2013	408.7	(0.98%)

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 established the formula for determining the level of State Aid and local funding needed to educate all New Jersey public school children. The New Jersey Department of Education releases the Education Adequacy Report for adjustments to the costs, weights and aid amount in the State's school-funding formula on a yearly basis. Over the past several years, this formula has changed based on the State's budget, making it difficult to predict what state aid amount will be released to Kingwood School on a consistent basis. 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 continues to deliver high-quality programs and maintain a fiscal responsible budget. The major initiatives for the 2012-2013 academic school year were integrating iPads into our instructional program, developing a continuous writing program, and preparing for the Quality Single Accountability Continuum (QSAC) State monitoring.

The one to one iPad initiative in the middle school transformed the way the staff delivered their instruction. Students were able to utilize eBooks, Google Docs, eBackpack and a variety of other web based programs to enrich the way students interact with the content. Students in grades kindergarten through fifth utilize iPads for benchmarking and for centers.

The writing initiative provided the staff with a system to teach writing. The staff now has a common vocabulary and a clear scope and sequence for writing. Through this initiative, the staff learned about the Writers Workshop. This method of instruction focuses on the goal of fostering lifelong writers. It is based upon four principles; students will write about their own lives, they will use a consistent writing process, they will work in authentic ways and it will foster independence.

The District successfully passed QSAC monitoring in all areas and received highly effective ratings.

Our school district continues to be most fortunate in having the support and commitment of various parent and volunteer organizations. Our children benefited from a number of programs sponsored through the generosity of our PTA and the Kingwood Township Education Foundation. 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, 2013.

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, 2013 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	\$5,263,158	75.44%	\$89,691	1.73%
Debt Service	\$232,894	3.34%	\$(24,278)	-9.44%
Other Revenues	\$63,824	.91%	\$527	.83%
State Aid	\$1,276,028	18.29%	\$(83,243)	-6.12%
Federal Aid	\$140,992	2.02%	\$(51,281)	-26.67%
Total Revenues	<u>\$6,976,896</u>	<u>100.00%</u>	<u>\$(68,584)</u>	-0.97%
EXPENDITURES:				
Current Expense	\$6,075,038	93.12%	\$(104,392)	-1.69%
Capital Outlay	\$60,557	0.93%	\$19,700	48.22%
Special Projects	\$140,992	2.16%	(\$1,702)	-1.19%
Debt Service				
Principal	\$175,000	2.68%	\$30,000	20.69%
Interest	\$72,228	1.11%	(\$20,611)	-22.20%
Total Expenditures	<u>\$6,523,815</u>	<u>100.00%</u>	<u>\$(77,005)</u>	-1.17%

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

8. DEBT ADMINISTRATION: At June 30, 2013, the District's outstanding debt issue was \$2,250,000 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.

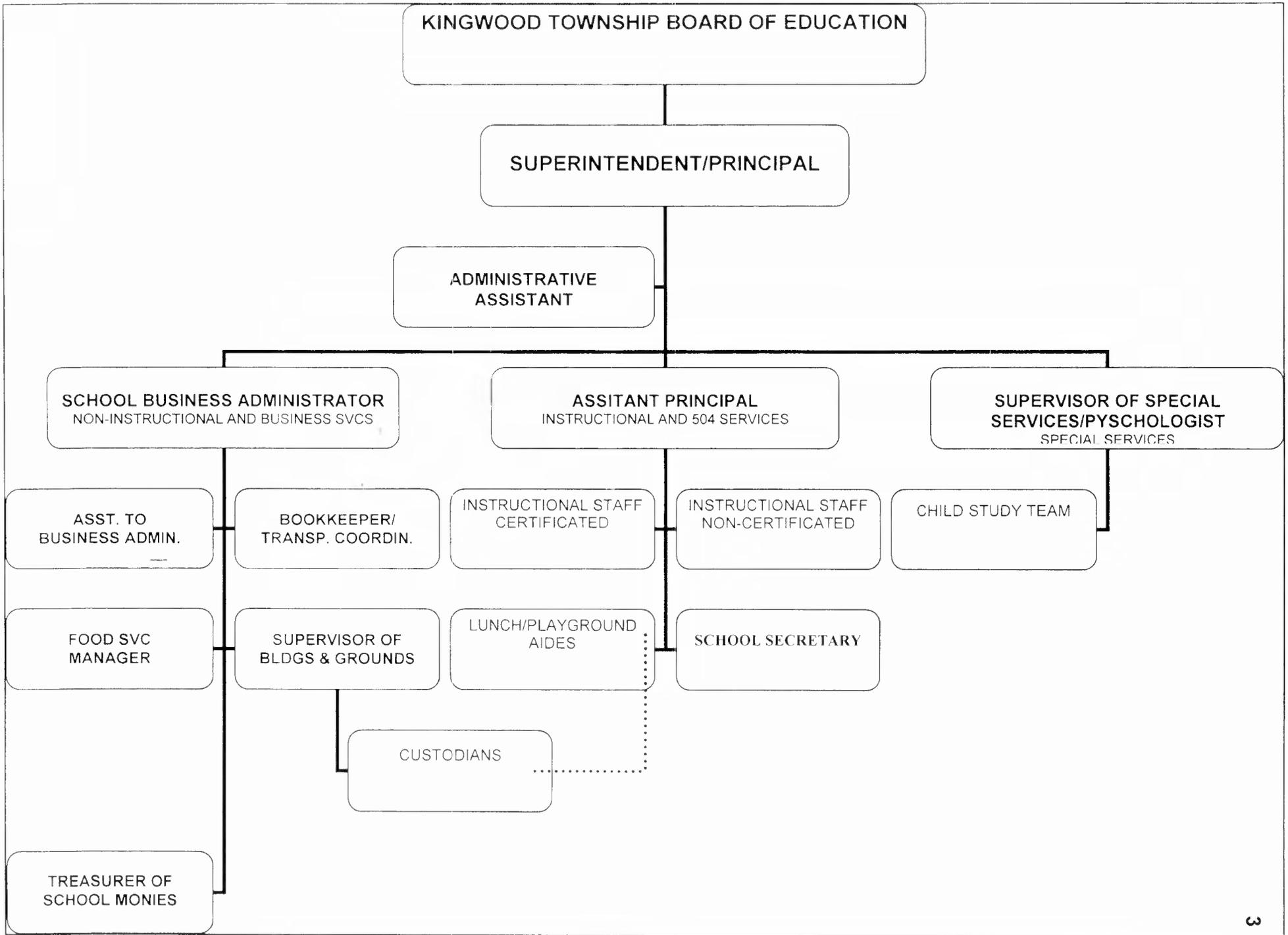
Respectfully Submitted,



Dr. Falkenstein,
Chief School Administrator



Bobbie Beriont,
School Business Administrator/Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
 FRENCHTOWN, NEW JERSEY
 ROSTER OF OFFICIALS
 JUNE 30, 2013

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Joseph DePinto	President	2015
Kevin Bloom	Vice President	2013
Gary Karlsrud		2013
Laurie Willard		2013
Jill Lonergan		2014
Kimberly Malina		2014
Lance Riggio		2014
Paymon Jelvani		2015
Anthony Planer		2015
<u>Other Officials</u>		
Erik Falkenstein	Superintendent	
Roberta Beriont	Business Administrator/ Board Secretary	
Diane Laudenbach	Treasurer	
Fogarty & Hara	Attorney	

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS**

Audit Firm

William M. Colantano, Jr., CPA

Architects

Spiezle Architectural Group

Attorney

Fogarty & Hara

Official Depository

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 13, 2013

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

Report on the Financial Statements

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 (the District) in the County of Hunterdon, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 04-04 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 04-04 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 04-04 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2013 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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, 2013. 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 2013 are as follows:

- ◆ In total, net position increased \$327,880, which represents a 6.22 percent increase from 2012.
- ◆ General revenues accounted for \$7,435,980 in revenue or 96.19 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$294,880 or 3.81 percent to total revenues of \$7,730,860.
- ◆ Total assets of governmental activities increased by \$164,101 as cash and cash equivalents increased by \$178,651, receivables and other assets increased by \$177,599 and capital assets increased by \$163,049.
- ◆ The School District had \$7,236,979 in expenses; only \$294,880 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$7,435,980 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,240,128 in revenues and \$6,781,282 in expenditures. After net transfers from the Capital Projects Fund of \$84,533, the General Fund's balance increased \$543,379 over 2012.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

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

The Statement of Net Position 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 Position 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 2013?" The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 Net Position 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 Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net positions for 2013 compared to 2012.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.3

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

**TABLE 1
NET POSITION**

	6/30/2013	6/30/2012	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$2,028,722	\$1,894,043	\$ 134,679	7.11%
Capital Assets	6,362,639	6,202,243	160,396	2.59%
Total Assets	8,391,361	8,096,286	295,075	3.64%
LIABILITIES				
Long Term Liabilities	2,501,558	2,647,286	(145,728)	-5.50%
Other Liabilities	158,139	180,139	(22,000)	-12.21%
Total Liabilities	2,659,697	2,827,425	(167,728)	-5.93%
NET POSITION				
Invested in Capital Assets, Net of Related Debt	4,112,639	3,777,243	335,396	8.88%
Restricted	1,208,751	1,036,926	171,825	16.57%
Unrestricted	275,351	454,692	(179,341)	-39.44%
Total Net Position	\$5,596,741	\$5,268,861	\$ 327,880	6.22%

Total assets increased \$160,152. Cash and cash equivalents increased by \$175,377, receivables and other assets decreased by \$175,621 and capital assets increased by \$160,396. Unrestricted net assets, the part of net assets that can be used to finance day to day activities with out constraints established by grants or legal requirements, of the School District decreased by \$179,341.

