

KINGSWAY REGIONAL SCHOOL DISTRICT

Woolwich Township, New Jersey
County of Gloucester

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

KINGSWAY REGIONAL SCHOOL DISTRICT

WOOLWICH TOWNSHIP, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Prepared by

**Kingsway Regional School District
Business Administrator's Office**

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INTRODUCTORY SECTION

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KINGSWAY REGIONAL SCHOOL DISTRICT

Committed to Excellence

*Dr. James J. Lavender, ext. 4205
Superintendent of Schools*

*Mr. Jason Schimpf, ext. 4203
School Business Administrator*

February 12, 2019

Honorable President and
Members of the Board of Education
Kingsway Regional School District
County of Gloucester
Woolwich Township, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (“CAFR”) of the Kingsway Regional School District (hereinafter, the “District”) for the fiscal year ended June 30, 2018, 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 (“Board”). 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 at June 30, 2018. 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 basic financial statements and schedules, as well as the auditor’s report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of the Uniform Guidance and New Jersey OMB’s Circular 15-08. Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Reporting Entity

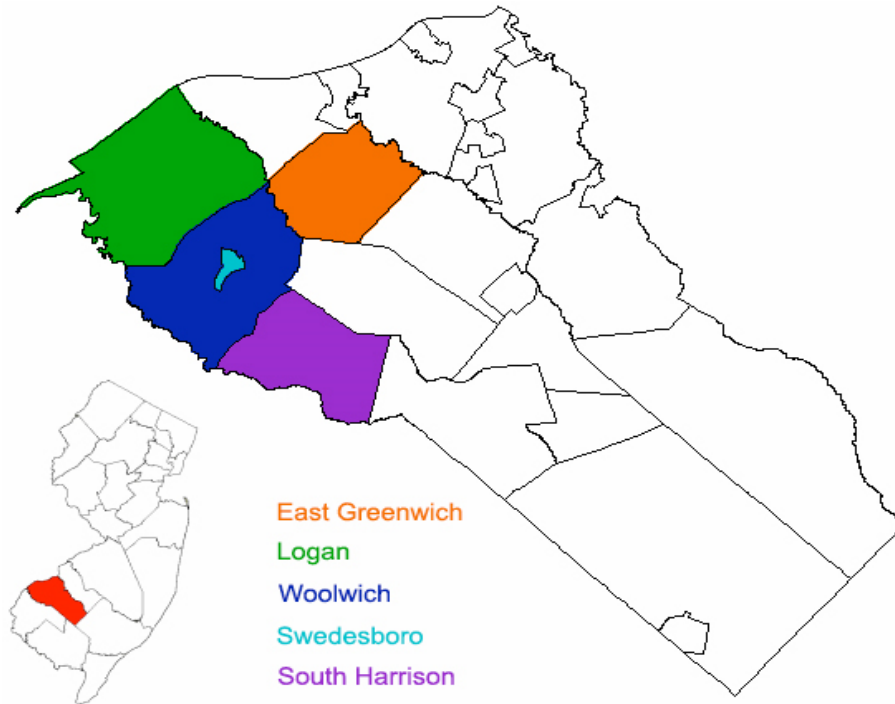
The Kingsway Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (“GASB”) as established by Statement No. 39. All funds and the government-wide financial statements of the District are

Home of the Dragons

included within this report. The Kingsway Regional School District Board of Education and its Middle and High Schools constitute the District’s reporting entity.

School District Organization

The Kingsway Regional School District is one of twenty-nine (29) public school districts within Gloucester County. The District provides a full range of educational services appropriate to grade levels 7 through 12. An elected nine-member Board of Education (“Board”), along with a representative from the Logan Township School District, serves as the policy making entity for the School District. Geographically, the District is situated in predominately rural/suburban areas, with more than 28,000 people residing within its 52 square mile border. The District includes the Borough of Swedesboro and the Townships of South Harrison, East Greenwich, and Woolwich. Though not part of the District, students from Logan Township attend Kingsway Regional High School through a send/receive relationship as paid tuition students.



The District completed the 2017-2018 fiscal year with an Average Daily Enrollment (“ADE”) of 2,706.2 students, which equates to an increase of 42.5 students from the 2016-2017 fiscal year. The following chart details the changes in the ADE of the District over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	2,706.2	+1.6%
2016-17	2,663.7	+4.2%
2015-16	2,556.0	+1.0%
2014-15	2,534.0	+4.0%
2013-14	2,442.1	+4.8%

Economic Condition and Outlook

State Aid

The Kingsway Regional School District remains committed to providing challenging educational programs as well as comparable extra-curricular and athletic program offerings that prepare students for college and career upon graduation. Despite budgetary constraints due to a rapidly growing student population, the district has managed to expand and maintain student opportunities while securing the safety of both its students and staff members. Kingsway has managed these significant enrollment increases, year after year, without the benefit of corresponding state aid increases that reflect our growth. As a result, the financial support of our schools continues to be disproportionately placed on the homeowners within our region. Kingsway will receive only 49% of the total state aid in which we are entitled via the state of New Jersey’s school funding formula (SFRA).

If funded at 100% of SFRA, Kingsway would receive an additional \$10.14 million of state aid in fiscal year 2019 alone. Accordingly, the district’s proposed budget for FY19 falls \$8.7 million below district adequacy as calculated by the Department of Education. Simply put, Kingsway will spend nearly \$9 million below the level the State of New Jersey has determined as providing a thorough and efficient education for our students. This fact, along with the constant demands placed on our programs as a result of continued enrollment growth, has made it nearly impossible to raise standards or maintain and expand opportunities for our students.

Budgetary Challenge

Each year the district faces a significant challenge in preparing a balanced budget due to continued extreme shortages in state aid and a 2% cap on the local tax levy. Simply put, we cannot add enough additional revenue each year to cover the increase in costs of maintaining



current staff levels and discretionary spending. We faced another significant deficit in FY19 even with a small increase in state aid.

Educational Program

In its continued commitment to excellence, the Kingsway Regional School District identifies the purpose of education as one that supports intellectual growth and inspires an intrinsic desire to continuously seek improvement through learning. Therefore, it is the District’s mission to develop and maintain a comprehensive educational program that promotes a purposeful and relevant experience for the individual learner while fostering the 21st century skills of collaboration, communication, creativity, and critical thinking.

Kingsway’s administration, faculty, and staff possess a passion for learning; consequently, they provide a secure and supportive environment that affords high quality curriculum, differentiated instruction, and progressive programming that challenges and empowers each individual to pursue his or her potential. The District prides itself in educating all students so they are prepared to meet the challenges of college and career. To achieve this goal, students have access to a rigorous curriculum that focuses on the acquisition of vital foundational skills and their application to real-world contexts. Furthermore, Kingsway supports the uniquely identified development of classified students through various setting options that include inclusion into the general education classroom, small-group instruction in a resource setting, and specialized programs that support the multiply disabled and behaviorally disabled population.

The regional curriculum team and teachers work collaboratively to develop and implement rigorous and relevant courses and programs of study that align with the Common Core State Standards (CCSS) and the New Jersey Core Curriculum Content Standards (NJCCCS). In doing so, instruction is designed to meet the interests and needs of the students through various differentiated methods. The district continues to implement and expand its six (6) Programs of Study to guide students in the identification of future college and career goals related to their individual interests. This student-centered model correlates to the sixteen (16) nationally recognized career clusters and contains concentrations to further assist students in identifying corresponding careers.

Kingsway Regional Middle School continues to implement an organizational structure of interdisciplinary teams that supports students as they transition onto Kingsway’s campus in grade seven and move beyond in grade nine. In addition to receiving instruction in the core areas of English, literature, mathematics, science, social studies, and health/physical education, students at the middle school have an opportunity to choose among an array of electives. These include world language, art, and music as well as electives dedicated to the further exploration of science, technology, engineering, and math (S.T.E.M.).

Kingsway Regional High School includes a college preparatory program for all students and offers a vast amount of electives for which students can concentrate their studies. High school students also have an opportunity to participate in honors-level classes or can choose to take any of its



seventeen Advanced Placement (AP) courses. In addition, dual credit opportunities with two local colleges have also been established to further support students as they prepare for college and career. The high school continues to provide a select group of student admittance into its S.T.E.M. Academy, which provides a rigorous four-year interdisciplinary program designed to provide a strong educational foundation for academically gifted students planning to pursue careers in Science, Technology, Engineering, or Mathematics. Successful completion of the full program allows students to graduate with up to thirty-two (32) college credits and a strong foundation in S.T.E.M. concepts.

District-wide, our staff and students have access to cutting-edge technology that enhances teaching and learning. Virtually every classroom is equipped with a projector and an interactive whiteboard. Wireless capabilities extend throughout the building enabling teachers and students to utilize laptop, I-pad, and Google chromebook carts for a multitude of purposes. We also have a Mac Lab, two state-of-the art large group instruction rooms, and a television production studio that is fully equipped with professional quality technology. A growing number of teachers are delivering instruction through a blended model (face-to-face and online) using an array of technological platforms.

Internal Accounting and Budgetary Control

Management of the District is responsible for establishing and maintaining an internal control system 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 accounting principles generally accepted within the United States. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of 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 awards, the District is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is also subject to periodic evaluation by the District management.

As part of the District’s single audit described earlier, tests are performed to determine the adequacy of the internal control system, including that portion related to major federal and state awards, as well as to determine whether the District has complied with applicable laws, regulations, contracts, and grants.

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, special revenue, and debt services funds. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund.



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 fiscal year-end.

Accounting System and Reports

The District's accounting records reflect accounting principles generally accepted in the United States, 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 government-wide statements are explained in "Notes to the Basic Financial Statements," Note 1.

Cash Management

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements," Note 2. The district has adopted a cash management plan which 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. 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.

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.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Holman Frenia Allison, P.C., Certified Public Accounts, was appointed by the Board of Education. In addition to meeting the requirements set forth in the State statutes, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and combining statements and related major fund supporting 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.



Acknowledgements

We would like to express our appreciation to the members of the Kingsway Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report would not have been accomplished without the efficient and dedicated services of our financial and accounting staff members.

Respectfully submitted,



Dr. James J. Lavender
Superintendent of Schools



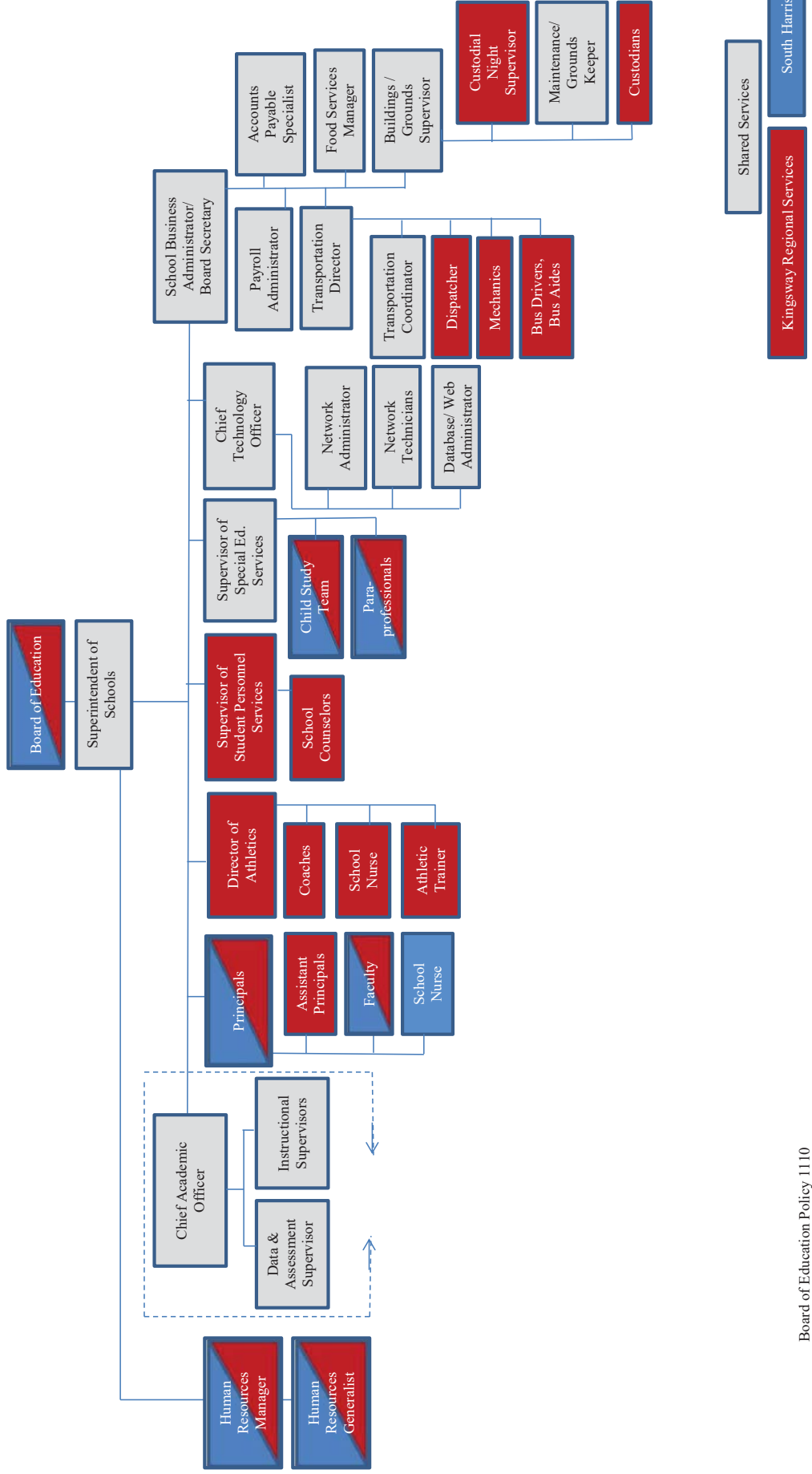
Jason Schimpf
School Business Administrator/
Board Secretary



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KINGSWAY REGIONAL AND SOUTH HARRISON SCHOOL DISTRICTS



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KINGSWAY REGIONAL SCHOOL DISTRICT

ROSTER OF OFFICIALS

JUNE 30, 2018

MEMBERS OF THE BOARD OF EDUCATION	TERM EXPIRES
James Mueller, President	2018
Lauren Boerlin, Vice President	2019
Christie Callahan Comerford	2019
Dr. Michele Blair	2018
Lisa Mordecai-Daniel	2020
Mia Randazzo	2018
Jennifer Cavallaro-Fromm	2020
Deborah Cunningham	2019
Mia Randazzo	2020
Frank Donnelly, Logan Township Representative	2020

OTHER OFFICIALS

Dr. James J. Lavender, Superintendent

Jason Schimpf, Business Administrator/Board Secretary

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KINGSWAY REGIONAL SCHOOL DISTRICT

CONSULTANTS AND ADVISORS

Audit Firm

Michael Holt, CPA, PSA
Holman Frenia Allison, P. C.
618 Stokes Road
Medford, New Jersey 08055

Attorney

Schwartz, Simon, Edelstein & Celso, LLC
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Morristown, New Jersey 07960

Architect

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

Official Depository

Fulton Bank of New Jersey
179 Kings Highway
Woolwich Township, New Jersey 08085

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Kingsway Regional School District
County of Gloucester
Woolwich, New Jersey 08085

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 Kingsway Regional School District, County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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 District'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 District'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 that 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 Kingsway Regional School District, County of Gloucester, State of New Jersey, as of June 30, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018 the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions – an amendment of GASB Statement No. 45, 57 & 74. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, 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 Kingsway Regional School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Administration and Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance,

as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules, and the schedules of expenditures of federal awards and 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 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 accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2019 on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 12, 2019

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

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KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)

As management of the Kingsway Regional School District, New Jersey (School District), we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components:

- 1) Government-Wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of net activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets plus deferred outflows or resources and liabilities plus deferred inflows of resources is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the government-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund, Technology Internal Service Fund, Transportation Internal Service Fund, General Administration Internal Service Fund and Maintenance Services Internal Service Fund. Business-type activities reflect the Food Service Fund and the Community Education Program.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with financial-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Overview of the Basic Financial Statements (continued)

Fund Financial Statements (continued)

Governmental funds account for essentially the same information reported in the governmental activities of the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financial requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the government-wide financial statements. The School District maintains two types of proprietary funds – the Enterprise Fund and the Internal Service Fund. The fund financial statements of the enterprise funds and internal service funds provide the same information as the government-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and Community Education Program) are listed individually and are considered to be major funds.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's programs.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Financial Analysis of the School District as a Whole

Table 1 provides a summary of the School Districts net position for the fiscal years 2018 compared to fiscal year 2017.

Table 1
Summary of Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Current & Other Assets	\$ 8,316,619	\$ 6,909,523	\$ 1,407,096	20.4%
Capital Assets, Net	<u>56,874,219</u>	<u>58,168,532</u>	<u>(1,294,313)</u>	-2.2%
Total Assets	<u>65,190,838</u>	<u>65,078,055</u>	<u>112,783</u>	0.2%
Deferred Outflow of Resources	<u>6,392,277</u>	<u>8,310,605</u>	<u>(1,918,328)</u>	-23.1%
Current and other Liabilities	2,567,335	1,620,756	946,579	58.4%
Noncurrent Liabilities	<u>54,133,863</u>	<u>60,294,714</u>	<u>(6,160,851)</u>	-10.2%
Total Liabilities	<u>56,701,198</u>	<u>61,915,470</u>	<u>(5,214,272)</u>	-8.4%
Deferred Inflow of Resources	<u>2,997,937</u>	-	<u>2,997,937</u>	100.0%
Net Position:				
Net Investment in Capital Assets	19,959,780	18,947,005	1,012,775	5.3%
Restricted	5,788,430	5,615,516	172,914	3.1%
Unrestricted (Deficit)	<u>(13,864,230)</u>	<u>(13,089,331)</u>	<u>(774,899)</u>	5.9%
Total Net Position	<u>\$ 11,883,980</u>	<u>\$ 11,473,190</u>	<u>\$ 410,790</u>	3.6%

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Summary of Changes in Net Position

	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Revenues:				
Program Revenues:				
Charges for Services	\$ 3,607,673	\$ 3,672,156	\$ (64,483)	-1.8%
Operating Grants & Contributions	13,053,222	4,554,172	8,499,050	186.6%
General Revenues:				
Property Taxes	23,526,606	23,220,007	306,599	1.3%
Federal & State Aid	10,293,094	9,502,728	790,366	8.3%
Other General Revenues	3,093,160	3,103,663	(10,503)	-0.3%
Total Revenues	<u>53,573,755</u>	<u>44,052,726</u>	<u>9,521,029</u>	<u>21.6%</u>
Function/Program Expenditures:				
Regular Instruction	12,871,811	12,432,875	438,936	3.5%
Special Education Instruction	3,186,610	3,222,178	(35,568)	-1.1%
Other Instruction	45,609	881	44,728	5077.0%
School Sponsored	1,076,456	1,220,283	(143,827)	-11.8%
Tuition	2,665,297	2,325,214	340,083	14.6%
Student & Instruction Related Services	2,975,097	3,117,989	(142,892)	-4.6%
General Administrative	756,642	866,354	(109,712)	-12.7%
School Administrative Services	2,591,389	2,492,781	98,608	4.0%
Central Services	403,914	495,402	(91,488)	-18.5%
Administrative Info. Technology	598,420	498,556	99,864	20.0%
Plant Operations & Maintenance	3,474,201	3,359,078	115,123	3.4%
Pupil Transportation	4,602,728	4,457,203	145,525	3.3%
Unallocated Benefits	13,142,094	5,331,286	7,810,808	146.5%
Transfer to Charter Schools	3,720	8,833	(5,113)	100.0%
Interest & Other Charges	1,317,904	1,539,394	(221,490)	-14.4%
Unallocated Depreciation	1,980,299	3,247,950	(1,267,651)	-39.0%
Food Service	1,301,292	1,336,916	(35,624)	-2.7%
Community Education Program	169,482	167,069	2,413	1.4%
Total Expenditures	<u>53,162,965</u>	<u>46,120,242</u>	<u>7,042,723</u>	<u>15.3%</u>
Change In Net Position	410,790	(2,067,516)	2,478,306	-119.9%
Net Position - Beginning	11,473,190	13,540,706	(2,067,516)	-15.3%
Net Position - Ending	<u>\$ 11,883,980</u>	<u>\$ 11,473,190</u>	<u>\$ 410,790</u>	<u>3.6%</u>

Governmental Activities

During the fiscal year 2018, the net position of governmental activities increased by \$234,211 or 2.2%. The primary reason for the increase was through the normal operations of the District.

The assets and deferred outflows of the primary government activities exceeded liabilities and deferred inflows by \$10,882,428, with an unrestricted deficit balance of \$(14,742,313). The deficit in unrestricted net position is primarily due to accounting treatment for compensated absences payable, GASB 68 net pension liability, and the last 2 state aid payments. In addition, state statutes prohibit school districts from maintaining more than 2% of its adopted budget as unassigned fund balance.

**KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)**

The School District's governmental activities unrestricted net position had GASB 68 pension not been implemented would have been as follows:

**Table 3
GASB 68 Effect on Unrestricted Net Position**

Unrestricted Net Position (With GASB 68)	\$	(14,742,313)
Add back: PERS Pension Liability		14,935,400
Less: Deferred Outflows related to pensions		(5,417,717)
Add back: Deferred Inflows related to pensions		<u>2,997,937</u>
Unrestricted Net Position (Without GASB 68)	<u>\$</u>	<u>(2,226,693)</u>

Business-type Activities

During the fiscal year 2018, the net position of business-type activities increased by \$176,579 or 21.4%.

The assets and deferred outflows of the business-type activities exceeded liabilities and deferred inflows by \$1,001,552.

General Fund Budgeting Highlights

Final budgeted revenues were \$33,359,589, which was an increase of \$732,243 from the original budget. The increase was due to an increase in state aid received during the 17/18 school year. Excluding nonbudgeted revenues, the School District's actual revenues exceeded budgeted revenues by \$100,528.

Final budgeted appropriations were \$33,993,385, which was an increase of \$775,316 from the original budget. The increase is primarily due to prior year reserve for encumbrances and an increase in state aid, which increase the budget appropriations in the subsequent fiscal year's budget. Excluding nonbudgeted revenues, the School District's budget appropriations exceeded actual expenditures by \$752,168.

The School District's general fund balance – budgetary basis (Exhibit C-1) was \$4,637,851 at June 30, 2018, an increase of \$331,063 from the prior year.

Governmental Funds

At the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$5,920,691, an increase of \$258,874 from the prior year.

General fund - During the current fiscal year, the fund balance of the School District's general fund increased by \$258,873 to \$3,782,910 at June 30, 2018, compared to an increase of \$567,887 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in fund balance of the general fund is as follows:

- Unanticipated miscellaneous revenue
- Reduced utility costs due to solar implementation
- Overall reduction in special education transportation costs due to programmatic changes

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Special revenue fund – There was no change in the fund balance for the special revenue fund.

Capital projects fund – There was no change in the fund balance for the capital projects fund.

Debt service fund - During the current fiscal year, the fund balance of the School District's debt service fund increased by \$1 to \$105,164 at June 30, 2018, compared to a decrease of \$(7,758) in fund balance in the prior fiscal year.

Proprietary Funds

Food service fund - During the current fiscal year, the net position of the School District's food service fund increased by \$79,196 to \$573,883 at June 30, 2018, compared to an increase of \$86,514 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position of the food service fund is as follows:

- Reduction in one-time capital expenditures
- Increase in non-reimbursable a la carte program revenue

Community Education Fund - During the current fiscal year, the net position of the School District's community education fund increased by \$97,383 to \$427,669 at June 30, 2018, compared to an increase of \$106,341 in fund balance in the prior fiscal year. The primary factor(s) affecting the change in net position is as follows:

- Increased labor and supply costs associated with expansion of CER summer camp program

Internal Service Funds – There were no changes in the fund balance for the internal service funds.

Capital Assets

The School District's capital assets for its governmental and business-type activities as of June 30, 2018, totaled \$56,874,219 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements and equipment. There was a net decrease in the School District's investment in capital assets for the current fiscal year in the amount of \$(1,294,313). This decrease is primarily due to the current year depreciation of capital assets. Table 4 shows fiscal 2018 balances compared to 2017.

Table 4
Summary of Capital Assets

<u>Capital Asset (Net of Depreciation):</u>	June 30, <u>2018</u>	June 30, <u>2017</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
Land	\$ 2,481,278	\$ 2,481,278	\$ -	0.0%
Construction in Progress	7,602	7,602	-	0.0%
Land Improvements	1,112,235	1,406,947	(294,712)	-20.9%
Building and Improvements	49,574,002	50,933,321	(1,359,319)	-2.7%
Equipment	3,699,102	3,339,384	359,718	10.8%
	<u>\$ 56,874,219</u>	<u>\$ 58,168,532</u>	<u>\$ (1,294,313)</u>	<u>-2.2%</u>

Depreciation expense for the year was \$2,001,248. Additional information on the School District's capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

Debt Administration

Long-term debt – At the end of the current fiscal year, the School District had total bonded debt outstanding of \$36,589,000, which is a decrease of \$2,145,000 from the prior year.

Additional information on the School District's long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Factors on the School District's Future

At Kingsway, we take great pride in our achievements, we are passionate about the services and opportunities we provide, and we value high quality education. Our motto, *Committed to Excellence*, drives us to ensure the sound educational experience our students and community deserves. Our name is consistently echoed throughout the region as an exemplar. We have the highest high school graduation rates in the county, a high school ranked alongside other top high schools in South Jersey, a middle school that serves as model for other middle schools in the area, advanced placement offerings that have been nationally recognized by College Board, and a competitive and accomplished performing arts and athletic programs.

Despite all our accomplishments, Kingsway may be better known as one of the State's fastest growing school districts, serving two of the fastest growing municipalities – the Townships of Woolwich and East Greenwich. As a result, Kingsway's enrollment has increased by more than 1,405 students over the last fifteen years. Unfortunately, state aid has failed to keep pace. As you can imagine, the contradiction between unrelenting pupil enrollment growth and state aid reductions per pupil has placed extraordinary demands on our facilities, programs, and staff.

Throughout this same period Kingsway continued to implement cost-saving measures in an effort to reduce the tax burden while maintaining quality programs for our students. In the 2017 Taxpayers' Guide to Education Spending, the Kingsway Regional School District was ranked first out of forty-six (7-12/9-12) regional school districts throughout the state as the lowest spending in regard to budgetary per pupil costs (\$10,130). For FY 2019, Kingsway's budgetary cost per pupil is \$10,654, significantly lower than the \$15,714 state average, and markedly lower than other districts such as Monmouth County's Henry Hudson Regional, which spends more than \$20,000 per pupil.

Despite our efforts, the burden to fund our school district has consistently been shifted to our local taxpayers. Throughout the same fifteen-year period where state aid per pupil has decreased by 29%, local property taxes per pupil have increased by more than 142%, from \$3,549 in 2001 to \$8,500 in 2017. This dramatic shift of responsibility has made it increasingly difficult to preserve our quality school system.

In 2008, we had hope that a solution to our problems was found with the passage of the School Funding Reform Act (SFRA). The new funding formula guaranteed that state school aid would be distributed fairly and equitably based on a formula that took into account each town's property tax base, its ability to pay, increases and decreases in enrollment, and the special needs of children. It was a formula that finally ended New Jersey's tortured history on school funding fairness, was lauded by experts throughout the country, and according to New Jersey's Supreme Court, SFRA's design was found to meet the constitutional mandates of *Abbott v. Burke*, for all students.

As a result, Kingsway, like many other districts, received a 20 percent increase in state aid for the 2008-09 school year and consequently adopted a school budget that called for the smallest local tax increase in a decade. We were also assured by then Commissioner of Education Lucille Davy that Kingsway would

KINGSWAY REGIONAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited) (Continued)

be afforded 20 percent increases per year for the next five years until we were made whole. This recognition and increase in state aid would have put Kingsway on par with other communities and eased the unfair tax burden placed on our local residents who make up the difference in funding our public schools. In fact, had the Kingsway Regional School District been funded at the levels the SFRA phase-in promised, we would have levied \$32.8 million dollars less than we did in the nine years since SFRA was adopted.

In the years after SFRA was adopted, state aid promises were never fulfilled. As a result, the status quo was protected and overfunded school districts continued to benefit at the cost of those who have historically been underfunded. Districts with declining enrollments were held harmless while growth districts continued to be ignored. Consequently, Kingsway and districts like Kingsway have fallen far from the promises of a constitutionally sound, nationally recognized school funding formula.

If funded at 100% of SFRA, Kingsway Regional would receive an additional \$10.14 million of state aid in fiscal year 2019 alone. Accordingly, the district's proposed budget for FY19 falls \$8.7 million below district adequacy as calculated by the Department of Education. Simply put, Kingsway will spend nearly \$9 million below the level the State of New Jersey has determined as providing a thorough and efficient education for our students. This fact, along with the constant demands placed on our programs as a result of continued enrollment growth, has made it nearly impossible to raise standards or maintain and expand opportunities for our students. The hold harmless provision and state aid growth caps implemented through the budget, arbitrarily disregarding SFRA, has resulted in the disparate treatment of NJ students in underfunded districts.

Contacting the School Districts Financial Management

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the School Business Administrator at the Kingsway Regional School District Administrative Offices, 213 Kings Highway, Woolwich Township, New Jersey 08085. Our website provides additional district information and can be located at www.krsd.org.

BASIC FINANCIAL STATEMENTS

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A. Government-Wide Financial Statements

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KINGSWAY REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
ASSETS:			
Cash & Cash Equivalents	\$ 3,792,954	\$ 935,970	\$ 4,728,924
Receivables, Net (Note 4)	1,757,280	24,600	1,781,880
Internal Balances	2	-	2
Inventory	-	10,928	10,928
Restricted Cash & Cash Equivalents	1,794,885	-	1,794,885
Capital Assets, Non-Depreciable (Note 5)	2,488,880	-	2,488,880
Capital Assets, Depreciable, Net (Note 5)	54,261,870	123,469	54,385,339
	<hr/>	<hr/>	<hr/>
Total Assets	64,095,871	1,094,967	65,190,838
DEFERRED OUTFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	5,417,717	-	5,417,717
Related to Loss on Debt Refunding	974,560	-	974,560
	<hr/>	<hr/>	<hr/>
Total Deferred Outflow of Resources	6,392,277	-	6,392,277
	<hr/>	<hr/>	<hr/>
Total Assets and Deferred Outflow of Resources	70,488,148	1,094,967	71,583,115
LIABILITIES:			
Accounts Payable	493,823	15,720	509,543
Internal Balances	-	-	-
Unearned Revenue	930,607	22,453	953,060
Accrued Interest	499,565	-	499,565
Due to Other Governments	605,167	-	605,167
Noncurrent Liabilities (Note 7):			
Due Within One Year	2,410,197	-	2,410,197
Due Beyond One Year	51,668,424	55,242	51,723,666
	<hr/>	<hr/>	<hr/>
Total Liabilities	56,607,783	93,415	56,701,198
DEFERRED INFLOWS OF RESOURCES:			
Related to Pensions (Note 8)	2,997,937	-	2,997,937
	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	2,997,937	-	2,997,937
	<hr/>	<hr/>	<hr/>
Total Liabilities and Deferred Inflows of Resources	59,605,720	93,415	59,699,135
NET POSITION:			
Net Investment in Capital Assets	19,836,311	123,469	19,959,780
Restricted For:			
Capital Projects	3,827,502	-	3,827,502
Debt Service	105,164	-	105,164
Excess Surplus	1,855,764	-	1,855,764
Unrestricted	(14,742,313)	878,083	(13,864,230)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 10,882,428	\$ 1,001,552	\$ 11,883,980

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:						
Instruction:						
Regular	\$ 12,871,811	\$ -	\$ -	\$ (12,871,811)	\$ -	(12,871,811)
Special Education	3,186,610	-	175,380	(3,011,230)	-	(3,011,230)
Other Instructional	45,609	-	-	(45,609)	-	(45,609)
School Sponsored	1,076,456	-	-	(1,076,456)	-	(1,076,456)
Support Services & Undistributed Costs:						
Tuition	2,665,297	-	379,355	(2,285,942)	-	(2,285,942)
Student & Instruction Related Services	2,975,097	-	-	(2,975,097)	-	(2,975,097)
Health Services	314,432	-	-	(314,432)	-	(314,432)
Educational Media Services/School Library	578,153	-	-	(578,153)	-	(578,153)
School Administrative Services	1,698,804	-	-	(1,698,804)	-	(1,698,804)
General Administration	756,642	177,758	-	(578,884)	-	(578,884)
Central Services	403,914	-	-	(403,914)	-	(403,914)
Administrative Information Technology	598,420	192,399	-	(406,021)	-	(406,021)
Plant Operations & Maintenance	3,474,201	61,016	-	(3,413,185)	-	(3,413,185)
Pupil Transportation	4,602,728	1,828,539	-	(2,774,189)	-	(2,774,189)
Interest on Long-Term Debt and Other Charges	1,317,904	-	-	(1,317,904)	-	(1,317,904)
Transfer to Charter School	3,720	-	-	(3,720)	-	(3,720)
Unallocated Depreciation	1,980,299	-	-	(1,980,299)	-	(1,980,299)
Unallocated Benefits	13,142,094	-	12,199,145	(942,949)	-	(942,949)
Total Governmental Activities	51,692,191	2,259,712	12,753,880	(36,678,599)	-	(36,678,599)
Business-Type Activities:						
Food Service	1,301,292	1,081,096	299,342	-	79,146	79,146
Community Education Program	169,482	266,865	-	-	97,383	97,383
Total Business-Type Activities	1,470,774	1,347,961	299,342	-	176,529	176,529
Total Primary Government	\$ 53,162,965	\$ 3,607,673	\$ 13,053,222	(36,678,599)	176,529	(36,502,070)

**KINGSWAY REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		BUSINESS- TYPE	TOTAL
		CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	
General Revenues:					
Taxes:					
Property Taxes, Levied for General Purposes				20,630,552	20,630,552
Taxes Levied for Debt Service				2,896,054	2,896,054
Federal & State Aid Not Restricted				9,770,230	9,770,230
Federal & State Aid Restricted				522,864	522,864
Transportation Fees				1,534	1,534
Tuition Charges				2,677,133	2,677,133
Rents and Royalties				81,636	81,636
Investment Earnings				5,726	5,776
Miscellaneous Income				327,081	327,081
				36,912,810	36,912,860
Total General Revenues, Special Items, Extraordinary Items & Transfers				50	50
Change In Net Position				234,211	410,790
Net Position - Beginning				10,648,217	11,473,190
Net Position - Ending				\$ 10,882,428	\$ 11,883,980

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B. Fund Financial Statements

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Governmental Funds

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**KINGSWAY REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018**

ASSETS & OTHER DEBITS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
Cash & Cash Equivalents	\$ 1,078,383	\$ -	\$ 2,276,872	\$ 121,000	\$ 3,476,255
Receivables from Other Governments	873,459	238,832	204,390	84,844	1,401,525
Due from Other Funds	868,091	-	-	5,708	873,799
Receivables, Net	116,457	58,711	-	-	175,168
Restricted Cash & Cash Equivalents	1,794,885	-	-	-	1,794,885
	<hr/>				
Total Assets	<u>\$ 4,731,275</u>	<u>\$ 297,543</u>	<u>\$ 2,481,262</u>	<u>\$ 211,552</u>	<u>\$ 7,721,632</u>
LIABILITIES & FUND BALANCES					
Liabilities:					
Cash Deficit	\$ -	\$ 278,248	\$ -	\$ -	\$ 278,248
Unearned Revenue	809,183	15,036	-	106,388	930,607
Accounts Payable	123,497	271	-	-	123,768
Due to Other Funds	15,685	3,988	78,996	-	98,669
Construction Contract Payable - Retainage	-	-	369,649	-	369,649
	<hr/>				
Total Liabilities	948,365	297,543	448,645	106,388	1,800,941
Fund Balances:					
Restricted for:					
Capital Reserve	1,794,885	-	-	-	1,794,885
Excess Surplus - Prior Year - Designated for Subsequent Year's Expenditures	1,211,761	-	-	-	1,211,761
Excess Surplus - Current year	644,003	-	-	-	644,003
Capital Projects	-	-	2,032,617	-	2,032,617
Debt Service	-	-	-	105,164	105,164
Committed to:					
Other Purposes	185,393	-	-	-	185,393
Unassigned	(53,132)	-	-	-	(53,132)
	<hr/>				
Total Fund Balances	3,782,910	-	2,032,617	105,164	5,920,691
	<hr/>				
Total Liabilities & Fund Balances	<u>\$ 4,731,275</u>	<u>\$ 297,543</u>	<u>\$ 2,481,262</u>	<u>\$ 211,552</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$92,658,827 and the accumulated depreciation is \$35,908,077.	56,750,750
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and therefore are not reported in the funds.	
Deferred Outflows related to pensions	5,417,717
Deferred Inflows related to pensions	(2,997,937)
Deferred Outflow related to the loss on bond refunding of debt	974,560
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(499,565)
Accrued pension contributions for the June 30, 2018 plan year are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.	(605,167)
Long-term liabilities, including net pension liability and bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	<u>(54,078,621)</u>
Net Position of Governmental Activities	<u>\$ 10,882,428</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS JUNE 30, 2018
Revenues:					
Local Sources:					
Local Tax Levy	\$ 20,630,552	\$ -	\$ -	\$ 2,896,054	\$ 23,526,606
Tuition	2,677,133	-	-	-	2,677,133
Transportation	1,534	-	-	-	1,534
Rents and Royalties	81,636	-	-	-	81,636
Miscellaneous	266,841	64,062	-	1,904	332,807
Total Local Sources	23,657,696	64,062	-	2,897,958	26,619,716
State Sources	14,010,405	-	-	522,864	14,533,269
Federal Sources	19,287	582,739	-	-	602,026
Total Revenues	37,687,388	646,801	-	3,420,822	41,755,011
Expenditures:					
Current Expense:					
Regular Instruction	9,860,048	-	-	-	9,860,048
Special Education Instruction	2,293,276	175,380	-	-	2,468,656
Other Instruction	45,609	-	-	-	45,609
School Sponsored	988,330	-	-	-	988,330
Support Services:					
Tuition	2,221,880	443,417	-	-	2,665,297
Attendance Services	76,056	-	-	-	76,056
Health Services	266,445	-	-	-	266,445
Student & Instruction Related Services	2,204,046	-	-	-	2,204,046
Educational Media Services/School Library					
Library	219,947	-	-	-	219,947
Instructional Staff Training	75,955	-	-	-	75,955
General Administration	488,884	-	-	-	488,884
School Administration	1,595,467	-	-	-	1,595,467
Central Services	403,914	-	-	-	403,914
Administrative Information Technology	401,652	-	-	-	401,652
Plant Operations & Maintenance	2,815,462	-	-	-	2,815,462
Pupil Transportation	2,689,692	-	-	-	2,689,692
Allocated Employee Benefits	-	-	-	-	-
Unallocated Employee Benefits	5,728,938	28,004	-	-	5,756,942
On Behalf TPAF Pension and Social Security Contributions	4,259,462	-	-	-	4,259,462
Debt Service:					
Principal	-	-	-	2,145,000	2,145,000
Interest & Other Charges	116,737	-	-	1,275,821	1,392,558
Capital Outlay	706,935	-	-	-	706,935
Total Expenditures	37,458,735	646,801	-	3,420,821	41,526,357
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	228,653	-	-	1	228,654
Other Financing Sources/(Uses)					
Transfers In	33,940	-	-	-	33,940
Transfers to Charter School	(3,720)	-	-	-	(3,720)
Total Other Financing Sources/(Uses)	30,220	-	-	-	30,220
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing (Uses)	258,873	-	-	1	258,874
Fund Balances July 1	\$ 3,524,037	\$ -	\$ 2,032,617	\$ 105,163	\$ 5,661,817
Fund Balances June 30	\$ 3,782,910	\$ -	\$ 2,032,617	\$ 105,164	\$ 5,920,691

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 258,874

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 expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation Expense	\$ (1,980,299)	
	Capital Outlay	<u>706,935</u>	(1,273,364)

Repayment of long-term debt principal and obligation of lease purchase agreements are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

	Bond Principal		2,145,000
--	----------------	--	-----------

Governmental funds report the effect of premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these transactions is as follows:

	Prior Year	487,527	
	Current Year	<u>(437,160)</u>	50,367

Governmental funds report School District pension contributions as expenditures. However in the statement of activities, the cost of pension benefits earned is reported as pension expense. This is the amount by which pension benefits earned exceeded the School District's pension contributions in the current period. (925,015)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation (+). 24,287

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) 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 reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (45,938)

Change in Net Position of Governmental Activities \$ 234,211

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Proprietary Funds

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**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES	
	FOOD SERVICE FUND	COMMUNITY EDUCATION	TRANSPORTATION SERVICES	MAINTENANCE SERVICES
Current Assets:				
Cash & Cash Equivalents	\$ 492,581	\$ 443,389	\$ 559,777	\$ 72,854
Interfund Receivable	-	-	-	-
Accounts Receivable	24,600	-	142,337	3
Other Receivable	-	-	724	-
Inventories	10,928	-	-	-
Total Current Assets	528,109	443,389	702,838	72,857
Noncurrent Assets:				
Equipment	778,460	-	-	-
Accumulated Depreciation	(654,991)	-	-	-
Total Capital Assets	123,469	-	-	-
Total Assets	651,578	443,389	702,838	72,857
LIABILITIES:				
Current Liabilities:				
Accounts Payable	-	15,720	406	-
Interfund Payable	-	-	702,432	72,857
Unearned Revenue	22,453	-	-	-
Total Current Liabilities	22,453	15,720	702,838	72,857
Noncurrent Liabilities:				
Compensated Absences	55,242	-	-	-
Total Noncurrent Liabilities	55,242	-	-	-
Total Liabilities	77,695	15,720	702,838	72,857
NET POSITION				
Investment in Capital Assets	123,469	-	-	-
Unrestricted Net Position	450,414	427,669	-	-
Total Net Position	\$ 573,883	\$ 427,669	\$ -	\$ -

