

**KINGWOOD TOWNSHIP
BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

JUNE 30, 2016

**Prepared by
Kingwood Township Board of Education
Department of Administration**

**KINGWOOD TOWNSHIP
BOARD OF EDUCATION**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016

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KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

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October 18, 2016

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, 2016 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 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report of 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 2015-2016 fiscal year with an average daily enrollment of 342.2 students, which is a 5.29% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
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%)
2013-2014	367.9	(9.98%)
2014-2015	360.3	(2.08%)
2015-2016	342.2	(5.29%)

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. This law also created a maximum tax levy increase, various budget restrictions, and set the maximum district fund balance at the higher of 2% of budget expenditures or \$250,000. 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 2015-2016 academic school year were integrating Google classroom, implementing GOLD into our primary grades, preparing our students for the PARCC assessment, and implementing the NGSS into grades 5-8.

The Reader's Workshop model is now an instructional strategy embedded into the literacy program of all grade levels. The adoption of this instructional strategy required a significant investment in staff and resources. The workshop model allows for students to appropriately engage in literacy concepts.

The science curriculum was revised and aligned to the NGSSS. Additional resources were

purchased to help with the transition.

We will continue to measure student growth in K-2 along a developmental continuum to help teachers determine what individual children know and are able to do. This approach gives the teacher an opportunity to get to know every child through anecdotal evidence using iPads and gathering information throughout the day and year. The information collected will be entered into an online portfolio. Instead of students being pulled to take standardized tests, the students are assessed in their natural setting in authentic activities.

The GOLD system utilizes color bands to demonstrate growth along the continuum. Last year, the district was part of the DOE pilot for the Kindergarten Entry Assessment. This program has been expanded. Our initiative is an extension of this program.

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. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the total budget amount. The final budgeted amounts, as amended, for the fiscal year are 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, 2016.

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, 2016 and the percentage of increase/ (decrease) in relation to prior year amounts.

	<u>Amount</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from Prior Year</u>	<u>Percentage of Increase (Decrease)</u>
REVENUES				
Local Sources:				
Tax Levy:				
General	\$ 5,368,421	74.15%	\$ 105,263	2.00%
Debt Service	249,750	3.45%	6,300	2.59%
Other Revenues	101,958	1.41%	4,503	4.62%
State Aid	1,374,450	18.98%	78,328	6.04%
Federal Aid	145,198	2.01%	15,164	11.66%
Total	<u>\$ 7,239,777</u>	<u>100.00%</u>	<u>\$ 209,558</u>	2.98%
EXPENDITURES				
Current Expense	\$ 6,282,303	93.07%	\$ 221,040	3.65%
Capital Outlay	72,796	1.08%	43,678	150.00%
Special Projects	145,198	2.15%	15,646	12.08%
Debt Service				
Principal	190,000	2.81%	10,000	5.56%
Interest	59,750	0.89%	(3,700)	-5.83%
Total	<u>\$ 6,750,047</u>	<u>100.00%</u>	<u>\$ 286,664</u>	4.44%

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

8. DEBT ADMINISTRATION: At June 30, 2016, the District's outstanding debt was \$1,700,000. This debt was originally issued in July 2003 to finance a building addition, and refunded in July 2011 for a net cash flow savings of \$116,604.

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 accounting firm of Bedard, Kurowicki, and Co., CPA's, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." 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 our Business Office staff.

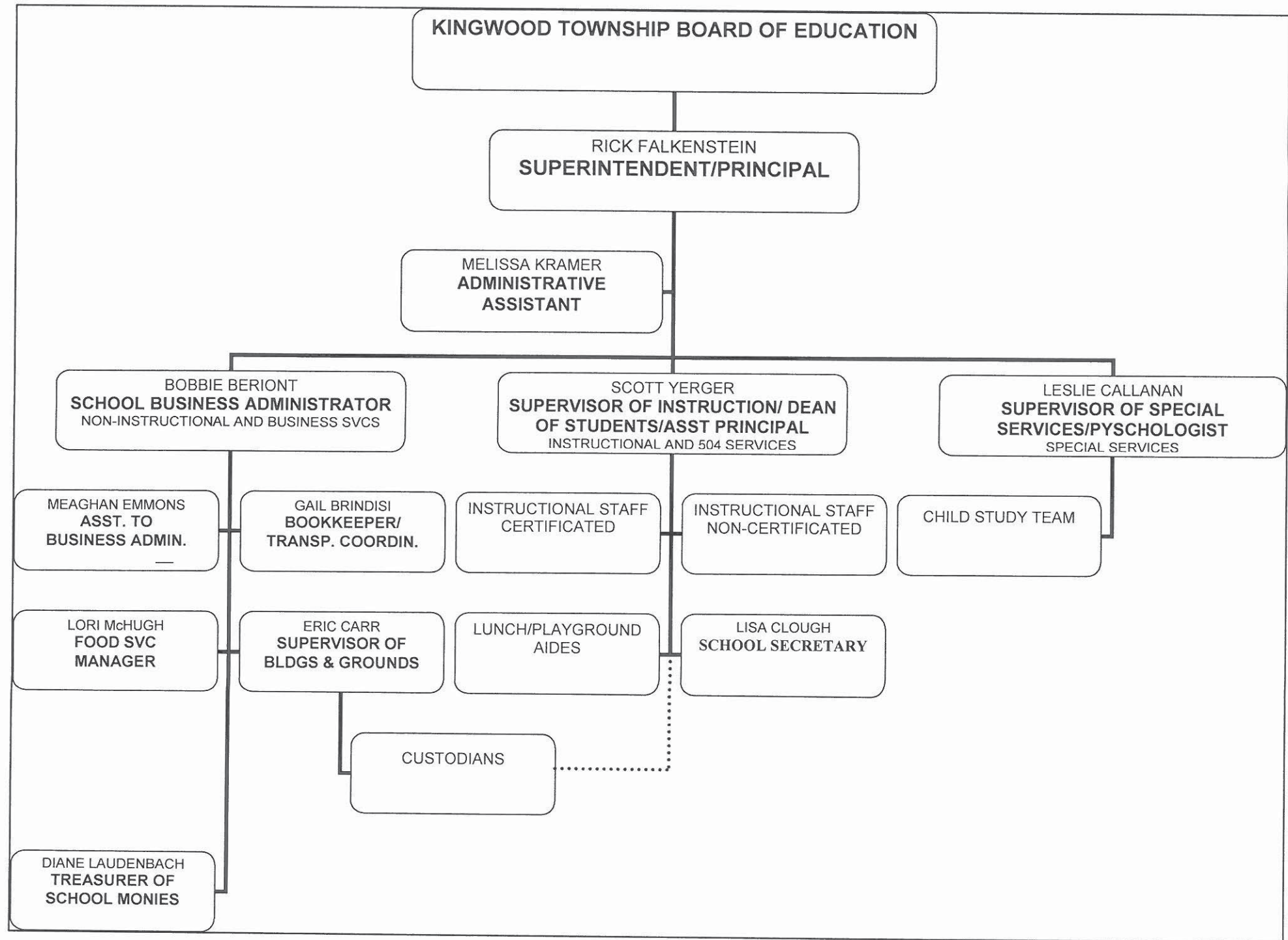
Respectfully Submitted,



Dr. Erik Falkenstein,
Chief School Administrator



Michele McCann,
School Business Administrator/Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
FRENCHTOWN, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016

Members of the Board of Education

Term Expires

Joseph DePinto, President	2018
Kevin Bloom, Vice President	2018
Paymon Jelvani	2018
Michael DeSapio	2016
Donna Herbel	2016
Kathleen Racile	2016
Jill Lonergan	2017
Kimberly Malina	2017
Shannon Sklodowsky	2017

Other Officials

Erik Falkenstein, Superintendent
Michele McCann, Business Administrator/Board Secretary
Diane Laudenbach, School Treasurer
Fogarty & Hara, Attorney

KINGWOOD TOWNSHIP SCHOOL
880 COUNTY ROAD 519
FRENCHTOWN, NJ 08825
CONSULTANTS & ADVISORS
JUNE 30, 2016

Audit Firm:

Bedard, Kurowicki & Co.

Architect:

Spiezle Architectural Group

Attorney:

Fogarty & Hara

Official Depository:

Investors Saving Bank



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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 Kingwood Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2016, 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.

Auditors' 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Kingwood Township School District, as of June 30, 2016, 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, schedule of the District's proportionate share of net pension liability, and schedule of the District's pension contributions, as listed 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 introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards and schedule of expenditures of state financial assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are the responsibility of management and were 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, and Schedule of Expenditures of State Financial Assistance are 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 October 18, 2016 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.

Bedard, Kurowicki & Co.

BEDARD, KUROWICKI & CO., CPA'S, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

October 18, 2016
Flemington, New Jersey

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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, 2016. 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 basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$477,398, which represents a 8.1% increase from 2015.
- General revenues accounted for \$8,858,453 in revenue or 96.57% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$314,829 or 3.43% to total revenues of \$9,173,282.
- Total assets of governmental activities increased by \$386,122, as cash and cash equivalents decreased by \$336,510, receivables and other assets increased by \$12,049, and capital assets increased by \$710,583.
- The School District had \$8,695,884 in expenses; only \$314,829 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,858,453 were adequate to provide for these programs.
- Among major funds, the General Fund had \$7,538,303 in revenues and \$7,048,573 in expenditures. After factoring in net transfers out to the Capital Projects Fund of \$234,796, the General Fund's balance increased \$254,934 from 2015.

Using this Comprehensive Annual Financial Report (CAFR)

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

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

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 fiscal year 2015-2016?" 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 Net 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.

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

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 position at June 30, 2016 with comparative data for June 30, 2015.

Table 1
Net Position

	6/30/16	6/30/15	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$2,279,439	\$2,604,365	\$(324,926)	-12.48%
Capital assets	7,553,116	6,847,748	705,368	10.30%
Total assets	9,832,555	9,452,113	380,442	4.02%
Deferred pension activity				
Total deferred outflow of resources	351,290	211,798	139,492	65.86%
Liabilities				
Long-term liabilities	3,525,649	3,560,209	(34,560)	-0.97%
Other liabilities	173,539	122,734	50,805	41.39%
Total liabilities	3,699,188	3,682,943	16,245	0.44%
Deferred pension activity				
Total deferred inflow of resources	109,885	83,594	26,291	31.45%
Net position				
Net investment in capital assets	5,853,116	4,957,748	895,368	18.06%
Restricted	1,455,925	1,939,228	(483,303)	-24.92%
Unrestricted	(934,269)	(999,602)	65,333	-6.54%
Total net position	\$6,374,772	\$5,897,374	\$477,398	8.10%

Total assets increased \$380,442. Cash and cash equivalents decreased by \$337,270, receivables and other assets increased by \$12,344, and capital assets increased by \$705,368. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$65,333.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position in fiscal year 2016 with comparisons to 2015.

Table 2
Changes in Net Position

	6/30/16	6/30/15	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 141,016	\$ 146,935	\$ (5,919)	-4.03%
Operating grants and contributions	173,813	158,193	15,620	9.87%
Capital grants and contributions	-	37,700	(37,700)	100.00%
General revenues				
Property taxes	5,618,171	5,506,608	111,563	2.03%
Grants and entitlements	3,207,193	2,804,617	402,576	14.35%
Other	33,089	26,549	6,540	24.63%
Total revenues	<u>9,173,282</u>	<u>8,680,602</u>	<u>492,680</u>	<u>5.68%</u>
Expenses				
Instruction				
Regular	3,817,127	3,206,260	610,867	19.05%
Special	1,580,219	1,547,190	33,029	2.13%
Other	81,956	152,006	(70,050)	-46.08%
Support services				
Tuition	74,950	144,050	(69,100)	-47.97%
Student & instructional related services	1,230,493	1,071,434	159,059	14.85%
General & business administration	529,713	563,365	(33,652)	-5.97%
School administration	219,729	199,112	20,617	10.35%
Maintenance	681,050	682,629	(1,579)	-0.23%
Transportation	305,062	324,243	(19,181)	-5.92%
Food service	106,740	100,249	6,491	6.47%
Interest on long-term debt	68,845	72,636	(3,791)	-5.22%
Total expenses	<u>8,695,884</u>	<u>8,063,174</u>	<u>632,710</u>	<u>7.85%</u>
Increase (decrease) before special items	477,398	617,428	(140,030)	
Special item				
State capital project grant de-obligated	-	(79,054)	79,054	100.00%
Increase (decrease) in net position	<u>\$ 477,398</u>	<u>\$ 538,374</u>	<u>\$ (60,976)</u>	<u>-11.33%</u>

* = Undefined

KINGWOOD TOWNSHIP SCHOOL DISTRICT
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Governmental Activities

Local property taxes made up 61.24% of revenues for governmental activities for the Kingwood Township School District for fiscal year 2016.

Instruction comprises 63.01% of district expenses. Support services expenses make up 36.99% 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 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2016 with comparisons to June 30, 2015.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	6/30/16	6/30/15	6/30/16	6/30/15
Instruction	\$ 5,479,302	\$ 4,905,456	\$ 5,279,455	\$ 4,774,235
Support services				
Tuition	74,950	144,050	74,950	69,899
Student & instructional staff	1,230,493	1,071,434	1,225,493	1,054,743
General & business administration	529,713	563,365	527,717	560,165
School administration	219,729	199,112	219,729	198,152
Plant operations & maintenance	681,050	682,629	673,612	676,254
Pupil transportation	305,062	324,243	305,062	324,243
Food services	106,740	100,249	6,192	4,281
Interest on long-term debt	68,845	72,636	68,845	72,636
Total expenses	\$ 8,695,884	\$ 8,063,174	\$ 8,381,055	\$ 7,726,046

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

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
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Unaudited

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 96.57 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 \$7,933,251 and expenditures of \$8,309,960. The General Fund had an increase fund balance of \$254,934.

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. New Jersey P.L. 2011, Chapter 202, which eliminated the annual school budget vote within the tax levy cap and moved school board member elections to the general election in November, was first implemented with the 2012-2013 budget and continued through the 2016-2017 budget.