Table 2 shows the changes in net position in fiscal year 2013 with comparisons to 2012.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

**TABLE 2
CHANGES IN NET POSITION**

	6/30/2013	6/30/2012	Variance	
			Dollars	Percent
REVENUES				
Program Revenues:				
Charges for Services	\$ 118,538	\$ 126,969	\$ (8,431)	-6.64%
Operating Grants and Contrib.	167,638	166,846	792	0.47%
Capital Grants and Contrib.	8,704		8,704	
General Revenues:				
Property Taxes	5,496,052	5,425,640	70,412	1.30%
Grants and Entitlements	1,913,148	1,904,875	8,273	0.43%
Other	26,780	26,811	(31)	-0.12%
Total Revenues	<u>7,730,860</u>	<u>7,651,141</u>	<u>79,719</u>	1.04%
PROGRAM EXPENSES				
Instruction:				
Regular	3,112,909	3,070,630	42,279	1.38%
Special	1,068,192	1,055,612	12,580	1.19%
Other	45,710	37,754	7,956	21.07%
Support Services:				
Tuition	94,322	90,695	3,627	4.00%
Student & Instructional Staff	944,407	945,903	(1,496)	-0.16%
General & Business Admin.	586,221	572,838	13,383	2.34%
School Administration	197,010	185,949	11,061	5.95%
Maintenance	657,876	669,183	(11,307)	-1.69%
Transportation	344,179	382,671	(38,492)	10.06%
Food Service	112,744	118,836	(6,092)	-5.13%
Interest on Long Term Debt	73,409	109,402	(35,993)	-32.90%
Total Expenses	<u>7,236,979</u>	<u>7,239,473</u>	<u>(2,494)</u>	-0.03%
Inc./((Dec.) Net Position	493,881	411,668	82,313	19.97%
Special Item:				
State Capital Project Grant De-obligated		(34,068)	34,068	
Inc./((Dec.) in Net Position	<u>\$ 493,881</u>	<u>\$ 377,600</u>	<u>\$ 116,281</u>	30.79%

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
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 72.18 percent of revenues for governmental activities for the Kingwood Township School District for fiscal year 2013.

Instruction comprises 58.4 percent of district expenses. Support services expenses make up 41.6 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 2013 and 2012. 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>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Instruction	\$4,226,811	\$4,163,996	\$4,158,170	\$4,090,304
Support Services:				
Tuition	94,322	90,695	11,149	11,830
Student & Instructional Staff	944,407	945,903	924,284	926,205
General & Business Admin.	586,221	572,838	586,221	572,838
School Administration	197,010	185,949	197,010	185,949
Plant Operations & Maint.	657,876	669,183	651,701	662,008
Pupil Transportation	344,179	382,671	344,179	382,671
Food Services	112,744	118,836	4,680	4,451
Interest on Long-Term Debt	<u>73,409</u>	<u>109,402</u>	<u>73,409</u>	<u>109,402</u>
Total	<u><u>\$7,236,979</u></u>	<u><u>\$7,239,473</u></u>	<u><u>\$6,950,803</u></u>	<u><u>\$6,945,658</u></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, 2013
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 \$7,614,014 and expenditures of \$7,427,405. The net change in fund balance for the year was most significant in the General Fund, reflecting an increase of \$543,379.

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 2013 year, the School District amended its General Fund budget as needed. Specifically, line item transfers were made to fund the purchase of new projectors for the SmartBoards, replacement to high efficiency lighting in A-wing, replacement of the hot water heater and

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

improvements to the playground. These funds became available due to higher than expected employee enrollment in the health benefit waiver program and a shared service agreement for payroll services.

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 \$6,603,008, \$106,624 above original budgeted estimates of \$6,496,384. 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 \$464,986, due to excess revenues of \$106,624 and budgetary savings due to the reduction of one teacher, cancellation of the preschool bus route, reduction in heating costs due to the boiler conversion from oil to gas, reduction in electric costs due to the installation of high efficiency lighting and a lower percent increase in health benefits than budgeted. The financial position of the School District is strong.

Capital Assets

At the end of the fiscal year 2013, the School District had \$6,362,639 invested in land, building, furniture and equipment. Table 4 shows fiscal 2013 balances compared to 2012.

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

	<u>6/30/2013</u>	<u>6/30/2012</u>	Variance	
			<u>Dollars</u>	<u>Percent</u>
Land	\$ 115,000	\$ 115,000	\$ -	0.00%
Construction in Progress	-	257,564	(257,564)	-100.00%
Buildings & Improvements	5,952,071	5,543,562	408,509	7.37%
Machinery & Equipment	295,568	286,117	9,451	3.30%
Total	<u>\$6,362,639</u>	<u>\$6,202,243</u>	<u>\$ 160,396</u>	<u>2.59%</u>

Overall capital assets increased \$160,396 from fiscal 2012 to fiscal year 2013. Increases in capital assets were offset by depreciation expenses for the year.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

Debt Administration

At June 30, 2013, the School District had \$2,501,558 as its outstanding debt. Of this amount, \$180,102 is for compensated absences, \$71,456 of bond premium and the balance \$2,250,000 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>6/30/2013</u>	<u>6/30/2012</u>	<u>Variance</u>	
			<u>Dollars</u>	<u>Percent</u>
2002 General Obligations Bonds	\$ -	\$ 155,000	\$ (155,000)	100.00%
2011 Refunding School bonds	<u>2,250,000</u>	<u>2,270,000</u>	<u>(20,000)</u>	-0.88%
	<u>\$2,250,000</u>	<u>\$2,425,000</u>	<u>\$ (175,000)</u>	-7.22%

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 become a Choice School to help with the decline in our enrollment and increase our 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 the Department of Environment Protection has removed the Administrative Consent Order with the school.

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 Statute.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

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 position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 577,128	\$ 16,030	\$ 593,158
Receivables, Net	86,651	1,552	88,203
Inventory		3,687	3,687
Restricted Assets:			
Capital Reserve-Cash	908,751		908,751
Maintenance Reserve-Cash	150,000		150,000
Emergency Reserve-Cash	150,000		150,000
Capital Assets, Net (Note 4)			
Land	115,000		115,000
Other Capital Assets, Net of Depreciation	6,209,821	37,818	6,247,639
Total Assets	<u>8,197,351</u>	<u>59,087</u>	<u>8,256,438</u>
LIABILITIES			
Accounts Payable	99,685		99,685
Accrued Interest	31,556		31,556
Deferred Revenue		1,698	1,698
Judgments Payable	25,200		25,200
Long-Term Liabilities (Note 5):			
Due Within One Year	186,496		186,496
Due Beyond One Year	2,315,062		2,315,062
Total Liabilities	<u>2,657,999</u>	<u>1,698</u>	<u>2,659,697</u>
NET POSITION			
Net Investment in Capital Assets	4,074,821	37,818	4,112,639
Restricted For:			
Capital Reserve	908,751		908,751
Maintenance Reserve	150,000		150,000
Emergency Reserve	150,000		150,000
Unrestricted	255,780	19,571	275,351
TOTAL NET POSITION	<u>\$ 5,539,352</u>	<u>\$ 57,389</u>	<u>\$ 5,596,741</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 2,119,207	\$ 993,702	\$ 29,445	\$ 37,696		\$ (3,045,768)		\$ (3,045,768)
Special Education	567,461	300,502	1,500			(866,463)		(866,463)
Other Special Education	131,117	69,112				(200,229)		(200,229)
Other Instruction	44,079	1,631				(45,710)		(45,710)
Support Services:								
Tuition	94,322			83,173		(11,149)		(11,149)
Students & Instruction Related Services	688,452	255,955		20,123		(924,284)		(924,284)
General & Business Administrative Services	414,073	172,148				(586,221)		(586,221)
School Administrative Services	138,048	58,962				(197,010)		(197,010)
Plant Operations & Maintenance	570,174	87,702	6,175			(651,701)		(651,701)
Pupil Transportation	338,565	5,614				(344,179)		(344,179)
Interest on Long-Term Debt	73,409					(73,409)		(73,409)
Total Government Activities	<u>5,178,907</u>	<u>1,945,328</u>	<u>37,120</u>	<u>140,992</u>	<u>\$ -</u>	<u>(6,946,123)</u>	<u>\$ -</u>	<u>(6,946,123)</u>
Business-Type Activities:								
Food Service	112,744		81,418	26,646			(4,680)	(4,680)
Total Business-Type Activities	<u>112,744</u>		<u>81,418</u>	<u>26,646</u>	<u>-</u>	<u>-</u>	<u>(4,680)</u>	<u>(4,680)</u>
Total Primary Government	<u>\$ 5,291,651</u>	<u>\$ 1,945,328</u>	<u>\$ 118,538</u>	<u>\$ 167,638</u>	<u>\$ -</u>	<u>(6,946,123)</u>	<u>(4,680)</u>	<u>(6,950,803)</u>
			General Revenues					
			Property Taxes Levied for General Purposes			5,263,158		5,263,158
			Property Taxes Levied for Debt Service			232,894		232,894
			Federal & State Aid not Restricted			1,913,148		1,913,148
			Capital Contributions			8,704		8,704
			Investment Earnings			9,412	78	9,490
			Miscellaneous Income			17,290		17,290
			Total General Revenues, Special Items & Transfers			<u>7,444,606</u>	<u>78</u>	<u>7,444,684</u>
			Change in Net Position			498,483	(4,602)	493,881
			Net Position-Beginning			5,040,869	61,991	5,102,860
			Net Position-Ending			<u>\$ 5,539,352</u>	<u>\$ 57,389</u>	<u>\$ 5,596,741</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 30,2013

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 577,128				\$ 577,128
Receivables from Other Governments:					
Federal		\$ 15,871			15,871
State	68,705				68,705
Due from Other Funds	15,871				15,871
Other Receivables	2,075				2,075
Restricted Cash & Equivalents	1,208,751				1,208,751
TOTAL ASSETS	\$ 1,872,530	\$ 15,871	\$ -	\$ -	\$ 1,888,401
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 99,685				\$ 99,685
Due to Other Funds		\$ 15,871			15,871
Judgments Payable	25,200				25,200
Total Liabilities	124,885	\$ 15,871.00	\$ -	\$ -	140,756

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(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:					
Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 210,395				\$ 210,395
Committed Fund Balance:					
Capital Reserve	908,751				908,751
Maintenance Reserve	150,000				150,000
Emergency Reserve	150,000				150,000
Assigned Fund Balance:					
Year-End Encumbrances	140,885				140,885
Unassigned Fund Balance	187,614				187,614
Total Fund Balances	<u>1,747,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,747,645</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,872,530</u>	<u>\$ 15,871</u>	<u>\$ -</u>	<u>\$ -</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