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	GOVERNMENTAL ACTIVITIES		TOTAL
	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES	
Current Assets:			
Cash & Cash Equivalents	\$ 15,524	\$ -	\$ 1,584,125
Interfund Receivable	-	15,685	15,685
Accounts Receivable	-	37,523	204,463
Other Receivables	-	-	724
Inventories	-	-	10,928
Total Current Assets	15,524	53,208	1,815,925
Noncurrent Assets:			
Equipment	-	-	778,460
Accumulated Depreciation	-	-	(654,991)
Total Capital Assets	-	-	123,469
Total Assets	15,524	53,208	1,939,394
LIABILITIES:			
Current Liabilities:			
Cash Deficit	-	53,208	53,208
Accounts Payable	-	-	16,126
Interfund Payable	15,524	-	790,813
Unearned Revenue	-	-	22,453
Total Current Liabilities	15,524	53,208	882,600
Noncurrent Liabilities:			
Compensated Absences	-	-	55,242
Total Noncurrent Liabilities	-	-	55,242
Total Liabilities	15,524	53,208	937,842
NET POSITION			
Net Investment in Capital Assets	-	-	123,469
Unrestricted Net Position	-	-	878,083
Total Net Position	\$ -	\$ -	\$ 1,001,552

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES	
	FOOD SERVICE FUND	COMMUNITY EDUCATION	TRANSPORTATION SERVICES	MAINTENANCE SERVICES
Operating Revenue:				
Local Sources:				
Transportation Fees Charged to Other LEA's	\$ -	\$ -	\$ 1,733,950	\$ -
Sale of Gasoline			12,658	-
Daily Sales - Reimbursable Programs	527,204	-	-	-
Daily Sales - Nonreimbursable Programs	486,117	-	-	-
Vending Machine Sales	7,469	-	-	-
Special Function	60,306	-	-	-
Program Fees	-	266,865	-	-
Service Fees			81,931	61,016
Miscellaneous	-	-	-	-
Total Operating Revenue	1,081,096	266,865	1,828,539	61,016
Operating Expenses:				
Salaries & Employee Benefits	719,646	115,697	891,970	60,000
Supplies and Materials	35,256	23,502	153,318	-
Repairs & Other Expenses	14,954	-	3,493	-
Other Purchased Services-Contracted	-	27,707	157,017	-
Miscellaneous Purchased Services	-	-	585,406	-
Depreciation	20,949	-	-	-
Miscellaneous Expense	1,311	2,576	242	-
Cost of Sales - Reimbursable	248,143	-	-	-
Cost of Sales - Non-Reimbursable	261,033	-	-	-
Total Operating Expenses	1,301,292	169,482	1,791,446	60,000
Operating (Loss)/Gain	(220,196)	97,383	37,093	1,016
Nonoperating Revenues:				
State Sources:				
State School Lunch Program	10,147	-	-	-
Federal Sources:				
National School Lunch Program	198,479	-	-	-
Healthy Hunger-Free Kids Act	11,890	-	-	-
Food Distribution Program	78,826	-	-	-
Interest & Dividends	50	-	-	-
Total Nonoperating Revenues	299,392	-	-	-
Net Income/(Loss)	79,196	97,383	37,093	1,016
Other Financing Sources/(Uses):				
Operating Transfer In/(Out):				
Transfer to General Fund	-	-	(37,093)	(1,016)
Total Other Financing Sources/(Uses)	-	-	(37,093)	(1,016)
Change in Net Position	79,196	97,383	-	-
Total Net Position - Beginning	494,687	330,286	-	-
Total Net Position - Ending	\$ 573,883	\$ 427,669	\$ -	\$ -

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES		TOTAL
	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES	
Operating Revenue:			
Local Sources:			
Transportation Fees Charged to Other LEA's	\$ -	\$ -	\$ 1,733,950
Sale of Gasoline	-	-	12,658
Daily Sales - Reimbursable Programs	-	-	527,204
Daily Sales - Nonreimbursable Programs	-	-	486,117
Vending Machine Sales	-	-	7,469
Special Function	-	-	60,306
Program Fees	-	-	266,865
Service Fees	177,758	192,399	513,104
Miscellaneous	-	-	-
Total Operating Revenue	177,758	192,399	3,607,673
Operating Expenses:			
Salaries & Employee Benefits	176,058	185,000	2,148,371
Supplies and Materials	-	11,768	223,844
Repairs & Other Expenses	-	-	18,447
Other Purchased Services-Contracted	-	-	184,724
Miscellaneous Purchased Services	1,500	-	586,906
Depreciation	-	-	20,949
Miscellaneous Expense	-	-	4,129
Cost of Sales - Reimbursable	-	-	248,143
Cost of Sales - Non-Reimbursable	-	-	261,033
Total Operating Expenses	177,558	196,768	3,435,513
Operating (Loss)/Gain	200	(4,369)	172,160
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	-	-	10,147
Federal Sources:			
National School Lunch Program	-	-	198,479
Healthy Hunger-Free Kids Act	-	-	11,890
Food Distribution Program	-	-	78,826
Interest & Dividends	-	-	50
Total Nonoperating Revenues	-	-	299,392
Net Income/(Loss)	200	(4,369)	210,519
Other Financing Sources/(Uses):			
Operating Transfer In/(Out):			
Change in Compensated Absences	-	-	-
Transfer to General Fund	(200)	4,369	(33,940)
Total Other Financing Sources/(Uses)	(200)	4,369	(33,940)
Change in Net Position	-	-	176,579
Total Net Position - Beginning	-	-	824,973
Total Net Position - Ending	\$ -	\$ -	\$ 1,001,552

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	BUSINESS-TYPE ACTIVITIES			
	ENTERPRISE FUNDS		GOVERNMENTAL ACTIVITIES	
	FOOD SERVICE FUND	COMMUNITY EDUCATION	TRANSPORTATION SERVICES	MAINTENANCE SERVICES
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 1,094,734	\$ 266,865	\$ 1,944,774	\$ 61,016
Payments to Employees	(540,365)	(115,697)	(772,836)	(60,000)
Payments for Employee Benefits	(188,659)	-	(119,134)	-
Payments to Suppliers	(562,296)	(38,342)	(862,029)	1,016
Net Cash Provided/(Used) by Operating Activities	(196,586)	112,826	190,775	2,032
Cash Flows From Investing Activities:				
Interest & Dividends	50	-	-	-
Net Cash Provided by Investing Activities	50	-	-	-
Cash Flows From Noncapital Financing Activities:				
Transfer to General Fund	-	-	(37,093)	(1,016)
State Sources	10,147	-	-	-
Federal Sources	289,195	-	-	-
Net Cash Provided by Noncapital Financing Activities	299,342	-	(37,093)	(1,016)
Net Increase/(Decrease) in Cash & Cash Equivalents	102,806	112,826	153,682	1,016
Cash and Cash Equivalents, July 1	389,775	330,563	406,095	71,838
Cash & Cash Equivalents, June 30	<u>\$ 492,581</u>	<u>\$ 443,389</u>	<u>\$ 559,777</u>	<u>\$ 72,854</u>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:				
Operating Income/(Loss)	\$ (220,196)	\$ 97,383	\$ 37,093	\$ 1,016
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:				
Depreciation Expense	20,949	-	-	-
Change in Assets & Liabilities:				
(Increase)/Decrease in Inventory	(1,599)	-	-	-
(Increase)/Decrease in Interfund Receivable	11,048	-	-	-
(Increase)/Decrease in Accounts Receivable, Net	(3,690)	-	116,235	-
(Increase)/Decrease in Accounts Payable	-	15,443	356	-
Increase/(Decrease) in Interfund Payable	-	-	37,091	1,016
Increase/(Decrease) in Unearned Revenue	6,280	-	-	-
Increase/(Decrease) in Compensated Absences	(9,378)	-	-	-
Total Adjustments	23,610	15,443	153,682	1,016
Net Cash Provided/(Used) by Operating Activities	<u>\$ (196,586)</u>	<u>\$ 112,826</u>	<u>\$ 190,775</u>	<u>\$ 2,032</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES		TOTAL
	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES	
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 177,758	\$ 194,289	\$ 3,739,436
Payments to Employees	(175,858)	(185,000)	(1,849,756)
Payments for Employee Benefits	-	-	(307,793)
Payments to Suppliers	(1,500)	(11,768)	(1,474,919)
Net Cash Provided/(Used) by Operating Activities	400	(2,479)	106,968
Cash Flows From Investing Activities:			
Interest & Dividends	-	-	50
Purchase of Equipment	-	-	-
Net Cash Provided by Investing Activities	-	-	50
Cash Flows From Noncapital Financing Activities:			
Transfer to General Fund	(200)	4,369	(33,940)
State Sources	-	-	10,147
Federal Sources	-	-	289,195
Net Cash Provided by Noncapital Financing Activities	(200)	4,369	265,402
Net Increase/(Decrease) in Cash & Cash Equivalents	200	1,890	372,420
Cash and Cash Equivalents, July 1	15,324	(55,098)	1,158,497
Cash & Cash Equivalents, June 30	\$ 15,524	\$ (53,208)	\$ 1,530,917

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ 200	\$ (4,369)	\$ (88,873)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	-	-	20,949
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	-	-	(1,599)
(Increase)/Decrease in Accounts Receivable, Net	-	(26,206)	86,339
(Increase)/Decrease in Interfund Receivable	-	28,096	39,144
Increase/(Decrease) in Accounts Payable	-	-	15,799
Increase/(Decrease) in Interfund Payable	200	-	38,307
Increase/(Decrease) in Prepaid Lunches	-	-	6,280
Increase/(Decrease) in Compensated Absences	-	-	(9,378)
Total Adjustments	200	1,890	195,841
Net Cash Provided/(Used) by Operating Activities	\$ 400	\$ (2,479)	\$ 106,968

Fiduciary Fund

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**KINGSWAY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE			TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP FUND	AGENCY FUND	
Cash & Cash Equivalents	\$ 88,426	\$ 188,636	\$ 235,367	\$ 512,429
Accounts Receivable - Other Governments	76	-	-	76
Total Assets	88,502	188,636	235,367	512,505
LIABILITIES				
Payroll Deductions & Withholdings	-	-	85,644	85,644
Due to Student Groups	-	-	149,721	149,721
Interfund Payable	-	-	2	2
Total Liabilities	-	-	235,367	235,367
NET POSITION				
Held in Trust for:				
Unemployment	88,502	-	-	88,502
Scholarships	-	188,636	-	188,636
Total Net Position	\$ 88,502	\$ 188,636	\$ -	\$ 277,138

The accompanying Notes to Financial Statements are an integral part of this statement.

**KINGSWAY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ADDITIONS:	UNEMPLOYMENT COMPENSATION INSURANCE TRUST FUND	SCHOLARSHIPS	TOTAL
Local Sources:			
Contributions	\$ 20,000	\$ 1,820	\$ 21,820
Total Contributions	20,000	1,820	21,820
Investment Earnings:			
Interest on Investments	-	191	191
Total Investment Earnings	-	191	191
Total Additions	20,000	2,011	22,011
DEDUCTIONS:			
Unemployment Claims	71,375	-	71,375
Scholarship Payments	-	3,750	3,750
Total Deductions	71,375	3,750	75,125
Change in Net Position	(51,375)	(1,739)	(53,114)
Net Position - Beginning of Year	139,877	190,375	330,252
Net Position - End of Year	\$ 88,502	\$ 188,636	\$ 277,138

The accompanying Notes to Financial Statements are an integral part of this statement.

KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

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**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies

The financial statements of the Board of Education of Kingsway Regional School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

Reporting Entity

The Kingsway Regional School District is a Type II School District located in the County of Gloucester, State of New Jersey. As a Type II School District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three members’ terms expire each year. The purpose of the School District is to educate students in grades kindergarten through twelfth at its five schools. The School District has an approximate enrollment at June 30, 2018 of 2,713 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:

- ◆ the organization is legally separate (can sue or be sued in their own name);
- ◆ the District holds the corporate powers of the organization;
- ◆ the District appoints a voting majority of the organization’s board
- ◆ the District is able to impose its will on the organization;
- ◆ the organization has the potential to impose a financial benefit/burden on the District
- ◆ there is a fiscal dependency by the organization on the District.

There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Component Units

GASB Statement No.14. The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units and GASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34. The District had no component units as of for the year ended June 30, 2018.

Government-Wide Financial Statements

The District’s Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets, deferred outflows of resources, liabilities, and

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule (Exhibit B-3) is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The District has presented all major funds that met those qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. (The District’s deferred outflows of resources and deferred inflows of resources are noncurrent.) The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property tax and intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and for the non-major funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service funds balances and activities have been combined with the governmental activities in the Government-Wide financial statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position. The District's fiduciary funds are Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on a spending or "economic resources" measurement focus and the accrual basis of accounting as are the proprietary funds explained above.

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 in 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges 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 taxes.

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column of the government wide statements incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. However, data from the fiduciary funds is not incorporated in the government-wide financial statements

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 year-end. 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 and claims and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses, and interest on notes receivable associated with the current fiscal period are all considered to be susceptible to accrual and accordingly have been recognized as

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available when cash is received.

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. The principal operating revenues of the Food Service Fund and the C.D.A. program are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, employee salaries and benefits, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Internal service funds are used to account for those operations which provide benefits to other funds, departments, or agencies of the primary government and its component unit. Although internal service funds are reported as a proprietary fund in the fund financial statements, it is incorporated into governmental activities in the government-wide financial statements. The District does not maintain any internal service funds.

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 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, interest earnings and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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).

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.

The District reports the following major proprietary funds:

Food Service Fund – This fund accounts for the revenues and expenses pertaining to the District’s cafeteria operations.

Community Education Program – The community education fund accounts for the financial transactions related to the revenues and expenses of the District’s Community Education Program.

Internal Service Funds – The internal service funds are used in order to account for various shared services provided to other local school districts.

Additionally, the District reports the following major fiduciary funds:

Private Purpose Trust Funds - Private-purpose trust funds are used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The district currently maintains the following private purpose trust funds:

Unemployment Trust Fund – Revenues consist of employee payroll withholdings, interest income, and contributions through the annual budget process of the District. Expenditures consist of unemployment reimbursement claims.

Scholarship Fund – Revenues consist of interest income and donations. Expenditures consist of scholarships provided to students.

Hall of Honor Fund – Revenues consist of interest income and donations. Expenditures consist of hall of honor awards and upkeep.

Agency Funds - Agency funds are assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The district currently maintains Payroll funds and Student Activity Funds as Agency Funds.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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. In accordance with P.L.2011 c.202, which became effective January 17, 2012, the District eliminated the April annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. 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 N.J.A.C. 6A:23-2-2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23-2-11.

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.

The budget, as detailed on Exhibit C-1, Exhibit C-2, and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounts as presented in the General Fund Budgetary Comparison Schedules and the Special Revenue Fund Budgetary Comparison Schedule to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds. Note that the District does not report encumbrances outstanding at fiscal

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

year-end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payments.

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 assigned 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 a reduction of the accounts receivables or as unearned revenue 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.

Cash and Cash Equivalents

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 cost.

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

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

N.J.S.A.17:9-41 et. 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 savings 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.

Tuition Payable/Receivable

Tuition rates for the fiscal year end June 30, 2018 were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Inventories

Inventories are valued at cost, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

Interfund Receivables/Payables

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. The amounts are eliminated in the governmental and business-type activities, which are presented as Internal Balances. Balances with fiduciary funds are not considered Internal Balances; therefore those balances are reported on the Statement of Net Position.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation. The District has established a threshold of \$2,000 for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated or amortized using the straight-line method over the following estimated lives:

Equipment & Vehicles	3 – 20 Years
Buildings	30 – 50 Years
Improvements	10 – 50 Years
Software	5 – 7 Years

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absences liability is reported on the government-wide financial statements and proprietary fund financial statements. Compensated absences liability is not recorded in the governmental funds. Instead expenditures are recognized in the governmental funds as payments come due each period, for example, as a result of resignations or retirements.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and is recorded as a liability until the revenue is both measureable and the District is eligible to realize the revenue.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, government fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect certain reported amounts reported in the financial statements and accompanying note disclosures. Actual results could differ from those estimates.

Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Balance

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- **Non-spendable** – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Non-spendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. These amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School Board did not have any committed resources as of June 30, 2018.
- Assigned – This classification includes amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Education or through the Board of Education delegating this responsibility to the business administrator through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the District's policy to consider restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, it is the District's policy to consider amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This components represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Impact of Recently Issued Accounting Principles

Adopted Accounting Pronouncements

The following GASB Statements became effective for the fiscal year ended June 30, 2018:

Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other than Pensions. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agency Employers and Agent Multi-Employer Plans, for OPEB Statement No. 74, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB Plans.

Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement will be effective for the year ended June 30, 2018.

Recently Issued Accounting Pronouncements

The GASB has issued the following Statements which will become effective in future fiscal years as shown below:

Statement No. 83, Certain Asset Retirement Obligations. An asset retirement obligation is a legally enforceable liability associated with the retirement of a tangible capital asset. Statement No. 83 establishes guidance for determining the timing and pattern of recognition for liabilities and corresponding deferred outflow of resources related to such obligations. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management does not expect this Statement to have a material impact on the School District's financial statements.

Statement No. 84, Fiduciary Activities. The Statement intends to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. To that end, Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Statement No. 87, Leases. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. The GASB based the new standard on the principle that leases are financing of the right to use an underlying asset. Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Management has not yet determined the potential impact on the School District's financial statements.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 1. Summary of Significant Accounting Policies (continued):

Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The Governmental Accounting Standards Board (GASB) has issued a new standard with guidance the GASB believes will enhance debt-related disclosures in notes to financial statements, including those addressing direct borrowings and direct placements. The new standard clarifies which liabilities governments should include in their note disclosures related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the potential impact on the School District's financial statements.

Bond Premiums, Discounts and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Loss on Refunding Debt

Deferred loss on refunding debt arising from the issuance of the refunding bonds is recorded as deferred outflows of resources. It is amortized in a systematic and rational manner over the shorter of the duration of the related debt or the new debt issues as a component of interest expense.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 2. Cash Deposits and Investments

Cash Deposits

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of GUDPA. Under the Act, the first \$250,000.00 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2018, the District’s bank balance of \$8,243,547 was exposed to custodial credit risk as follows:

Insured under FDIC and GUDPA	\$	7,805,771
Uninsured and Uncollateralized		437,776
	\$	8,243,547

Investments

The School District has no investments at June 30, 2018.

Note 3. Reserve Accounts

A. Capital Reserve

A capital reserve account was established by the School District by inclusion of \$1 on October 3, 2000 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 School District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a School District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A School 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(g)*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 3. Reserve Accounts (Continued):

A. Capital Reserve (Continued):

Beginning Balance, July 1, 2017	\$	1,013,600
Increased by:		
Additions per Budget		281,285
Deposits approved by Board		500,000
Ending Balance, June 30, 2018	\$	1,794,885

The June 30, 2018 balance did not exceed the LRFPS balance of local support costs of uncompleted capital projects.

Note 4. Accounts Receivable

Accounts receivable at June 30, 2018 consisted of accounts and intergovernmental grants. All state and federal receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

<u>Description</u>	Governmental Funds					<u>Total Governmental Activities</u>	<u>Proprietary Funds</u>	<u>Total Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Internal Service Fund</u>		<u>Food Service Fund</u>	
Federal Awards	\$ 11,671	\$ 238,832	\$ -	\$ -	\$ -	\$ 250,503	\$ 13,129	\$ 13,129
State Awards	222,260	-	204,390	-	-	426,650	629	629
Other	755,985	58,711	-	84,844	180,587	1,080,127	10,842	10,842
Total	\$ 989,916	\$ 297,543	\$ 204,390	\$ 84,844	\$ 180,587	\$ 1,757,280	\$ 24,600	\$ 24,600

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2018 was as follows:

	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2018</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,481,278	\$ -	\$ -	\$ 2,481,278
Construction in Progress	7,602	-	-	7,602
Total Capital Assets not being depreciated	<u>2,488,880</u>	-	-	<u>2,488,880</u>
Capital Assets being depreciated:				
Land Improvements	6,185,718	-	-	6,185,718
Buildings and Improvements	76,443,124	101,835	-	76,544,959
Equipment	6,834,170	605,100	-	7,439,270
Total Capital Assets being depreciated	<u>89,463,012</u>	<u>706,935</u>	-	<u>90,169,947</u>
Less: Accumulated Depreciation:				
Land Improvements	(4,778,771)	(294,712)	-	(5,073,483)
Buildings and Improvements	(25,509,803)	(1,461,154)	-	(26,970,957)
Equipment	(3,639,204)	(224,433)	-	(3,863,637)
Total Accumulated Depreciation	<u>(33,927,778)</u>	<u>(1,980,299)</u>	-	<u>(35,908,077)</u>
Total Capital Assets being depreciated, net	<u>55,535,234</u>	<u>(1,273,364)</u>	-	<u>54,261,870</u>
Total Governmental Activities Capital Assets, net	<u>\$ 58,024,114</u>	<u>\$ (1,273,364)</u>	<u>\$ -</u>	<u>\$ 56,750,750</u>
	Balance July 1, <u>2017</u>	<u>Additions</u>	Retirements <u>and Transfers</u>	Balance June 30, <u>2018</u>
Business-Type Activities:				
Equipment	\$ 778,460	\$ -	\$ -	\$ 778,460
	<u>778,460</u>	-	-	<u>778,460</u>
Less: Accumulated Depreciation:				
Equipment	(634,042)	(20,949)	-	(654,991)
	<u>(634,042)</u>	<u>(20,949)</u>	-	<u>(654,991)</u>
Total Business-Type Activities Capital Assets, net	<u>\$ 144,418</u>	<u>\$ (20,949)</u>	<u>\$ -</u>	<u>\$ 123,469</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 6. Interfund Receivables, Payables and Transfers

Individual fund receivables/payables balances at June 30, 2018 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 868,091	\$ 15,685
Special Revenue Fund	-	3,988
Capital Projects Fund	-	78,996
Debt Service Fund	5,708	-
Internal Service Fund	15,685	790,813
Payroll Fund	-	2
	<u>\$ 889,484</u>	<u>\$ 889,484</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

The summary of interfund transfers follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 33,940	\$ -
Internal Service Fund	-	33,940
	<u>\$ 33,940</u>	<u>\$ 33,940</u>

The purpose of interfund transfers were for the liquidation of prior year interfund receivables and payables and for payments made on behalf of other funds.