The District builds a budget to meet the needs of its students based on the information and projections that are available at the time. During the year the District operated within the agreed upon budget and State transfer requirements, which restricted budget transfers to 10% of the advertised budget lines. Transfers were made within those parameters to address unanticipated student and facility needs, and to prevent over expenditures in specific line items. More specifically, line item transfers were made to fund the purchase of new Chromebooks for middle school students, upgrade computer servers, purchase a floor scrubber utilizing a safety grant for most of the cost, and to cover architectural fees for renovations to the original B wing bathrooms and to design a backup well. These funds became available due to breakage in salaries from teacher resignations and retirement, lower than expected increases in employee health benefit premiums, and staff reductions due to declining student enrollment.

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 \$6,849,978, \$154,200 above original budgeted estimates of \$6,695,778. This difference was due primarily to additional state extraordinary aid, non-public transportation aid, and pre-school tuition.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
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The General Fund revenues and other financing sources of the School District exceeded expenditures by \$494,879, due to excess revenues of \$154,200 and unspent budgetary lines. This enabled the Capital Reserve account to be increased by \$340,000 and increase Maintenance Reserve by \$40,000. The financial position of the School District remains strong.

Capital Assets

At the end of the fiscal year 2016, the School District had \$7,531,445 invested in land, building, furniture and equipment. Table 4 shows fiscal 2016 balances compared to 2015.

Table 4
Capital Assets at Year End (Net of Depreciation)

	6/30/16	6/30/15	Variance	
			Dollars	Percent
Land	\$ 115,000	\$ 115,000	\$ -	
Construction in progress	107,320	11,969	95,351	796.65%
Land improvements	751,811	-	751,811	
Buildings & improvements	6,308,131	6,433,902	(125,771)	-1.95%
Machinery & equipment	249,183	259,991	(10,808)	-4.16%
	<u>\$ 7,531,445</u>	<u>\$ 6,820,862</u>	<u>\$ 710,583</u>	10.42%

Overall capital assets increased \$ 710,583 from fiscal year 2015 to fiscal year 2016. Increases in capital assets were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2016, the School District had \$3,525,649 as its outstanding long term liabilities. Of this amount, \$211,675 is for compensated absences, \$51,968 is for bond premium, \$1,562,006 is for PERS net pension liability, and the balance of \$1,700,000 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

	6/30/16	6/30/15	Variance	
			Dollars	Percent
2011 Refunding school bonds	\$ 1,700,000	\$ 1,890,000	\$ (190,000)	10.05%
	<u>\$ 1,700,000</u>	<u>\$ 1,890,000</u>	<u>\$ (190,000)</u>	10.05%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
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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.

Maintaining our facility is an ongoing priority. In 2016-2017, the gym area is being renovated, including a complete replacement of the bleachers for ADA accessibility. Also, the bathroom in B wing will be completely renovated during the 2016-2017 school year. The district is planning to continue replacing windows, install a back-up well system, and renovate the D wing bathrooms.

Kingwood Township is primarily a residential, farming community, with very few industrial ratables. This causes the school tax levy burden to primarily impact homeowners. As a result, the Board continually seeks opportunities to lower costs while maintaining an excellent educational program, and to identify new sources of revenue.

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 Michele McCann, School Business Administrator/Board Secretary at Kingwood Township Board of Education, 880 County Road 519, Frenchtown, NJ 08825 or email at mmccann@kingwoodschool.org.

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, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 705,815	\$ 40,201	\$ 746,016
Receivables, net	106,242	1,163	107,405
Inventory		2,093	2,093
Restricted assets			
Capital reserve account - cash	908,423	-	908,423
Maintenance reserve account - cash	190,000	-	190,000
Emergency reserve - cash	151,672	-	151,672
Capital projects - cash	173,830	-	173,830
Capital assets, net (Note 4)			
Land	115,000	-	115,000
Capital assets not being depreciated	107,320	-	107,320
Other capital assets, net of depreciation	7,309,125	21,671	7,330,796
Total assets	<u>9,767,427</u>	<u>65,128</u>	<u>9,832,555</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>351,290</u>	<u>-</u>	<u>351,290</u>
Liabilities			
Accounts payable	139,176	-	139,176
Accrued interest	26,515	-	26,515
Unearned revenue		1,548	1,548
Judgments payable	6,300	-	6,300
Long-term liabilities (Note 5)			
Due within one year	196,496	-	196,496
Due beyond one year	3,329,153	-	3,329,153
Total liabilities	<u>3,697,640</u>	<u>1,548</u>	<u>3,699,188</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>109,885</u>	<u>-</u>	<u>109,885</u>
Net position			
Net investment in capital assets	5,831,445	21,671	5,853,116
Restricted for			
Capital reserve	908,423	-	908,423
Maintenance reserve	190,000	-	190,000
Emergency reserve	151,672	-	151,672
Capital projects	205,830	-	205,830
Unrestricted	<u>(976,178)</u>	<u>41,909</u>	<u>(934,269)</u>
Total net position	<u>\$ 6,311,192</u>	<u>\$ 63,580</u>	<u>\$ 6,374,772</u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

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-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,090,369	\$ 1,726,758	\$ 61,645	\$ 76,069	\$ -	\$ (3,679,413)	\$ -	\$ (3,679,413)
Special education	559,888	537,478	-	3,543	-	(1,093,823)	-	(1,093,823)
Other special education	251,399	231,454	-	27,717	-	(455,136)	-	(455,136)
Other instruction	78,081	3,875	-	30,873	-	(51,083)	-	(51,083)
Support services								
Tuition	74,950	-	-	-	-	(74,950)	-	(74,950)
Students & instruction related services	735,827	494,666	-	5,000	-	(1,225,493)	-	(1,225,493)
General & business administration services	389,899	139,814	-	1,996	-	(527,717)	-	(527,717)
School administration services	121,898	97,831	-	-	-	(219,729)	-	(219,729)
Plant operations & maintenance	569,036	112,014	7,438	-	-	(673,612)	-	(673,612)
Pupil transportation	288,307	16,755	-	-	-	(305,062)	-	(305,062)
Interest on long-term debt	68,845	-	-	-	-	(68,845)	-	(68,845)
Total governmental activities	<u>5,228,499</u>	<u>3,360,645</u>	<u>69,083</u>	<u>145,198</u>	<u>-</u>	<u>(8,374,863)</u>	<u>-</u>	<u>(8,374,863)</u>
Business-type activities								
Food service	106,740	-	71,933	28,615	-	-	(6,192)	(6,192)
Total business-type activities	<u>106,740</u>	<u>-</u>	<u>71,933</u>	<u>28,615</u>	<u>-</u>	<u>-</u>	<u>(6,192)</u>	<u>(6,192)</u>
Total primary government	<u>\$ 5,335,239</u>	<u>\$ 3,360,645</u>	<u>\$ 141,016</u>	<u>\$ 173,813</u>	<u>\$ -</u>	<u>(8,374,863)</u>	<u>(6,192)</u>	<u>(8,381,055)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						5,368,421		5,368,421
Property taxes levied for debt service						249,750		249,750
Federal & state aid not restricted						3,207,193		3,207,193
Investment earnings						10,757	169	10,926
Miscellaneous income						22,118	45	22,163
Total general revenues, special items & transfers						<u>8,858,239</u>	<u>214</u>	<u>8,858,453</u>
Change in net position						483,376	(5,978)	477,398
Net position - beginning						5,827,816	69,558	5,897,374
Net position - ending						<u>\$ 6,311,192</u>	<u>\$ 63,580</u>	<u>\$ 6,374,772</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
Governmental Funds
Balance Sheet
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 705,815	\$ -	\$ -	\$ -	\$ 705,815
Receivables from other governments					
State	74,242	-	32,000	-	106,242
Other accounts receivable	-	-	-	-	-
Restricted cash & cash equivalents	1,250,095	-	173,830	-	1,423,925
Total assets	\$ 2,030,152	\$ -	\$ 205,830	\$ -	\$ 2,235,982
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 139,176	\$ -	\$ -	\$ -	\$ 139,176
Judgments payable	6,300	-	-	-	6,300
Total liabilities	145,476	-	-	-	145,476

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2016

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	\$ 113,700	\$ -	\$ -	\$ -	\$ 113,700
Excess surplus - current year	112,479	-	-	-	112,479
Committed fund balance					
Capital reserve	908,423	-	-	-	908,423
Emergency reserve	151,672	-	-	-	151,672
Maintenance reserve	190,000	-	-	-	190,000
Assigned fund balance					
Designated for subsequent year's expenditures	2	-	-	-	2
Year-end encumbrances	212,013	-	198,150	-	410,163
Unassigned fund balance	196,387	-	7,680	-	204,067
Total fund balances	1,884,676	-	205,830	-	2,090,506
Total liabilities and fund balances	\$ 2,030,152	\$ -	\$ 205,830	\$ -	

Amounts reported for governmental activities in the
Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,224,302 and the accumulated depreciation is \$3,692,857	7,531,445
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	241,405
Long-term liabilities, including bonds payable and compensated absences are not due & payable in the current period & therefore are not reported as liabilities in the funds	(3,525,649)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(26,515)
Total net position of governmental activities	\$ 6,311,192

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 5,368,421	\$ -	\$ -	\$ 249,750	\$ 5,618,171
Tuition					
Individuals	51,832	-	-	-	51,832
Other sources	9,813	-	-	-	9,813
Interest on investments	10,757	-	-	-	10,757
Rents and royalties	7,438	-	-	-	7,438
Sale of property	6,356	-	-	-	6,356
Miscellaneous	15,762	-	-	-	15,762
	<u>5,470,379</u>	<u>-</u>	<u>-</u>	<u>249,750</u>	<u>5,720,129</u>
State sources	2,067,924	-	-	-	2,067,924
Federal sources	-	145,198	-	-	145,198
Total revenues	<u>7,538,303</u>	<u>145,198</u>	<u>-</u>	<u>249,750</u>	<u>7,933,251</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,014,300	76,069	-	-	2,090,369
Special education instruction	556,345	3,543	-	-	559,888
Other special instruction	223,682	27,717	-	-	251,399
Other instruction	47,208	30,873	-	-	78,081
Support service & undistributed costs					
Tuition	74,950	-	-	-	74,950
Student & instruction related services	730,827	5,000	-	-	735,827
General & business administrative services	387,903	1,996	-	-	389,899
School administrative services	121,898	-	-	-	121,898
Plant operations & maintenance	569,036	-	-	-	569,036
Pupil transportation	288,307	-	-	-	288,307
Unallocated benefits	1,961,321	-	-	-	1,961,321

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 55,464	\$ -	\$ 866,439	\$ -	\$ 921,903
Debt service					
Principal	-	-	-	190,000	190,000
Interest & other charges	17,332	-	-	59,750	77,082
Total expenditures	<u>7,048,573</u>	<u>145,198</u>	<u>866,439</u>	<u>249,750</u>	<u>8,309,960</u>
Excess (deficit) of revenues over (under) expenditures	<u>489,730</u>	<u>-</u>	<u>(866,439)</u>	<u>-</u>	<u>(376,709)</u>
Other financing sources (uses)					
Operating transfers in	10,050	-	244,846	-	254,896
Operating transfers out	(244,846)	-	(10,050)	-	(254,896)
Total other financing sources (uses)	<u>(234,796)</u>	<u>-</u>	<u>234,796</u>	<u>-</u>	<u>-</u>
Net change in fund balance	254,934	-	(631,643)	-	(376,709)
Fund balances, July 1	<u>1,629,742</u>	<u>-</u>	<u>837,473</u>	<u>-</u>	<u>2,467,215</u>
Fund balances, June 30	<u>\$ 1,884,676</u>	<u>\$ -</u>	<u>\$ 205,830</u>	<u>\$ -</u>	<u>\$ 2,090,506</u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
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, 2016

Total net changes in fund balances - Governmental fund (from B-2) \$ (376,709)

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

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:

Capital outlays	\$	921,903	
Depreciation expense		<u>211,320</u>	
			710,583

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:

Debt principal payments			190,000
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Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred & amortized in the Statement of Activities:

Amortization of bond premium			6,496
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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.

1,741

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

(46,097)

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.

(2,638)

Change in net position of governmental activities

\$ 483,376

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Fund Net Position
June 30, 2016

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 40,201
Receivables from other governments	
State	57
Federal	1,106
Inventory	2,093
Total current assets	<u>43,457</u>
Noncurrent assets	
Capital assets	65,542
Less: Accumulated depreciation	<u>43,871</u>
Total noncurrent assets	<u>21,671</u>
Total assets	<u>65,128</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,040
Unearned revenues - prepaid sales	<u>508</u>
Total liabilities	<u>1,548</u>
Net position	
Invested in capital assets, net of related debt	21,671
Unrestricted	<u>41,909</u>
Total net position	<u>\$ 63,580</u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 56,991
Daily sales - non-reimbursable programs	14,942
Total operating revenues	71,933
Operating expenses:	
Cost of sales - reimbursable programs	36,772
Cost of sales - non-reimbursable programs	9,641
Salaries	28,668
Supports services - employee benefits	4,361
Purchased professional /technical services	1,785
Purchased property services	6,416
Other purchased services	
Insurance	2,821
Management fee	7,455
Supplies and materials	3,453
Depreciation	5,215
Miscellaneous expenditures	153
Total operating expenses	106,740
Operating income (loss)	(34,807)
Non-operating revenues (expenses)	
State sources	
State School Lunch Program	1,118
Federal sources	
National School Lunch Program	
Cash assistance	19,040
Non-cash assistance (commodities)	6,925
Healthy Hunger Free Kids Act	1,532
Other sources	
Interest earned on investments	169
Miscellaneous	45
Total non-operating revenues (expenses)	28,829
Change in net position	(5,978)
Net position, beginning	69,558
Net position, ending	\$ 63,580

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flow
For the Fiscal Year Ended June 30, 2016

	<u>Food Service Fund</u>
Cash flows from operating activities	
Receipts from customers	\$ 71,651
Payments to Food Service Management Co.	(88,311)
Payments to vendors (net)	<u>(6,525)</u>
Net cash provided by (used for) operating activities	<u>(23,185)</u>
Cash flows from non-capital financing activities	
State sources	1,146
Federal sources	21,065
Miscellaneous	45
Net cash provided by (used for) non-capital financing activities	<u>22,256</u>
Cash flows from investing activities	
Interest earned on investments	<u>169</u>
Net cash provided by (used for) investing activities	<u>169</u>
Net increase (decrease) in cash and cash equivalents	(760)
Cash and cash equivalents, beginning	<u>40,961</u>
Cash and cash equivalents, ending	<u><u>\$ 40,201</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating activities	
Operating income (loss)	\$ (34,807)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,215
Federal Food Donation Program	7,505
(Increase) decrease in inventory	(816)
Increase (decrease) in deferred revenue	<u>(282)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (23,185)</u></u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 163,560	\$ 25,759	\$ 336
Total assets	<u>\$ 163,560</u>	<u>\$ 25,759</u>	<u>\$ 336</u>
Liabilities			
Payroll deductions and withholdings	\$ -	\$ -	\$ 336
Due to student groups	-	25,759	-
Total liabilities	<u>-</u>	<u>\$ 25,759</u>	<u>\$ 336</u>
Net position			
Held in Trust for unemployment claims & other purposes	<u>\$ 163,560</u>		

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

	Unemployment Compensation Fund
Additions	
Contributions	
Employee withholdings	\$ 6,617
Operating transfer in	15,000
Investment earnings - interest	542
Total additions	22,159
 Deductions	
Unemployment claims	17,299
 Change in net position	4,860
 Net position, beginning of the year	158,700
 Net position, end of the year	\$ 163,560

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 over-all 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-8. The District had an approximate enrollment at June 30, 2016 of 364 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

Note 1 - Summary of significant accounting policies (continued)

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 non-fiduciary 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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 accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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 non-operating 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 non-instructional 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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

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) 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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

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.