\$ 9,469,670
3,144,849

6,324,821

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

(2,501,558)

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

(31,556)

Total Net Assets of Governmental Activities

\$ 5,539,352

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, 2013

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,263,158			\$ 232,894	\$ 5,496,052
Tuition	30,945				30,945
Interest on Investments	9,412				9,412
Miscellaneous	23,465				23,465
Total	5,326,980	\$ -	\$ -	232,894	5,559,874
State Sources	1,913,148				1,913,148
Federal Sources		140,992			140,992
Total Revenues	7,240,128	140,992	-	232,894	7,614,014
EXPENDITURES					
Current :					
Instructional:					
Regular Instruction	2,081,511	37,696			2,119,207
Special Education Instruction	567,461				567,461
Other Special Instruction	131,117				131,117
Other Instruction	44,079				44,079
Support Service & Undistributed Costs:					
Tuition	11,149	83,173			94,322
Student & Instruction Related Services	668,329	20,123			688,452
General & Business Administrative Services	414,073				414,073
School Administrative Services	138,048				138,048
Plant Operations & Maintenance	570,174				570,174
Pupil Transportation	338,565				338,565
Unallocated Benefits	1,746,219				1,746,219

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, 2013
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 49,783		\$ 257,903		\$ 307,686
Debt Service:					
Principal				\$ 175,000	175,000
Interest & Other Charges	10,774			72,228	83,002
Total Expenditures	<u>6,771,282</u>	<u>\$ 140,992</u>	<u>257,903</u>	<u>247,228</u>	<u>7,417,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>468,846</u>	<u>-</u>	<u>(257,903)</u>	<u>(14,334)</u>	<u>196,609</u>
Other Financing Sources (Uses):					
Operating Transfers In	84,533				84,533
Operating Transfers Out	(10,000)		(84,533)		(94,533)
Total Other Financing Sources (Uses)	<u>74,533</u>	<u>-</u>	<u>(84,533)</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balance	543,379	-	(342,436)	(14,334)	186,609
Fund Balances, July 1	<u>1,204,266</u>	<u>-</u>	<u>342,436</u>	<u>14,334</u>	<u>1,561,036</u>
Fund Balances, June 30	<u>\$ 1,747,645</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,747,645</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, 2013

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	186,609
<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	\$	316,392
Depreciation Expenses		<u>153,343</u>
		163,049
<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		175,000
<p>Governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:</p>		
Amortization of Bond Premium		6,496
<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>		
		3,097
<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>(35,768)</u>
Change in Net Position of Governmental Activities	\$	<u>498,483</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30,2013

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 16,030
Receivables from Other Governments:	
State	88
Federal	1,464
Inventory	3,687
Total Current Assets	21,269
Noncurrent Assets:	
Capital Assets	66,549
Less: Accumulated Depreciation	28,731
Total Noncurrent Assets	37,818
Total Assets	59,087
LIABILITIES	
Current Liabilities:	
Deferred Revenues	1,698
Total Liabilities	1,698
NET POSITION	
Invested in Capital Assets, Net of Related Debt	37,818
Unrestricted	19,571
TOTAL NET POSITION	\$ 57,389

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 55,774
Daily Sales-Nonreimbursable Programs	25,644
Total Operating Revenues	81,418
Operating Expenses:	
Cost of Sales	48,493
Salaries	35,354
Employee Benefits	5,760
Purchased Services	3,459
Insurance	3,267
Management Fee	7,210
Office Expense	125
Supplies and Materials	3,561
Depreciation	5,143
Repairs and Maintenance	185
Miscellaneous	187
Total Operating Expenses	112,744
Operating Income (Loss)	(31,326)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,069
Federal Sources:	
National School Lunch Program	16,280
Healthy Hunger Free Kids Act	1,395
Food Distribution Program	7,902
Interest Earned on Investments	78
Total Nonoperating Revenues (Expenses)	26,724
Change in Net Position	(4,602)
Net Position, Beginning	61,991
Net Position, Ending	\$ 57,389

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 81,418
Payments to Food Service Management Co	(98,353)
Payments to Vendors (Net)	(1,999)
Net Cash Provided by (Used For) Operating Activities	<u>(18,934)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,043
Federal Sources	17,029
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>18,072</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	78
Net Cash Provided by (Used For) Investing Activities	<u>78</u>
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(2,490)
Net Cash Provided by (Used For) Capital Financing Activities	<u>(2,490)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,274)
Cash and Cash Equivalents, Beginning	<u>19,304</u>
Cash and Cash Equivalents, Ending	<u>\$ 16,030</u>
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (31,326)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,143
Federal Food Donation Program	8,555
(Increase) Decrease in Inventory	(1,306)
Net Cash Provided by (Used For) Operating Activities	<u>\$ (18,934)</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY FUND NET POSITION
JUNE 30,2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
ASSETS			
Cash & Cash Equivalents	\$ 137,713	\$ 27,028	\$ 10,302
TOTAL ASSETS	<u>132,713</u>	<u>\$ 27,028</u>	<u>\$ 10,302</u>
LIABILITIES			
Payroll Deductions & Withholdings Due to Student Groups		\$ 27,028	\$ 10,302
TOTAL LIABILITIES	<u>-</u>	<u>\$ 27,028</u>	<u>\$ 10,302</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 132,713</u>		

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,056
Operating Transfer In	10,000
Investment Earnings-Interest	449
Total Additions	16,505
DEDUCTIONS	
Unemployment Claims	7,551
Change in Net Position	8,954
Net Position, Beginning of the Year	128,759
Net Position, End of the Year	\$ 137,713

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013 of 409 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, 2013
(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 position and the statement of changes in net position) 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, 2013
(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, 2013
 (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 (total net position) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

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, 2013
(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, if required, are voted upon at the annual school election in November. 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, 2013 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, 2013
(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 2012-2013 and 2011-2012 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, 2013.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (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, 2013
(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 position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, 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 Balances-Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-spendable—includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted—includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed—includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned—includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

N. Fund Balances-Governmental Funds (cont'd)

- Unassigned—includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned:

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES (Cont'd)

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.

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, 2013 appear in the financial statements as summarized below:

Cash		<u>\$ 1,976,952</u>
	Ref.	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 1,785,879
Enterprise Fund, Statement of Net Position	B-4	16,030
Fiduciary Funds, Statement of Net Position	B-7	<u>175,043</u>
Total Cash		<u>\$ 1,976,952</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2013 is \$1,976,952 and the bank balance is \$2,471,244. Of the bank balance, \$250,000 is covered by federal depository insurance and \$2,221,244 is insured by GUDPA.

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 are required for:
 - deposits that are uninsured and either (a) uncollateralized or (b) collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the government's name
 - Investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name

As the district has no such investments, this disclosure is not applicable.

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, 2013, the district has no investments.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 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	257,564	\$ 257,903	\$ 515,467	
Total	<u>372,564</u>	<u>257,903</u>	<u>515,467</u>	<u>115,000</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	91,800			91,800
Building & Improvements	8,118,216	515,467		8,633,683
Furniture & Equipment	570,698	58,489		629,187
Total	<u>8,780,714</u>	<u>573,956</u>	<u>-0-</u>	<u>9,354,670</u>
Accumulated Depreciation:				
Land Improvements	91,800			91,800
Building & Improvements	2,574,654	106,958		2,681,612
Furniture & Equipment	325,052	46,385		371,437
Total	<u>2,991,506</u>	<u>153,343</u>	<u>-0-</u>	<u>3,144,849</u>
Total Capital Assets, Being				
Depreciated, Net	<u>5,789,208</u>	<u>420,613</u>	<u>-0-</u>	<u>6,209,821</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 6,161,772</u>	<u>\$ 678,516</u>	<u>\$ 515,467</u>	<u>\$ 6,324,821</u>
Business-Type Activities:				
Furniture & Equipment	\$ 64,059	\$ 2,490		\$ 66,549
Less: Accum Depreciation	<u>23,588</u>	<u>5,143</u>		<u>28,731</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 40,471</u>	<u>\$ (2,653)</u>	<u>-0-</u>	<u>\$ 37,818</u>

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

Instruction:	
Regular	\$ 78,431
Special Education	21,002
Other Special Instruction	4,853
Other Instruction	1,631
Support Services:	
Student & Instruction	25,480
General & Business Admin	15,325
School Administration	5,109
Plant Maintenance	<u>1,512</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 153,343</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 5. LONG-TERM DEBT

Long-Term Liability Activity for the Year Ended June 30, 2013 is as Follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,425,000		\$ 175,000	\$ 2,250,000	\$ 180,000
Compensated Absences Payable	144,334	\$ 60,996	25,228	180,102	
Bond Premium	<u>77,952</u>		<u>6,496</u>	<u>71,456</u>	<u>6,496</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,647,286</u>	<u>\$ 60,996</u>	<u>\$ 206,724</u>	<u>\$ 2,501,558</u>	<u>\$ 186,496</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, 2013 including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,250,000</u>	<u>\$ 446,725</u>	<u>\$ 2,696,725</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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

General Obligation Bonds – General obligation school building bonds at June 30, 2013, with their outstanding balances are comprised of the following individual issues:

\$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>\$ 2,250,000</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, 2013 is \$19,219,333. General obligation debt at June 30, 2013 is \$2,250,000, resulting in a legal debt margin of \$16,969,333.

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).

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).

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Description of Systems (Cont'd)

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.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 6. PENSION PLANS (Cont'd)

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, 2012 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
06/30/13	\$ 420,728	100%
06/30/12	284,830	100%
06/30/11	216,640	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/13	\$ 63,410	100%
06/30/12	64,113	100%
06/30/11	62,818	100%

During the year ended June 30, 2013, the State of New Jersey contributed \$223,272 to the TPAF for post-retirement medical benefits, \$9,870 for non-contributory insurance premiums and \$187,586 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 \$212,532 during the year ended June 30, 2013 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.

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, 2012, there were 97,661 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

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

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2012, the State paid \$146.6 million toward Ch 126 benefits for 16,618 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 definer 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 States 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 www.nj.gov/treasury/pensions/audit-rpts-2012/shbp-12.pdf

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

NOTE 8. DEFERRED COMPENSATION

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

Equitable
 Variable Annuity Life Ins Co
 Lincoln Investment Planning

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

At June 30, 2013 there were no interfund balances.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2013 consisted of the following:

Food	\$	2,649
Supplies		1,038
Total	\$	3,687

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.