Note 7. Long-Term Obligations

During the fiscal year-ended June 30, 2018 the following changes occurred in long-term obligations:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Balance Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 38,734,000	\$ -	\$ 2,145,000	\$ 36,589,000	\$ 2,230,000
Unamortized Bond Premiums	1,591,917	-	180,197	1,411,720	180,197
Compensated Absences	1,096,563	45,938	-	1,142,501	-
Net Pension Liability	18,807,614	-	3,872,214	14,935,400	-
	<u>\$ 60,230,094</u>	<u>\$ 45,938</u>	<u>\$ 6,197,411</u>	<u>\$ 54,078,621</u>	<u>\$ 2,410,197</u>
Business-Type Activities:					
Compensated Absences	\$ 64,620	\$ -	\$ 9,378	\$ 55,242	\$ -
	<u>\$ 64,620</u>	<u>\$ -</u>	<u>\$ 9,378</u>	<u>\$ 55,242</u>	<u>\$ -</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 7. Long-Term Obligations (continued):

For governmental activities, the bonds payable are liquidated from the District's debt service fund. Compensated absences and capital leases are liquidated by the general fund.

A. Bonds Payable:

The voters of the municipality through referendums authorize bonds in accordance with State Law. All bonds are retired in serial installments within the statutory period of usefulness.

On January 18, 2012, the District issued Bonds of \$22,659,000 (par value) with interest rates ranging from 2.5% to 3.5%. Maturities of the 2012 Bonds range from 2013 to 2037 and they are callable, at par, on or after February 1, 2037. The proceeds from the sale of the Bond will be used to finance the Additions and Renovations of the Existing School Buildings.

On January 27, 2012, the School District issued \$5,935,000 in Refunding Bonds with interest rates ranging from 2% to 4% to advance refund \$5,514,000 of outstanding 2004 General Obligation Bonds with interest rates ranging from 4.00% to 4.125%.

On December 4, 2014, the School District issued \$8,730,000 in Refunding Bonds with interest rates ranging from 1.00% to 5.00% to advance refund \$8,730,000 of outstanding 2005 Refunding Bonds with interest rates ranging from 4.00% to 5.00%. As a result of the Refunding Bonds, the District had a net present value savings of \$926,508 based on the yield for the Refunding Bonds.

On October 20, 2016, the School District issued \$8,190,000 of Refunding Bonds to refund the callable portion of the outstanding 2006 Bond Issue. The Refunding Bonds generated \$535,000 in gross debt service savings and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,295,530, or a net annual present value savings of 14.848%. The Refunding Bonds were issued at interest rates varying from 2.00% to 4.00% and mature on January 15, 2031.

Principal and Interest due on the outstanding bonds is as follows:

Fiscal Year Ending				
<u>June 30,</u>	<u>Principal</u>		<u>Interest</u>	<u>Total</u>
2018	\$ 2,230,000	\$	1,211,421	\$ 3,441,421
2019	2,225,000		1,136,721	3,361,721
2020	2,390,000		1,058,596	3,448,596
2021	2,490,000		980,259	3,470,259
2022	2,475,000		912,434	3,387,434
2023-2027	10,975,000		3,301,169	14,276,169
2028-2032	9,005,000		1,567,500	10,572,500
2033-2037	4,799,000		250,695	5,049,695
	<u>\$ 36,589,000</u>	<u>\$</u>	<u>10,418,795</u>	<u>\$ 47,007,795</u>

Bonds Authorized But Not Issued:

As of June 30, 2018, the District had no authorized but not issued bonds.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans

A. Public Employees' Retirement System (PERS)

Plan Description - The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about 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 *N.J.S.A. 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:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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.

Contributions - The contribution policy for PERS is set by *N.J.S.A. 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 year 2017, 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, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

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.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources - At June 30, 2018, the School District reported a liability of \$14,935,400 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2016, to the measurement date of June 30, 2017. The School District's proportion of the net pension liability was based on the School District's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2017. The School District's proportion measured as of June 30, 2017, was .06416%, which was an increase of .00066% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School District recognized full accrual pension expense of \$1,519,383 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date. At June 30, 2018 the School District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 351,677	\$ -
Changes of Assumptions	3,008,968	2,997,937
Net Difference between Projected and Actual Earnings on Pension Plan Investments	101,700	-
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	1,350,205	-
School District contributions subsequent to measurement date	<u>605,167</u>	<u>-</u>
	<u>\$ 5,417,717</u>	<u>\$ 2,997,937</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

\$605,167 reported as deferred outflows of resources resulting from school district contributions subsequent to the measurement date is estimated based on unadjusted 2017-2018 total salaries for PERS employees multiplied by an employer pension contribution rate of 13.37%. The payable is due on April 1, 2019 and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Client Year Ending	
<u>June 30,</u>	<u>Amount</u>
2019	\$ 769,450
2020	919,720
2021	630,888
2022	(221,758)
2023	<u>(283,685)</u>
	<u>\$ 1,814,615</u>

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

	Deferred Outflow of <u>Resources</u>	Deferred Inflow of <u>Resources</u>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2014	-	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
Changes in Proportion and Differences between Bordentown Regional School District Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	6.44
June 30, 2015	5.72	5.72
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.48, 5.57, 5.72 and 6.44 years for the 2017, 2016, 2015, and 2014 amounts, respectively.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

Actuarial Assumptions – The collective total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following assumptions:

Inflation	2.25%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000
Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2011 - June 30, 2014

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rate were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on the mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scales. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals 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 contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined 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 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

A. Public Employees' Retirement System (PERS) (Continued)

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate - The following presents the School District's proportionate share of the net pension liability as of June 30, 2017, calculated using the discount rate of 5.00% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the Net Pension Liability	\$ 18,528,378	\$ 14,935,400	\$ 11,942,005

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017

Collective Balances at June 30, 2018 and June 30, 2017

	<u>6/30/2018</u>	<u>6/30/2017</u>
Actuarial valuation date (including roll forward)	June 30, 2017	June 30, 2016
Deferred Outflows of Resources	\$ 4,812,550	\$ 6,611,842
Deferred Inflows of Resources	2,997,937	-
Net Pension Liability	14,935,400	18,807,614
District's portion of the Plan's total net pension Liability	0.06416%	0.06350%

B. Teachers' 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 N.J.S.A. 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.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

B. Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and 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 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions - The contribution policy for TPAF is set by *N.J.S.A 18A:66* and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate increased from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years beginning in July 2012. The member contribution rate was 7.2% in State fiscal year 2017. 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 year 2017, the State's pension contribution was less than the actuarial determined amount.

As mentioned previously, the employer contributions for local participating employers are legally required to be funded by the State in accordance with *N.J.S.A 18:66-33*. Therefore, the School District is 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 School District does 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.

Pension Liability and Pension Expense - The State's proportionate share of the TPAF net pension liability, attributable to the School District as of June 30, 2017 was \$85,772,712. The School District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the TPAF net pension liability attributable to the School District was .12721%, which was an increase of .00391% from its proportion measured as of June 30, 2016.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

B. Teachers' Pension and Annuity Fund (TPAF) (Continued)

For the fiscal year ended June 30, 2018, the School District recognized \$8,236,947 in on-behalf pension expense and revenue in the government-wide financial statements, for the State of New Jersey on-behalf TPAF pension contributions. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Actuarial Assumptions – The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

B. Teachers' Pension and Annuity Fund (TPAF) (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%
	<hr style="width: 100%; border: 1px solid black;"/>	
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipals 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 contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined 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 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the Net Pension Liability to Changes in the Discount Rate – As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. The following represents the State's proportionate share of the net pension liability, attributable to the School District calculated using the discount rate of 4.25% as well as what the State's proportionate share of the net pension liability, attributable to the School District's would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

B. Teachers' Pension and Annuity Fund (TPAF) (Continued)

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
District's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -
State of New Jersey's Proportionate Share of Net Pension Liability associated with the District	<u>\$ 101,900,672</u>	<u>\$ 85,772,712</u>	<u>\$ 72,486,428</u>
	<u>\$ 101,900,672</u>	<u>\$ 85,772,712</u>	<u>\$ 72,486,428</u>

Pension Plan Fiduciary Net Position - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Additional Information - The following is a summary of the collective balances of the local group at June 30, 2018 and 2017:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Collective Deferred Outflows of Resources	\$ 14,353,461,035.00	\$ 17,581,004,496.00
Collective Deferred Inflows of Resources	\$ 11,992,821,439.00	\$ 300,836,088.00
Collective Net Pension Liability	\$ 67,670,209,171.00	\$ 79,028,907,033.00
School District's portion	0.03749%	0.03432%

C. Defined Contribution Plan (DCRP)

Plan Description - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of N.J.S.A. 43:15C-1 et seq. The DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage

Individuals eligible for membership in the DCRP include:

- State or local officials who are elected or appointed on or after July 1, 2007;
- 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 established "maximum compensation" limits;

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 8. Pension Plans (Continued):

C. Defined Contribution Plan (DCRP) (Continued)

- Employees enrolled in the Police and Firemen’s Retirement System (PFRS) or State Police Retirement System (SPRS) after May 21, 2010, who earn salary in excess of established “maximum compensation” limits;
- Employees otherwise eligible to enroll in the PERS or TPAF on or after November 2, 2008, who do not earn the minimum annual salary for PERS or TPAF Tier 3 enrollment but who earn salary of at least \$5,000 annually. The minimum salary in 2017 is \$8,300 and is subject to adjustment in future years.
- Employees otherwise eligible to enroll in the PERS or TPAF after May 21, 2010, who do not work the minimum number of hours per week required for PERS or TPAF Tier 4 or Tier 5 enrollment but who earn salary of at least \$5,000 annually. The minimum number is 35 hours per week for State employees, or 32 hours per week for local government or local education employees

Contributions - The contribution policy is set by N.J.S.A. 43:15C-3 and requires active members and contribution employers. When enrolled in the DCRP, members are required to contribute 5.5% of their base salary to a tax-deferred investment account established with Prudential Financial, which jointly administers the DCRP investments with the Division of Pension and Benefits. Member contributions are matched by a 3% contribution from the School District.

For the year ended June 30, 2018, employee contributions totaled \$32,938 and the District recognized pension expense of \$20,171.

Note 9. Post-Retirement Benefits

General Information about the OPEB Plan

The State of New Jersey reports a liability as a result of its statutory requirements to pay other postemployment (health) benefits for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Post-Retirement Benefits (Continued):

percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Basis of Presentation

The Schedule presents the State of New Jersey's obligation under NJSA 52:14-17.32f. The Schedule does not purport to be a complete presentation of the financial position or changes in financial position of the State Health Benefit Local Education Retired Employees Plan or the State of New Jersey. The accompanying Schedule was prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the State of New Jersey to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount- Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Post-Retirement Benefits (Continued):

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

OPEB Obligation and OPEB Expense – The State’s proportionate share of the total Other Post-Employment Benefits Obligations attributable to the School District as of June 30, 2017 was \$69,605,969. The School District’s proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2017, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State’s proportionate share of the OPEB Obligation associated with the District was based on projection of the State’s long-term contributions to the OPEB plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State proportionate share of the OPEB Obligation attributable to the School District was 0.129765%, which was an increase of 0.000374% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the State of New Jersey recognized an OPEB expense in the amount of \$5,202,967 for the State’s proportionate share of the OPEB expense attributable to the School District. This OPEB expense was based on the OPEB plans June 30, 2017 measurement date.

Healthcare Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Total Nonemployer OPEB Liability to changes in discount rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Post-Retirement Benefits (Continued):

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
State of New Jersey's Proportionate Share of Total Obligations Associated with the School District	\$ 82,627,307.01	\$ 69,605,969.00	\$ 59,277,319.93
State of New Jersey's Total Nonemployer OPEB Liability	\$63,674,362,200.00	\$53,639,841,858.00	\$45,680,364,953.00
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 89,647,035.94	\$ 74,829,255.00	\$ 63,165,762.11
State of New Jersey's Total Nonemployer OPEB Liability	\$69,283,705,084.00	\$57,831,784,184.00	\$48,817,654,566.00

Sensitivity of Total Nonemployer OPEB Liability to changes in the healthcare trend rate:

The following presents the total nonemployer OPEB liability as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Post-Retirement Benefits (Continued):

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
State of New Jersey's Proportionate Share of Total Obligations Associated with the School District	\$ 82,627,307.01	\$ 69,605,969.00	\$ 59,277,319.93
State of New Jersey's Total Nonemployer OPEB Liability	\$63,674,362,200.00	\$53,639,841,858.00	\$45,680,364,953.00
	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate*	1% Increase
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the School District	\$ 89,647,035.94	\$ 74,829,255.00	\$ 63,165,762.11
State of New Jersey's Total Nonemployer OPEB Liability	\$69,283,705,084.00	\$57,831,784,184.00	\$48,817,654,566.00

* See Healthcare Cost Trend Assumptions for details of rates.

Additional Information

Collective balances of the Local Group at June 30, 2017 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ 99,843,255.00	\$ (99,843,255.00)
Change in Assumptions	-	(6,343,769,032.00)
Contributions Made in Fiscal Year Year Ending 2018 After June 30, 2017 Measurement Date **	1,190,373,242.00	-
	<u>\$ 1,290,216,497.00</u>	<u>\$ (6,443,612,287.00)</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 9. Post-Retirement Benefits (Continued):

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2018	\$ (742,830,097.00)
2019	(742,830,097.00)
2020	(742,830,097.00)
2021	(742,830,097.00)
2022	(742,830,097.00)
Thereafter	(2,629,618,547.00)
	\$ (6,343,769,032.00)

** Employer Contributions made after June 30, 2017 are reported as a deferred outflow of resources, but are not amortized in expense.

Plan Membership

At June 30, 2016, the Program membership consisted of the following:

	June 30, 2016
Active Plan Members	223,747.00
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331.00
	366,078.00

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

Total OPEB Liability	
Service Cost	\$ 2,391,878,884.00
Interest Cost	1,699,441,736.00
Changes of Assumptions	(7,086,599,129.00)
Contributions: Member	45,748,749.00
Gross Benefit Payments	(1,242,412,566.00)
Net Change in Total OPEB Liability	(4,191,942,326.00)
Total OPEB Liability (Beginning)	57,831,784,184.00
Total OPEB Liability (Ending)	\$ 53,639,841,858.00
Total Covered Employee Payroll	13,493,400,208.00
Net OPEB Liability as a Percentage of Payroll	398%

Note 10. On-Behalf Payments for Fringe Benefits and Salaries

As previously mentioned, the School District receives on-behalf payments from the State of New Jersey for normal costs and post-retirement medical costs related to the Teachers' Pension and Annuity Fund (TPAF) pension plan. The School District is not legally responsible for these contributions. The on-behalf payments are recorded as revenues and expenditures in the government-wide and general fund financial statements. For the fiscal year ended June 30, 2018, the on-behalf payments for pension, social security, post-retirement medical costs, and long-term disability were \$1,964,414, \$1,021,383, \$1,268,773 and \$4,892, respectively.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 11. 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, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>School District Contributions</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ 20,000	\$ -	\$ -	\$ 71,375	\$ 88,502
2016-2017	-	-	232	27,289	139,877
2015-2016	31,209	-	240	12,179	166,934

Note 12. Contingencies

State and Federal Grantor Agencies - The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2018 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Pending Litigation – The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Districts’ attorney that resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 14. Deferred Compensation

The School District offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits 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:

Lincoln Investment Planning, Inc.	The Equitable Life Assurance Society of the US
Siracusa Befits Program	403(b) ASP

Note 15. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amount of vacation and sick leave in accordance with the District's personnel policies. The District 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 Districts' agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2018 is \$1,142,501.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 the liability for compensated absences in the proprietary fund types is \$55,242.

Note 16. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB) Statement No. 77, a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018**

Note 16. Tax Abatements (continued):

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

Note 17. Calculation of Excess Surplus

The designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A.18A:7F-7. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018 was \$644,003.

Note 18. Fund Balance

General Fund – Of the \$3,782,910 General Fund fund balance at June 30, 2018, \$1,794,885 has been reserved in the Capital Reserve Account; \$644,003 is restricted for current year excess surplus; \$1,211,761 is restricted for excess surplus – designated for subsequent year's expenditures; \$185,393 has been reserved for encumbrances;; and \$(53,132) is unassigned.

Capital Projects Fund – Of the \$2,032,617 Capital Projects Fund fund balance at June 30, 2018, \$2,032,617 is restricted for capital projects.

Debt Service Fund – Of the \$105,164 Debt Service Fund fund balance at June 30, 2018, \$105,164 is restricted for future debt service payments.

Note 19. Deficit in Net Position

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$(14,742,313) at June 30, 2018. The deficit is caused by the implementation of GASB 68 which requires the School District to report their proportionate share of the net pension liability for the Public Employee's Retirement System (PERS) as of June 30, 2018.

Note 20. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and February 12, 2019, the date that the financial statements were available for issuance, for a possible disclosure and recognition in the financial statements, and no items have come to the attention of the School District that would require disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL		
Revenues:						
Local Tax Levy	10-1210	\$ 20,630,552	\$ -	\$ 20,630,552	\$ 20,630,552	\$ -
Tuition From Other LEAs Within the State	10-1320	2,664,536	-	2,664,536	2,677,133	12,597
Transportation Fees from Other LEAs	10-1420	-	-	-	1,534	1,534
Rents and Royalties	10-1910	50,000	-	50,000	81,636	31,636
Miscellaneous Revenues	10-1XXX	272,609	-	272,609	266,841	(5,768)
Total Local Sources		23,617,697	-	23,617,697	23,657,696	39,999
Federal Sources:						
Medicaid Reimbursement (SEMI)	10-4200	42,749	-	42,749	19,287	(23,462)
Total Federal Sources		42,749	-	42,749	19,287	(23,462)
State Sources:						
Equalization Aid	10-3176	6,135,572	732,243	6,867,815	6,867,815	-
Categorical Special Education Aid	10-3132	1,152,423	-	1,152,423	1,152,423	-
Categorical Security Aid	10-3177	160,339	-	160,339	160,339	-
Categorical Transportation Aid	10-3121	293,272	-	293,272	293,272	-
Extraordinary Aid	10-3131	100,000	-	100,000	169,480	69,480
Other State Aid	10-3XXX	-	-	-	54,510	54,510
Under Adequacy Aid	10-3180	133,057	-	133,057	133,057	-
Supplemental Enrollment Growth Aid	10-3179	921,670	-	921,670	921,670	-
Per Pupil Growth Aid	10-3182	22,880	-	22,880	22,880	-
PARCC Readiness Aid	10-3181	22,880	-	22,880	22,880	-
Professional Learning Community Aid	10-3183	24,530	-	24,530	24,530	-
Host District Support Aid		277	-	277	277	-
Nonbudgeted:						
On-Behalf TPAF Pension Contribution		-	-	-	1,964,414	1,964,414
On-Behalf Post Retirement Medical Contribution		-	-	-	1,268,773	1,268,773
On-Behalf Long-Term Disability Insurance		-	-	-	4,892	4,892
Reimbursed TPAF Social Security Contribution		-	-	-	1,021,383	1,021,383
Total State Sources		8,966,900	732,243	9,699,143	14,082,595	4,383,452
Total Revenues		32,627,346	732,243	33,359,589	37,759,578	4,399,989
Expenditures:						
Current Expense:						
Instruction - Regular Programs:						
Salaries of Teachers:						
Grades 6 - 8	11-130-100-101	3,102,348	(67,595)	3,034,753	3,033,939	814
Grades 9 - 12	11-140-100-101	6,296,174	(100,890)	6,195,284	6,193,764	1,520
Home Instruction:						
Salaries of Teachers	11-150-100-101	62,885	500	63,385	51,630	11,755
Purchased Professional -						
Educational Services	11-150-100-320	40,000	2,581	42,581	42,254	327
Other Purchased Services	11-150-100-500	1,500	1,500	3,000	1,661	1,339
Regular Programs - Undistributed Instruction:						
Other Salaries for Instruction	11-190-100-106	1,800	(1,693)	107	107	-
Purchased Professional -						
Educational Services	11-190-100-320	149	6,360	6,509	6,509	-
Purchased Technical Services	11-190-100-340	5,000	30,000	35,000	32,642	2,358
Other Purchased Services	11-190-100-500	92,721	(5,116)	87,605	86,717	888
General Supplies	11-190-100-610	428,414	(28,265)	400,149	375,226	24,923
Textbooks	11-190-100-640	27,390	1,221	28,611	26,172	2,439
Other Objects	11-190-100-890	9,220	4,195	13,415	9,427	3,988
Total Regular Programs		10,067,601	(157,202)	9,910,399	9,860,048	50,351