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 necessary, 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, 2016 were insignificant.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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.

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 unearned 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 2015-2016 and 2014-2015 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 receivable/payables

Short-Term Interfund receivables/payables represent 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as expenditures 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 unearned 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, 2016.

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:

Assets	Years
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 - 10
Computer equipment	5 - 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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.

L. Unearned revenue

Unearned 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.

Unearned 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 unearned 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, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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.
- 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 expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

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

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. U.S. 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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, 2016 appear in the financial statements as summarized below:

Cash		<u>\$ 2,359,596</u>
	<u>Ref.</u>	
Cash		
Governmental Funds, balance sheet	B-1	\$ 2,129,740
Enterprise Funds, statement of net position	B-4	40,201
Fiduciary Funds, statement of net position	B-7	<u>189,655</u>
Total cash		<u>\$ 2,359,596</u>

Deposits - The District's carrying amount of bank deposits at June 30, 2016 is \$2,359,596 and the bank balance is \$2,795,531. Of the bank balance, \$250,000 is covered by Federal Depository Insurance and \$2,545,531 is insured by GUDPA.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and cash equivalents and investments (continued)

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
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 or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. 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, 2016, the district had no investments.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 -

Capital assets

Capital asset activity for the fiscal year ended June 30, 2016 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	<u>11,969</u>	<u>866,439</u>	<u>771,088</u>	<u>107,320</u>
Total	<u>126,969</u>	<u>866,439</u>	<u>771,088</u>	<u>222,320</u>
Capital assets, being depreciated				
Land improvements	91,800	771,088	-	862,888
Building & improvements	9,353,605	9,680	-	9,363,285
Furniture & equipment	<u>730,025</u>	<u>45,784</u>	<u>-</u>	<u>775,809</u>
Total	<u>10,175,430</u>	<u>826,552</u>	<u>-</u>	<u>11,001,982</u>
Accumulated depreciation				
Land improvements	91,800	19,277	-	111,077
Building & improvements	2,919,703	135,451	-	3,055,154
Furniture & equipment	<u>470,034</u>	<u>56,592</u>	<u>-</u>	<u>526,626</u>
Total	<u>3,481,537</u>	<u>211,320</u>	<u>-</u>	<u>3,692,857</u>
Total capital assets, being depreciated, net	<u>6,693,893</u>	<u>615,232</u>	<u>-</u>	<u>7,309,125</u>
Governmental activities capital assets, net	<u>\$ 6,820,862</u>	<u>\$ 1,481,671</u>	<u>\$ 771,088</u>	<u>\$ 7,531,445</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 65,542	\$ -	\$ -	\$ 65,542
Less: accumulated depreciation	<u>38,656</u>	<u>5,215</u>	<u>-</u>	<u>43,871</u>
Business type activities capital assets, net	<u>\$ 26,886</u>	<u>\$ (5,215)</u>	<u>\$ -</u>	<u>\$ 21,671</u>

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

Instruction	
Regular	\$ 103,747
Special education	27,788
Other special instruction	12,477
Other instruction	3,875
Support services	
Student & instruction	36,520
General & business administration	19,351
School administration	6,050
Plant maintenance	1,512
Total depreciation expense, governmental activities	<u>\$ 211,320</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2016 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	\$ 1,890,000	\$ -	\$ 190,000	\$ 1,700,000	\$ 190,000
Compensated absences payable	209,037	26,990	24,352	211,675	-
PERS Net pension liability	1,402,708	287,502	128,204	1,562,006	-
Bond premium	<u>58,464</u>	<u>-</u>	<u>6,496</u>	<u>51,968</u>	<u>6,496</u>
Total governmental activities long-term liabilities	<u>\$ 3,560,209</u>	<u>\$ 314,492</u>	<u>\$ 349,052</u>	<u>\$ 3,525,649</u>	<u>\$ 196,496</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

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, 2016 including interest payments are listed as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	235,000	4,700	239,700
Total	<u>\$ 1,700,000</u>	<u>\$ 256,475</u>	<u>\$ 1,956,475</u>

General Obligation Bonds - General obligation school building bonds payable at June 30, 2016, 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>\$ 1,700,000</u>
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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, 2016 is \$18,215,184. General obligation debt at June 30, 2016 is \$1,700,000, resulting in a legal debt margin of \$16,515,184.

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), 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by NJSA 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Plan description (continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2015 and 2014, the State's pension contribution was less than the actuarial determined amount

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)
A. Public employees' retirement systems (PERS) (continued)
Plan description (continued)

Collective net pension liability and actuarial information

Components of net pension liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2015 and 2014 are as follows:

	2015	2014
Total pension liability	\$ 2,999,708	\$ 2,927,236
Plan fiduciary net position	1,437,702	1,524,528
Net pension liability	\$ 1,562,006	\$ 1,402,708
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.04%
Salary increases (based on age)	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment rate of return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	2015
At current discount rate (4.90%)	1,562,006
At a 1% lower rate (3.90%)	1,941,383
At a 1% higher rate (5.90%)	1,243,940
	2014
At current discount rate (5.39%)	1,402,708
At a 1% lower rate (4.39%)	1,764,654
At a 1% higher rate (6.39%)	1,098,765

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,264	\$ -
Changes of assumptions	167,747	-
Net difference between projected and actual earnings on pension plan investments	-	25,114
Changes in proportion and differences between District contributions and proportionate share of contributions	86,456	84,771
District contributions subsequent to the measurement date	59,823	-
Total	\$ 351,290	\$ 109,885

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) of \$59,823 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred outflows of resources:				
Changes of assumptions	\$ 40,967	\$ 207,926	\$ 43,881	\$ 205,012
Deferred inflows of resources				
Difference between projected and actual earnings on pension plan investments	77,639	(41,394)	11,131	25,114
Net of deferred outflows/(inflows)				\$ 179,898

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	
2016	\$ 32,750
2017	32,750
2018	32,750
2019	52,160
2020	29,488
Total	<u>\$ 179,898</u>

Pension expense

For the year ended June 30, 2016, the District recognized net pension expense of \$105,920 which represents the District's proportionate share of allocable plan pension expense of \$102,467 plus the net amortization of deferred amounts from changes in proportion of \$1,512 and plus other adjustments to the net pension liability of \$1,941. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2015 are as follows:

Service cost	\$ 61,375
Interest on total pension liability	146,266
Member contributions	(33,950)
Administrative expense	1,141
Expected investment return net of investment expense	(104,508)
Pension expense related to specific liabilities of individual employers	(607)
Recognition of deferred inflows/outflows of resources	
Amortization of assumption changes or inputs	35,986
Amortization of expected versus actual experience	7,895
Amortization of projected versus actual investment earnings on pension plan investments	(11,131)
Pension expense	<u>\$ 102,467</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers’ Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrprts.shtml.

The vesting and benefit provisions are set by NJSA 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts.

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities’ total proportionate share of the net pension liability that is associated with the local participating employer.

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District’s proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2015 and 2014 is as follows:

	2015	2014
Net pension liability	\$ 18,658,494	\$ 16,521,374
Employer pension expense and related revenue	1,139,269	889,005
Non-employer contribution	158,653	159,092
Allocable proportionate percentage	0.0295209388%	.0374520356%

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 (\$8,300 in 2016) 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/njdcrp.

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, P.O. Box 295, Trenton, New Jersey 08625-0295.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution requirements

The contribution policy is set by state statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Significant legislation which became effective October 1, 2011 will gradually increase the employee contribution rate for PERS and TPAF members. Effective October 1, 2011 the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the TPAF and PERS pension plans. The rate will increase each year on the first of July over a seven year phase-in period until the withholding rate reaches 7.50% effective July 1, 2018. Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. Employers are required to contribute at an actuarially determined rate in TPAF, PERS and DCRP. The actuarially determined contribution includes funding for cost-of-living adjustments, non-contributory death benefits and post-retirement medical premiums. Under current statute, the Board is a noncontributing employer of the TPAF.

Three-year trend information for TPAF (paid on behalf of the District):

<u>Year Funding</u>	<u>TPAF Benefit Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 497,862	100%
06/30/15	412,967	100%
06/30/14	345,182	100%

Three-year trend information for PERS:

<u>Year Funding</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>
06/30/16	\$ 59,823	100%
06/30/15	61,763	100%
06/30/14	51,507	100%

During the year ended June 30, 2016, the State of New Jersey contributed \$270,603 to the TPAF for post-retirement medical benefits, \$10,783 for non-contributory insurance premiums and \$216,476 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 \$195,612 during the year ended June 30, 2016 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 68.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Post-retirement benefits

Chapter 384 of PL 1987 and Ch. 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees eligible for post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch. 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994

The State is also responsible for the cost attributable to Ch. 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2015, the State paid \$214.1 million toward Ch. 126 benefits for 19,056 eligible retired members.

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

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 Insurance Co.
- Lincoln Investment Planning

Note 9 - Interfund receivable and payables

At June 30, 2016 there were no Interfund balances.

Note 10 - Inventory

Inventory in the Food Service Fund as of June 30, 2016 consisted of the following:

Food	\$ 1,842
Supplies	252
Total	\$ 2,094

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

Note 11 - Contingent liabilities

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

Note 12 - Risk management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete schedule of insurance coverage can be found in the Statistical Section of the Comprehensive Annual Financial Report

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

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

<u>Fiscal Year</u>	<u>Board Contrib.</u>	<u>Interest Earnings</u>	<u>Employee Contrib.</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015 - 2016	\$ 15,000	\$ 542	\$ 6,617	\$ 17,299	\$ 163,560
2014 - 2015	10,000	510	6,329	218	158,700
2013 - 2014	10,000	466	6,503	12,603	142,079

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 \$340,000 to their Capital Reserve account and \$40,000 to their Maintenance Reserve account by board resolution in June 2016 as summarized in the following schedule. The following schedule is a summarization of the Legal Reserve Accounts for the current year:

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contrib.</u>	<u>Interest Earnings</u>	<u>Return Unused Withdrawal</u>	<u>Withdrawal</u>	<u>Ending Balance</u>
Capital	\$ 800,667	\$ 340,000	\$ 2,551	\$ 10,050	\$ (244,845)	\$ 908,423
Maintenance	150,000	40,000	-	-	-	190,000
Emergency	151,088	-	584	-	-	151,672
Total	<u>\$1,101,755</u>	<u>\$ 380,000</u>	<u>\$ 3,135</u>	<u>\$ 10,050</u>	<u>\$ (244,845)</u>	<u>\$1,250,095</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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, 2016 and 2015 is as follows:

	2016	2015
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.	\$ 112,479	\$ 113,172
Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	113,700	105,502
Committed		
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	908,423	800,667
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9).	190,000	150,000
Emergency reserve - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	151,672	151,088
Assigned		
Designated Surplus - Designated for Subsequent Year's Expenditures-represents amount appropriated in the succeeding year's budget to reduce tax requirements.	2	-
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,	212,013	130,289
Unassigned		
Undesignated - Represents fun balance which has not been restricted or designated.	324,242	301,730
Total fund balance	\$ 2,012,531	\$ 1,752,448

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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 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, 2016 is \$112,479.

Note 16 - Subsequent events

The District has evaluated subsequent events through October 18, 2016, 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 August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "*Tax Abatement Disclosures*". This statement, which is effective for reporting periods beginning after December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78 "*Pension's Provided through Certain Multiple-Employer Defined Benefit Pension Plans*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79 "*Certain External Investment Pools and Pool Participants*". This statement, which is effective for reporting periods beginning December 15, 2015, is not expected to have a material impact on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80 "*Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*". This statement, which is effective for reporting periods beginning June 15, 2016, is not expected to have a material impact on the District's financial reporting.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 17 - Recent accounting pronouncements not yet effective (continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82 "*Pension Issues - an amendment of GASB Statements No. 67 and No. 73*". This statement is effective for reporting periods beginning June 15, 2016, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. This statement is not expected to have a material impact on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77 "Tax Abatement Disclosures". This statement, which is effective for fiscal periods beginning December 15, 2015, is not expected to have an effect on the District's financial reporting.