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

Fiscal Year	Board Contrib	Interest Earnings	Employee Contrib	Amount Reimbursed	Ending Balance
2012-2013	\$ 10,000	\$ 449	\$ 6,056	\$ 7,551	\$137,713
2011-2012	20,000	742	6,271	13,581	128,759
2010-2011	10,000	442	6,568	24,671	115,327

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

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 \$455,000 to their Capital Reserve account by board resolution in June 2013 as summarized in the following schedule.

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

Reserve Type	Beginning Balance	District Contribution	Interest Earnings	Return Unused With-drawal	With-drawal	Ending Balance
Capital	\$ 367,727	\$ 455,000	\$ 1,491	\$ 84,533		\$ 908,751
Maintenance	150,000					150,000
Emergency	150,000					150,000
Totals	<u>\$ 667,727</u>	<u>\$ 455,000</u>	<u>\$ 1,491</u>	<u>\$ 84,533</u>	<u>\$ -0-</u>	<u>\$ 1,208,751</u>

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, 2013 and 2012 is as follows:

	2013	2012
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	\$ 106,211	\$ 104,184
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	104,184	106,058
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	908,751	367,727

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS (Cont'd)

	<u>2013</u>	<u>2012</u>
Restricted: (cont'd)		
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	\$ 150,000	\$ 150,000
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	150,000	150,000
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
Assigned:		
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,	140,885	90,441
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>308,302</u>	<u>347,975</u>
Total Fund Balance	<u>\$ 1,868,333</u>	<u>\$ 1,328,814</u>

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, 2013 is \$106,211.

NOTE 16: SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 13, 2013, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

The following is a list of recent accounting pronouncements which are not yet effective as of the year end date of this report:

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 65 "Items Previously Reported as Assets and Liabilities". This statement, which clarifies the reporting requirements related to deferred assets and liabilities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2013
 (Continued)

NOTE 17: RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE (Cont'd)

In April 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 66 "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62". This statement, which resolves conflicts between Statements No. 10 and No. 54 provides more flexibility in fund classifications for risk based activities, is effective for fiscal periods beginning after December 15, 2012, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 67 "Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, is not anticipated to have any effect on the District's financial reporting.

In January 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 69 "Government Combinations and Disposals of Government Operations". This statement, which is effective for fiscal periods beginning after December 15, 2013, is not anticipated to have any effect on the District's financial reporting.

In April 2013, the Governmental Accounting Standards Board (GASB) issued Statement No. 70 "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement, which is effective for fiscal periods beginning after June 15, 2013, is not anticipated to have any effect on the District's financial reporting.

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2013, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 65, debt issuance costs are now recognized as an expense in the period incurred. The following is a summary of the District's restatement of net position as of June 30, 2012:

	Governmental <u>Activities</u>
Net Position, June 30, 2012 as Originally Stated	\$ 5,206,870
Less:	
Expensing of Bond Issuance Costs in Prior Periods	<u>(166,001)</u>
Net Position, June 30, 2012 as Restated	<u>\$ 5,040,869</u>

REQUIRED SUPPLEMENTARY INFORMATION-PART II

BUDGETARY COMPARISON SCHEDULES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,263,158		\$ 5,263,158	\$ 5,263,158	
Tuition-Individuals	6,000		6,000	29,445	\$ 23,445
Tuition-Other LEAs Within the State				1,500	1,500
Interest on Investments	9,000		9,000	7,921	(1,079)
Interest Earned on Capital Reserve Funds	500		500	1,491	991
Miscellaneous			-	23,465	23,465
Total	5,278,658	\$ -	5,278,658	5,326,980	48,322
State Sources:					
Categorical Special Education Aid	244,679		244,679	244,679	
Equalization Aid	482,045		482,045	482,045	
Categorical Security Aid	30,646		30,646	30,646	
Adjustment Aid	301,174		301,174	301,174	
Categorical Transportation Aid	159,182		159,182	159,182	
Non Public Transportation Aid				3,028	3,028
Extraordinary Special Education Costs Aid				55,274	55,274
On-Behalf TPAF Pension Contribution				187,586	187,586
On-Behalf TPAF Post Retirement Medical Benefits				233,142	233,142
Reimbursed TPAF Social Security Contribution				212,532	212,532
Total	1,217,726	-	1,217,726	1,909,288	691,562
TOTAL REVENUES	\$ 6,496,384	\$ -	\$ 6,496,384	\$ 7,236,268	\$ 739,884
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 31,157	\$ (2,222)	\$ 28,935	\$ 28,935	
Kindergarten	145,200	1,157	146,357	146,357	
Grades 1-5	863,549	(48,449)	815,100	814,281	\$ 819
Grades 6-8	734,845	45,102	779,947	776,565	3,382
Home Instruction:					
Salaries and Wages	5,000		5,000	3,213	1,787
Regular Programs-Undistributed Instruction:					
Purchased Professional Educational Services	1,000		1,000	585	415
Purchased Technical Services	9,560	(9,560)			
Other Purchased Services	54,745	25,923	80,668	63,299	17,369
General Supplies	139,853	106,356	246,209	190,570	55,639
Textbooks	63,609	810	64,419	55,374	9,045
Other Objects	3,233	250	3,483	2,332	1,151
Total	2,051,751	119,367	2,171,118	2,081,511	89,607
Multiple Disabilities:					
Salaries of Teachers	74,492	(60,410)	14,082	9,933	4,149
Other Salaries for Instruction	1,200		1,200		1,200
Purchased Professional Educational Services	4,750	(1,250)	3,500	2,466	1,034
General Supplies	2,489		2,489	80	2,409
Other Objects	350		350	175	175
Total	83,281	(61,660)	21,621	12,654	8,967

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 391,288	\$ 82,693	\$ 473,981	\$ 473,183	\$ 798
Other Salaries for Instruction	68,594	(3,004)	65,590	65,320	270
Other Purchased Services		1,575	1,575	1,542	33
General Supplies	3,305	1,150	4,455	4,062	393
Other Objects		100	100	70	30
Total	<u>463,187</u>	<u>82,514</u>	<u>545,701</u>	<u>544,177</u>	<u>1,524</u>
Pre School Disabilities-Part Time:					
Salaries of Teachers	28,935	(28,935)			
Other Salaries for Instruction		10,630	10,630	10,630	
General Supplies	1,598	(1,500)	98		98
Total	<u>30,533</u>	<u>(19,805)</u>	<u>10,728</u>	<u>10,630</u>	<u>98</u>
Total Special Education	<u>577,001</u>	<u>1,049</u>	<u>578,050</u>	<u>567,461</u>	<u>10,589</u>
Basic Skills for Remedial:					
Salaries of Teachers	181,955	(54,030)	127,925	127,925	
Other Salaries for Instruction		1,000	1,000	612	388
General Supplies	6,001	(3,000)	3,001	2,580	421
Textbooks	941	(325)	616		616
Total	<u>188,897</u>	<u>(56,355)</u>	<u>132,542</u>	<u>131,117</u>	<u>1,425</u>
School Sponsored Co/Extra Curricular Activities:					
Salaries	20,920		20,920	17,790	3,130
Other Purchased Services	500		500		500
Supplies & Materials	1,100		1,100	272	828
Other Objects	1,600	(330)	1,270	580	690
Total	<u>24,120</u>	<u>(330)</u>	<u>23,790</u>	<u>18,642</u>	<u>5,148</u>
School Sponsored Athletics:					
Salaries	14,556	320	14,876	11,226	3,650
Purchased Services	7,056	(1,971)	5,085	5,085	
Supplies & Materials	6,507	1,981	8,488	8,127	361
Other Objects	1,286		1,286	999	287
Total	<u>29,405</u>	<u>330</u>	<u>29,735</u>	<u>25,437</u>	<u>4,298</u>
Total Instruction Regular	<u>\$ 2,871,174</u>	<u>\$ 64,061</u>	<u>\$ 2,935,235</u>	<u>\$ 2,824,168</u>	<u>\$ 111,067</u>
Undistributed Expenditures:					
Instruction Tuition:					
Private School for Disabled Within State	\$ 118,025		\$ 118,025	\$ 11,149	\$ 106,876
Total	<u>118,025</u>	<u>\$ -</u>	<u>118,025</u>	<u>11,149</u>	<u>106,876</u>
Health Services:					
Salaries	58,570	35	58,605	58,605	
Purchased Professional and Technical Services	1,700		1,700	1,475	225
Other Purchased Services	52	100	152	96	56
Supplies & Materials	3,055	(135)	2,920	2,422	498
Total	<u>63,377</u>	<u>-</u>	<u>63,377</u>	<u>62,598</u>	<u>779</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 54,010	\$ (15,136)	\$ 38,874	\$ 37,682	\$ 1,192
Purchased Professional Educational Services	26,240	7,157	33,397	32,836	561
Supplies & Materials	1,129	150	1,279	600	679
Total	81,379	(7,829)	73,550	71,118	2,432
Guidance:					
Salaries of Other Professional Staff	57,156	75	57,231	57,231	
Other Salaries		2,281	2,281	2,281	
Purchased Professional Educational Services	4,900	(3,781)	1,119	450	669
Other Purchased Professional and Technical Services	1,205		1,205	668	537
Supplies & Materials	7,560	1,362	8,922	6,336	2,586
Total	70,821	(63)	70,758	66,966	3,792
Child Study Teams:					
Salaries of Other Professional Staff	202,789	230	203,019	203,019	
Salaries of Secretarial & Clerical Assistants	47,216	101	47,317	44,187	3,130
Other Purchased Professional and Technical Services	5,322	3,543	8,865	8,317	548
Miscellaneous Purchased Services	4,884	(4,443)	441	250	191
Supplies & Materials	2,805	969	3,774	3,462	312
Other Objects	1,300	325	1,625	1,445	180
Total	264,316	725	265,041	260,680	4,361
Improvement of Instructional Services:					
Salaries of Other Professional Staff	10,000		10,000	7,854	2,146
Other Purchased Services	25,500	(3,000)	22,500	12,545	9,955
Supplies & Materials	1,000		1,000		1,000
Total	36,500	(3,000)	33,500	20,399	13,101
Educational Media Service/School Library:					
Salaries	62,700		62,700	62,700	
Salaries of Technology Coordinators	15,402	1,076	16,478	16,210	268
Purchased Professional Educational Services		84,898	84,898	84,621	277
Purchased Professional and Technical Services	84,000	(84,000)			
Other Purchased Services	99	4,000	4,099	3,842	257
Supplies & Materials	8,235	26	8,261	7,283	978
Total	170,436	6,000	176,436	174,656	1,780
Instructional Staff Training Services:					
Salaries of Other Professional Staff	4,840	(1,250)	3,590		3,590
Purchased Professional Educational Services	10,000	(1,500)	8,500	3,281	5,219
Other Purchased Services	5,000	3,750	8,750	8,411	339
Supplies & Materials	3,500	(1,000)	2,500	220	2,280
Total	23,340	-	23,340	11,912	11,428