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Multiple Disabilities:						
Salaries of Teachers	11-212-100-101	224,699	-	224,699	194,519	30,180
Other Salaries for Instruction	11-212-100-106	129,512	(62,463)	67,049	60,999	6,050
Other Purchased Services	11-212-100-500	-	400	400	291	109
General Supplies	11-212-100-610	7,705	(100)	7,605	7,154	451
Textbooks	11-212-100-640	2,650	(1,119)	1,531	872	659
Total Multiple Disabilities		364,566	(63,282)	301,284	263,835	37,449
Resource Room:						
Salaries of Teachers	11-213-100-101	1,872,760	(43,974)	1,828,786	1,778,455	50,331
Other Salaries for Instruction	11-213-100-106	236,602	45,800	282,402	232,009	50,393
General Supplies	11-213-100-610	4,579	819	5,398	4,998	400
Total Resource Room		2,113,941	2,645	2,116,586	2,015,462	101,124
Special Education - Home Instruction:						
Salaries of Teachers	11-219-100-101	7,000	-	7,000	108	6,892
Purchased Professional Educational Services	11-219-100-320	7,500	7,500	15,000	13,813	1,187
Other Purchased Services	11-219-100-400	300	-	300	58	242
Total Special Education - Home Instruction		14,800	7,500	22,300	13,979	8,321
Total Special Education		2,493,307	(53,137)	2,440,170	2,293,276	146,894
Basic Skills/Remedial:						
General Supplies	11-230-100-610	2,296	-	2,296	1,392	904
Total Basic Skills/Remedial		2,296	-	2,296	1,392	904
Bilingual Education						
Salaries of Teachers	11-240-100-101	-	53,000	53,000	44,217	8,783
Total Bilingual Education		-	53,000	53,000	44,217	8,783
School Sponsored Cocurricular Activities:						
Salaries	11-401-100-100	114,819	7,546	122,365	112,372	9,993
Other Purchased Services	11-401-100-500	22,850	(346)	22,504	22,501	3
Supplies and Materials	11-401-100-600	18,915	660	19,575	19,218	357
Other Objects	11-401-216-800	2,700	(1,865)	835	835	-
Total School Sponsored Cocurricular Activities		159,284	5,995	165,279	154,926	10,353
School Sponsored Athletics - Instruction:						
Salaries	11-402-100-100	522,837	91,395	614,232	551,814	62,418
Other Purchased Services	11-402-100-500	148,149	(5,411)	142,738	132,196	10,542
General Supplies	11-402-100-610	120,573	13,254	133,827	111,077	22,750
Other Objects	11-402-216-800	38,388	(845)	37,543	33,997	3,546
Total School Sponsored Athletics Instruction		829,947	98,393	928,340	829,084	99,256
Before/After School Programs:						
Salaries	11-421-100-101	-	7,364	7,364	4,320	3,044
Total Before/After School Programs		-	7,364	7,364	4,320	3,044
Total Instruction		13,552,435	(45,587)	13,506,848	13,187,263	319,585

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Undistributed Expenditures:						
Instruction :						
Tuition to Other LEAs Within the State - Regular	11-000-100-561	58,000	(49,772)	8,228	1,580	6,648
Tuition to Other LEAs Within the State - Special	11-000-100-562	20,000	35,719	55,719	52,187	3,532
Tuition to County Vocational School District - Special	11-000-100-564	269,100	(227,940)	41,160	41,160	-
Tuition to County Vocational School District - Regular	11-000-100-563	42,000	285,260	327,260	327,249	11
Tuition to CSSD & Regional Day School	11-000-100-565	1,221,348	(8,823)	1,212,525	1,212,207	318
Tuition to Private School for the Handicapped - State	11-000-100-566	405,008	130,779	535,787	535,772	15
Tuition to Private School for the Disabled & Other LE	11-000-100-567	30,000	-	30,000	26,950	3,050
Tuition - Other	11-000-100-569	24,775	-	24,775	24,775	-
Total Undistributed Expenditures - Instruction		2,070,231	165,223	2,235,454	2,221,880	13,574
Attendance & Social Work Services:						
Salaries	11-000-211-100	73,788	-	73,788	70,968	2,820
Purchased Professional & Technical Services	11-000-211-300	1,675	3,600	5,275	5,088	187
Supplies and Materials	11-000-211-600	1,500	(1,100)	400	-	400
Total Attendance & Social Work Services		76,963	2,500	79,463	76,056	3,407
Health Services:						
Salaries	11-000-213-100	249,916	(9,300)	240,616	233,990	6,626
Purchased Professional & Technical Services	11-000-213-300	28,315	3,384	31,699	21,907	9,792
Other Purchased Services	11-000-213-500	1,050	(700)	350	259	91
Supplies and Materials	11-000-213-600	9,832	1,771	11,603	9,829	1,774
Other Objects	11-000-213-800	675	(55)	620	460	160
Total Health Services		289,788	(4,900)	284,888	266,445	18,443
Other Support Services - Students - Related Services:						
Salaries	11-000-216-100	54,626	(3,000)	51,626	49,078	2,548
Purchased Professional Educational Services	11-000-216-320	124,957	(4,622)	120,335	105,264	15,071
Supplies and Materials	11-000-216-600	1,000	-	1,000	983	17
Total Other Support Services-Students-Related Services		180,583	(7,622)	172,961	155,325	17,636
Other Support Services - Students - Extra Services:						
Salaries	11-000-217-100	315,585	(10,736)	304,849	287,590	17,259
Purchased Professional Educational Services	11-000-217-320	4,885	53,500	58,385	58,224	161
Supplies and Materials	11-000-217-600	13,650	(3,574)	10,076	9,623	453
Other Objects	11-000-217-800	400	-	400	293	107
Total Other Support Services - Students - Extra Services		334,520	39,190	373,710	355,730	17,980
Other Support Services - Students - Regular:						
Salaries of Other Professional Staff	11-000-218-104	543,920	71,196	615,116	594,048	21,068
Salaries of Secretarial & Clerical Assistants	11-000-218-105	100,954	16,708	117,662	88,719	28,943
Purchased Professional Educational Services	11-000-218-320	6,250	110	6,360	5,626	734
Other Purchased Professional & Technical Services	11-000-218-390	27,000	19,270	46,270	45,577	693
Other Purchased Services	11-000-218-500	9,875	300	10,175	9,183	992
Supplies and Materials	11-000-218-600	8,400	-	8,400	7,779	621
Other Objects	11-000-218-800	2,770	-	2,770	1,882	888
Total Other Support Services - Students - Regular		699,169	107,584	806,753	752,814	53,939

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Other Support Services - Students - Special Services:						
Salaries of Other Professional Staff	11-000-219-104	437,014	10,970	447,984	430,994	16,990
Salaries of Secretarial & Clerical Assistants	11-000-219-105	25,608	34,083	59,691	57,432	2,259
Purchased Professional Educational Services	11-000-219-320	4,220	6,139	10,359	8,433	1,926
Other Purchased Professional & Technical Services	11-000-219-390	20,800	1,261	22,061	21,603	458
Other Purchased Services	11-000-219-500	3,440	(3,440)	-	-	-
Miscellaneous Purchased Services	11-000-219-592	-	4,690	4,690	4,158	532
Supplies and Materials	11-000-219-600	5,210	224	5,434	5,291	143
Other Objects	11-000-219-800	500	-	500	500	-
Total Other Support Services-Students-Special Services		496,792	53,927	550,719	528,411	22,308
Improvement of Instruction Services/Other Support Services - Instruction Staff:						
Salaries of Supervisor of Instruction	11-000-221-102	197,650	120,000	317,650	288,396	29,254
Salaries of Other Professional Staff	11-000-221-104	44,388	(6,633)	37,755	30,618	7,137
Salaries of Secretarial & Clerical Assistants	11-000-221-105	-	45,090	45,090	44,496	594
Purchased Professional - Educational Services	11-000-221-320	31,600	(129)	31,471	31,471	-
Other Purchased Services	11-000-221-500	8,667	1,632	10,299	10,262	37
Supplies and Materials	11-000-221-600	3,000	(163)	2,837	2,513	324
Other Objects	11-000-221-800	2,800	1,250	4,050	4,010	40
Total Improvement of Instruction Services/Other Support Services Instructional Staff		288,105	161,047	449,152	411,766	37,386
Educational Media Services/School Library:						
Salaries	11-000-222-100	217,168	(23,000)	194,168	187,971	6,197
Purchased Professional & Technical Services	11-000-222-300	17,312	3,200	20,512	17,727	2,785
Other Purchased Services	11-000-222-500	2,230	-	2,230	2,204	26
Supplies and Materials	11-000-222-600	15,047	(2,700)	12,347	11,850	497
Other Objects	11-000-222-800	195	-	195	195	-
Total Educational Media Services/School Library		251,952	(22,500)	229,452	219,947	9,505
Support Services Instructional Staff Training Service:						
Salaries of Supervisors of Instruction	11-000-223-102	69,526	-	69,526	67,703	1,823
Salaries of Other Professional Staff	11-000-223-104	2,000	-	2,000	612	1,388
Salaries of Secretarial & Clerical Assistants	11-000-223-105	-	2	2	2	-
Purchased Professional & Technical Services	11-000-223-390	-	2,000	2,000	2,000	-
Other Purchased Services	11-000-223-500	1,000	8,685	9,685	5,638	4,047
Total Support Services Instructional Staff Training		72,526	10,687	83,213	75,955	7,258

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018			ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Support Services General Administration:						
Salaries	11-000-230-100	178,512	-	178,512	176,823	1,689
Legal Services	11-000-230-331	90,000	4,020	94,020	62,386	31,634
Audit Services	11-000-230-332	35,000	(1,800)	33,200	32,184	1,016
Architectural/Engineering Services	11-000-230-334	5,000	(1,516)	3,484	3,481	3
Purchased Technical Services	11-000-230-340	12,000	12,000	24,000	23,750	250
Communications/Telephone	11-000-230-530	103,795	(5,500)	98,295	87,489	10,806
BOE Other Purchased Services	11-000-230-585	19,500	(1,710)	17,790	7,628	10,162
Other Purchased Services	11-000-230-590	63,167	15,813	78,980	78,816	164
Supplies and Materials	11-000-230-600	4,000	(2,163)	1,837	1,626	211
BOE In-House Training Supplies	11-000-230-630	500	-	500	26	474
Miscellaneous Expenditures	11-000-230-890	2,650	-	2,650	2,485	165
BOE Membership Dues & Fees	11-000-230-895	12,500	-	12,500	12,190	310
Total Support Services General Administration		526,624	19,144	545,768	488,884	56,884
Support Services School Administration:						
Salaries of Principals & Assistant Principals	11-000-240-103	829,566	10,350	839,916	839,890	26
Salaries of Other Professional Staff	11-000-240-104	333,266	11,800	345,066	333,266	11,800
Salaries of Secretarial & Clerical Assistants	11-000-240-105	229,440	64,133	293,573	279,606	13,967
Other Salaries	11-000-240-110	43,955	14,038	57,993	57,959	34
Unused Vac Payment to Term/Ret Staff	11-000-240-199	-	4,095	4,095	4,095	-
Purchased Professional & Technical Services	11-000-240-300	3,170	3,030	6,200	5,855	345
Other Purchased Services	11-000-240-500	34,217	3,220	37,437	31,601	5,836
Supplies and Materials	11-000-240-600	29,210	(9,907)	19,303	18,427	876
Other Objects	11-000-240-800	21,848	5,495	27,343	24,768	2,575
Total Support Services School Administration		1,524,672	106,254	1,630,926	1,595,467	35,459
Central Services:						
Salaries	11-000-251-100	321,073	9,025	330,098	330,096	2
Purchased Professional Services	11-000-251-330	3,500	-	3,500	3,230	270
Purchased Technical Services	11-000-251-340	55,950	-	55,950	55,290	660
Miscellaneous Purchased Services	11-000-251-592	13,867	-	13,867	10,398	3,469
Supplies & Materials	11-000-251-600	4,000	500	4,500	3,810	690
Miscellaneous Expenditures	11-000-251-890	2,200	(500)	1,700	1,090	610
Total Central Services		400,590	9,025	409,615	403,914	5,701
Administrative Information Technology:						
Salaries	11-000-252-100	236,044	13,705	249,749	229,904	19,845
Purchased Technical Services	11-000-252-340	127,150	100	127,250	127,197	53
Other Purchased Services	11-000-252-500	6,000	-	6,000	5,389	611
Supplies and Materials	11-000-252-600	39,000	(20)	38,980	38,434	546
Other Objects	11-000-252-800	850	-	850	728	122
Total Administrative Information Technology		409,044	13,785	422,829	401,652	21,177
Allowance Maintenance for School Facilities:						
Salaries	11-000-261-100	129,674	19,525	149,199	140,185	9,014
Unused Vac Payment to Term/Ret Staff	11-000-261-199	-	1,345	1,345	1,343	2
Maintenance Services	11-000-261-420	108,528	29,686	138,214	136,474	1,740
General Supplies	11-000-261-610	120,495	(22,946)	97,549	85,082	12,467
Total Allowance Maintenance for School Facilities		358,697	27,610	386,307	363,084	23,223

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Other Operation & Maintenance of Plant Services:						
Salaries	11-000-262-100	925,438	55,314	980,752	976,367	4,385
Purchased Professional & Technical Services	11-000-262-300	62,360	24,405	86,765	82,967	3,798
Cleaning, Repair & Maintenance Services	11-000-262-420	3,247	-	3,247	-	3,247
Other Purchased Property Services	11-000-262-490	38,955	(4,046)	34,909	20,883	14,026
Insurance	11-000-262-520	165,000	(9,000)	156,000	155,387	613
Miscellaneous Purchased Services	11-000-262-590	3,410	-	3,410	1,710	1,700
General Supplies	11-000-262-610	112,004	(6,000)	106,004	99,226	6,778
Energy (Natural Gas)	11-000-262-621	120,000	48,700	168,700	165,296	3,404
Energy (Electricity)	11-000-262-622	657,550	(68,865)	588,685	584,170	4,515
Energy (Gasoline)	11-000-262-626	9,780	(9,000)	780	-	780
Other Objects	11-000-262-800	775	-	775	320	455
Total Other Operation&Maintenance of Plant Services		2,098,519	31,508	2,130,027	2,086,326	43,701
Care & Upkeep of Grounds						
Salaries	11-000-263-100	194,674	12,074	206,748	198,758	7,990
Purchased Professional & Technical Services	11-000-263-300	33,935	8,400	42,335	41,987	348
Cleaning, Repair & Maintenance Services	11-000-263-420	5,840	-	5,840	5,840	3,024
General Supplies	11-000-263-610	71,115	(9,500)	61,615	35,110	26,505
Total Care & Upkeep of Grounds		305,564	10,974	316,538	278,671	37,867
Security						
Salaries	11-000-266-100	-	52,843	52,843	48,064	4,779
Purchased Professional & Technical Services	11-000-266-300	47,000	25,000	72,000	39,317	32,683
Total Security		47,000	77,843	124,843	87,381	37,462
Student Transportation Services:						
Salaries of Non-Instructional Aides	11-000-270-107	28,331	4,785	33,116	29,593	3,523
Salaries for Pupil Transportation (Between Home & School) - Regular	11-000-270-160	606,311	31,315	637,626	589,368	48,258
Salaries for Pupil Transportation (Between Home & School) - Special	11-000-270-161	57,500	(24,000)	33,500	19,705	13,795
Salaries for Pupil Transportation (Other Than Between Home & School)	11-000-270-162	88,200	-	88,200	71,372	16,828
Other Purchased Professional & Technical Services	11-000-270-390	6,000	-	6,000	3,973	2,027
Cleaning, Repair & Maintenance	11-000-270-420	8,250	-	8,250	3,331	4,919
Lease Purchase Payments - School Buses	11-000-270-443	146,626	-	146,626	146,625	1
Aid in Lieu of Payments	11-000-270-503	165,000	27,050	192,050	177,293	14,757
Contracted Services (Between Home & School) - Vend Contracted Services (Other Than Between	11-000-270-511	693,992	1,183	695,175	694,742	433
School) - Vendors	11-000-270-512	42,800	(28,500)	14,300	1,719	12,581
Contracted Services (Special Education) - Vendors	11-000-270-514	48,723	54,500	103,223	103,202	21
Contracted Services (Special Education) - Joint Agree Contracted Services (Regular Education	11-000-270-515	15,000	(500)	14,500	2,749	11,751
Students) - ESC	11-000-270-517	114,900	(29,110)	85,790	34,204	51,586
Contracted Services (Special Education Students) - ESC	11-000-270-518	542,900	97,500	640,400	640,292	108
Miscellaneous Purchased Services - Transportation	11-000-270-593	36,242	1,000	37,242	34,644	2,598
Supplies and Materials	11-000-270-610	3,000	-	3,000	747	2,253
Transportation Supplies	11-000-270-615	200,000	(26,995)	173,005	135,900	37,105
Other Objects	11-000-270-800	1,000	(500)	500	233	267
Total Student Transportation Services		2,804,775	107,728	2,912,503	2,689,692	222,811

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Custodial Services					
Other Employee Benefits	11-000-262-290	8,080	(8,080)	-	-
Total Custodial Services		8,080	(8,080)	-	-
Student Transportation Services:					
Other Employee Benefits	11-000-270-290	7,175	(7,175)	-	-
Total Student Transportation Services		7,175	(7,175)	-	-
Total Allocated Benefits		15,255	(15,255)	-	-
Unallocated Benefits - Employee Benefits:					
Social Security	11-000-291-220	411,965	66,396	478,361	478,279
Other Retirement Contributions - PERS	11-000-291-241	515,280	(20,536)	494,744	493,926
Unemployment Compensation	11-000-291-250	207,966	(186,105)	21,861	20,000
Workmen's Compensation	11-000-291-260	257,000	10,000	267,000	266,981
Health Benefits	11-000-291-270	4,174,495	87,092	4,261,587	4,149,950
Tuition Reimbursement	11-000-291-280	-	14,549	14,549	8,451
Other Employee Benefits	11-000-291-290	316,900	(30,245)	286,655	279,791
Unused Sick Payment to Terminated/Retired Staff	11-000-291-299	45,000	(13,000)	32,000	31,560
Total Unallocated Benefits - Employee Benefits		5,928,606	(71,849)	5,856,757	5,728,938
Nonbudgeted:					
On-Behalf TPAF Pension Contribution		-	-	-	1,964,414
On-Behalf Post Retirement Medical Contribution		-	-	-	1,268,773
On-Behalf Long-Term Disability Insurance		-	-	-	4,892
Reimbursed TPAF Social Security Contribution		-	-	-	1,021,383
Total Undistributed Expenditures		19,179,975	821,903	20,001,878	23,447,800
Total Expenditures - Current Expense		32,732,410	776,316	33,508,726	36,635,063
Capital Outlay:					
Equipment:					
Regular Programs - Instruction: Grades 9 - 12	12-140-100-730	15,000	(3,971)	11,029	-
School-Sponsored & Other Instructional Programs	12-4xx-100-730	80,300	21,071	101,371	8,930
Undistributed Expense - Administrative Information Technology	12-000-252-730	125,000	-	125,000	125,000
Care and Upkeep of Grounds	12-000-263-730	51,440	-	51,440	49,229
Student Transportation: School Buses regular	12-000-270-733	460,000	(18,000)	442,000	441,691
Non-Instructional Equipment	12-000-270-732	17,630	-	17,630	-
Total Equipment		749,370	(900)	748,470	624,850

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	ACCOUNT NUMBERS	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Facilities Acquisition & Construction Services:						
Construction Services	12-000-400-450	104,650	-	104,650	82,085	22,565
Assessment for Debt Service on SDA Funding	12-000-400-896	116,737	-	116,737	116,737	-
Total Facilities Acquisition & Construction Services		221,387	-	221,387	198,822	22,565
Increase in Capital Reserve	10-604	281,285	-	281,285	-	281,285
Interest Deposit to Capital Reserve	10-604	100	(100)	-	-	-
Total Capital Outlay		1,252,142	(1,000)	1,251,142	823,672	427,470
Transfer of Funds to Charter Schools	10-000-100-56x	8,833	-	8,833	3,720	5,113
Total Expenditures		33,993,385	775,316	34,768,701	37,462,455	(2,693,754)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures		(1,366,039)	(43,073)	(1,409,112)	297,123	1,706,235
Other Financing Sources/(Uses):						
Operating Transfers In/(Out)		37,689	-	37,689	33,940	(3,749)
Total Other Financing Sources/(Uses)		37,689	-	37,689	33,940	(3,749)
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Sources/(Uses)		(1,328,350)	(43,073)	(1,371,423)	331,063	1,702,486
Fund Balances, July 1		4,306,788	-	4,306,788	4,306,788	-
Fund Balances, June 30		2,978,438	(43,073)	2,935,365	4,637,851	1,702,486