Note 18 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2016 of \$(976,178) on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local sources					
Local tax levy	\$ 5,368,421	\$ -	\$ 5,368,421	\$ 5,368,421	\$ -
Tuition from individuals	15,000	-	15,000	51,832	36,832
Tuition from other LEAs within the state	-	-	-	9,813	9,813
Rents and royalties	-	1,000	1,000	7,438	6,438
Sale of property	-	-	-	6,356	6,356
Unrestricted miscellaneous revenues	7,000	(1,000)	6,000	23,385	17,385
Interest earned on current expense emergency reserve	-	-	-	583	583
Interest earned on capital reserve funds	-	-	-	2,551	2,551
Total	5,390,421	-	5,390,421	5,470,379	79,958
State Sources					
School Choice Aid	121,930	-	121,930	121,930	-
Categorical Transportation Aid	157,946	-	157,946	157,946	-
Extraordinary Aid	-	-	-	72,676	72,676
Categorical Special Education Aid	244,823	-	244,823	244,823	-
Equalization Aid	441,447	-	441,447	441,447	-
Categorical Security Aid	31,021	-	31,021	31,021	-
Adjustment Aid	301,310	-	301,310	301,310	-
Other State Aids	6,880	-	6,880	8,446	1,566
TPAF Pension (on-behalf)	-	-	-	227,259	227,259
TPAF Social Security (reimbursed)	-	-	-	195,612	195,612
TPAF Post Retirement Benefits	-	-	-	270,603	270,603
Total	1,305,357	-	1,305,357	2,073,073	767,716
Total Revenues	\$ 6,695,778	\$ -	\$ 6,695,778	\$ 7,543,452	\$ 847,674
EXPENDITURES					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 55,455	\$ -	\$ 55,455	\$ 55,455	\$ -
Kindergarten	155,580	1,809	157,389	157,330	59
Grades 1-5	803,584	(46,550)	757,034	754,662	2,372
Grades 6-8	678,666	(9,635)	669,031	669,031	-
Home instruction					
Salaries of teacher	5,000	(3,898)	1,102	1,102	-
Regular programs - undistributed instruction					
Purchased professional - educational services	1,000	(1,000)	-	-	-
Purchased technical services	62,924	(21,994)	40,930	40,930	-
Other purchased services	86,196	(20,751)	65,445	56,920	8,525
General supplies	245,138	65,452	310,590	275,302	35,288
Textbooks	2,277	(1,577)	700	192	508
Other objects	3,910	(309)	3,601	3,376	225
Total	2,099,730	(38,453)	2,061,277	2,014,300	46,977
Special education					
Multiple disabilities					
Salaries of teachers	14,760	(14,760)	-	-	-
General supplies	550	(550)	-	-	-
Other objects	350	(350)	-	-	-
Total	15,660	(15,660)	-	-	-

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Resource room/resource center					
Salaries of teachers	\$ 446,798	\$ 4,113	\$ 450,911	\$ 450,911	\$ -
Other salaries for instruction	85,133	(6,239)	78,894	78,679	215
Other purchased services	1,000	(1,000)	-	-	-
General supplies	6,611	21,848	28,459	26,755	1,704
Other objects	-	420	420	-	420
Total	<u>539,542</u>	<u>19,142</u>	<u>558,684</u>	<u>556,345</u>	<u>2,339</u>
Home instruction					
Salaries of teachers	-	2,300	2,300	-	2,300
Total	<u>-</u>	<u>2,300</u>	<u>2,300</u>	<u>-</u>	<u>2,300</u>
Total special education	<u>555,202</u>	<u>5,782</u>	<u>560,984</u>	<u>556,345</u>	<u>4,639</u>
Basic skills/remedial					
Salaries of teachers	198,230	7,545	205,775	205,775	-
Other salaries for instruction	3,508	(3,508)	-	-	-
General supplies	9,992	12,975	22,967	17,907	5,060
Total	<u>211,730</u>	<u>17,012</u>	<u>228,742</u>	<u>223,682</u>	<u>5,060</u>
School-sponsored co/extra curricular activities-instruction					
Salaries	25,389	(709)	24,680	24,680	-
Supplies and materials	1,100	(744)	356	356	-
Other objects	1,150	-	1,150	85	1,065
Total	<u>27,639</u>	<u>(1,453)</u>	<u>26,186</u>	<u>25,121</u>	<u>1,065</u>
School-sponsored athletics - instruction					
Salaries	16,024	(2,093)	13,931	13,931	-
Purchased services	7,100	(1,122)	5,978	5,705	273
Supplies and materials	2,563	5,689	8,252	2,451	5,801
Other objects	200	-	200	-	200
Total	<u>25,887</u>	<u>2,474</u>	<u>28,361</u>	<u>22,087</u>	<u>6,274</u>
Total instruction regular	<u>\$ 2,920,188</u>	<u>\$ (14,638)</u>	<u>\$ 2,905,550</u>	<u>\$ 2,841,535</u>	<u>\$ 64,015</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled w/i state	\$ 162,572	\$ (16,000)	\$ 146,572	\$ 74,950	\$ 71,622
Total	<u>162,572</u>	<u>(16,000)</u>	<u>146,572</u>	<u>74,950</u>	<u>71,622</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - health services					
Salaries	\$ 67,200	\$ (10,860)	\$ 56,340	\$ 56,195	\$ 145
Purchased professional and technical services	2,825	(2,375)	450	450	-
Other purchased services	-	48	48	48	-
Supplies and materials	6,686	(912)	5,774	5,748	26
Total	<u>76,711</u>	<u>(14,099)</u>	<u>62,612</u>	<u>62,441</u>	<u>171</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	45,076	7,463	52,539	45,840	6,699
Purchased professional - educational services	25,291	9,417	34,708	34,708	-
Supplies and materials	1,100	-	1,100	771	329
Total	<u>71,467</u>	<u>16,880</u>	<u>88,347</u>	<u>81,319</u>	<u>7,028</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	42,757	-	42,757	42,757	-
Other salaries	4,914	-	4,914	2,817	2,097
Purchased professional - educational services	3,300	-	3,300	600	2,700
Other purchased professional & technical services	4,100	(2,271)	1,829	1,829	-
Supplies and materials	6,518	(1,693)	4,825	4,811	14
Total	<u>61,589</u>	<u>(3,964)</u>	<u>57,625</u>	<u>52,814</u>	<u>4,811</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	193,050	-	193,050	192,064	986
Salaries of secretarial and clerical assistants	48,010	775	48,785	45,599	3,186
Other purchased professional & technical services	5,440	4,870	10,310	8,596	1,714
Other purchased services	2,500	-	2,500	2,054	446
Miscellaneous purchased service	5,302	(4,042)	1,260	1,260	-
Supplies and materials	3,410	(648)	2,762	2,669	93
Other objects	1,300	(180)	1,120	1,120	-
Total	<u>259,012</u>	<u>775</u>	<u>259,787</u>	<u>253,362</u>	<u>6,425</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	71,435	-	71,435	71,435	-
Salaries of other professional staff	7,000	12,635	19,635	19,070	565
Salaries of secretarial & clerical assist	-	10,371	10,371	10,371	-
Other purchased services	25,067	(8,705)	16,362	13,511	2,851
Supplies and materials	1,000	(1,000)	-	-	-
Total	<u>104,502</u>	<u>13,301</u>	<u>117,803</u>	<u>114,387</u>	<u>3,416</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 55,684	\$ -	\$ 55,684	\$ 55,684	\$ -
Salaries of technology coordinators	76,967	7,742	84,709	84,509	200
Other purchased services	4,945	(158)	4,787	4,038	749
Supplies and materials	6,105	1,762	7,867	6,540	1,327
Total	<u>143,701</u>	<u>9,346</u>	<u>153,047</u>	<u>150,771</u>	<u>2,276</u>
Undistributed expenditures - instructional staff training services					
Salaries of other professional staff	3,000	(500)	2,500	-	2,500
Purchased professional - educational services	10,000	(2,000)	8,000	5,253	2,747
Other purchased services	8,600	500	9,100	7,917	1,183
Supplies and materials	2,200	1,000	3,200	2,563	637
Total	<u>23,800</u>	<u>(1,000)</u>	<u>22,800</u>	<u>15,733</u>	<u>7,067</u>
Undistributed expend. - support service - general admin.					
Salaries	124,838	2,434	127,272	125,975	1,297
Legal services	18,000	(4,420)	13,580	2,836	10,744
Audit fees	16,750	(750)	16,000	16,000	-
Other purchased professional services	2,770	(325)	2,445	2,445	-
Purchased technical services	3,500	695	4,195	3,945	250
Communications/telephone	7,000	(3,032)	3,968	3,968	-
Boe other purchased services	2,800	(568)	2,232	1,864	368
Misc purch services	5,812	8,769	14,581	12,635	1,946
General supplies	2,263	118	2,381	939	1,442
Boe in-house training/meeting supplies	470	271	741	720	21
Miscellaneous expenditures	-	1,167	1,167	1,167	-
Boe membership dues and fees	6,845	(2,776)	4,069	4,069	-
Total	<u>191,048</u>	<u>1,583</u>	<u>192,631</u>	<u>176,563</u>	<u>16,068</u>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	77,500	-	77,500	77,500	-
Salaries of secretarial and clerical assistants	39,328	3,283	42,611	41,463	1,148
Other purchased services	2,000	(1,350)	650	650	-
Supplies and materials	1,000	-	1,000	839	161
Other objects	3,039	(470)	2,569	1,446	1,123
Total	<u>122,867</u>	<u>1,463</u>	<u>124,330</u>	<u>121,898</u>	<u>2,432</u>
Undistributed expenditures - central services					
Salaries	178,955	28,024	206,979	199,062	7,917
Purchased technical services	11,000	-	11,000	9,261	1,739
Miscellaneous purchased services	2,500	-	2,500	1,520	980
Supplies and materials	1,000	-	1,000	691	309
Other objects	2,500	(945)	1,555	806	749
Total	<u>195,955</u>	<u>27,079</u>	<u>223,034</u>	<u>211,340</u>	<u>11,694</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	\$ 35,000	\$ 147,684	\$ 182,684	\$ 53,451	\$ 129,233
General supplies	1,000	3,317	4,317	4,317	-
Total	<u>36,000</u>	<u>151,001</u>	<u>187,001</u>	<u>57,768</u>	<u>129,233</u>
Undistributed expenditures - custodial services					
Salaries	254,577	(1,878)	252,699	248,330	4,369
Purchased professional and technical services	83,114	(19,132)	63,982	52,971	11,011
Cleaning, repair, and maintenance service	31,300	(9,000)	22,300	19,743	2,557
Insurance	40,000	(700)	39,300	38,738	562
Miscellaneous purchased services	500	1,930	2,430	1,419	1,011
General supplies	34,800	(2,843)	31,957	28,618	3,339
Energy (natural gas)	-	20,805	20,805	20,805	-
Energy (electricity)	85,000	(7,740)	77,260	74,047	3,213
Energy (gasoline)	52,000	(52,000)	-	-	-
Other objects	2,000	-	2,000	1,698	302
Total	<u>583,291</u>	<u>(70,558)</u>	<u>512,733</u>	<u>486,369</u>	<u>26,364</u>
Undistributed expenditures - Care and upkeep of grounds					
Cleaning, repair, and maintenance service	20,000	2,740	22,740	17,315	5,425
General supplies	6,000	-	6,000	5,521	479
Total	<u>26,000</u>	<u>2,740</u>	<u>28,740</u>	<u>22,836</u>	<u>5,904</u>
Undistributed expenditures - Security					
Cleaning, repair, and maintenance service	2,000	-	2,000	1,497	503
General supplies	2,300	-	2,300	566	1,734
Total	<u>4,300</u>	<u>-</u>	<u>4,300</u>	<u>2,063</u>	<u>2,237</u>
Undistributed expenditures - student transportation service					
Salaries for pupil trans (between home & school) - reg.	34,875	-	34,875	34,874	1
Contr serv (oth. than between home & school) - vend	7,000	4,500	11,500	10,556	944
Contr serv (between home & school) - joint agreements	281,250	1,125	282,375	227,024	55,351
Contract service (sp ed stds) - joint agreements	155,000	(51,000)	104,000	15,853	88,147
Total	<u>478,125</u>	<u>(45,375)</u>	<u>432,750</u>	<u>288,307</u>	<u>144,443</u>
Unallocated benefits - employee benefits					
Social security contributions	75,000	3,625	78,625	78,609	16
Other retirement contributions - PERS	70,000	-	70,000	59,823	10,177
Other retirement contributions - regular	-	12,000	12,000	4,109	7,891
Unemployment compensation	5,000	(5,000)	-	-	-
Workmen's compensation	36,000	(7,040)	28,960	28,721	239
Health benefits	1,206,212	(99,773)	1,106,439	1,034,738	71,701
Tuition reimbursement	20,000	8,400	28,400	26,344	2,056
Other employee benefits	37,500	(14,258)	23,242	20,503	2,739
Unused sick payment to terminated/retired staff	-	5,936	5,936	-	5,936
Total	<u>1,449,712</u>	<u>(96,110)</u>	<u>1,353,602</u>	<u>1,252,847</u>	<u>100,755</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (cont'd)					
On-behalf TPAF pension contribution	\$ -	\$ -	\$ -	\$ 227,259	\$ (227,259)
On-behalf TPAF post retirement medical benefits	-	-	-	270,603	(270,603)
Reimbursed TPAF social security contribution	-	-	-	195,612	(195,612)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,474</u>	<u>(693,474)</u>
 Total undistributed expenditures	 <u>\$ 3,990,652</u>	 <u>\$ (22,938)</u>	 <u>\$ 3,967,714</u>	 <u>\$ 4,119,242</u>	 <u>\$ (151,528)</u>
 Total current	 <u>\$ 6,910,840</u>	 <u>\$ (37,576)</u>	 <u>\$ 6,873,264</u>	 <u>\$ 6,960,777</u>	 <u>\$ (87,513)</u>
Capital outlay					
Equipment					
Preschool	\$ -	\$ 3,300	\$ 3,300	\$ 3,300	\$ -
Grades 6-8	3,397	7,036	10,433	3,128	7,305
Vocational programs					
School-sponsored and other instructional programs	-	15,205	15,205	8,924	6,281
Undistributed					
Undistributed expenditures - instruction	-	40,135	40,135	30,432	9,703
Undistributed expenditures - custodial services	-	8,100	8,100	9,680	(1,580)
Total equipment	<u>3,397</u>	<u>73,776</u>	<u>77,173</u>	<u>55,464</u>	<u>21,709</u>
Facilities acquisition and construction service					
Assessment for debt service on SDA funding	17,332	-	17,332	17,332	-
Total facilities acquisition and construction service	<u>17,332</u>	<u>-</u>	<u>17,332</u>	<u>17,332</u>	<u>-</u>
Total capital outlay	<u>\$ 20,729</u>	<u>\$ 73,776</u>	<u>\$ 94,505</u>	<u>\$ 72,796</u>	<u>\$ 21,709</u>
Total expenditures	<u>\$ 6,931,569</u>	<u>\$ 36,200</u>	<u>\$ 6,967,769</u>	<u>\$ 7,033,573</u>	<u>\$ (65,804)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (235,791)</u>	<u>\$ (36,200)</u>	<u>\$ (271,991)</u>	<u>\$ 509,879</u>	<u>\$ 781,870</u>
Other financing sources (uses)					
Operating transfer out					
Transfer to fiduciary fund - board contribution		(15,000)	(15,000)	(15,000)	-
Capital reserve - transfer to capital projects fund	-	(234,796)	(234,796)	(234,796)	-
Total other financing sources (uses)	<u>-</u>	<u>(249,796)</u>	<u>(249,796)</u>	<u>(249,796)</u>	<u>-</u>
Excess (deficiency) of revenues & other financing sources					
Over (under) expenditures & other financing uses	(235,791)	(285,996)	(521,787)	260,083	781,870
Fund balances, July 1	1,752,448	-	1,752,448	1,752,448	-
Fund balances, June 30	<u>\$ 1,516,657</u>	<u>\$ (285,996)</u>	<u>\$ 1,230,661</u>	<u>\$ 2,012,531</u>	<u>\$ 781,870</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures:					
Adjustment for Prior Year Encumbrances	\$ (130,289)	\$ -	\$ (130,289)	\$ (130,289)	\$ -
Increase in Capital Reserve	-	400,000	400,000	340,000	(60,000)
Interest Deposit to Capital Reserve	-	-	-	2,551	2,551
Withdrawal from Capital Reserve	-	(234,796)	(234,796)	(234,796)	-
Increase in Emergency Reserve	-	-	-	583	583
Increase in Maintenance Reserve	-	40,000	40,000	40,000	-
Budgeted Fund Balance	(105,502)	(491,200)	(596,702)	242,034	838,736
Total	<u>\$ (235,791)</u>	<u>\$ (285,996)</u>	<u>\$ (521,787)</u>	<u>\$ 260,083</u>	<u>\$ 781,870</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 113,700	
Excess surplus - current year				112,479	
Committed fund balance					
Capital reserve				908,423	
Emergency reserve				151,672	
Maintenance reserve				190,000	
Assigned fund balance					
Designated for subsequent year's expenditures				2	
Year-end encumbrances				212,013	
Unassigned fund balance				<u>324,242</u>	
Fund balance per budgetary basis				2,012,531	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(127,855)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,884,676</u>	