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services General Administration:					
Salaries	\$ 152,654	\$ 897	\$ 153,551	\$ 153,551	
Legal Services	10,000	14,926	24,926	22,612	\$ 2,314
Audit Fees	14,750	(1,000)	13,750	13,500	250
Other Purchased Professional Services	6,695	800	7,495	6,614	881
Communications & Telephone	5,850	(1,444)	4,406	4,405	1
Board of Education Other Purchased Services	1,800	300	2,100	1,594	506
Miscellaneous Purchased Services	20,250	(8,185)	12,065	11,180	885
General Supplies	3,009	(800)	2,209	1,716	493
Board of Ed In-House Training/Meeting Supplies	700		700	141	559
Board of Education Membership Dues & Fees	6,085	4,506	10,591	10,590	1
Total	221,793	10,000	231,793	225,903	5,890
Support Services School Administration:					
Salaries of Principal & Assistant Principal	96,034	174	96,208	96,208	
Salaries of Secretarial & Clerical Assistants	37,914	(1,299)	36,615	36,521	94
Other Purchased Services	2,540	1,650	4,190	1,750	2,440
Supplies & Materials	2,200	1,000	3,200	1,075	2,125
Other Objects	985	2,125	3,110	2,494	616
Total	139,673	3,650	143,323	138,048	5,275
Central Services:					
Salaries	195,337	(13,356)	181,981	176,777	5,204
Purchased Technical Services	9,100	(1,150)	7,950	7,541	409
Miscellaneous Purchased Services	2,750	(644)	2,106	1,769	337
Supplies & Materials	3,300	(2,500)	800	522	278
Miscellaneous Expenditures	1,715		1,715	1,561	154
Total	212,202	(17,650)	194,552	188,170	6,382
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	35,570	48,000	83,570	62,138	21,432
General Supplies	1,000		1,000	585	415
Total	36,570	48,000	84,570	62,723	21,847
Custodial Services:					
Salaries	240,081	3,692	243,773	237,006	6,767
Purchased Professional & Technical Services	28,150	26,000	54,150	29,515	24,635
Cleaning Repair & Maintenance Services	39,258	18,995	58,253	54,073	4,180
Insurance	29,000	(1,930)	27,070	26,808	262
Miscellaneous Purchased Services	1,480	(800)	680	228	452
Other Purchased Services		700	700	664	36
General Supplies	31,000	4,206	35,206	33,366	1,840
Energy (Electricity)	122,000	(18,706)	103,294	67,298	35,996
Other Objects	475	205	680	677	3
Energy (Oil)	65,000	(16,900)	48,100	31,843	16,257
Total	556,444	15,462	571,906	481,478	90,428
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance Services	24,460	3,000	27,460	22,407	5,053
General Supplies	1,000	2,000	3,000	2,906	94
Total	25,460	5,000	30,460	25,313	5,147
Security:					
Cleaning, Repair, & Maintenance Services	1,300	3,500	4,800	660	4,140
Total	1,300	3,500	4,800	660	4,140

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ 17,924	\$ 53	\$ 17,977	\$ 17,977	
Cont Services (Other Than Between Home & School)-Vendors	7,000	2,947	9,947	7,684	\$ 2,263
Cont Services (Between Home & School)-Joint Agreements	300,000	3,618	303,618	243,688	59,930
Cont Services (Special Ed Students) Joint Agreements	100,000		100,000	69,216	30,784
Total	<u>424,924</u>	<u>6,618</u>	<u>431,542</u>	<u>338,565</u>	<u>92,977</u>
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	68,000	8,725	76,725	70,898	5,827
Other Retirement Contributions-PERS	71,000		71,000	63,410	7,590
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	40,000	-	40,000	30,398	9,602
Health Benefits	1,032,000	(87,725)	944,275	869,841	74,434
Tuition Reimbursement	20,000	(2,000)	18,000	12,823	5,177
Other Employee Benefits	42,200	28,000	70,200	65,589	4,611
Total	<u>1,278,200</u>	<u>(58,000)</u>	<u>1,220,200</u>	<u>1,112,959</u>	<u>107,241</u>
On-Behalf TPAF Pension Contribution				187,586	(187,586)
On-Behalf TPAF Post Retirement Medical Benefits				233,142	(233,142)
Reimbursed TPAF Social Security Contribution				212,532	(212,532)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,260</u>	<u>(633,260)</u>
Total Undistributed Expenditures	<u>\$ 3,724,760</u>	<u>\$ 12,413</u>	<u>\$ 3,737,173</u>	<u>\$ 3,886,557</u>	<u>\$ (149,384)</u>
TOTAL CURRENT	<u>\$ 6,595,934</u>	<u>\$ 76,474</u>	<u>\$ 6,672,408</u>	<u>\$ 6,710,725</u>	<u>\$ (38,317)</u>
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures-Instruction	\$ 85,675	\$ 11,500	\$ 97,175	\$ 49,783	\$ 47,392
Total	<u>85,675</u>	<u>11,500</u>	<u>97,175</u>	<u>49,783</u>	<u>47,392</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	10,774		10,774	10,774	
Total	<u>10,774</u>	<u>-</u>	<u>10,774</u>	<u>10,774</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>\$ 96,449</u>	<u>\$ 11,500</u>	<u>\$ 107,949</u>	<u>\$ 60,557</u>	<u>\$ 47,392</u>
TOTAL EXPENDITURES	<u>\$ 6,692,383</u>	<u>\$ 87,974</u>	<u>\$ 6,780,357</u>	<u>\$ 6,771,282</u>	<u>\$ 9,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (195,999)</u>	<u>\$ (87,974)</u>	<u>\$ (283,973)</u>	<u>\$ 464,986</u>	<u>\$ 748,959</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)-State Unemployment		(10,000)	(10,000)	(10,000)	
Operating Transfer In (Out)-Capital Projects Fund				84,533	84,533
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>74,533</u>	<u>84,533</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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	\$ (195,999)	\$ (97,974)	\$ (293,973)	\$ 539,519	\$ 833,492
Fund Balances, July 1	1,328,814		1,328,814	1,328,814	
Fund Balances, June 30	<u>\$ 1,132,815</u>	<u>\$ (97,974)</u>	<u>\$ 1,034,841</u>	<u>\$ 1,868,333</u>	<u>\$ 833,492</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under Expenditures)					
Adjustment for Prior Year Encumbrances	\$ (90,441)		\$ (90,441)	\$ (90,441)	
Increase in Capital Reserve	500	\$ 455,000	455,500	541,024	\$ 85,524
Budgeted Fund Balance	<u>(106,058)</u>	<u>(552,974)</u>	<u>(659,032)</u>	<u>88,936</u>	<u>747,968</u>
TOTAL	<u>\$ (195,999)</u>	<u>\$ (97,974)</u>	<u>\$ (293,973)</u>	<u>\$ 539,519</u>	<u>\$ 833,492</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:

Excess Surplus:

Prior Year-Designated for 2013-2014 Budget	\$ 104,184	
Current Year-Designated for 2014-2015 Budget	106,211	
		\$ 210,395

Committed Fund Balance:

Capital Reserve	908,751	
Maintenance Reserve	150,000	
Emergency Reserve	150,000	
		1,208,751

Assigned Fund Balance

Year-End Encumbrances		140,885
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Unassigned Fund Balance

	308,302
	<u>1,868,333</u>

Reconciliation to Governmental Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis	<u>(120,688)</u>
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Fund Balance Per Governmental Funds (GAAP)

	<u>\$ 1,747,645</u>
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KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 140,992		\$ 140,992	\$ 140,992	
TOTAL REVENUES	<u>\$ 140,992</u>	<u>\$ -</u>	<u>\$ 140,992</u>	<u>\$ 140,992</u>	<u>\$ -</u>
EXPENDITURES					
Instruction:					
Supplies	\$ 37,696		\$ 37,696	\$ 37,696	
Totals	<u>37,696</u>	<u>\$ -</u>	<u>37,696</u>	<u>37,696</u>	<u>\$ -</u>
Support Services:					
Purchased Professional Educational Services	11,383		11,383	11,383	
Tuition	83,173		83,173	83,173	
Travel	2,065		2,065	2,065	
General Supplies	6,675		6,675	6,675	
Total	<u>103,296</u>	<u>-</u>	<u>103,296</u>	<u>103,296</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 140,992</u>	<u>\$ -</u>	<u>\$ 140,992</u>	<u>\$ 140,992</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:

	General Fund	Special Revenue Fund
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,236,268	\$ 140,992
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	124,548	
State Aid Receivable Current Year	(120,688)	
Total Revenues (GAAP Basis)	\$ 7,240,128	\$ 140,992
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 6,771,282	\$ 140,992
Total Expenditures (GAAP Basis)	\$ 6,771,282	\$ 140,992