RECAPITULATION OF BUDGET TRANSFERS

Prior Year Encumbrances	\$ 43,073
Total	\$ 43,073

RECAPITULATION OF FUND BALANCE:

Restricted for:	
Capital Reserve	1,794,885
Excess Surplus	644,003
Excess Surplus Designated for Subsequent Year's Expenditures	1,211,761
Committed to:	
Year-End Encumbrances	185,393
Assigned to:	
Designated for Subsequent Year's Expenditures	15,489
Unassigned Fund Balance	<u>786,320</u>
Subtotal	4,637,851
Reconciliation to Governmental Fund Statements (GAAP):	
Last Two State Aid Payments Not Recognized on GAAP Basis	<u>(854,941)</u>
Fund Balance Per Governmental Funds (GAAP)	<u>\$ 3,782,910</u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	JUNE 30, 2018				POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS/ ADJUSTMENTS	FINAL BUDGET	ACTUAL	
Revenues:					
Federal Sources	\$ 592,922	\$ 22,777	\$ 615,699	\$ 598,825	\$ (16,874)
Local Sources	50,887	77,300	128,187	64,062	(64,125)
Total Revenues	<u>643,809</u>	<u>100,077</u>	<u>743,886</u>	<u>662,887</u>	<u>(80,999)</u>
Expenditures:					
Instruction:					
Salaries	114,159	20,460	134,619	102,955	31,664
Tuition to Private Schools for the Handicapped	400,000	43,417	443,417	443,417	-
Purchased Educational Services	50,000	(2,550)	47,450	42,170	5,280
Supplies & Materials	79,650	(2,009)	77,641	46,341	31,300
Total Instruction	<u>643,809</u>	<u>59,318</u>	<u>703,127</u>	<u>634,883</u>	<u>68,244</u>
Support Services:					
Benefits	-	30,429	30,429	28,004	2,425
Other Purchased Service	-	10,330	10,330	-	10,330
Total Support Services	<u>-</u>	<u>40,759</u>	<u>40,759</u>	<u>28,004</u>	<u>12,755</u>
Total Expenditures	<u>643,809</u>	<u>100,077</u>	<u>743,886</u>	<u>662,887</u>	<u>80,999</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART II

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**KINGSWAY REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR FISCAL YEAR ENDED JUNE 30, 2018**

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	GENERAL FUND	SPECIAL REVENUE FUND
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
From the Budgetary Comparison Schedule (C-Series)	\$ 37,759,578	\$ 662,887
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	-	199
Current Year	-	(16,285)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	782,751	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(854,941)	-
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 37,687,388	\$ 646,801
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 37,462,455	\$ 662,887
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Current Year	-	(16,086)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 37,462,455	\$ 646,801

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

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KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FIVE FISCAL YEARS

	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.06416%	0.06350%	0.05938%	0.05387%	0.05106%
District's proportionate share of the net pension liability (asset)	\$ 14,935,400	\$ 18,807,614	\$ 13,329,366	\$ 10,085,971	\$ 9,757,726
District's covered-employee payroll	\$ 4,044,855	\$ 4,428,385	\$ 4,327,819	\$ 4,155,381	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	369.24%	424.71%	307.99%	242.72%	N/A
Plan fiduciary net position as a percentage of the total pension liability	48.10%	40.14%	47.93%	52.08%	48.72%

**This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST FIVE FISCAL YEARS**

	2018	2017	2016	2015	2014
School District's contractually required contribution	\$ 594,373	\$ 564,147	\$ 510,499	\$ 444,098	384,693
Contributions in relation to the contractually required contribution	<u>(594,373)</u>	<u>(564,147)</u>	<u>(510,499)</u>	<u>(444,098)</u>	<u>(384,693)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 4,044,855	\$ 4,428,385	\$ 4,327,819	\$ 4,155,381	N/A
Contributions as a percentage of covered payroll	14.69%	12.74%	11.80%	10.69%	N/A

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS*

	2017	2016	2015	2014	2013
School District's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	85,772,712	96,997,063	72,207,218	59,999,348	57,910,947
	<u>\$ 85,772,712</u>	<u>\$ 96,997,063</u>	<u>\$ 72,207,218</u>	<u>\$ 59,999,348</u>	<u>\$ 57,910,947</u>
School District's covered payroll	\$ 13,866,926	\$ 13,252,305	\$ 13,020,275	\$ 12,323,419	N/A
School District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	22.33%	22.33%	28.71%	33.64%	33.76%

*The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS**

This schedule is not applicable. There is a special funding situation where the State of New Jersey pays 100% of the required contributions associated with the School District.

M. Schedules Related to Accounting and Reporting for Other Post-Employment Benefits (GASB 75)

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**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY AND RELATED RATIOS
STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES PLAN (OPEB)
LAST FISCAL YEAR***

	2018
Total OPEB Liability Associated with the District	
Service Cost	\$ 3,941,593
Interest Cost	2,222,996
Changes of Assumptions	(9,835,019)
Contributions: Member	59,366
Gross Benefit Payments	(1,612,222)
Net Change in Total OPEB Liability Associated with the District	(5,223,286)
Total OPEB Liability Associated with the District (Beginning)	74,829,255
Total OPEB Liability Associated with the District (Ending)	\$ 69,605,969
District's Covered Employee Payroll	\$ 18,643,489
Net OPEB Liability Associated with the District as a Percentage of Payroll	373.35%

Note - The amounts presented for each fiscal year were determined as of the previous fiscal year end (the measurement date).

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PART III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Teachers Pension and Annuity Fund (TPAF)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.22% as of June 30, 2016, to 4.25% as of June 30, 2017.

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 3.98% as of June 30, 2016, to 5.00% as of June 30, 2017.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes in Benefit Terms - None.

Changes in Assumptions - The discount rate changed from 2.85% as of June 30, 2016, to 3.58% as of June 30, 2017.

OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**KINGSWAY REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	TITLE I PART A	TITLE II PART A	TITLE III	TITLE IV	REGULAR PROGRAM	SAFETY GRANT	KEF GRANT	TOTAL
Revenues:								
Local Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,996	\$ 58,066	\$ 64,062
Federal Sources	130,695	11,413	3,300	10,000	443,417	-	-	598,825
Total Revenues	\$ 130,695	\$ 11,413	\$ 3,300	\$ 10,000	\$ 443,417	\$ 5,996	\$ 58,066	\$ 662,887
Expenditures:								
Instruction:								
Salaries	\$ 92,353	\$ 10,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,955
Tuition	-	-	-	-	443,417	-	-	443,417
Purchased Services	1,570	-	-	10,000	-	5,996	24,604	42,170
General Supplies	9,579	-	3,300	-	-	-	33,462	46,341
Total Instruction	103,502	10,602	3,300	10,000	443,417	5,996	58,066	634,883
Support Services:								
Personal Services - Employee Benefits	27,193	811	-	-	-	-	-	28,004
Total Support Services	27,193	811	-	-	-	-	-	28,004
Total Expenditures	\$ 130,695	\$ 11,413	\$ 3,300	\$ 10,000	\$ 443,417	\$ 5,996	\$ 58,066	\$ 662,887

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F. Capital Projects Fund

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**KINGSWAY REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

PROJECT TITLE	ORIGINAL DATE	BUDGETARY APPROPRIATIONS	EXPENDITURES		UNEXPENDED BALANCE 2018
			PRIOR YEAR	CURRENT YEAR	
Construction of Middle School Auxiliary Gym	01/06/12	\$ 5,350,012	\$ 4,919,588	\$ -	\$ 430,424
Additions and Renovations to Middle School	01/06/12	10,318,928	8,716,735	-	1,602,193
Additions and Renovations to High School	01/06/12	15,453,510	15,453,510	-	-
Total		\$ 31,122,450	\$ 29,089,833	\$ -	\$ 2,032,617

**KINGSWAY REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2018**

Expenditures and Other Financing Uses:	
Purchased Professional & Technical Services	\$ <u> -</u>
Total Expenditures	<u> -</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-
Fund Balance - Beginning	<u>2,032,617</u>
Fund Balance - Ending	<u><u>\$ 2,032,617</u></u>

**KINGSWAY REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
CONSTRUCTION OF MIDDLE SCHOOL AUXILIARY GYMNASIUM
FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 1,221,326	\$ -	\$ 1,221,326	\$ 1,221,326
Bond Proceeds & Transfers	4,128,686	-	4,128,686	4,128,686
Total Revenues	5,350,012	-	5,350,012	5,350,012
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	499,119	-	499,119	1,070,001
Construction Services	4,420,469	-	4,420,469	4,124,994
Equipment Purchases	-	-	-	155,017
Total Expenditures	4,919,588	-	4,919,588	5,350,012
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 430,424	\$ -	\$ 430,424	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	2440-060-10-G0ZP
Grant Date	01/06/2012
Bond Authorization Date	09/27/2011
Bonds Authorized	\$ 4,128,686
Bonds Issued	\$ 4,128,686
Original Authorized Cost	\$ 5,350,012
Revised Authorized Cost	\$ 5,350,012
Percentage Increase Over Original Authorized Cost	0%
Original Target Completion Date	09/01/2013
Actual Completion Date	N/A

**KINGSWAY REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO MIDDLE SCHOOL
FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 2,866,467		\$ 2,866,467	\$ 2,866,467
Bond Proceeds & Transfers	7,452,461		7,452,461	7,517,346
Total Revenues	10,318,928	-	10,318,928	10,383,813
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	949,606		949,606	2,076,762
Construction Services	7,044,084		7,044,084	8,006,257
Equipment Purchases	723,045		723,045	300,794
Total Expenditures	8,716,735	-	8,716,735	10,383,813
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 1,602,193	\$ -	\$ 1,602,193	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	2440-060-10-G0ZQ
Grant Date	01/06/2012
Bond Authorization Date	09/27/2011
Bonds Authorized	\$ 7,517,346
Bonds Issued	\$ 7,517,346
Original Authorized Cost	\$ 10,383,813
Revised Authorized Cost	\$ 10,383,813
Percentage Increase Over Original Authorized Cost	0%
Original Target Completion Date	09/01/2013
Revised Target Completion Date	N/A

**KINGSWAY REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS - BUDGETARY BASIS
ADDITIONS AND RENOVATIONS TO HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2018**

	PRIOR PERIODS	CURRENT YEAR	TOTALS	REVISED AUTHORIZED COST
Revenues & Other Financing Sources:				
State Sources - SDA Grant	\$ 4,375,608		\$ 4,375,608	\$ 4,375,608
Bond Proceeds & Transfers	11,077,902		11,077,902	11,013,017
Total Revenues	15,453,510	-	15,453,510	15,388,625
Expenditures & Other Financing Uses:				
Purchased Professional & Technical Services	1,480,061	-	1,480,061	3,077,725
Construction Services	12,726,677	-	12,726,677	11,807,291
Equipment Purchases	1,266,053	-	1,266,053	503,609
Total Expenditures	15,472,791	-	15,472,791	15,388,625
Other Financing Sources/(Uses)				
Cancellation of Account Payable	19,281	-	19,281	-
Total Other Financing Sources/(Uses)	19,281	-	19,281	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures				
	\$ -	\$ -	\$ -	\$ -

ADDITIONAL PROJECT INFORMATION

Project Number	2440-050-10-G0ZO
Grant Date	01/06/2012
Bond Authorization Date	09/27/2011
Bonds Authorized	\$ 11,013,017
Bonds Issued	\$ 11,013,017
Original Authorized Cost	\$ 15,388,625
Revised Authorized Cost	\$ 15,388,625
Percentage Increase Over Original Authorized Cost	0%
Original Target Completion Date	09/01/2013
Revised Target Completion Date	N/A

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G. Proprietary Funds

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Enterprise Funds

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**KINGSWAY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS	FOOD SERVICE FUND	COMMUNITY EDUCATION	2018
Current Assets:			
Cash & Cash Equivalents	\$ 492,581	\$ 443,389	\$ 935,970
Accounts Receivable:			
State	629	-	629
Federal	13,129	-	13,129
Other	10,842	-	10,842
Interfund Receivable	-	-	-
Inventories	10,928	-	10,928
	<hr/>	<hr/>	<hr/>
Total Current Assets	528,109	443,389	971,498
Noncurrent Assets:			
Furniture, Machinery & Equipment	778,460	-	778,460
Accumulated Depreciation	(654,991)	-	(654,991)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	123,469	-	123,469
	<hr/>	<hr/>	<hr/>
Total Assets	651,578	443,389	1,094,967
	<hr/>	<hr/>	<hr/>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	-	15,720	15,720
Unearned Revenue	22,453	-	22,453
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	22,453	15,720	38,173
	<hr/>	<hr/>	<hr/>
Noncurrent Liabilities:			
Compensated Absences	55,242	-	55,242
	<hr/>	<hr/>	<hr/>
Total Noncurrent Liabilities	55,242	-	55,242
	<hr/>	<hr/>	<hr/>
Total Liabilities	77,695	15,720	93,415
	<hr/>	<hr/>	<hr/>
NET POSITION			
Investment in Capital Assets	123,469	-	123,469
Unrestricted Net Position	450,414	427,669	878,083
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 573,883	\$ 427,669	\$ 1,001,552
	<hr/>	<hr/>	<hr/>

**KINGSWAY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2018**

	FOOD SERVICE FUND	COMMUNITY EDUCATION	TOTAL
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 527,204	\$ -	\$ 527,204
Daily Sales - Nonreimbursable Programs	486,117	-	486,117
Vending Machine Sales	7,469	-	7,469
Special Function	60,306	-	60,306
Program Fees	-	266,865	266,865
Total Operating Revenue	1,081,096	266,865	1,347,961
Operating Expenses:			
Salaries	530,987	115,697	646,684
Employee Benefits	188,659	-	188,659
Other Professional Services	-	27,707	27,707
Supplies and Materials	35,256	23,502	58,758
Cleaning, Repair & Maintenance Services	14,954	-	14,954
Miscellaneous Expenses	1,311	2,576	3,887
Depreciation	20,949	-	20,949
Cost of Sales - Reimbursable Programs	248,143	-	248,143
Cost of Sales - Non-Reimbursable Programs	261,033	-	261,033
Total Operating Expenses	1,301,292	169,482	1,470,774
Operating (Loss)/Gain	(220,196)	97,383	(122,813)
Nonoperating Revenues:			
State Sources:			
State School Lunch Program	10,147	-	10,147
Federal Sources:			
National School Lunch Program	198,479	-	198,479
Healthy Hunger-Free Kids Act	11,890	-	11,890
Food Distribution Program	78,826	-	78,826
Interest Revenue	50	-	50
Total Nonoperating Revenues	299,392	-	299,392
Net Income/(Loss)	79,196	97,383	176,579
Change in Net Position	79,196	97,383	176,579
Total Net Position - Beginning	494,687	330,286	824,973
Total Net Position - Ending	\$ 573,883	\$ 427,669	\$ 1,001,552

**KINGSWAY REGIONAL SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2018**

	FOOD SERVICE FUND	COMMUNITY EDUCATION	2018
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 1,094,734	\$ 266,865	\$ 1,361,599
Payments to Employees	(540,365)	(115,697)	(656,062)
Payments for Employee Benefits	(188,659)	-	(188,659)
Payments to Suppliers	(562,296)	(38,342)	(600,638)
	<hr/>	<hr/>	<hr/>
Net Cash Provided/(Used) by Operating Activities	(196,586)	112,826	(83,760)
Cash Flows From Investing Activities:			
Interest & Dividends	50	-	50
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Investing Activities	50	-	50
Cash Flows From Noncapital Financing Activities:			
State Sources	10,147	-	10,147
Federal Sources	289,195	-	289,195
	<hr/>	<hr/>	<hr/>
Net Cash Provided by Noncapital Financing Activities	299,342	-	299,342
Net Increase/(Decrease) in Cash & Cash Equivalents	102,806	112,826	215,632
Cash & Cash Equivalents, July 1	389,775	330,563	720,338
	<hr/>	<hr/>	<hr/>
Cash & Cash Equivalents, June 30	\$ 492,581	\$ 443,389	\$ 935,970
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:

Cash Provided/(Used) by Operating Activities:			
Operating Income/(Loss)	\$ (220,196)	\$ 97,383	\$ (122,813)
Adjustments to Reconcile Operating Income/(Loss) to Cash Provided/(Used) by Operating Activities:			
Depreciation Expense	20,949	-	20,949
Change in Assets & Liabilities:			
(Increase)/Decrease in Inventory	(1,599)	-	(1,599)
(Increase)/Decrease in Accounts Receivable, Net	(3,690)	-	(3,690)
(Increase)/Decrease in Interfund Receivable	11,048	-	11,048
Increase/(Decrease) in Accounts Payable	-	15,443	15,443
Increase/(Decrease) in Unearned Revenue	6,280	-	6,280
Increase/(Decrease) in Compensated Absences	(9,378)	-	(9,378)
	<hr/>	<hr/>	<hr/>
Total Adjustments	23,610	15,443	39,053
Net Cash Provided/(Used) by Operating Activities	\$ (196,586)	\$ 112,826	\$ (83,760)
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Internal Service Fund

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**KINGSWAY REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

ASSETS	GOVERNMENTAL ACTIVITIES					TOTAL
	TRANSPORTATION SERVICES	MAINTENANCE SERVICES	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES		
Cash	\$ 559,777	\$ 72,854	\$ 15,524	\$ -	\$ -	\$ 648,155
Accounts Receivable:						
Interfund Accounts Receivable	-	-	-	15,685	-	15,685
Intergovernmental - Other	142,337	3	-	37,523	-	179,863
Other Accounts Receivable	724	-	-	-	-	724
Total Assets	702,838	72,857	15,524	53,208	53,208	844,427
LIABILITIES						
Cash Deficit	-	-	-	53,208	-	53,208
Accounts Payable	406	-	-	-	-	406
Interfund Accounts Payable	702,432	72,857	15,524	-	-	790,813
Total Liabilities	702,838	72,857	15,524	53,208	53,208	844,427
NET POSITION						
Unrestricted Net Position	-	-	-	-	-	-
Total Net Position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**KINGSWAY REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
AS OF JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES				2018
	TRANSPORTATION SERVICES	MAINTENANCE SERVICES	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES	
OPERATING REVENUES:					
Local Sources:					
Transportation Fees	\$ 1,733,950	\$ -	\$ -	\$ -	\$ 1,733,950
Sale of Gasoline	12,658	-	-	-	12,658
Shared Service Fees	81,931	61,016	177,758	192,399	513,104
Total Operating Revenue	1,828,539	61,016	177,758	192,399	2,259,712
OPERATING EXPENSES:					
Salaries	772,836	60,000	176,058	185,000	1,193,894
Employee Benefits	119,134	-	-	-	119,134
Cleaning, Repair & Maintenance Services	3,493	-	-	-	3,493
Aid in Lieu of Transportation	157,017	-	-	-	157,017
Miscellaneous Purchased Services	585,406	-	1,500	-	586,906
Supplies & Materials	153,318	-	-	11,768	165,086
Miscellaneous Expenditures	242	-	-	-	242
Total Operating Expenses	1,791,446	60,000	177,558	196,768	2,225,772
Net Income/(Loss)					
Other Financing Sources/(Uses):					
Operating Transfer In/(Out):	37,093	1,016	200	(4,369)	33,940
Transfer to General Fund	(37,093)	(1,016)	(200)	4,369	(33,940)
Total Other Financing Sources/(Uses)	(37,093)	(1,016)	(200)	4,369	(33,940)
Change in Net Position	-	-	-	-	-
Total Net Position- July 1	-	-	-	-	-
Total Net Position - June 30	-	-	-	-	-

**KINGSWAY REGIONAL SCHOOL DISTRICT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2018**

	GOVERNMENTAL ACTIVITIES					TOTAL
	TRANSPORTATION SERVICES	MAINTENANCE SERVICES	GENERAL ADMINISTRATION	TECHNOLOGY SERVICES		
Cash Flows From Operating Activities:						
Receipts from Customers	\$ 1,944,774	\$ 61,016	\$ 177,758	\$ 194,289	\$ 2,377,837	
Payments to Employees	(772,836)	(60,000)	(175,858)	(185,000)	(1,193,694)	
Payments for Employee Benefits	(119,134)	-	-	-	(119,134)	
Payments to Suppliers	(862,029)	1,016	(1,500)	(11,768)	(874,281)	
Net Cash Provided/(Used) by Operating Activities	190,775	2,032	400	(2,479)	190,728	
Cash Flows From Noncapital Financing Activities:						
Transfer to General Fund	(37,093)	(1,016)	(200)	4,369	(33,940)	
Net Cash Provided by Noncapital Financing Activities	(37,093)	(1,016)	(200)	4,369	(33,940)	
Net Increase/(Decrease) in Cash & Cash Equivalents	153,682	1,016	200	1,890	156,788	
Cash & Cash Equivalents, July 1	406,095	71,838	15,324	(55,098)	438,159	
Cash & Cash Equivalents, June 30, 2013	\$ 559,777	\$ 72,854	\$ 15,524	\$ (53,208)	\$ 594,947	
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:						
Reconciliation of Operating Income (Loss) to Cash Provided/(Used) by Operating Activities:	\$ 37,093	\$ 1,016	\$ 200	\$ (4,369)	\$ 33,940	
Adjustments to Reconcile Operating Income/(Loss) in Cash Provided/(Used) by Operating Activities:						
Change in Assets & Liabilities:						
(Increase)/Decrease in Accounts Receivable	116,235	-	-	(26,206)	90,029	
(Increase)/Decrease in Interfund Receivable	-	-	-	28,096	28,096	
Increase/(Decrease) in Interfund Payable	37,091	1,016	200	-	38,307	
Increase/(Decrease) in Accounts Payable	356	-	-	-	356	
Total Adjustments	153,682	1,016	200	1,890	156,788	
Net Cash Provided/(Used) by Operating Activities	\$ 190,775	\$ 2,032	\$ 400	\$ (2,479)	\$ 190,728	