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Federal sources	\$ 105,200	\$ 39,998	\$ 145,198	\$ 145,198	\$ -
Total revenues	<u>\$ 105,200</u>	<u>\$ 39,998</u>	<u>\$ 145,198</u>	<u>\$ 145,198</u>	<u>\$ -</u>
Expenditures					
Instruction					
Other salaries for instruction	\$ -	\$ 3,543	\$ 3,543	\$ 3,543	\$ -
Other purchased services	71,200	11,510	82,710	82,710	-
Supplies	34,000	17,949	51,949	51,949	-
Totals	<u>105,200</u>	<u>33,002</u>	<u>138,202</u>	<u>138,202</u>	<u>-</u>
Support services					
Purchased professional education services	-	5,000	5,000	5,000	-
Other purchased services	-	1,996	1,996	1,996	-
Total	<u>-</u>	<u>6,996</u>	<u>6,996</u>	<u>6,996</u>	<u>-</u>
Total expenditures	<u>\$ 105,200</u>	<u>\$ 39,998</u>	<u>\$ 145,198</u>	<u>\$ 145,198</u>	<u>\$ -</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,543,452	\$ 145,198
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	122,706	-
State aid receivable current year	<u>(127,855)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 7,538,303</u>	<u>\$ 145,198</u>
 <u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 7,048,573</u>	<u>\$ 145,198</u>
Total expenditures (GAAP Basis)	<u>\$ 7,048,573</u>	<u>\$ 145,198</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - value	N/A	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	-	18,658,494	16,521,374	15,444,059	-	-	-	-	-	-
Total	\$ -	\$ 18,658,494	\$ 16,521,374	\$ 15,444,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ -	\$ 2,847,839	\$ 2,758,025	\$ 2,888,603	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	28.71%	33.64%	33.76%	N/A	N/A	N/A	N/A	N/A	N/A

NOTE: N/A = Information not available

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 227,259	\$ 159,601	\$ 130,769	\$ 197,456	\$ 94,620	\$ 9,741	\$ 11,037	\$ 10,513	\$ 226,093	\$ 221,991
Contributions in relation to the contractually required contribution	(227,259)	(159,601)	(130,769)	(197,456)	(94,620)	(9,741)	(11,037)	(10,513)	(226,093)	(221,991)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 2,751,272	\$ 2,847,839	\$ 2,758,025	\$ 2,888,603	\$ 2,975,325	\$ 2,908,055	\$ 3,061,084	\$ 3,019,786	\$ 3,025,557	\$ 2,997,549
Contributions as a percentage of covered employee payroll	8.26%	5.60%	4.74%	6.84%	3.18%	0.33%	0.36%	0.35%	7.47%	7.41%

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
District's proportion of the net pension liability (asset) - Percentage	N/A	0.0069583328%	0.0074920040%	0.0068358854%	N/A	N/A	N/A	N/A	N/A	N/A
District's proportion of the net pension liability (asset) - Value	\$ -	\$ 1,562,006	\$ 1,402,708	\$ 1,306,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	509,825	526,983	518,030	N/A	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	306.38%	266.18%	252.20%	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	47.93%	52.08%	48.72%	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of District Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 59,823	\$ 61,763	\$ 51,507	\$ 63,410	\$ 64,113	\$ 62,818	\$ 50,063	\$ 41,482	\$ 31,450	\$ 14,353
Contributions in relation to the contractually required contribution	(59,823)	(61,763)	(51,507)	(63,410)	(64,113)	(62,818)	(50,063)	(41,482)	(31,450)	(14,353)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 540,796	\$ 509,825	\$ 526,983	\$ 518,030	\$ 529,875	\$ 542,462	\$ 572,306	\$ 583,510	\$ 522,052	\$ 430,733
Contributions as a percentage of covered employee payroll	11.06%	12.11%	9.77%	12.24%	12.10%	11.58%	8.75%	7.11%	6.02%	3.33%

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2016

Note 1 - Special funding situation - TPAF

The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.

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, 2016

	<u>IDEA</u> <u>Basic</u>	<u>IDEA</u> <u>Preschool</u>	<u>NCLB</u> <u>IA</u>	<u>NCLB</u> <u>IIA</u>	<u>REAP</u>	<u>Total</u>
Revenues						
Federal sources	\$ 76,069	\$ 3,543	\$ 26,397	\$ 8,316	\$ 30,873	\$ 145,198
Total revenues	<u>\$ 76,069</u>	<u>\$ 3,543</u>	<u>\$ 26,397</u>	<u>\$ 8,316</u>	<u>\$ 30,873</u>	<u>\$ 145,198</u>
Expenditures						
Instruction						
Other salaries for instruction	\$ -	\$ 3,543	\$ -	\$ -	\$ -	\$ 3,543
Other purchased services	76,069	-	6,641	-	-	82,710
Supplies	-	-	19,165	1,911	30,873	51,949
Total	<u>76,069</u>	<u>3,543</u>	<u>25,806</u>	<u>1,911</u>	<u>30,873</u>	<u>138,202</u>
Support services						
Purchased professional education & technical services	-	-	-	5,000	-	5,000
Other purchased services	-	-	591	1,405	-	1,996
Total	<u>-</u>	<u>-</u>	<u>591</u>	<u>6,405</u>	<u>-</u>	<u>6,996</u>
Total expenditures	<u>\$ 76,069</u>	<u>\$ 3,543</u>	<u>\$ 26,397</u>	<u>\$ 8,316</u>	<u>\$ 30,873</u>	<u>\$ 145,198</u>

See independent auditors' report.

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 Project Expenditures
For the Fiscal Year Ended June 30, 2016

Description	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations 06/30/16
			Prior Years	Current Year	
Parking lot improvements	01/14/15	\$ 781,138	\$ 10,129	\$ 771,009	\$ -
Window replacement project	01/06/14	115,000	1,840	105,480	7,680
Toilet room renovations	1/28/16	417,400	-	-	417,400
		<u>\$ 1,313,538</u>	<u>\$ 11,969</u>	<u>\$ 876,489</u>	<u>\$ 425,080</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Revenues, Expenditures & Changes in Fund Balance
Budgetary Basis
For the Fiscal Year Ended June 30, 2016

Revenues	
Local sources	
Transfer from capital reserve	\$ 244,846
Total revenues	<u>244,846</u>
Expenditures and other financing uses	
Purchased professional & technical services	480
Construction	865,959
Transfer to capital reserve	10,050
Total expenditures	<u>876,489</u>
Excess (deficiency) of revenues and other financing sources	
Over (under) expenditures & other financing uses	(631,643)
Fund balance - beginning	<u>837,473</u>
Fund balance - ending	<u><u>\$ 205,830</u></u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Window Replacement Project
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State sources				
School development authority grant	\$ 32,000	\$ -	\$ 32,000	\$ 32,000
Local sources				
Transfer in from operating	83,000	-	83,000	83,000
Total revenues	<u>115,000</u>	<u>-</u>	<u>115,000</u>	<u>115,000</u>
Expenditures and other financing uses				
Purchased professional technical services	1,840	480	2,320	5,000
Fees & permits	-	-	-	1,500
Construction	-	105,000	105,000	108,500
Operating transfer out	-	-	-	-
Total expenditures	<u>1,840</u>	<u>105,480</u>	<u>107,320</u>	<u>115,000</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 113,160</u>	<u>\$ (105,480)</u>	<u>\$ 7,680</u>	<u>\$ -</u>

Additional project information

Project number	2450-050-14-1003-G04
Authorization date	01/06/14
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 80,000
Additional authorized cost	\$ 35,000
Revised authorized cost	\$ 115,000
Percentage completion	93.32%

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Parking Lot Improvements
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ 734,442	\$ 46,696	\$ 781,138	\$ 781,138
Total revenues	<u>734,442</u>	<u>46,696</u>	<u>781,138</u>	<u>781,138</u>
Expenditures and other financing uses				
Purchased professional technical services	10,129	-	10,129	10,129
Fees & permits	-	-	-	-
Construction	-	760,959	760,959	760,959
Transfer to capital reserve	-	10,050	10,050	10,050
Total expenditures	<u>10,129</u>	<u>771,009</u>	<u>781,138</u>	<u>781,138</u>
Excess (deficiency) of revenues over (under)				
Expenditures	<u>\$ 724,313</u>	<u>\$ (724,313)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional project information

Project number	2450-050-14-1003-G04
Authorization date	01/14/15
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 999,300
Additional authorized cost	\$ (218,162)
Revised authorized cost	\$ 781,138
Percentage completion	100.00%

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balance and Project Status
Budgetary Basis
Toilet Room Rennovations
For the Fiscal Year Ended June 30, 2016

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfers in from capital reserve	\$ -	\$ 198,150	\$ 198,150	\$ 417,400
Total revenues	-	198,150	198,150	417,400
Expenditures and other financing uses				
Purchased professional technical services	-	-	-	25,400
Fees & permits	-	-	-	7,000
Construction	-	-	-	385,000
Total expenditures	-	-	-	417,400
Excess (deficiency) of revenues over (under)				
Expenditures	\$ -	\$ 198,150	\$ 198,150	\$ -

Additional project information

Project number	2450-050-16-1000
Authorization date	01/28/16
Bond authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 417,400
Additional authorized cost	\$ -
Revised authorized cost	\$ 417,400
Percentage completion	0.00%

See independent auditors' report.

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, 2016

Assets	
Current assets	
Cash & cash equivalents	\$ 40,201
Receivables from other governments	
State	57
Federal	1,105
Inventory	2,094
Total current assets	<u>43,457</u>
Noncurrent assets	
Capital assets	65,542
Less: accumulated depreciation	43,871
Total noncurrent assets	<u>21,671</u>
Total assets	<u>65,128</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	1,040
Unearned revenues - prepaid sales	508
Total liabilities	<u>1,548</u>
Net position	
Invested in capital assets, net of related debt	21,671
Unrestricted	<u>41,909</u>
Total net position	<u>\$ 63,580</u>

See independent auditors' report.

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, 2016

Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 56,991
Daily sales - non-reimbursable programs	14,942
Total operating revenues	<u>71,933</u>
Operating expenses	
Cost of sales - reimbursable programs	36,772
Cost of sales - non-reimbursable programs	9,641
Salaries	28,668
Support Services - employee benefits	4,361
Purchased professional /technical services	1,785
Purchased property services	6,416
Other purchased services	
Insurance	2,821
Management fee	7,455
Supplies and materials	3,453
Depreciation expense	5,215
Miscellaneous expenditures	153
Total operating expenses	<u>106,740</u>
Operating income (loss)	<u>(34,807)</u>
Non-operating revenues (expenses)	
State sources	
State School lunch Program	1,118
Federal sources	
National School Lunch Program	
Cash assistance	19,040
Non-cash assistance (commodities)	6,925
Healthy Hunger Free Kids Act	1,532
Other sources	
Interest earned on investments	169
Miscellaneous	45
Total non-operating revenues (expenses)	<u>28,829</u>
Change in net position	(5,978)
Net position, beginning	<u>69,558</u>
Net position, ending	<u>\$ 63,580</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Food Service Enterprise Fund
For the Fiscal Year Ended June 30, 2016

Cash flows from operating activities	
Receipts from customers	\$ 71,651
Payment to Food Service Management Co.	(88,311)
Payments to vendors	(6,525)
Net cash provided by (used for) operating activities	<u>(23,185)</u>
 Cash flows from capital related financing activities	
State sources	1,146
Federal sources	21,065
Miscellaneous	45
Net cash provided by (used for) noncapital financing activities	<u>22,256</u>
 Net increase (decrease) in cash and cash equivalents	(760)
 Cash and cash equivalents, beginning	<u>40,961</u>
 Cash and cash equivalents, ending	<u><u>\$ 40,201</u></u>
 Reconciliation of operating income to net cash	
Operating activities	
Operating income (loss)	\$ (34,807)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,215
Federal food donation program	7,505
(Increase) decrease in inventory	(816)
Increase (decrease) in deferred revenue	(282)
Net cash provided by (used for) operating activities	<u><u>\$ (23,185)</u></u>

See independent auditors' report.