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, 2013

	IDEA Basic	IDEA Pre School	NCLB 1A	NCLB IIA	REAP	Total 2013
REVENUES						
Federal Sources	\$ 79,452	\$ 3,721	\$ 11,758	\$ 8,365	\$ 37,696	\$ 140,992
TOTAL REVENUES	<u>\$ 79,452</u>	<u>\$ 3,721</u>	<u>\$ 11,758</u>	<u>\$ 8,365</u>	<u>\$ 37,696</u>	<u>\$ 140,992</u>
EXPENDITURES						
Instruction:						
Supplies					\$ 37,696	\$ 37,696
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>37,696</u>	<u>37,696</u>
Support Services:						
Purchased Professional Educational Services			6,883	4,500		11,383
Tuition	79,452	3,721				83,173
Travel			500	1,565		2,065
Supplies			4,375	2,300		6,675
Total	<u>79,452</u>	<u>3,721</u>	<u>11,758</u>	<u>8,365</u>	<u>-</u>	<u>103,296</u>
TOTAL EXPENDITURES	<u>\$ 79,452</u>	<u>\$ 3,721</u>	<u>\$ 11,758</u>	<u>\$ 8,365</u>	<u>\$ 37,696</u>	<u>\$ 140,992</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	\$ 3,257
Construction Services	254,646
Operating Transfer Out	<u>84,533</u>
Total Expenditures	<u>342,436</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	
	(342,436)
Fund Balance-Beginning	<u>342,436</u>
Fund Balance-Ending	<u><u>\$ -</u></u>

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, 2013

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources:				
Operating Transfer In (Out)	\$ 600,000	\$ (84,533)	\$ 515,467	\$ 515,467
Total Revenues	600,000	(84,533)	515,467	515,467
Expenditures and Other Financing Uses:				
Architect	29,437	3,257	32,694	32,694
Fees & Permits	1,077		1,077	1,077
Construction	227,050	254,646	481,696	481,696
Total Expenditures	257,564	257,903	515,467	515,467
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	\$ 515,467
Percentage Complete	100.00%

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 POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2013

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 16,030
Receivables from Other Governments:	
State	88
Federal	1,464
Inventory	3,687
Total Current Assets	<u>21,269</u>
Noncurrent Assets:	
Capital Assets	66,549
Less: Accumulated Depreciation	28,731
Total Noncurrent Assets	<u>37,818</u>
Total Assets	<u>59,087</u>
LIABILITIES	
Current Liabilities:	
Deferred Revenues	1,698
Total Liabilities	<u>1,698</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	37,818
Unrestricted	<u>19,571</u>
TOTAL NET POSITION	<u><u>\$ 57,389</u></u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Food Service Fund</u>
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 55,774
Daily Sales-Nonreimbursable Programs	25,644
Total Operating Revenues	<u>81,418</u>
Operating Expenses:	
Cost of Sales	48,493
Salaries	35,354
Employee Benefits	5,760
Purchased Services	3,459
Insurance	3,267
Management Fee	7,210
Office Expense	125
Supplies and Materials	3,561
Depreciation	5,143
Repairs and Maintenance	185
Miscellaneous	187
Total Operating Expenses	<u>112,744</u>
Operating Income (Loss)	<u>(31,326)</u>
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,069
Federal Sources:	
National School Lunch Program	16,280
Healthy Hunger Free Kids Act	1,395
Food Distribution Program	7,902
Interest Earned on Investments	78
Total Nonoperating Revenues (Expenses)	<u>26,724</u>
Change in Net Position	(4,602)
Net Position, Beginning	<u>61,991</u>
Net Position, Ending	<u>\$ 57,389</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 81,418
Payments to Food Service Management Co	(98,353)
Payments to Vendors (Net)	(1,999)
Net Cash Provided by (Used For) Operating Activities	(18,934)
Cash Flows from Noncapital Financing Activities:	
State Sources	1,043
Federal Sources	17,029
Net Cash Provided by (Used For) Noncapital Financing Activities	18,072
Cash Flows from Investing Activities:	
Interest Earned on Investments	78
Net Cash Provided by (Used For) Investing Activities	78
Cash Flows from Capital Financing Activities:	
Acquisition of Equipment	(2,490)
Net Cash Provided by (Used For) Capital Financing Activities	(2,490)
Net Increase (Decrease) in Cash and Cash Equivalents	(3,274)
Cash and Cash Equivalents, Beginning	19,304
Cash and Cash Equivalents, Ending	\$ 16,030
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (31,326)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,143
Federal Food Donation Program	8,555
(Increase) Decrease in Inventory	(1,306)
Net Cash Provided by (Used For) Operating Activities	\$ (18,934)

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 POSITION
 JUNE 30, 2013

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 137,713	\$ 27,028	\$ 10,302	\$ 175,043
TOTAL ASSETS	<u>137,713</u>	<u>27,028</u>	<u>10,302</u>	<u>175,043</u>
LIABILITIES				
Payroll Deductions & Withholdings Due to Student Groups		<u>27,028</u>	10,302	<u>10,302</u> <u>27,028</u>
TOTAL LIABILITIES	<u>-</u>	<u>27,028</u>	<u>10,302</u>	<u>37,330</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 137,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,713</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Unemployment Compensation Fund</u>
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,056
Operating Transfer In	10,000
Investment Earnings-Interest	449
Total Additions	<u>16,505</u>
DEDUCTIONS	
Unemployment Claims	<u>7,551</u>
Change in Net Position	8,954
Net Position, Beginning of the Year	<u>128,759</u>
Net Position, End of the Year	<u><u>\$ 137,713</u></u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 33,804	\$ 99,348	\$ 106,124	\$ 27,028
TOTAL ASSETS	<u>\$ 33,804</u>	<u>\$ 99,348</u>	<u>\$ 106,124</u>	<u>\$ 27,028</u>
LIABILITIES				
Due to Student Groups	\$ 33,804	\$ 99,348	\$ 106,124	\$ 27,028
TOTAL LIABILITIES	<u>\$ 33,804</u>	<u>\$ 99,348</u>	<u>\$ 106,124</u>	<u>\$ 27,028</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance 07/01/12	Additions	Deletions	Balance 06/30/13
ASSETS				
Cash & Cash Equivalents	\$ 1,744	\$ 4,161,406	\$ 4,152,848	\$ 10,302
TOTAL ASSETS	<u>\$ 1,744</u>	<u>\$ 4,161,406</u>	<u>\$ 4,152,848</u>	<u>\$ 10,302</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 1,719	\$ 1,785,894	\$ 1,787,590	\$ 23
Net Payroll	25	2,363,042	2,362,930	137
Prescription Drug Reserve		12,470	2,328	10,142
TOTAL LIABILITIES	<u>\$ 1,744</u>	<u>\$ 4,161,406</u>	<u>\$ 4,152,848</u>	<u>\$ 10,302</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, 2013

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/12	Issued	Retired	Balance 06/30/13
			Date	Amount					
School Additions & Renovations	12/01/02	\$ 3,370,000				\$ 155,000		\$ 155,000	
Refunding School Bonds of 2011	07/15/11	2,270,000	07/15/13	\$ 180,000	2.00%	2,270,000		20,000	\$ 2,250,000
			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>\$ 2,425,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 2,250,000</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 232,894		\$ 232,894	\$ 232,894	
Total Revenues	<u>232,894</u>	<u>\$ -</u>	<u>232,894</u>	<u>232,894</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	72,228		72,228	72,228	
Redemption of Principal	175,000		175,000	175,000	
Total Expenditures	<u>247,228</u>	<u>-</u>	<u>247,228</u>	<u>247,228</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(14,334)	-	(14,334)	(14,334)	-
Fund Balance, July 1	<u>14,334</u>	<u>-</u>	<u>14,334</u>	<u>14,334</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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

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

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 4,074,821
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751
Unrestricted	245,121	295,746	204,317	325,956	329,715	230,993	452,699	409,879	267,171	255,780
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,093,092	\$ 3,477,158	\$ 3,412,731	\$ 3,519,503	\$ 3,673,036	\$ 3,959,304	\$ 4,344,882	\$ 4,826,066	\$ 5,040,869	\$ 5,539,352
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	\$ 37,818
Unrestricted	13,800	19,496	19,166	37,444	40,870	26,458	32,081	34,373	21,520	19,571
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 23,061	\$ 27,850	\$ 35,386	\$ 52,104	\$ 60,546	\$ 66,485	\$ 68,006	\$ 66,195	\$ 61,991	\$ 57,389
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	\$ 4,112,639
Restricted	1,460,754	216,613	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751
Unrestricted	258,921	315,242	223,483	363,400	370,585	257,451	484,780	444,252	288,691	275,351
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	\$ 5,102,860	\$ 5,596,741