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H. Fiduciary Fund

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**KINGSWAY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

ASSETS	PRIVATE PURPOSE		AGENCY		TOTAL
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP	PAYROLL FUND	STUDENT ACTIVITY	
Cash & Cash Equivalents	\$ 88,426	\$ 188,636	\$ 85,646	\$ 149,721	\$ 512,429
Other Receivable	76	-	-	-	76
Total Assets	88,502	188,636	85,646	149,721	512,505
LIABILITIES					
Payroll Deductions & Withholdings	-	-	85,644	-	85,644
Due to Student Groups	-	-	-	149,721	149,721
Interfund Payable	-	-	2	-	2
Total Liabilities	-	-	85,646	149,721	235,367
NET POSITION					
Restricted for Unemployment Trust Claims & Other Purposes	88,502	-	-	-	88,502
Restricted for Scholarships	-	188,636	-	-	188,636
Total Net Position	\$ 88,502	\$ 188,636	\$ -	\$ -	\$ 277,138

**KINGSWAY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ADDITIONS:	PRIVATE PURPOSE		
	UNEMPLOYMENT COMPENSATION		
	TRUST	SCHOLARSHIPS	TOTAL
Local Sources:			
Contributions	\$ 20,000	\$ 1,820	\$ 21,820
Total Contributions	20,000	1,820	21,820
Investment Earnings:			
Interest on Investments	-	191	191
Total Investment Earnings	-	191	191
Total Additions	20,000	2,011	22,011
DEDUCTIONS:			
Unemployment Claims	71,375	-	71,375
Scholarship Payments	-	3,750	3,750
Total Deductions	71,375	3,750	75,125
Change in Net Position	(51,375)	(1,739)	(53,114)
Net Position - Beginning of Year	139,877	190,375	330,252
Net Position - End of Year	\$ 88,502	\$ 188,636	\$ 277,138

**KINGSWAY REGIONAL SCHOOL DISTRICT
FIDUCIARY FUNDS
SCHEDULE OF STUDENT ACTIVITY RECEIPTS AND DISBURSEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

	JULY 1, 2017	CASH RECEIPTS	CASH DISBURSEMENTS	JUNE 30, 2018
Kingsway Regional High School	\$ 160,618	\$ 687,156	\$ 734,302	\$ 113,472
Kingsway Regional Middle School	33,874	94,004	91,629	36,249
Kingsway Regional Athletics	68	98,956	99,024	-
Total	\$ 226,811	\$ 880,116	\$ 924,955	\$ 149,721

**SCHEDULE OF CHANGES IN PAYROLL AGENCY ASSETS & LIABILITIES
FOR FISCAL YEAR ENDED JUNE 30, 2018**

ASSETS	BALANCE JULY 1, 2017	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2018
Cash & Cash Equivalents:				
Payroll Account	\$ 140	\$ 13,681,819	\$ 13,681,957	\$ 2
Payroll Agency Account	207,409	10,470,452	10,592,217	85,644
Total Assets	\$ 207,549	\$ 24,152,271	\$ 24,274,174	\$ 85,646
LIABILITIES				
Net Payroll	\$ -	\$ 13,692,616	\$ 13,692,616	\$ -
Net Payroll Deductions & Withholdings	207,153	10,459,655	10,581,164	85,644
Interfund Account Payable	396	-	394	2
Total Liabilities	\$ 207,549	\$ 24,152,271	\$ 24,274,174	\$ 85,646

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I. Long-Term Debt

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**KINGSWAY REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2018**

	DATE OF	AMOUNT OF	ANNUAL MATURITY	INTEREST	BALANCE JUNE 30, 2017	ISSUED	REDEEMED	BALANCE JUNE 30, 2018
Series 2012 Additions & Renovations of Existing School Buildings	1/18/2012	22,659,000	02/01/2019	2.500%	\$ 19,409,000	\$ -	700,000	\$ 18,709,000
			02/01/2020	2.500%				
			02/01/2021	2.500%				
			02/01/2022	2.500%				
			02/01/2023	2.500%				
			02/01/2024	3.000%				
			02/01/2025	3.000%				
			02/01/2026	3.000%				
			02/01/2027	3.000%				
			02/01/2028	3.000%				
			02/01/2029	3.000%				
			02/01/2030	3.000%				
			02/01/2031	3.000%				
			02/01/2032	3.125%				
		02/01/2033-36	3.250-3.500%					
		02/01/2037	3.500%					
Series 2012 Refunding Bonds of 08/17/2004 Issue	1/27/2012	5,935,000	01/15/19	2.000%	4,185,000	-	545,000	3,640,000
			1/15/2020-21	2.250-4.000%				
			01/15/22	2.500%				
			01/15/23	3.000%				
		01/15/24	3.831%					
Series 2014 Refunding Bonds of 05/15/05 Issue	12/4/2014	8,730,000	03/01/19	5.000%	6,970,000	-	900,000	6,070,000
			03/01/20	4.000%				
			03/01/21	3.000%				
			03/01/22	5.000%				
			03/01/23	3.000%				
			03/01/24	4.000%				
Series 2016 Refunding Bonds of 11/21/06 Issue	10/20/2016	8,190,000	01/15/25	4.000%	8,170,000	-	-	8,170,000
			01/15/26	4.000%				
			01/15/27	4.000%				
			01/15/28	3.000%				
			01/15/29	3.000%				
			01/15/30	3.000%				
		01/15/31	3.000%					
Total					\$ 38,734,000	\$ -	\$ 2,145,000	\$ 36,589,000

**KINGSWAY REGIONAL SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	JUNE 30, 2018				NEGATIVE FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ACTUAL	
Revenues:					
Local Sources:					
Local Tax Levy	\$ 2,896,054	\$ -	\$ 2,896,054	\$ 2,896,054	\$ -
State Sources:					
Debt Service Aid Type II	522,864	-	522,864	522,864	-
Miscellaneous		-	-	1,904	1,904
Total Revenues	3,418,918	-	3,418,918	3,420,822	1,904
Expenditures:					
Regular Debt Service:					
Interest	1,275,822	-	1,275,822	1,275,821	1
Principal	2,145,000	-	2,145,000	2,145,000	-
Total Expenditures	3,420,822	-	3,420,822	3,420,821	1
Excess/(Deficiency) of Revenues					
Over/(Under) Expenditures	(1,904)	-	(1,904)	1	1,905
Fund Balance July 1	105,163	-	105,163	105,163	-
Fund Balance June 30	\$ 103,259	\$ -	\$ 103,259	\$ 105,164	\$ 1,905

STATISTICAL SECTION (Unaudited)

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KINGSWAY REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities:										
Net Investment in Capital Assets	\$ 19,836,311	\$ 19,475,201	\$ 17,827,660	\$ 17,607,415	\$ 16,354,079	\$ 8,717,235	\$ 9,449,419	\$ 9,885,660	\$ 10,836,455	\$ 9,816,867
Restricted	5,788,430	3,279,005	3,406,385	4,725,703	3,584,379	2,733,713	2,908,692	3,904,704	4,584,524	4,872,361
Unrestricted	(14,742,313)	(9,870,037)	1,100,145	139,963	53,340	(1,031,840)	(1,236,904)	(929,075)	(1,080,626)	(852,021)
Total Governmental Activities	\$ 10,882,428	\$ 12,884,169	\$ 22,334,190	\$ 22,473,081	\$ 19,991,798	\$ 10,419,108	\$ 11,121,207	\$ 12,861,289	\$ 14,340,353	\$ 13,837,207
Business-Type Activities:										
Investment in Capital Assets	\$ 123,469	\$ 100,476	\$ 10,215	\$ 10,762	\$ 41,293	\$ 74,322	\$ 106,667	\$ 135,707	\$ 142,253	\$ 170,703
Unrestricted	878,083	361,896	391,020	275,518	218,608	129,752	38,542	390,262	427,480	401,868
Total Business-Type Activities	\$ 1,001,552	\$ 462,372	\$ 401,235	\$ 286,280	\$ 259,901	\$ 204,074	\$ 145,209	\$ 525,969	\$ 569,733	\$ 572,571
District-Wide:										
Net Investment in Capital Assets	\$ 19,959,780	\$ 19,575,677	\$ 17,837,875	\$ 17,618,177	\$ 16,395,372	\$ 8,791,557	\$ 9,556,086	\$ 10,021,367	\$ 10,978,708	\$ 9,987,570
Restricted	5,788,430	3,279,005	3,406,385	4,725,703	3,584,379	2,733,713	2,908,692	3,904,704	4,584,524	4,872,361
Unrestricted	(13,864,230)	(9,508,141)	1,491,165	415,481	271,948	(902,088)	(1,198,362)	(538,813)	(653,146)	(450,153)
Total District Net Position	\$ 11,883,980	\$ 13,346,541	\$ 22,735,425	\$ 22,759,361	\$ 20,251,699	\$ 10,623,182	\$ 11,266,416	\$ 13,387,258	\$ 14,910,086	\$ 14,409,778

**KINGSWAY REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
FISCAL YEAR ENDING JUNE 30.										
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 12,871,811	\$ 14,702,463	\$ 12,536,245	\$ 11,978,588	\$ 11,243,222	\$ 7,878,158	\$ 8,763,250	\$ 8,789,020	\$ 7,546,067	\$ 7,710,990
Special Education	3,186,610	3,732,321	3,317,324	2,965,920	3,056,553	2,194,808	2,149,129	1,953,353	1,756,123	1,640,338
Other Instruction	45,609	5,352	401	5,992	4,850	56,162	31,261	31,289	9,677	2,690
School Sponsored	1,076,456	1,237,231	1,188,826	1,155,925	1,073,294	755,011	1,095,130	1,157,586	984,296	983,472
Support Services:										
Tuition	2,665,297	2,355,900	2,045,704	2,097,428	1,658,412	1,862,674	1,729,187	1,566,990	1,347,856	1,280,284
Student & Instruction Related Services	3,867,681	4,670,664	3,980,590	3,504,324	3,249,067	2,132,387	2,212,311	2,097,251	1,929,467	1,773,372
School Administrative Services	1,698,804	1,715,299	1,587,333	1,392,634	1,464,383	1,272,945	1,326,729	1,254,410	1,196,511	1,076,291
General & Business Administrative Services	756,642	857,522	717,954	682,990	618,884	537,466	439,397	410,818	456,780	426,569
Central Office & Technology Services	1,002,334	856,912	748,669	825,133	584,884	569,573	624,864	615,387	563,748	624,718
Plant Operations & Maintenance	3,474,201	3,840,177	3,790,087	3,137,022	3,171,687	2,528,095	2,711,376	3,080,264	2,895,772	2,795,334
Pupil Transportation	4,602,728	4,564,605	3,702,236	3,156,947	3,112,014	2,821,829	3,080,396	2,946,272	3,384,766	3,182,135
Allocated Benefits	-	-	-	-	-	4,408,279	4,716,007	4,808,105	4,376,662	3,788,563
Unallocated Benefits	-	-	-	-	-	1,940,708	1,686,111	1,659,606	2,179,478	2,012,548
On Behalf TPAP Pension and Social Security Contributions	-	-	-	-	-	-	-	-	-	-
Transfer to Charter School	3,720	-	-	-	-	-	-	-	-	19,470
Interest on Long-Term Debt	1,317,904	1,578,718	1,838,789	1,715,834	1,448,736	1,245,834	1,287,509	1,324,177	1,357,997	1,277,248
Unallocated Depreciation	1,980,299	1,670,349	1,880,234	1,679,247	1,904,135	1,439,521	676,384	675,162	1,457,201	629,463
Capital Asset Adjustment	-	-	-	-	72,143	-	-	-	-	-
Amortization of Debt Issuance Costs	-	-	102,268	-	-	-	-	-	-	-
Unallocated Compensated Absence	13,142,094	231,294	417,609	(94,013)	265,957	-	-	-	-	-
Total Governmental Activities Expense	51,692,191	42,018,809	37,757,592	34,300,648	33,003,413	31,643,450	32,531,041	32,351,690	31,542,401	29,223,505
Business-Type Activities										
Community Education Program	1,69,482	42,755	13,266	16,409	13,832	2,912	-	-	-	-
Food Service	1,301,292	1,208,748	1,155,055	1,046,087	1,042,778	1,003,315	949,241	1,005,978	999,511	985,159
Total Business-Type Activities Expense	1,470,774	1,251,503	1,168,321	1,062,496	1,056,610	1,006,227	949,241	1,005,978	999,511	985,159
Total District Expenses	\$ 53,169,965	\$ 43,270,312	\$ 38,925,913	\$ 35,363,144	\$ 34,060,023	\$ 32,649,677	\$ 33,480,282	\$ 33,357,668	\$ 32,541,912	\$ 30,208,664
Program Revenues:										
Governmental Activities										
Charges for Services:										
Pupil Transportation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943,221	\$ 1,184,917	\$ 1,055,760	\$ 1,623,513	\$ 1,565,273
Operating Grants & Contributions	2,259,712	1,961,651	1,742,380	1,165,354	1,104,912	1,134,114	1,091,333	1,135,868	1,075,725	1,071,949
Capital Grants & Contributions	12,753,880	5,315,795	4,566,633	436,803	449,711	-	-	-	-	-
Total Governmental Activities Program Revenues	15,013,592	7,277,446	2,199,013	1,602,157	1,554,623	2,077,335	2,276,250	2,191,628	2,699,238	2,637,222
Business-Type Activities										
Charges for Services:										
Community Education Program	266,865	93,098	30,026	28,854	26,378	13,615,000	822,769	798,796	773,209	702,206
Food Service	1,081,096	965,864	962,521	842,295	837,864	872,766	-	-	-	-
Technology Services	-	-	-	-	16,522,000	-	-	-	-	-
Operating Grants & Contributions	299,342	257,626	291,482	255,493	230,539	180,597	172,749	162,759	136,379	114,453
Total Business-Type Activities Program Revenues	1,647,303	1,316,588	1,284,029	1,126,642	1,111,303	1,066,978	995,518	961,555	909,588	816,659
Total District Program Revenues	\$ 16,660,895	\$ 8,594,034	\$ 3,483,042	\$ 2,728,799	\$ 2,665,926	\$ 3,144,313	\$ 3,271,768	\$ 3,153,183	\$ 3,608,826	\$ 3,453,881

**KINGSWAY REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net(Expense)/Revenue										
Governmental Activities	\$ 36,678,599	\$ (34,741,363)	\$ (35,558,579)	\$ (32,698,491)	\$ (31,448,790)	\$ (29,566,115)	\$ (30,254,791)	\$ (30,160,062)	\$ (28,843,163)	\$ (26,586,283)
Business-Type Activities	176,529	65,085	115,708	64,146	54,693	60,751	46,277	(44,423)	(89,923)	(168,300)
Total District-Wide Net Expend	\$ (36,502,070)	\$ (34,676,278)	\$ (35,442,871)	\$ (32,634,345)	\$ (31,394,097)	\$ (29,505,364)	\$ (30,208,514)	\$ (30,204,485)	\$ (28,933,060)	\$ (26,754,783)
General Revenues & Other Changes in Net Position										
Governmental Activities										
Property Taxes Levied for General Purposes, Net	\$ 20,630,552	\$ 18,400,237	\$ 17,431,770	\$ 17,089,971	\$ 16,323,659	\$ 15,536,649	\$ 14,194,655	\$ 13,248,425	\$ 13,010,690	\$ 13,402,716
Taxes Levied for Debt Service	2,896,054	3,024,851	3,059,318	3,108,239	1,888,351	1,803,669	1,703,432	1,688,110	1,627,323	1,683,659
Unrestricted Grants & Contributions	9,770,230	9,970,427	11,491,582	11,779,848	18,533,839	8,883,640	7,343,343	8,763,002	8,346,306	8,014,904
Federal & State Aid Restricted	522,864	-	-	-	-	-	-	-	-	-
Tuition Received	2,677,133	3,341,849	3,360,599	2,855,074	2,798,202	3,332,156	4,342,882	4,587,891	4,623,432	4,168,924
Rents and Royalties	81,636	77,121	-	-	-	-	-	-	-	-
Investment Earnings	5,726	-	7,098	11,659	-	39,178	88,375	123,493	205,915	256,418
Miscellaneous Income	327,081	227,960	350,533	319,044	379,629	269,421	173,387	215,139	162,927	139,029
Transportation Fees from Other LEA's Within State	1,534	-	-	-	-	-	-	-	-	-
Net Proceeds of Bond Sale	-	-	-	-	57,034	15,912	199,122	106,637	283,144	235,697
Cancellation of Account Receivables	-	-	-	-	-	-	425,600	-	(87,500)	(675,000)
Payables	-	-	-	(583)	-	-	-	-	-	-
Net (Increase)/Decrease in Compensated Absences	-	-	-	-	-	-	-	-	-	-
Net (Increase)/Decrease in Capital Assets	-	-	14,956	-	-	-	-	-	-	-
Total Governmental Activities	36,912,810	35,049,068	35,695,856	35,163,252	39,980,714	28,864,016	28,514,707	28,971,080	30,669,538	29,931,105
Business-Type Activities										
Investment Earnings	50	1,386	948	1,627	1,383	850	867	556	2,518	5,730
Transfers	-	-	-	-	-	-	-	-	-	163,000
Change in Bonded Capital	-	-	-	-	-	-	(425,600)	-	87,500	199,154
Net (Increase)/Decrease in Capital Assets	-	-	4,389	-	-	-	958	-	-	-
Net (Increase)/Decrease in Compensated Absences	-	(5,334)	(6,090)	(22,872)	(248)	(2,737)	(3,262)	102	(2,933)	(2,290)
Total Business-Type Activities	50	(3,948)	(753)	(21,245)	1,135	(1,887)	(42,703)	658	87,085	365,594
Total District-Wide	\$ 36,912,860	\$ 35,045,120	\$ 35,695,103	\$ 35,142,007	\$ 39,981,849	\$ 28,862,129	\$ 28,087,670	\$ 28,971,738	\$ 30,756,623	\$ 30,296,699
Change in Net Position										
Governmental Activities	\$ 234,211	\$ 307,705	\$ 137,277	\$ 2,464,761	\$ 8,531,924	\$ (702,099)	\$ (1,740,084)	\$ (1,188,982)	\$ 1,826,375	\$ 3,344,822
Business-Type Activities	176,579	61,137	114,955	42,901	55,828	58,864	(380,760)	(43,765)	(2,838)	197,094
Total District	\$ 410,790	\$ 368,842	\$ 252,232	\$ 2,507,662	\$ 8,587,752	\$ (643,235)	\$ (2,120,844)	\$ (1,232,747)	\$ 1,823,537	\$ 3,541,916

**KINGSWAY REGIONAL SCHOOL DISTRICT
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30, 2013									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund:										
Restricted	\$ 3,650,649	\$ 3,552,629	\$ 3,873,976	\$ 4,406,076	\$ 3,584,379	\$ 2,728,509	\$ 2,858,692	\$ 3,943,036	\$ 4,584,524	\$ 4,839,294
Assigned	-	87,149	87,149	319,627	-	-	-	-	-	-
Committed	185,393	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	759,943	552,731	659,534	530,489	226,948
Total General Fund	\$ 3,836,042	\$ 3,639,778	\$ 3,961,125	\$ 4,725,703	\$ 3,584,379	\$ 3,488,452	\$ 3,411,423	\$ 4,602,570	\$ 5,115,013	\$ 5,066,242
All Other Governmental Funds:										
Restricted	\$ 2,137,781	\$ 2,392,330	\$ 2,513,829	\$ 3,777,425	\$ 25,422,409	\$ 5,204	\$ 50,000	\$ (38,332)	\$ -	\$ 33,067
Committed	-	-	131,008	4,424,528	-	-	-	-	-	-
Unassigned, Reported in:										
Capital Projects Fund	-	-	-	-	-	(299,600)	(449,600)	-	-	-
Debt Service Fund	-	111,017	47,162	47,162	-	-	5,204	-	-	-
Total All Other Governmental Funds	\$ 2,137,781	\$ 2,503,347	\$ 2,691,999	\$ 8,249,115	\$ 25,422,409	\$ (294,396)	\$ (394,396)	\$ (38,332)	\$ -	\$ 33,067