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary funds are used to account for funds received by the school district as an agent for individuals, private organizations, other government and/or other funds.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Net Position
June 30, 2016

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
Assets				
Cash and cash equivalents	\$ 163,560	\$ 25,760	\$ 337	\$ 189,657
Total assets	<u>\$ 163,560</u>	<u>\$ 25,760</u>	<u>\$ 337</u>	<u>\$ 189,657</u>
Liabilities				
Payroll deductions & withholdings	\$ -	\$ -	\$ 337	\$ 337
Due to students groups	-	25,760	-	25,760
Total liabilities	<u>-</u>	<u>\$ 25,760</u>	<u>\$ 337</u>	<u>26,097</u>
Net position				
Held in trust for unemployment claims & other purposes	<u>\$ 163,560</u>			<u>\$ 163,560</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
Unemployment Compensation Fund
For the Fiscal Year Ended June 30, 2015

Additions		
Contributions		
Employee withholdings	\$	6,617
Operating transfer in		15,000
Investment earnings - interest		542
Total additions		22,159
Deductions		
Unemployment claims		17,299
Change in net position		4,860
Net position, beginning of the year		158,700
Net position, end of the year	\$	163,560

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Student Activity Agency Fund
Statement of Changes in Assets & Liabilities
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 27,230	\$ 76,855	\$ 78,325	\$ 25,760
Total assets	\$ 27,230	\$ 76,855	\$ 78,325	\$ 25,760
Liabilities				
Due to student groups	\$ 27,230	\$ 76,855	\$ 78,325	\$ 25,760
Total liabilities	\$ 27,230	\$ 76,855	\$ 78,325	\$ 25,760

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KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fiduciary Funds
Payroll Agency Fund
Statement of Changes in Assets & Liabilities
For the Fiscal Year Ended June 30, 2016

	Balance 07/01/15	Additions	Deletions	Balance 06/30/16
Assets				
Cash and cash equivalents	\$ 5,824	\$ 4,115,589	\$ 4,121,076	\$ 337
Total assets	\$ 5,824	\$ 4,115,589	\$ 4,121,076	\$ 337
Liabilities				
Payroll deductions & withholdings	\$ 21	\$ 1,839,454	\$ 1,836,138	\$ 337
Net payroll	5	2,276,125	2,276,130	-
Prescription drug reserve	5,798	10	5,808	-
Total liabilities	\$ 5,824	\$ 4,115,589	\$ 4,118,076	\$ 337

See independent auditors' report.

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, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 7/1/2015	Issued	Retired	Balance 06/30/16
			Date	Amount					
Refunding School Bonds of 2011	07/15/11	\$2,270,000	07/15/16	\$ 190,000	3.00%	\$ 1,890,000	\$ -	\$ 190,000	\$1,700,000
			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>\$ 1,890,000</u>	<u>\$ -</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues					
Local sources					
Local tax levy	\$ 249,750	\$ -	\$ 249,750	\$ 249,750	\$ -
Total revenues	<u>249,750</u>	<u>-</u>	<u>249,750</u>	<u>249,750</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	59,750	-	59,750	59,750	-
Redemption of principal	190,000	-	190,000	190,000	-
Total expenditures	<u>249,750</u>	<u>-</u>	<u>249,750</u>	<u>249,750</u>	<u>-</u>
Excess (deficiency) of revenues and other financing Sources over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Government activities										
Net investment in capital assets	\$ 3,102,255	\$ 3,065,153	\$ 3,096,762	\$ 3,224,646	\$ 3,367,774	\$ 3,736,772	\$ 4,074,821	\$ 4,240,572	\$ 4,930,862	\$ 5,831,445
Restricted	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751	2,130,676	1,939,228	1,455,925
Unrestricted	325,956	329,715	230,993	452,699	409,879	267,171	255,780	(1,077,386)	(1,042,274)	(976,178)
Total governmental activities	<u>\$ 3,519,503</u>	<u>\$ 3,673,036</u>	<u>\$ 3,959,304</u>	<u>\$ 4,344,882</u>	<u>\$ 4,826,066</u>	<u>\$ 5,040,869</u>	<u>\$ 5,539,352</u>	<u>\$ 5,293,862</u>	<u>\$ 5,827,816</u>	<u>\$ 6,311,192</u>
Business-type activities										
Net investment in capital assets	\$ 14,660	\$ 19,676	\$ 40,027	\$ 35,925	\$ 31,822	\$ 40,471	\$ 37,818	\$ 32,100	\$ 26,886	\$ 21,671
Unrestricted	37,444	40,870	26,458	32,081	34,373	21,520	19,571	33,038	42,672	41,909
Total business-type activities	<u>\$ 52,104</u>	<u>\$ 60,546</u>	<u>\$ 66,485</u>	<u>\$ 68,006</u>	<u>\$ 66,195</u>	<u>\$ 61,991</u>	<u>\$ 57,389</u>	<u>\$ 65,138</u>	<u>\$ 69,558</u>	<u>\$ 63,580</u>
District-wide										
Net investment in capital assets	\$ 3,116,915	\$ 3,084,829	\$ 3,136,789	\$ 3,260,571	\$ 3,399,596	\$ 3,777,243	\$ 4,112,639	\$ 4,272,672	\$ 4,957,748	\$ 5,853,116
Restricted	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751	2,130,676	1,939,228	1,455,925
Unrestricted	363,400	370,585	257,451	484,780	444,252	288,691	275,351	(1,044,348)	(999,602)	(934,269)
Total district-wide	<u>\$ 3,571,607</u>	<u>\$ 3,733,582</u>	<u>\$ 4,025,789</u>	<u>\$ 4,412,888</u>	<u>\$ 4,892,261</u>	<u>\$ 5,102,860</u>	<u>\$ 5,596,741</u>	<u>\$ 5,359,000</u>	<u>\$ 5,897,374</u>	<u>\$ 6,374,772</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,986,510	\$ 2,972,320	\$ 2,860,502	\$ 2,902,136	\$ 2,896,592	\$ 3,070,630	\$ 3,112,909	\$ 3,022,923	\$ 3,206,260	\$ 3,817,127
Special education	909,287	887,642	924,311	856,655	896,165	857,343	867,963	877,529	1,175,540	1,097,366
Other special education	159,363	110,518	163,753	273,351	184,504	198,269	200,229	180,199	371,650	482,853
Other instruction	43,235	39,985	40,133	37,640	37,717	37,754	45,710	39,480	152,006	81,956
Support services										
Tuition	87,071	92,732	93,453	47,009	40,527	90,695	94,322	104,236	144,050	74,950
Student & instruction related services	826,592	993,344	917,081	878,051	850,416	945,903	944,407	975,555	1,071,434	1,230,493
General & business administrative services	583,252	579,784	566,073	569,588	550,843	738,839	586,221	528,792	563,365	529,713
School administration	164,504	196,671	199,006	205,387	208,129	185,949	197,010	169,340	199,112	219,729
Plant operations & maintenance	646,411	751,938	715,260	824,872	754,886	669,183	657,876	688,455	682,629	681,050
Pupil transportation	414,770	420,074	388,638	370,447	372,963	382,671	344,179	262,598	324,243	305,062
Interest on long-term debt	134,598	129,607	124,414	119,023	126,784	109,402	73,409	76,236	72,636	68,845
Total governmental activities expenses	<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>	<u>6,925,343</u>	<u>7,962,925</u>	<u>8,589,144</u>
Business-type activities										
Food services	120,009	124,557	129,996	130,382	130,560	118,836	112,744	95,055	100,249	106,740
Total business-type activities	<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>	<u>95,055</u>	<u>100,249</u>	<u>106,740</u>
Total district expenses	<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>	<u>\$ 7,020,398</u>	<u>\$ 8,063,174</u>	<u>\$ 8,695,884</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program revenues										
Governmental activities										
Operating grants & contributions	\$ 168,374	\$ 166,764	\$ 143,454	\$ 237,712	\$ 148,012	\$ 142,694	\$ 140,992	\$ 128,482	\$ 129,552	\$ 145,198
Capital grants & contributions	-	-	90,300	10,650	88,040	-	8,704	359,840	37,700	-
Total governmental activities	<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>	<u>488,322</u>	<u>167,252</u>	<u>145,198</u>
Business-type activities										
Charges for services										
Food service	115,995	112,707	118,304	109,742	104,647	90,233	81,418	76,986	75,889	71,933
Operating grants & contributions	19,133	18,855	17,304	21,999	23,975	24,152	26,646	25,729	28,641	28,615
Total business-type activities	<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>	<u>102,715</u>	<u>104,530</u>	<u>100,548</u>
Total district-program	<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>	<u>\$ 591,037</u>	<u>\$ 271,782</u>	<u>\$ 245,746</u>
Net (expense) revenues										
Governmental Activities	\$ (6,787,219)	\$ (7,007,851)	\$ (6,758,870)	\$ (6,835,797)	\$ (6,683,474)	\$ (7,143,944)	\$ (6,974,539)	\$ (6,437,021)	\$ (7,795,673)	\$ (8,443,946)
Business-Type Activities	15,119	7,005	5,612	1,359	(1,938)	(4,451)	(4,680)	7,660	4,281	(6,192)
Total district-wide net expenses	<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>	<u>\$ (6,429,361)</u>	<u>\$ (7,791,392)</u>	<u>\$ (8,450,138)</u>
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 4,564,642	\$ 4,774,618	\$ 4,940,603	\$ 5,045,985	\$ 5,172,767	\$ 5,173,467	\$ 5,263,158	\$ 5,263,158	\$ 5,263,158	\$ 5,368,421
Taxes levied for debt service	253,953	253,773	230,459	253,373	252,873	252,173	232,894	247,050	243,450	249,750
Unrestricted grants & contributions	1,979,993	2,063,848	1,837,400	1,893,944	1,667,601	1,904,875	1,913,148	1,872,489	2,804,617	3,207,193
State capital projects grant deobligation	-	-	-	(31,556)	-	(34,068)	-	-	(79,054)	-
Tuition income	2,000	-	2,000	15,700	22,000	29,561	30,945	42,628	64,671	61,645
Investment earnings	78,995	62,418	26,623	16,435	12,909	18,220	9,412	10,940	10,856	10,757
Miscellaneous income	14,408	6,727	8,053	27,494	35,508	15,519	23,465	20,971	21,929	29,556
Operating transfer	-	-	-	-	-	-	-	-	-	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	(10,738)	-	-
Total governmental activities	<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>	<u>7,446,498</u>	<u>8,329,627</u>	<u>8,927,322</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 1,599	\$ 1,437	\$ 327	\$ 162	\$ 127	\$ 247	\$ 78	\$ 93	\$ 139	\$ 169
Miscellaneous income	-	-	-	-	-	-	-	-	-	45
Transfers	-	-	-	-	-	-	-	-	-	-
Loan on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>1,599</u>	<u>1,437</u>	<u>327</u>	<u>162</u>	<u>127</u>	<u>247</u>	<u>78</u>	<u>93</u>	<u>139</u>	<u>214</u>
Total district-wide	<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>	<u>\$ 7,446,591</u>	<u>\$ 8,329,766</u>	<u>\$ 8,927,536</u>
Change in net position										
Governmental activities	\$ 106,772	\$ 153,533	\$ 286,268	\$ 385,578	\$ 480,184	\$ 215,803	\$ 498,483	\$ 1,009,477	\$ 533,954	\$ 483,376
Business-type activities	16,718	8,442	5,939	1,521	(1,811)	(4,204)	(4,602)	7,749	4,420	(5,978)
Total district	<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>	<u>\$ 1,017,226</u>	<u>\$ 538,374</u>	<u>\$ 477,398</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Restricted	\$ 139,966	\$ 128,220	\$ 176,631	\$ 211,050	\$ 217,237	\$ 210,242	\$ 210,395	\$ 211,713	\$ 219,204	\$ 226,179
Committed	91,292	254,954	436,517	634,243	781,783	680,156	1,208,751	1,272,239	1,101,755	1,250,095
Assigned	121,934	125,828	58,525	134,170	102,862	90,441	140,885	95,156	130,289	212,015
Unassigned	197,118	209,859	138,397	207,454	210,828	223,427	187,614	177,660	178,494	196,387
Total general fund	<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>	<u>\$ 1,756,768</u>	<u>\$ 1,629,742</u>	<u>\$ 1,884,676</u>
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ (369)	\$ (369)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects fund	-	-	195,032	33,294	266,630	342,436	-	858,437	837,473	205,830
Assigned, reported in										
Debt service fund	23,214	23,214	-	-	-	14,334	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 858,437</u>	<u>\$ 837,473</u>	<u>\$ 205,830</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax levy	\$ 4,818,595	\$ 5,028,391	\$ 5,171,062	\$ 5,299,358	\$ 5,425,640	\$ 5,425,640	\$ 5,496,052	\$ 5,510,208	\$ 5,506,608	\$ 5,618,171
Tuition charges	2,000		2,000	15,700	22,000	29,561	30,945	42,628	64,671	61,645
Interest earnings	78,995	62,418	26,623	16,435	12,909	18,220	9,412	10,940	10,856	10,757
Rents and royalties										7,438
Sale of property										6,356
Miscellaneous	14,408	6,727	8,053	27,494	35,508	15,519	23,465	20,971	21,929	15,762
State sources	1,988,378	2,071,599	1,928,069	1,822,948	1,755,641	1,855,296	1,913,148	2,232,329	1,947,130	2,067,924
Federal sources	159,989	159,013	143,085	319,358	148,012	192,273	140,992	128,482	130,034	145,198
Total revenues	7,062,365	7,328,148	7,278,892	7,501,293	7,399,710	7,536,509	7,614,014	7,945,558	7,681,228	7,933,251
Expenditures										
Instruction										
Regular instruction	2,110,996	2,117,630	2,109,570	2,109,905	2,027,723	2,137,132	2,081,511	2,078,379	1,924,618	2,014,300
Special education instruction	646,805	630,637	674,505	618,793	580,253	583,982	567,461	578,178	611,792	556,345
Other special instruction	91,000	90,543	117,993	119,624	125,322	131,687	131,117	119,166	200,577	223,682
Other instruction	37,337	38,197	38,327	35,894	36,518	36,543	44,079	37,973	40,191	47,208
Support services										
Tuition	6,048	9,940	11,862	504	23,527	11,830	11,149	25,707	69,899	74,950
Student & instructional related services	598,597	728,664	696,658	639,251	604,411	682,694	668,329	746,047	648,465	730,827
General administration	283,407	246,025	258,207	261,066	214,186	221,041	225,903	181,614	193,440	176,563
School administration services	122,990	145,230	146,748	154,388	147,524	133,608	138,048	124,734	118,735	121,898
Central services	166,970	168,365	182,617	188,998	202,975	203,615	188,170	196,183	189,072	211,340
Plant operations & maintenance	618,872	688,313	649,935	748,932	671,630	577,862	570,174	619,117	588,885	569,036
Pupil transportation	412,520	415,302	383,796	364,210	365,719	375,689	338,565	255,468	310,881	288,307
Employee benefits	820,290	807,103	793,770	853,775	1,050,274	1,066,660	1,112,959	1,028,928	1,154,708	1,252,847
On-behalf TPAF pension & Social Security contributions	576,030	605,283	443,032	452,268	440,191	509,754	633,260	548,021	616,039	693,474
Capital outlay	16,900	37,828	71,000	51,086	57,973	40,857	49,783	94,456	11,786	55,464
Capital projects	80,912		30,718	124,849	81,470	407,258	257,903	41,163	670,742	866,439
Special revenue funds	168,377	166,764	143,085	237,712	148,012	142,694	140,992	128,482	129,552	145,198
Debt service										
Principal	120,280	125,000	130,000	135,000	140,000	145,000	175,000	180,000	180,000	190,000
Interest & other charges	133,673	128,773	123,673	118,373	112,873	92,839	83,002	84,382	80,782	77,082
Total expenditures	7,012,004	7,149,597	7,005,496	7,214,628	7,030,581	7,500,745	7,417,405	7,067,998	7,740,164	8,294,960