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 3,112,909
Special Education	665,034	708,533	760,735	909,287	887,642	924,311	856,655	896,165	857,343	867,963
Other Special Education	55,233	72,137	192,963	159,363	110,518	163,753	273,351	184,504	198,269	200,229
Other Instruction	27,496	31,117	22,195	43,235	39,985	40,133	37,640	37,717	37,754	45,710
Support Services:										
Tuition	166,617	116,905	94,606	87,071	92,732	93,453	47,009	40,527	90,695	94,322
Student & Instruction Related Services	734,735	673,794	806,694	826,592	993,344	917,081	878,051	850,416	945,903	944,407
General & Business Administrative Services	492,340	489,792	541,118	583,252	579,784	566,073	569,588	550,843	738,839	586,221
School Administrative Services	175,965	183,859	161,277	164,504	196,671	199,006	205,387	208,129	185,949	197,010
Plant Operations & Maintenance	528,664	497,517	659,048	646,411	751,938	715,260	824,872	754,886	669,183	657,876
Pupil Transportation	377,566	401,435	396,409	414,770	420,074	388,638	370,447	372,963	382,671	344,179
Interest on Long-Term Debt	157,508	144,238	139,614	134,598	129,607	124,414	119,023	126,784	109,402	73,409
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>7,286,638</u>	<u>7,124,235</u>
Business-Type Activities:										
Food Services	119,421	124,638	126,298	120,009	124,557	129,996	130,382	130,560	118,836	112,744
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>	<u>112,744</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>\$ 7,405,474</u>	<u>\$ 7,236,979</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	\$ 140,992
Capital Grants & Contributions	940,576	176,358	52,907			90,300	10,650	88,040		8,704
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>	<u>149,696</u>
Business-Type Activities:										
Charges for Services:										
Food Service	##### ##	106,330	105,248	115,995	112,707	118,304	109,742	104,647	90,233	81,418
Operating Grants & Contributions	20,073	18,086	19,430	19,133	18,855	17,304	21,999	23,975	24,152	26,646
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>	<u>108,064</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>	<u>\$ 257,760</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)	\$ (7,143,944)	\$ (6,974,539)
Business-Type Activities	3,233	(222)	(1,620)	15,119	7,005	5,612	1,359	(1,938)	(4,451)	(4,680)
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>\$ (7,148,395)</u>	<u>\$ (6,979,219)</u>
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
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	\$ 5,263,158
Taxes Levied for Debt Service	327,145	402,771	248,939	253,953	253,773	230,459	253,373	252,873	252,173	232,894
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	1,913,148
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	30,945
Investment Earnings	33,424	27,318	45,546	78,995	62,418	26,623	16,435	12,909	18,220	9,412
Miscellaneous Income	21,706	1,364	3,272	14,408	6,727	8,053	27,494	35,508	15,519	23,465
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>	<u>7,473,022</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 16	\$ 11	\$ 38	\$ 1,599	\$ 1,437	\$ 327	\$ 162	\$ 127	\$ 247	\$ 78
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>	<u>78</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>	<u>\$ 7,473,100</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ 1,156,228	\$ 384,066	\$ (74,675)	\$ 106,772	\$ 153,533	\$ 286,268	\$ 385,578	\$ 480,184	\$ 215,803	\$ 498,483
Business-Type Activities	11,784	4,789	7,536	16,718	8,442	5,939	1,521	(1,811)	(4,204)	(4,602)
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>\$ 211,599</u>	<u>\$ 493,881</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Restricted	\$ 40,349	\$ 96,407	\$ 146,002	\$ 139,966	\$ 128,220	\$ 176,631	\$ 211,050	\$ 217,237	\$ 210,242	\$ 210,395
Committed	54,748	44,723	62,561	91,292	254,954	436,517	634,243	781,783	680,156	1,208,751
Assigned	226,263	258,511	156,177	121,934	125,828	58,525	134,170	102,862	90,441	140,885
Unassigned	85,744	44,967	62,051	197,118	209,859	138,397	207,454	210,828	223,427	187,614
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>	<u>\$ 1,747,645</u>
All Other Governmental Funds:										
Restricted, 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	
Assigned, Reported in:										
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>	<u>\$ -</u>

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

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Tax Levy	\$ 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	\$ 5,496,052
Tuition Charges	4,290	6,384	650	2,000		2,000	15,700	22,000	29,561	30,945
Interest Earnings	33,424	27,318	45,546	78,995	62,418	26,623	16,435	12,909	18,220	9,412
Miscellaneous	22,963	2,354	3,272	14,408	6,727	8,053	27,494	35,508	15,519	23,465
State Sources	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	1,913,148
Federal Sources	159,876	151,722	165,768	159,989	159,013	143,085	319,358	148,012	192,273	140,992
Total Revenues	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	7,614,014
Expenditures:										
Instruction:										
Regular Instruction	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	2,081,511
Special Education Instruction	491,253	544,941	561,276	646,805	630,637	674,505	618,793	580,253	583,982	567,461
Other Special Instruction	38,829	42,900	109,037	91,000	90,543	117,993	119,624	125,322	131,687	131,117
Other Instruction	23,460	31,117	22,195	37,337	38,197	38,327	35,894	36,518	36,543	44,079
Support Services:										
Tuition	98,379	44,350	14,106	6,048	9,940	11,862	504	23,527	11,830	11,149
Student & Instruction Related Services	565,743	521,324	603,434	598,597	728,664	696,658	639,251	604,411	682,694	668,329
General Administrative Services	265,634	262,545	286,799	283,407	246,025	258,207	261,066	214,186	221,041	225,903
School Administrative Services	130,413	134,582	125,706	122,990	145,230	146,748	154,388	147,524	133,608	138,048
Central Services	149,659	143,095	161,839	166,970	168,365	182,617	188,998	202,975	203,615	188,170
Plant Operations & Maintenance	470,178	443,129	608,778	618,872	688,313	649,935	748,932	671,630	577,862	570,174
Pupil Transportation	377,192	395,077	382,059	412,520	415,302	383,796	364,210	365,719	375,689	338,565
Employee Benefits	665,638	664,962	825,902	820,290	807,103	793,770	853,775	1,050,274	1,066,660	1,112,959
On-Behalf TPAF Pension & Soc Sec Contributions	270,179	283,671	342,826	576,030	605,283	443,032	452,268	440,191	509,754	633,260
Capital Outlay	7,907	19,881	16,900	37,828	71,000	51,086	57,973	40,857	49,783	
Capital Projects	2,574,083	1,405,901	118,993	80,912	30,718	124,849	81,470	407,258	257,903	
Special Revenue Funds	172,543	164,275	177,847	168,377	166,764	143,085	237,712	148,012	142,694	140,992
Debt Service:										
Principal	200,000	310,000	115,000	120,280	125,000	130,000	135,000	140,000	145,000	175,000
Interest & Other Charges	178,171	149,473	138,372	133,673	128,773	123,673	118,373	112,873	92,839	83,002
Total Expenditures	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	7,417,405
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,534,947)	(1,172,072)	(128,543)	50,361	178,551	273,396	286,665	369,129	35,764	196,609
Other Financing Sources (Uses):										
NJSDA Grant Deobligated							(31,556)		(34,068)	
Transfers Out	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)	(40,000)	(10,000)	(20,000)	(10,000)
Total Other Financing Sources (Uses)	(13,535)	(15,000)	(19,118)	(5,000)	(10,000)	(10,000)	(71,556)	(10,000)	(54,068)	(10,000)
Net Change in Fund Balances	\$ (1,548,482)	\$ (1,187,072)	\$ (147,661)	\$ 45,361	\$ 168,551	\$ 263,396	\$ 215,109	\$ 359,129	\$ (18,304)	\$ 186,609
Debt Service as a Percentage of Non-capital Expenditures	6.89%	8.46%	4.04%	3.81%	3.70%	3.81%	3.73%	3.81%	3.49%	3.77%

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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Interest Income	\$ 5,459	\$ 17,740	\$ 45,546	\$ 76,521	\$ 62,418	\$ 26,623	\$ 16,435	\$ 12,909	\$ 18,220	\$ 9,412
Tuition	4,290	6,384	650	2,000		2,000	15,700	22,000	29,561	30,945
Building Use Fees	4,917	210		6,025	5,082	5,051	7,811	6,587	7,175	6,175
Insurance Rebates										
Prior Year Refunds	2,442	990		7,430	85	135	16,867	23,582	4,994	385
Accounts Payable Canceled			1,722		1,246	2,210		222	622	6,156
Miscellaneous Other	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					314					
Book Fines	1,521									
Payroll Excess-Prior Years			1,000							
Sale of Surplus Equipment									2,400	
Training Fees										3,075
Sale of Textbooks										1,304
I Pad Reimbursements										6,370
Outstanding Checks Voided	2,488	84	550							
Annual Totals	\$ 31,455	\$ 25,488	\$ 49,468	\$ 92,646	\$ 69,145	\$ 36,676	\$ 59,629	\$ 70,417	\$ 63,300	\$ 63,822

Source: District Records

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Vacant Land	\$ 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	\$ 20,444,100
Residential	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	420,624,300
Farm Regular	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	113,888,600
Qualified Farm	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	5,711,500
Commercial	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	34,945,700
Industrial	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	9,346,600
Apartment	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	1,988,300
Total Assessed Value	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	606,949,100
Public Utilities (a)	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	1,480,282
Net Valuation Taxable	\$ 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	\$ 608,429,382
Estimated Actual County Equalized Value	\$ 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	\$ 629,713,705
Percentage of Net Valuation to Estimated Actual County Equalized Value	64.20%	57.92%	57.19%	97.61%	97.37%	100.31%	86.86%	92.06%	94.84%	96.62%
Total Direct School Tax Rate (b)	\$ 1.237	\$ 1.356	\$ 1.369	\$ 0.719	\$ 0.740	\$ 0.750	\$ 0.895	\$ 0.892	\$ 0.907	\$ 0.906

*

*

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) Total Direct School Tax Rate	Regional School Debt	Municipality	County	Fire District	
2004	\$ 1.113	\$ 0.124	\$ 1.237	\$ 0.708	\$ 0.219	\$ 0.636		\$ 2.800
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
2013	0.865	0.041	0.906	0.588	0.231	0.378		2.10

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 requirement:

* Revalued/Reassessed

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

	2013			2004		
	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	0.71%
Route 12 Business Park LLC	4,188,100	2	0.69%			
Mel Chemicals Inc	3,463,700	3	0.57%			
Buckeye Pipeline Co	3,040,000	4	0.50%			
Perini Properties LLC	2,895,500	5	0.48%			
869 Associates LLC	2,324,100	6	0.38%			
Individual Property Owner	1,650,800	7	0.27%	2,100,000	3	0.64%
Frenchtown ii Solar LLC	1,500,000	8	0.25%			
880 State Highway 12 LLC	1,486,000	9	0.24%			
Individual Property Owner	1,435,800	10	0.24%	1,079,800	5	0.33%
Magnesium Elektron Inc				3,768,400	1	1.16%
Lutz Welding & Fabricating				1,783,100	4	0.55%
United Telephone Co of NJ				1,004,249	6	0.31%
Individual Property Owner				913,500	7	0.28%
Individual Property Owner				791,500	8	0.24%
Razberry"s Inc				743,900	9	0.23%
Individual Property Owner				737,900	10	0.23%
	<u>\$ 26,559,000</u>		<u>4.37%</u>	<u>\$ 15,247,649</u>		<u>4.67%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
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%
2012	12,635,478	12,203,574	96.58%

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			
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	0.93%	632
2013	2,250,000					2,250,000	N/A	588

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

- (a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- (b) Includes Early Retirement Incentive Plan (ERIP) refunding
- N/A Information is not available

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding		% of Actual Taxable Value (a) of Property	Per Capita (a)	
	General Obligation Bonds	Deductions			Net General Bonded Debt Outstanding
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%	634
2013	2,250,000		2,250,000	0.37%	588

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, 2012

	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 3,410,099	100.00%	\$ 34,101
Regional High School	3,535,000	25.71%	908,933
County General Obligation Debt	69,903,571	2.89%	<u>2,019,607</u>
Subtotal, Overlapping Debt			2,962,641
School District Direct Debt			<u>2,250,000</u>
Total Direct and Overlapping Debt			<u>\$ 5,212,641</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 2013

Equalized Valuation Basis

2012	\$ 625,743,945
2011	639,548,292
2010	<u>656,641,104</u>
	<u>\$ 1,921,933,341</u>

Average Equalized Valuation of Taxable Property

	<u>\$ 640,644,447</u>
--	-----------------------

Debt Limit (3.0% of Average Equalization Value)

	\$ 19,219,333 (a)
--	-------------------

Total Net Debt Applicable to Limit

	<u>2,250,000</u>
--	------------------

Legal Debt Margin

	<u>\$ 16,969,333</u>
--	----------------------

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ 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	\$ 19,219,333
Total Net Debt Applicable	<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>	<u>2,250,000</u>
Legal Debt Margin	<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>	<u>\$ 16,969,333</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	32.01%	24.04%	19.89%	16.92%	14.76%	13.31%	12.47%	12.10%	12.18%	11.71%

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

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
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	266,808,605	65,765	7.8%
2010	3,844	257,751,732	67,053	8.0%
2011	3,834	259,600,140	67,710	7.8%
2012	3,826	N/A	N/A	8.0%
2013	3,826	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	2013			2004		
	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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction:										
Regular	31.0	31.5	32.0	32.0	32.0	32.0	31.5	30.0	30.2	28.7
Special Education	9.0	10.0	10.0	11.0	10.0	10.0	9.0	9.1	8.0	8.0
Other Special Education										
Vocational										
Other Instruction-Aides	4.5	4.5	4.5	4.5	5.0	5.0	4.5	3.5	3.1	4.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	7.2	7.7	9.6	9.8	10.8	10.8	10.6	10.6	9.8	9.6
General Administration	1.9	1.9	2.4	2.4	2.0	2.0	2.0	2.0	1.5	1.5
School Administration Services	2.0	2.0	2.0	2.0	2.4	2.4	2.4	2.4	1.9	1.9
Other Administrative Services										
Central Services	2.5	3.0	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4
Administrative Information Technology										
Plant Operations and Maintenance	6.6	6.0	6.0	6.0	6.0	6.0	6.0	5.6	5.6	5.7
Pupil Transportation	0.1	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4
Other Support Services										
Special Schools										
Food Service										
Child Care										
Total	64.8	66.7	69.1	70.3	70.8	70.8	68.6	65.8	62.7	62.2

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
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%
2013	409	6,851,717	16,752	-2.65%	47.7	1 to 10.93	408.7	391.2	-0.97%	95.72%

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>Elementary (1948)</u>										
Square Feet	56,116	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519
Capacity (Students)	424.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0
Average Daily Enrollment	483.0	507.5	486.0	488.0	461.1	454.0	447.9	431.8	396.0	409.0
Number of Schools at June 30, 2013:										
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>
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	61,878	61,878
2013	62,723	62,723
	<u> .</u>	<u> .</u>
Total School Facilities	<u>\$ 632,867</u>	<u>\$ 632,867</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, 2013
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ School Boards Assoc:		
Property-Blanket Building & Contents (Policy Limit)	\$ 400,000,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	1,000
Comprehensive Automobile Liability (Policy Limit)	16,000,000	
School Board Legal Liability-NJ School Boards Assoc:		
Directors and Officers Policy	16,000,000	5,000
Worker's Compensation-NJ School Boards Assoc:		
Per Accident, Disease and Disease Limit	2,000,000	
Public Employees' Faithful Performance-NJ School Boards Assoc:		
Blanket Position Bond	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

September 13, 2013

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

We have audited, in accordance with the 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, the 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, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated September 13, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board of Education's control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

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Fax # (908) 689-8388
(908) 689-5002

Independent Auditor's Report

September 13, 2013

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Kingwood Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 04-04. Those standards, OMB Circular A-133 and NJ OMB 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 or 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

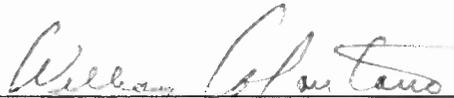
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 04-04**

We have audited the financial statements of the District as of and for the year ended June 30, 2013, and have issued our report thereon dated September 13, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 04-04 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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, 2013

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2012		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2013				
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor		
US Department of Education Passed Through State Department of Education: Special Revenue Fund															
NCLB Title IA	84-010A	NCLB-245013	\$ 11,758	9/01/12-8/31/2013			\$ 11,758	\$ 11,758							
NCLB Title II A	84.367A	NCLB-245013	8,365	9/01/12-8/31/2013			8,365	8,365							
Rural School Achievement Program	84.358B	S 358A12 1011	37,696	7/01/12-9/30/2013			37,696	37,696							
DEA Basic	84.027	IDEA-245013	79,452	9/01/12-8/31/2013			63,581	79,452				\$ (15,871)			
DEA Pre School	84.173	IDEA-245013	3,721	9/01/12-8/31/2013			3,721	3,721							
Total Special Revenue Fund							\$ -	\$ -	125,121	140,992	\$ -	\$ -	(15,871)	\$ -	\$ -
US Department of Agriculture Passed Through State Department of Education: Enterprise Fund:															
Food Donation Program	10.550-	N/A	8,555	7/01/2012-6/30/2013			8,555	6,857					1,698		
Food Donation Program	10.550-	N/A	6,545	7/01/2011-6/30/2012		1,045		1,045							
National School Lunch Program	10.555-	N/A	17,675	7/01/2012-6/30/2013			16,211	17,675					(1,464)		
National School Lunch Program	10.555-	N/A	16,315	7/01/2011-6/30/2012		(818)	818								
Total Enterprise Fund							227	25,584	25,577	-	-		(1,464)	1,698	-
TOTAL FEDERAL FINANCIAL ASSISTANCE							\$ 227	\$ -	\$ 150,705	\$ 166,569	\$ -	\$ -	\$ (17,335)	\$ 1,698	\$ -

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, 2013

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2012 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2013			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education												
General Fund:												
Transportation Aid	13-495-034	\$ 159,182	7/01/2012-									
	-5120-014		6/30/2013		\$ 143,405	\$ 159,182		\$ (15,777)			\$ (15,777)	\$ 159,182
Transportation Aid	12-495-034	155,247	7/01/2011-									
	-5120-014		6/30/2012	\$ (15,428)	15,428							
Special Education Categorical Aid	13-495-034	244,679	7/01/2012-									
	-5120-089		6/30/2013		220,429	244,679		(24,250)			(24,250)	244,679
Special Education Categorical Aid	12-495-034	232,566	7/01/2011-									
	-5120-089		6/30/2012	(23,112)	23,112							
Equalization Aid	13-495-034	482,045	7/01/2012-									
	-5120-078		6/30/2013		434,270	482,045		(47,775)			(47,775)	482,045
Equalization Aid	12-495-034	458,092	7/01/2011-									
	-5120-078		6/30/2012	(45,523)	45,523							
Extraordinary Special Education Costs Aid	13-100-034	55,274	7/01/2012-									
	-5120-473		6/30/2013			55,274		(55,274)			(55,274)	55,274
Extraordinary Special Education Costs Aid	12-100-034	94,356	7/01/2011-									
	-5120-473		6/30/2012	(94,356)	94,356							
Security Aid	13-495-034	30,646	7/01/2012-									
	-5120-084		6/30/2013		27,609	30,646		(3,037)			(3,037)	30,646
Security Aid	12-495-034	30,927	7/01/2011-									
	-5120-084		6/30/2012	(3,073)	3,073							
Adjustment Aid	13-495-034	301,174	7/01/2012-									
	-5120-085		6/30/2013		271,325	301,174		(29,849)			(29,849)	301,174
Adjustment Aid	12-495-034	376,467	7/01/2011-									
	-5120-085		6/30/2012	(37,412)	37,412							
Reimbursement TPAF Social Security Contribution	13-495-034	212,532	7/01/2012-									
	-5095-002		6/30/2013		202,128	212,532		(10,404)			(10,404)	212,532
Non Public School Transportation	13-495-034	3,028	7/01/2012-									
	-5120-014		6/30/2013			3,028		(3,028)			(3,028)	3,028
Non Public School Transportation	12-495-034	3,618	7/01/2011-									
	-5120-014		6/30/2012	(3,618)	3,618							
On-Behalf TPAF Pension Contribution- Teachers' Pension and Annuity Fund	13-495-034	187,586	7/01/2012-									
	-5095-006		6/30/2013		187,586	187,586						187,586
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	13-495-034	9,870	7/01/2012-									
	-5095-007		6/30/2013		9,870	9,870						9,870
On-Behalf TPAF Pension Contribution- Post Retirement Medical	13-495-034	223,272	7/01/2012-									
	-5095-001		6/30/2013		223,272	223,272						223,272
Total General Fund				(222,522)	1,942,416	1,909,288	\$ -	(189,394)	\$ -	\$ -	(189,394)	1,909,288
Capital Projects Fund												

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, 2013
 (Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2012 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2013			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)	13-100-010	\$ 1,069	7/01/2012-		\$ 981	\$ 1,069		\$ (88)				\$ (88)	\$ 1,069
	-3350-023		6/30/2013										
National School Lunch Program (St Share)	12-100-010	1,252	7/01/2011-										
	-3350-023		6/30/2012	\$ (62)	62								
Total Enterprise Fund				(62)	1,043	1,069	\$ -	(88)	\$ -	\$ -		(88)	1,069
TOTAL STATE FINANCIAL ASSISTANCE				\$ (222,584)	\$ 1,943,459	\$ 1,910,357	\$ -	\$ (189,482)	\$ -	\$ -		\$ (189,482)	\$ 1,910,357

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013

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 \$3,860 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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,913,148	\$ 1,913,148
Special Revenue Fund	\$ 140,992		140,992
Food Service Fund	<u>25,577</u>	<u>1,069</u>	<u>26,646</u>
	<u>\$ 166,569</u>	<u>\$ 1,914,217</u>	<u>\$ 2,080,786</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2013
(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, 2013. 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, 2013.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(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>
13-495-034-5120-078	\$ 482,045	Equalization Aid
13-495-034-5120-085	301,174	Adjustment Aid
13-495-034-5120-089	244,679	Special Education Aid

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2013.

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, 2013.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

K-7

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.