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (deficiency) of revenues over (under) expenditures	\$ 50,361	\$ 178,551	\$ 273,396	\$ 286,665	\$ 369,129	\$ 35,764	\$ 196,609	\$ 877,560	\$ (58,936)	\$ (361,709)
Other financing sources (uses)										
NJSDA grant deobligated	-	-	-	(31,556)	-	(34,068)	-	-	(79,054)	-
Transfers out	(5,000)	(10,000)	(10,000)	(40,000)	(10,000)	(20,000)	(10,000)	(10,000)	(10,000)	(15,000)
Total other financing sources (uses)	(5,000)	(10,000)	(10,000)	(71,556)	(10,000)	(54,068)	(10,000)	(10,000)	(89,054)	(15,000)
Net change in fund balances	<u>\$ 45,361</u>	<u>\$ 168,551</u>	<u>\$ 263,396</u>	<u>\$ 215,109</u>	<u>\$ 359,129</u>	<u>\$ (18,304)</u>	<u>\$ 186,609</u>	<u>\$ 867,560</u>	<u>\$ (147,990)</u>	<u>\$ (376,709)</u>
Debt service as a percentage of non-expenditures	3.81%	3.70%	3.81%	3.73%	3.81%	3.49%	3.77%	3.96%	3.84%	3.76%

Source: District records

NOTE: Non-capital expenditures are total expenditures less capital outlay.

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Interest income	\$ 76,521	\$ 62,418	\$ 26,623	\$ 16,435	\$ 12,909	\$ 18,220	\$ 9,412	\$ 10,940	\$ 10,856	\$ 10,757
Tuition	2,000	-	2,000	15,700	22,000	29,561	30,945	42,628	64,671	61,645
Building use fees	6,025	5,082	5,051	7,811	6,587	7,175	6,175	5,100	6,375	7,438
Prior year refunds	7,430	85	135	16,867	23,582	4,994	385	1,079	7,050	8,292
Accounts payable canceled	-	1,246	2,210	-	222	622	6,156	2,808	3,043	2,038
Miscellaneous other	254	-	657	1,649	27	30	-	-	41	117
Semi payments	-	-	-	1,167	1,850	298	-	-	-	-
Energy audit	-	-	-	-	3,240	-	-	-	-	-
Balances cancelled	416	-	-	-	-	-	-	-	-	-
Miscellaneous refunds	-	314	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	2,400	-	-	-	6,356
Training fees	-	-	-	-	-	-	3,075	-	-	-
Sale of textbooks	-	-	-	-	-	-	1,304	79	-	-
iPad reimbursements	-	-	-	-	-	-	6,370	5,880	5,420	5,220
Workshops	-	-	-	-	-	-	-	5,025	-	-
NJ School Boards Insurance	-	-	-	-	-	-	-	1,000	-	-
Safety Incentive	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	95
Annual totals	\$ 92,646	\$ 69,145	\$ 36,676	\$ 59,629	\$ 70,417	\$ 63,300	\$ 63,822	\$ 74,539	\$ 97,456	\$ 101,958

Source: District Records

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Vacant land	\$ 29,392,700	\$ 28,977,700	\$ 24,913,500	\$ 19,877,000	\$ 19,848,200	\$ 20,682,400	\$ 20,444,100	\$ 18,828,600	\$ 22,065,150	\$ 21,949,750
Residential	486,985,900	490,067,000	494,471,800	421,467,300	422,700,800	417,770,800	420,624,300	422,482,000	421,252,699	428,026,899
Farm regular	124,369,300	123,850,000	126,078,000	111,387,300	111,775,600	114,411,900	113,888,600	113,765,600	113,811,201	110,891,300
Qualified farm	6,256,967	5,970,400	5,910,000	5,862,400	5,809,900	5,810,800	5,711,500	5,624,100	5,480,300	5,381,800
Commercial	36,682,000	34,335,100	40,870,300	34,544,300	35,078,200	34,583,000	34,945,700	34,980,300	34,962,700	35,012,700
Industrial	11,539,200	11,539,200	10,401,900	9,346,600	9,346,600	9,346,600	9,346,600	9,381,100	9,381,100	8,921,900
Apartment	2,262,500	2,262,500	2,262,500	2,018,900	1,988,300	1,988,300	1,988,300	1,988,300	1,988,300	1,988,300
Total assessed value	697,488,567	697,001,900	704,908,000	604,503,800	606,547,600	604,593,800	606,949,100	607,050,000	608,941,450	612,172,649
Public utilities (a)	1,622,202	1,545,883	1,359,500	1,639,850	1,559,512	1,663,096	1,480,282	1,476,753	1,653,010	1,544,943
Net valuation taxable	\$ 699,110,769	\$ 698,547,783	\$ 706,267,500	\$ 606,143,650	\$ 608,107,112	\$ 606,256,896	\$ 608,429,382	\$ 608,526,753	\$ 610,594,460	\$ 613,717,592
Estimated actual county equalized value	<u>\$ 716,228,633</u>	<u>\$ 717,447,587</u>	<u>\$ 704,115,651</u>	<u>\$ 697,873,317</u>	<u>\$ 660,555,194</u>	<u>\$ 639,241,772</u>	<u>\$ 629,713,705</u>	<u>\$ 613,859,175</u>	<u>\$ 618,887,553</u>	<u>\$ 601,302,608</u>
Percentage of net valuation to estimated actual equalized value	<u>97.61%</u>	<u>97.37%</u>	<u>100.31%</u>	<u>86.86%</u>	<u>92.06%</u>	<u>94.84%</u>	<u>96.62%</u>	<u>99.13%</u>	<u>98.66%</u>	<u>102.06%</u>
Total direct school tax rate (b)	<u>0.719</u>	<u>0.740</u>	<u>0.750</u>	<u>0.895</u>	<u>0.892</u>	<u>0.907</u>	<u>0.906</u>	<u>0.905</u>	<u>0.920</u>	<u>0.920</u>

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 equipment of telephone and messenger system companies

(b) Tax rates are per \$100

* Revalued/Reassessed

See independent auditors' report.

**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				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate			Municipality	County		
2007	\$ 0.683	\$ 0.036	\$ 0.719	\$ 0.386	\$ 0.174	\$ 0.341	\$ -	\$ 1.620	
2008	0.707	0.033	0.740	0.393	0.190	0.335	-	1.660	
2009	0.714	0.036	0.750	0.413	0.188	0.342	-	1.690	
2010	* 0.853	0.042	0.895	0.506	0.222	0.391	-	2.010	
2011	0.851	0.041	0.892	0.549	0.221	0.373	-	2.040	
2012	0.869	0.038	0.907	0.571	0.225	0.373	-	2.080	
2013	0.865	0.041	0.906	0.588	0.231	0.378	-	2.100	
2014	0.865	0.040	0.905	0.613	0.241	0.371	-	2.130	
2015	0.879	0.040	0.919	0.611	0.252	0.377	-	2.160	
2016	0.891	0.041	0.932	0.625	0.259	0.366	-	2.180	

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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

(b) Rates for debt service are based on each year's requirements.

* Revalued/Reassessed

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Nine Years Ago

	2016			2007		
	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%	\$10,414,400	1	1.49%
Kingwood Flex LLC	4,188,100	2	0.69%	-		0.00%
Mel Chemicals Inc	3,498,200	3	0.57%	-		0.00%
Buckeye Pipeline Co	3,040,000	4	0.50%	-		0.00%
Perini Properties LLC	2,895,500	5	0.47%	-		0.00%
Frenchtown III Solar LLC	2,628,700	6	0.43%	-		0.00%
869 Associates LLC	2,324,100	7	0.38%	3,837,300	3	0.55%
Frenchtown III Solar LLC	1,657,500	8	0.27%	-		0.00%
Individual Property Owner	1,657,500	9	0.27%	-		0.00%
Frenchtown II Solar LLC	1,500,000	10	0.25%	-		0.00%
Horseshoe Bend LLC	-		0.00%	4,919,200	2	0.70%
Magnesium Elektron Inc	-		0.00%	3,699,500	4	0.53%
Lutz Welding & Fabricating Inc	-		0.00%	3,279,100	5	0.47%
Frenchtown Run LLC	-		0.00%	2,500,000	6	0.36%
Individual Property Owner	-		0.00%	1,833,400	7	0.26%
Individual Property Owner	-		0.00%	1,760,300	8	0.25%
Individual Property Owner	-		0.00%	1,748,200	9	0.25%
Individual Property Owner	-		0.00%	1,552,600	10	0.22%
	<u>\$ 27,964,600</u>		<u>4.58%</u>	<u>\$35,544,000</u>		<u>5.08%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Years

Year Ending December 31,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
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%
2013	12,948,202	12,508,826	96.61%
2014	13,019,498	12,577,111	96.60%
2015	13,245,902	12,824,679	96.82%

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

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

See independent auditors' report.

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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2007	\$ 3,025,000	N/A	N/A	N/A	N/A	\$ 3,025,000	1.17%	\$ 756
2008	2,900,000	N/A	N/A	N/A	N/A	2,900,000	1.05%	719
2009	2,770,000	N/A	N/A	N/A	N/A	2,770,000	0.99%	683
2010	2,635,000	N/A	N/A	N/A	N/A	2,635,000	0.99%	649
2011	2,495,000	N/A	N/A	N/A	N/A	2,495,000	0.99%	650
2012	2,425,000	N/A	N/A	N/A	N/A	2,425,000	0.91%	632
2013	2,250,000	N/A	N/A	N/A	N/A	2,250,000	0.79%	589
2014	2,070,000	N/A	N/A	N/A	N/A	2,070,000	0.72%	543
2015	1,890,000	N/A	N/A	N/A	N/A	1,890,000	0.64%	500
2016	1,700,000	N/A	N/A	N/A	N/A	1,700,000	N/A	449

NOTES: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
(2) The Lebanon Borough School District had no bonded debt as of June 30, 2015 and the previous three fiscal years.

- (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.

See independent auditors' report.

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 of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	686
2011	2,495,000	-	2,495,000	0.41%	649
2012	2,425,000	-	2,425,000	0.40%	633
2013	2,250,000	-	2,250,000	0.37%	588
2014	2,070,000	-	2,070,000	0.34%	544
2015	1,890,000	-	1,890,000	0.31%	497
2016	1,700,000	-	1,700,000	0.28%	449

NOTES: 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

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Municipality	\$ 3,201,958	100.00%	\$ 3,201,958
Regional High School	2,090,000	26.12%	678,547
County general obligation debt	62,494,492	2.91%	<u>1,818,305</u>
Subtotal, overlapping debt			5,698,810
School District direct debt			<u>1,700,000</u>
Total direct and overlapping debt			<u><u>\$ 7,398,810</u></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

- (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.

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal debt margin calculation for fiscal year 2016

		Equalized valuation basis
	2015	\$ 596,591,996
	2014	615,294,952
	2013	609,631,479
		\$ 1,821,518,427
Average equalized valuation of taxable property		\$ 607,172,809
Debt limit (3.0% of average equalization value)	(a)	\$ 18,215,184
Total net debt applicable to limit		1,700,000
Legal debt margin		\$ 16,515,184

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 19,915,021	\$ 19,219,333	\$ 18,749,237	\$ 18,506,704	\$ 18,215,184
Total net debt applicable	2,425,000	2,250,000	2,070,000	1,890,000	1,700,000
Legal debt margin	\$ 17,490,021	\$ 16,969,333	\$ 16,679,237	\$ 16,616,704	\$ 16,515,184
Total net debt applicable to the limit as a percentage of debt limit	12.18%	11.71%	11.04%	10.21%	9.33%

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	\$ 17,873,663	\$ 19,641,225	\$ 20,812,146	\$ 21,124,196	\$ 20,626,001
Total net debt applicable	3,025,000	2,900,000	2,770,000	2,635,000	2,495,000
Legal debt margin	\$ 14,848,663	\$ 16,741,225	\$ 18,042,146	\$ 18,489,196	\$ 18,131,001
Total net debt applicable to the limit as a percentage of debt limit	16.92%	14.76%	13.31%	12.47%	12.10%

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

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	4,032	\$ 275,349,312	\$ 68,197	3.8%
2008	4,055	278,769,085	69,056	3.3%
2009	4,057	266,540,843	65,930	7.8%
2010	3,841	252,384,822	66,417	8.0%
2011	3,837	267,992,148	70,293	7.8%
2012	3,819	285,688,822	74,622	8.0%
2013	3,810	289,102,044	74,358	4.9%
2014	3,781	296,654,864	77,944	4.9%
2015	3,784	N/A	N/A	4.7%
2016	N/A	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 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago**

2016

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2007

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Municipal Employment</u>
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Nine Fiscal Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function/Program										
Instruction										
Regular	32.0	32.0	32.0	31.5	30.0	30.2	28.7	27.2	26.2	26.2
Special education	11.0	10.0	10.0	9.0	9.1	8.0	8.0	9.5	10.5	10.0
Other instruction - aids	4.5	5.0	5.0	4.5	3.5	3.1	4.0	4.5	4.5	3.0
Support services										
Student and instruction related services	9.8	10.8	10.8	10.6	10.6	9.8	9.6	7.8	7.9	7.9
General administration	2.4	2.0	2.0	2.0	2.0	1.5	1.5	1.2	1.6	1.6
School administration services	2.0	2.4	2.4	2.4	2.4	1.9	1.9	1.8	1.5	1.5
Central services	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.1	3.1
Plant operations and maintenance	6.0	6.0	6.0	6.0	5.6	5.6	5.7	5.7	5.6	4.8
Pupil transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5	0.5
Total	<u>70.3</u>	<u>70.8</u>	<u>70.8</u>	<u>68.6</u>	<u>65.8</u>	<u>62.7</u>	<u>62.2</u>	<u>60.5</u>	<u>60.4</u>	<u>58.6</u>

Source: District Personnel Records

See independent auditors' report.

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
2007	488	\$ 6,660,239	\$ 13,648	6.55%	51.8	1:9.46	487.0	466.3	21.00%	95.75%
2008	463	6,857,996	14,812	8.53%	50.8	1:9.11	461.1	442.3	-5.32%	95.92%
2009	456	6,650,105	14,584	-1.54%	50.8	1:10.06	454.0	436.0	-1.54%	96.04%
2010	456	6,785,320	14,880	2.03%	49.1	1:10.70	447.9	430.7	-1.34%	96.16%
2011	435	6,638,265	15,260	2.56%	50.7	1:10.48	428.3	411.1	-4.38%	95.98%
2012	396	6,814,791	17,209	12.77%	46.4	1:11.10	412.7	396.0	-3.64%	95.95%
2013	409	6,851,717	16,752	-2.65%	47.7	1:10.93	408.7	391.2	-0.97%	95.72%
2014	370	6,667,997	18,022	7.58%	45.5	1:11.76	367.9	353.5	-9.98%	96.09%
2015	365	6,796,854	18,622	3.33%	45.3	1:11.76	360.3	344.9	-2.08%	95.73%
2016	364	7,105,975	19,522	4.84%	44.8	1:12.31	342.2	328.2	-5.02%	95.91%

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).

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Elementary (1948)</u>										
Square feet	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519
Capacity (students)	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0
Average daily enrollment	488.0	461.1	454.0	447.9	431.8	396.0	409.0	367.9	360.3	342.2

Number of Schools at June 30, 2016:

Elementary	1
Middle School	-
High School	-
Other	-

Source: District Facilities Office

N/A = Not Available

NOTE: 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.

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Required Maintenance
Last Ten Fiscal Years

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>	<u>Total</u>
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
2014	35,095	35,095
2015	31,968	31,968
2016	57,768	57,768
	<hr/>	<hr/>
Total school facilities	<u>\$ 583,906</u>	<u>\$ 583,906</u>

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

Source: District records

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2016
(Unaudited)

	Coverage	Deductible
School commercial package policy - New Jersey School Insurance group		
Property - building blanket and contents (policy limit)	\$ 16,361,800	\$ 1,000
Comprehensive General Liability (policy limit)	16,000,000	1,000
Comprehensive Automobile Liability (policy limit)	16,000,000	1,000
School Board legal liability - New Jersey School Insurance group (NJSIG)		
Directors and Officers policy	16,000,000	5,000
Workmen's compensation - New Jersey School Insurance Group (NJSIG)		
Per accident, disease and disease limit	2,000,000	-
Public employees' faithful performance - New Jersey School Insurance Group		
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

See independent auditors' report.



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Kingwood Township School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 18, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kingwood Township School District's internal 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

October 18, 2016
Flemington, New Jersey



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by The Uniform Guidance and New Jersey
OMB Circular Letter 15-08**

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 Program and State Program

We have audited the Kingwood Township School District's, (the District), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the New Jersey OMB Circular Letter 15-08 that could have a direct and material effect on each of the District's major federal and New Jersey programs for the year ended June 30, 2016. Kingwood Township School District's major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and New Jersey 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08. Those standards, the Uniform Guidance and OMB Circular 15-08 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 program occurred. An audit includes examining, on a test basis, evidence about the District'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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Kingwood Township School District 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 New Jersey programs for the year ended June 30, 2016.

Report on Internal Control over Compliance


Management of the Kingwood Township School District, 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 the Uniform Guidance and New Jersey OMB Circular 15-08, 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 Kingwood Township School District'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 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 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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Bedard, Kurowicki & Co.
BEDARD, KUROWICKI & CO., CPA'S, PC


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

October 18, 2016
Flemington, New Jersey

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards - Schedule A
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2015					
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Education passed through State Department of Education																		
Special Revenue Fund																		
NCLB Title I A	84.010A	S010A150030	NCLB-2450-16	\$ 26,397	07/01/15	06/30/16	\$ -	\$ -	\$ 26,397	\$ 26,397	\$ -	\$ -	\$ -	\$ -	\$ -			
NCLB Title II A	84.367A	S367A150029	NCLB-2450-16	8,316	07/01/15	06/30/16	-	-	8,316	8,316	-	-	-	-	-			
Small, Rural School Achievement Program	84.358A	S358B150030	S358A15-1011	30,873	07/01/15	09/30/16	-	-	30,873	30,873	-	-	-	-	-			
IDEA basic	84.027A	S027A150100	IDEA-2450-16	76,069	07/01/15	06/30/16	-	-	76,069	76,069	-	-	-	-	-			
IDEA preschool	84.173A	S173A150114	IDEA-2450-16	3,543	07/01/15	06/30/16	-	-	3,543	3,543	-	-	-	-	-			
Total Special Revenue Fund							<u>-</u>	<u>-</u>	<u>145,198</u>	<u>145,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
U.S. Department of Agriculture passed through State Department of Agriculture																		
Enterprise Fund																		
Child Nutrition Center																		
National School Lunch Program non-cash assistance (commodities)	10.555	16161NJ304N1099	N/A	7,521	07/01/14	06/30/15	460	-	-	460	-	-	-	-	-			
National School Lunch Program non-cash assistance (commodities)	10.555	16161NJ304N1099	N/A	7,505	07/01/15	06/30/16	-	-	7,505	6,465	-	-	-	1,040	-			
National School Lunch Program cash assistance	10.555	16161NJ304N1099	N/A	19,313	07/01/14	06/30/15	(1,599)	-	1,599	-	-	-	-	-	-			
National School Lunch Program cash assistance	10.555	16161NJ304N1099	N/A	20,573	07/01/15	06/30/16	-	-	19,468	20,573	-	-	(1,105)	-	-			
Total Enterprise Fund							<u>(1,139)</u>	<u>-</u>	<u>28,572</u>	<u>27,498</u>	<u>-</u>	<u>-</u>	<u>(1,105)</u>	<u>1,040</u>	<u>-</u>			
Total Federal Financial Assistance							<u>\$ (1,139)</u>	<u>\$ -</u>	<u>\$ 173,770</u>	<u>\$ 172,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,105)</u>	<u>\$ 1,040</u>	<u>\$ -</u>			

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance - Schedule B
For the Fiscal Year Ended June 30, 2016

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2015		Cash Received	Budgetary Expenditure	Adjustments	Balance June 30, 2016			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General Fund														
Transportation aid	16-495-034-5120-014	\$ 157,946	07/01/15	06/30/16	\$ -	\$ -	\$ 157,946	\$ 157,946	\$ -	\$ -	\$ -	\$ -	\$ (15,470)	\$ 157,946
Special Education Categorical aid	16-495-034-5120-089	244,823	07/01/15	06/30/16	-	-	244,823	244,823	-	-	-	-	(23,980)	244,823
Equalization aid	16-495-034-5120-078	441,447	07/01/15	06/30/16	-	-	441,447	441,447	-	-	-	-	(43,238)	441,447
Security aid	16-495-034-5120-084	31,021	07/01/15	06/30/16	-	-	31,021	31,021	-	-	-	-	(3,038)	31,021
Adjustment aid	16-495-034-5120-085	301,310	07/01/15	06/30/16	-	-	301,310	301,310	-	-	-	-	(29,512)	301,310
School Choice aid	16-495-034-5120-068	121,930	07/01/15	06/30/16	-	-	121,930	121,930	-	-	-	-	(11,943)	121,930
PARCC Readiness aid	16-495-034-5120-098	3,440	07/01/15	06/30/16	-	-	3,440	3,440	-	-	-	-	(337)	3,440
Per Pupil Growth aid	16-495-034-5120-097	3,440	07/01/15	06/30/16	-	-	3,440	3,440	-	-	-	-	(337)	3,440
Extraordinary Special Education costs aid	15-495-034-5120-044	50,605	07/01/14	06/30/15	(50,075)	-	50,075	-	-	-	-	-	-	50,605
Extraordinary Special Education costs aid	16-495-034-5120-044	72,676	07/01/15	06/30/16	-	-	-	72,676	-	(72,676)	-	-	-	72,676
Non-public Transportation aid	15-495-034-5120-014	1,125	07/01/14	06/30/15	(1,125)	-	1,125	-	-	-	-	-	-	1,125
Non-public Transportation aid	16-495-034-5120-014	1,566	07/01/15	06/30/16	-	-	-	1,566	-	(1,566)	-	-	-	1,566
Reimbursement TPAF Social Security contribution	15-495-034-5094-003	203,072	07/01/14	06/30/15	(9,681)	-	9,681	-	-	-	-	-	-	203,072
Reimbursed TPAF Social Security contribution	16-495-034-5094-003	195,612	07/01/15	06/30/16	-	-	195,612	195,612	-	-	-	-	-	195,612
On behalf TPAF pension contribution - Teacher's Pension & Annuity Fund	16-495-034-5094-002	216,476	07/01/15	06/30/16	-	-	216,476	216,476	-	-	-	-	-	216,476
On behalf TPAF pension contribution - non-contributory insurance	16-495-034-5094-004	10,783	07/01/15	06/30/16	-	-	10,783	10,783	-	-	-	-	-	10,783
On behalf TPAF pension contribution - post retirement medical	16-495-034-5094-001	270,603	07/01/15	06/30/16	-	-	270,603	270,603	-	-	-	-	-	270,603
Total General Fund					(60,881)	-	2,059,712	2,073,073	-	(74,242)	-	-	(127,855)	2,327,875
NJ School Development Authority														
Capital Projects Fund (EDA)														
Window replacement project	2450-050-14-1003-G04	32,000	N/A	N/A	(736)	-	-	31,264	-	(32,000)	-	-	-	32,000
Total capital projects fund					(736)	-	-	31,264	-	(32,000)	-	-	-	32,000
State Department of Agriculture														
Enterprise Fund														
Nationa School Lunch program (St share)	15-100-010-3350-023	1,144	07/01/14	06/30/15	(85)	-	85	-	-	-	-	-	-	1,144
Nationa School Lunch program (St share)	16-100-010-3350-023	1,118	07/01/15	06/30/16	-	-	1,061	1,118	-	(57)	-	-	-	1,118
Total Enterprise Fund					(85)	-	1,146	1,118	-	(57)	-	-	-	2,262
Total State Financial Assistance					\$ (61,702)	\$ -	\$2,060,858	2,105,455	\$ -	\$ (106,299)	\$ -	\$ -	\$(127,855)	\$2,362,137
Less: On behalf TPAF Pension System contributions								(497,862)						
Total for State financial assistance - major program determination								\$1,607,593						

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

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 \$5,149 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	\$ -	\$ 2,067,924	\$ 2,067,924
Special Revenue Fund	145,198	-	145,198
Food Service Fund	27,498	1,118	28,616
	<u>\$ 172,696</u>	<u>\$ 2,069,042</u>	<u>\$ 2,241,738</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Schedule of Awards and Financial Assistance
June 30, 2016

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, 2016. 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, 2016.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's Report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes X No

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

Noncompliance material to General -
Were purpose financial statements noted? Yes X No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No

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

What was the type of Auditor's Report Issued on Compliance for Major Programs? _____

Were any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Amount</u>	<u>Name of Federal Program</u>
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs? _____

Did the auditee qualify as a low-risk auditee? Yes No

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016**

Section I - Summary of Auditor's Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? X Yes No

What was the type of Auditor's Report Issued on Compliance for Major Programs? Unmodified

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No
 2. Were reportable conditions identified that are not considered to be material weaknesses? Yes X No

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
<u>16-495-034-5120-078</u>	<u>\$ 441,447</u>	<u>Equalization Aid</u>
<u>16-495-034-5120-014</u>	<u>244,823</u>	<u>Transportation Aid</u>
<u>16-495-034-5120-085</u>	<u>301,310</u>	<u>Adjustment Aid</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2016.

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, 2015.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2016

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Schedule of Prior Year Findings and Questioned Costs

There were no prior year findings or questioned costs.