**KINGSWAY REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes Local	\$ 23,526,606	\$ 21,425,088	\$ 20,471,088	\$ 20,198,210	\$ 18,212,010	\$ 17,340,316	\$ 15,898,087	\$ 14,936,535	\$ 14,638,013	\$ 15,086,375
Tuition Charges	2,677,133	3,341,849	3,360,599	2,855,074	2,798,202	3,332,156	4,342,882	4,587,891	4,623,432	4,168,924
Transportation	83,170	77,121	-	-	57,034	15,912	199,122	106,637	283,144	235,697
Miscellaneous	332,807	234,583	357,631	330,703	379,629	308,599	261,762	338,632	368,843	395,469
Local Sources	-	-	-	-	9,625	17,592	8,407	17,592	17,000	-
State Sources	14,533,269	12,127,546	11,494,211	11,785,650	18,254,364	9,290,613	6,906,832	9,447,830	9,031,936	8,699,321
Federal Sources	602,026	547,794	454,004	431,001	729,186	717,516	1,673,401	433,448	373,095	386,510
Total Revenue	41,755,011	37,753,981	36,137,533	35,600,638	40,430,425	31,014,737	29,290,493	29,868,565	29,335,463	28,972,296
Expenditures:										
Instruction:										
Regular Instruction	9,860,048	9,187,438	8,764,411	8,277,245	7,735,128	7,784,180	8,221,599	8,271,054	7,470,528	7,241,438
Special Education Instruction	2,468,656	2,417,631	2,418,182	2,083,582	2,220,282	2,186,002	2,136,896	1,943,140	1,755,367	1,628,706
Other Instructional	45,609	5,352	5,992	401	4,850	56,162	31,261	31,289	9,677	2,690
School Sponsored	988,330	1,075,858	1,078,460	1,047,621	970,645	663,092	804,335	867,217	896,704	747,467
Support Services:										
Tuition	2,665,297	2,355,900	2,045,704	2,097,428	1,658,412	1,862,674	1,729,187	1,566,990	1,347,856	1,280,284
Student & Instruction Related Services	2,842,449	2,793,298	2,696,623	2,244,352	2,054,879	2,125,940	2,114,301	1,999,922	1,920,914	1,679,388
School Administrative Services	1,595,467	1,526,072	1,457,917	1,265,636	1,344,016	1,270,985	1,307,195	1,237,037	1,184,384	1,056,791
General & Business Administration Services	1,294,450	1,375,899	1,186,763	1,282,660	1,098,703	1,056,420	1,020,532	981,075	990,699	1,011,679
Plant Operations & Maintenance	2,815,462	2,697,816	2,893,133	2,400,574	2,474,277	2,488,072	2,654,490	3,026,315	2,963,466	2,747,111
Pupil Transportation	2,689,692	2,694,444	2,269,025	2,058,100	1,865,474	1,740,212	1,755,960	1,742,691	1,612,110	1,467,740
Allocated Benefits	-	5,145,365	4,891,551	4,037,238	4,489,690	4,408,279	4,716,007	4,808,105	4,391,316	3,788,563
Unallocated Benefits	5,756,942	2,627,894	2,318,258	3,037,827	2,215,982	1,940,708	1,686,111	1,639,606	2,164,825	2,012,548
On Behalf TPAF Pension and Social Security Contributions	4,259,462	-	-	-	-	-	-	-	-	-

**KINGSWAY REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenditures (continued):										
Special Schools	-	883,562	7,003,439	18,356,424	6,160,542	2,233,077	776,393	331,346	508,784	19,470
Capital outlay	706,935	-	-	-	-	-	-	-	-	2,988,071
Debt service:										
Principal	2,145,000	2,095,000	1,930,000	2,018,600	1,310,000	1,260,000	1,070,000	1,035,000	935,000	1,035,000
Interest & Other Charges	1,392,558	1,575,033	1,662,163	1,695,165	1,214,657	1,264,531	1,302,106	1,337,938	1,370,712	1,310,738
Total Expenditures	41,526,357	38,456,562	42,621,621	51,902,853	36,817,537	32,340,334	31,326,373	30,818,725	29,522,342	30,017,684
Excess (Deficiency) of Revenues Over/(Under) Expenditures	228,654	(702,581)	(6,484,088)	(16,302,215)	3,612,888	(1,325,597)	(2,035,880)	(950,160)	(186,879)	(1,045,388)
Other Financing Sources/(Uses):										
Bond Proceeds	-	-	-	-	22,659,000	-	-	-	-	-
Bond Anticipation Note	-	-	-	153,600	146,000	-	-	-	-	-
Capital Leases	-	-	-	-	-	1,500,000	-	-	-	-
(Nonbudgeted)	-	-	-	-	-	-	-	-	-	-
Cancellation of Account Payable	-	(9,638,664)	14,956	15,550	-	-	-	-	-	-
Cancellation of Account Receivable	-	9,736,442	-	(16,133)	-	-	-	-	-	-
Transfers to Charter School	(3,720)	-	-	-	-	-	-	-	-	-
Transfers in	33,940	94,804	147,438	151,392	-	150,001	480,803	1	1	1
Transfers Out	-	-	-	(34,164)	-	(1)	(55,203)	(1)	(87,501)	(163,001)
Total Other Financing Sources/ (Uses)	30,220	192,582	162,394	270,245	22,805,000	1,650,000	425,600	-	(87,500)	(163,000)
Net Change in Fund Balances	\$ 258,874	\$ (509,999)	\$ (6,321,694)	\$ (16,031,970)	\$ 26,417,888	\$ 324,403	\$ (1,610,280)	\$ (950,160)	\$ (274,379)	\$ (1,208,388)
Debt Service as a Percentage of Noncapital Expenditures	8.67%	9.77%	10.09%	11.07%	8.24%	7.92%	7.77%	7.58%	8.07%	9.96%

Source: District Records

**KINGSWAY REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

FISCAL YEAR ENDING JUNE 30,	FACILITY USAGE	INTEREST ON INVESTMENTS	PRIOR YEAR REFUNDS	SPORTING			MISCELLANEOUS	TOTAL
				EVENTS GATE RECEIPTS	DRIVER'S EDUCATION FEES	STUDENT PARTICIPATION FEES		
2018	\$ -	\$ 5,726	\$ 26,160	\$ 19,098	\$ -	\$ 122,090	\$ 93,767	\$ 266,841
2017	-	6,623	10,573	17,317	-	92,475	69,320	196,308
2016	62,796	7,098	31,576	23,068	-	96,327	120,058	340,923
2015	43,806	11,659	16,693	17,611	-	123,000	55,399	268,168
2014	61,587	19,349	55,902	19,521	-	122,680	92,333	371,372
2013	58,476	39,178	3,747	24,849	-	-	182,349	308,599
2012	48,195	88,375	7,321	27,169	-	-	90,702	261,762
2011	17,664	123,493	3,213	17,664	-	-	176,598	338,632
2010	-	205,915	11,377	27,700	-	-	123,850	368,842
2009	-	256,418	2,701	15,740	14,685	-	96,886	386,430

Source: District records

**KINGSWAY REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL	INDUSTRIAL	APARTMENT	TOTAL ASSESSED VALUE	PUBLIC UTILITIES	NET VALUATION TAXABLE	TOTAL DIRECT SCHOOL TAX RATE	ACTUAL (COUNTY EQUALIZED) VALUE
East Greenwich Township												
2018	\$ 17,116,700	\$ 964,291,200	\$ 19,236,700	\$ 2,586,400	\$ 45,205,600	\$ 18,189,300	\$ 1,624,400	\$ 1,068,250,300	\$ -	\$ 1,068,250,300	0.768	\$ 1,146,443,025
2017	15,568,800	954,674,000	20,887,100	2,651,300	48,924,400	16,188,500	1,624,400	1,060,518,500	-	1,060,518,500	0.767	1,122,656,649
2016	15,699,700	941,124,600	21,611,800	2,710,000	49,351,600	16,146,300	1,916,500	1,048,560,500	1,280,885	1,049,841,385	0.752	1,089,213,265
2015	14,104,900	924,528,700	23,001,600	2,712,700	54,274,600	16,459,200	1,916,500	1,036,998,200	1,266,142	1,038,264,342	0.726	1,079,797,686
2014	17,930,100	910,807,400	23,975,400	2,749,200	54,269,400	16,952,500	2,159,800	1,028,843,800	1,470,197	1,030,313,997	0.720	1,092,833,683
2013	23,442,400	889,149,600	26,804,000	2,753,700	55,217,900	16,965,700	2,159,800	1,016,493,100	1,619,410	1,018,112,510	0.708	1,138,046,180
2012	11,189,900	553,679,120	13,521,100	2,501,200	27,839,800	12,696,000	1,799,600	623,226,720	938,951	624,165,671	1.115	1,147,450,036
2011	15,368,950	525,325,520	14,300,100	2,533,250	28,051,700	13,029,300	1,799,600	600,408,420	1,115,561	601,523,981	1.080	1,157,758,363
2010	20,274,050	486,601,720	15,097,500	2,548,250	28,096,200	13,029,300	1,799,600	567,446,620	1,053,782	568,500,402	1.074	1,114,585,736
2009	24,720,000	-	-	-	28,096,200	13,029,300	-	24,720,000	1,830,918	26,550,918	1.158	1,029,784,496
South Harrison Township												
2018	8,491,800	307,969,300	36,090,400	3,574,900	22,841,600	-	-	378,968,000	486,625	379,454,625	0.869	395,876,647
2017	9,079,300	308,531,100	34,355,900	3,630,200	22,221,400	-	-	377,817,900	506,452	378,324,352	0.868	391,019,959
2016	10,430,500	301,016,100	34,823,300	3,680,300	21,933,100	-	-	371,883,300	501,225	372,384,525	0.868	389,734,776
2015	8,852,800	299,016,400	34,566,600	3,695,400	21,437,300	-	-	367,568,500	521,058	368,089,558	0.851	365,487,580
2014	10,692,100	328,052,400	38,652,800	3,701,000	23,785,500	-	-	404,883,800	703,216	405,587,016	0.738	366,225,204
2013	12,412,200	323,062,100	42,337,000	3,622,100	23,694,300	-	-	405,127,700	743,659	405,871,359	0.694	371,167,397
2012	13,569,500	317,392,500	43,481,000	3,686,500	24,013,800	-	-	401,943,300	782,657	402,725,957	0.644	383,259,327
2011	13,794,500	316,892,600	43,321,200	4,766,800	21,313,900	-	-	400,089,000	978,729	401,067,729	0.612	372,661,163
2010	6,934,700	184,090,000	27,418,300	2,675,100	8,322,300	-	-	229,440,400	581,640	230,022,040	1.008	382,273,242
2009	6,872,100	-	-	-	8,322,300	-	-	6,872,100	518,283	7,390,383	1.013	371,852,725
Borough of Swedesboro												
2018	1,200,000	135,946,700	-	25,300	29,555,400	3,273,800	2,330,700	172,331,900	-	172,331,900	0.888	176,570,879
2017	1,225,500	136,021,000	-	25,300	29,592,200	3,273,800	2,330,700	172,468,500	-	172,468,500	0.919	178,468,138
2016	1,311,500	135,324,200	-	25,300	30,020,200	3,273,800	2,749,500	172,704,500	1,774,301	174,478,801	0.905	176,331,228
2015	1,516,500	146,211,800	-	25,300	34,204,500	1,663,900	1,122,400	184,744,400	1,703,659	186,448,059	0.867	181,333,040
2014	1,962,600	148,474,600	-	24,700	34,901,000	1,695,500	1,122,400	188,180,800	1,833,117	190,013,917	0.870	192,277,907
2013	2,146,800	148,633,300	-	24,700	35,797,600	1,695,500	1,122,400	189,420,300	2,354,496	191,774,796	0.785	197,364,832
2012	2,511,200	147,909,300	-	24,700	35,840,600	1,695,500	1,122,400	189,103,700	2,399,420	191,503,120	0.713	202,130,113
2011	2,218,200	72,847,700	-	24,700	13,511,400	902,800	1,000,700	90,480,800	1,123,014	91,603,814	1.403	193,463,770
2010	2,670,600	69,283,500	-	-	13,489,600	902,800	1,000,700	87,347,200	1,122,898	88,470,098	1.304	187,421,942
2009	3,807,000	-	-	-	-	-	-	3,807,000	1,369,051	5,176,051	1.337	158,515,152
Woolwich Township												
2018	15,861,400	966,313,300	18,471,800	4,235,100	52,004,500	42,292,600	32,501,500	1,131,680,200	1,719,044	1,133,399,244	0.911	1,234,884,068
2017	13,795,200	956,623,700	19,670,300	4,242,400	51,386,700	42,884,800	32,801,500	1,121,404,600	1,810,647	1,123,215,247	0.883	1,193,338,953
2016	13,276,400	943,474,000	20,072,500	4,317,800	50,503,300	43,425,600	21,054,900	1,096,124,500	1,870,892	1,097,995,392	0.848	1,163,596,438
2015	17,421,300	923,944,400	18,481,400	4,344,600	51,771,100	44,073,200	22,229,800	1,082,265,800	1,901,162	1,084,166,962	0.798	1,110,614,108
2014	19,999,300	905,097,600	20,677,300	4,291,500	55,082,700	45,953,200	22,229,800	1,073,331,400	2,303,228	1,075,634,628	0.767	1,099,949,222
2013	15,110,900	543,765,600	14,130,200	4,968,700	25,146,400	21,639,600	7,701,100	632,462,500	1,369,350	633,831,850	1.207	1,150,834,822
2012	17,200,900	534,786,500	14,280,800	4,979,500	24,187,900	23,097,100	8,741,400	627,274,100	1,279,782	628,553,882	1.090	1,188,696,871
2011	20,088,000	526,066,000	14,063,400	4,954,300	21,996,900	23,006,100	8,741,400	618,916,100	1,543,335	620,459,435	1.029	1,207,715,607
2010	23,310,900	-	14,172,700	4,975,600	45,169,800	12,611,300	-	100,240,300	1,409,722	101,650,022	0.943	1,244,290,405
2009	25,487,400	-	-	-	-	-	-	25,487,400	1,276,729	26,764,129	0.903	1,188,592,291

Source: County Abstract if Ratables

KINGSWAY REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES				TOTAL DIRECT & OVERLAPPING TAX RATE
	LOCAL SCHOOL	REGIONAL SCHOOL	TOTAL DIRECT	MUNICIPALITY	GLOUCESTER COUNTY	COUNTY LIBRARY	COUNTY OPEN SPACE	
East Greenwich Township								
2018	1.338	0.768	2.106	0.382	0.672	0.051	0.043	3.254
2017	1.301	0.767	2.068	0.384	0.668	0.052	0.044	3.216
2016	1.216	0.752	1.968	0.385	0.637	0.049	0.043	3.082
2015	1.150	0.726	1.876	0.327	0.600	0.047	0.042	2.892
2014	1.090	0.720	1.810	0.320	0.596	0.046	0.044	2.816
2013	1.018	0.708	1.726	0.301	0.571	0.047	0.045	2.690
2012	1.611	1.115	2.726	0.416	0.920	0.075	0.074	4.211
2011	1.618	1.080	2.698	0.390	0.980	0.077	0.077	4.222
2010	1.527	1.074	2.601	0.374	1.156	-	-	4.131
2009	1.542	1.158	2.700	0.364	1.173	-	-	4.237
South Harrison Township								
2018	1.012	0.869	1.881	0.231	0.661	0.050	0.042	2.865
2017	1.011	0.868	1.879	0.210	0.653	0.051	0.043	2.836
2016	1.012	0.868	1.880	0.201	0.644	0.049	0.044	2.818
2015	0.999	0.851	1.850	0.198	0.564	0.045	0.040	2.697
2014	0.889	0.738	1.627	0.171	0.508	0.039	0.037	2.382
2013	0.874	0.694	1.568	0.177	0.467	0.039	0.037	2.288
2012	0.861	0.644	1.505	0.175	0.475	0.039	0.038	2.232
2011	0.842	0.612	1.454	0.101	0.474	0.038	0.038	2.105
2010	1.404	1.008	2.412	0.176	0.989	-	-	3.577
2009	1.378	1.013	2.391	0.177	0.994	-	-	3.562
Borough of Swedesboro								
2018	1.408	0.888	2.296	0.971	0.648	0.049	0.041	4.005
2017	1.384	0.919	2.303	0.950	0.654	0.051	0.043	4.001
2016	1.354	0.905	2.259	0.918	0.620	0.047	0.042	3.886
2015	1.324	0.867	2.191	0.833	0.559	0.044	0.039	3.666
2014	1.279	0.870	2.149	0.802	0.569	0.044	0.042	3.606
2013	1.197	0.785	1.982	0.775	0.524	0.044	0.042	3.367
2012	1.144	0.713	1.857	0.745	0.529	0.043	0.043	3.217
2011	2.296	1.403	3.699	1.563	1.081	0.085	0.085	6.513
2010	1.855	1.304	3.159	1.739	1.251	-	-	6.149
2009	1.554	1.337	2.891	1.710	1.194	-	-	5.795
Woolwich Township								
2018	1.415	0.911	2.326	0.557	0.689	0.052	0.044	3.668
2017	1.423	0.883	2.306	0.558	0.672	0.052	0.044	3.632
2016	1.408	0.848	2.256	0.548	0.651	0.050	0.044	3.549
2015	1.390	0.798	2.188	0.506	0.590	0.047	0.041	3.372
2014	1.325	0.767	2.092	0.486	0.575	0.045	0.042	3.240
2013	2.187	1.207	3.394	0.735	0.926	0.077	0.073	5.205
2012	2.126	1.090	3.216	0.705	0.936	0.077	0.075	5.009
2011	2.117	1.029	3.146	0.705	0.992	0.078	0.078	4.999
2010	1.908	0.943	2.851	0.705	1.190	-	-	4.746
2009	1.865	0.903	2.768	0.660	1.177	-	-	4.605

Source: Gloucester County Abstract of Ratable:

**KINGSWAY REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

	2018		2009	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
EAST GREENWICH TOWNSHIP				
Travelcenters Properties LP	\$ 5,276,500	0.49%		
Saint Gobain Performance Plastics	3,815,700	0.36%		
Columbia Gas Transmission Co.	3,598,900	0.34%		
South Shore Properties LLC	3,479,800	0.33%		
Transcontinental Gas Pipeline Co.	2,520,900	0.24%		
Storage World of NJ LLC	2,361,900	0.22%		
Summer Skye LLC	2,066,700	0.19%		
Baybridge II, LLC	1,975,400	0.18%		
WGJ Enterprises	1,557,200	0.15%		
Jemm Holdings LLC	1,500,000	0.14%		
Beazer Homes			5,551,900	1.07%
Fentell-Crossing LLC			4,418,200	0.85%
Pulte Homes			3,617,300	0.70%
HPT TA Properties			3,381,200	0.65%
St. Gobain Performance Plastics			2,235,200	0.43%
Transcontinental Gas Pipeline Co.			2,150,500	0.41%
Columbia Gas Transmission Co.			1,877,200	0.36%
Colonial Pipeline Co.			1,842,500	0.35%
Hovbros Oakridge LLC			1,811,900	0.35%
M & R Builders, Inc.			1,479,200	0.28%
Total	\$ 28,153,000	2.64%	\$ 28,365,100	5.45%
SOUTH HARRISON TOWNSHIP				
Mullica Hill Group Companies LLC	\$ 4,544,100	1.20%		
Mullica Hill Group Co LLC	3,145,800	0.83%		
Taxpayer #1	2,895,400	0.76%		
American Tower Asset Sub LLC	2,416,900	0.64%		
Taxpayer #2	2,171,000	0.57%		
South Harrison 500 Associates LLC	2,160,000	0.57%		
Taxpayer #3	1,933,600	0.51%		
Taxpayer #4	1,296,200	0.34%		
Harrisonville Mobile Home Park	1,012,500	0.27%		
National Energy Partners LLC	929,900	0.25%		
Taxpayer #1			3,323,100	1.49%
Taxpayer #2			2,031,400	0.91%
C & F Family Limited Partnership			1,913,300	0.86%
Spectrasite Broadcast Towers, Inc.			1,337,100	0.60%
Taxpayer #3			1,239,700	0.56%
Robert J. Pacilli Investment, Inc.			989,000	0.44%
Taxpayer #4			795,600	0.36%
Gres & Kaluzny Land Development			724,000	0.32%
Piersol Homes at Country Bridge			697,400	0.31%
Taxpayer #5			598,700	0.27%
Total	\$ 22,505,400	5.93%	\$ 13,649,300	6.12%

Source: Municipal Tax Assessor

**KINGSWAY REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYERS	2018		2009	
	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE	TAXABLE ASSESSED VALUE	% OF TOTAL DISTRICT NET ASSESSED VALUE
BOROUGH OF SWEDESBORO				
Swedes Development LLC	\$ 3,789,200	2.20%		
D & D Properties of Swedesboro Inc.	2,823,500	1.64%		
R&R Real Estate, LLC	1,703,100	0.99%		
Taxpayer #1	1,660,000	0.96%		
Russo Rentals, LLC	1,466,700	0.85%		
Botto Sons, LLC	1,389,700	0.81%		
Swedesboro Housing LTD Partnership	1,275,000	0.74%		
Bank of America	974,900	0.57%		
GI Advo Propco LLC	961,100	0.56%		
Racoon Creek LLC	950,000	0.55%		
Del Monte Corporation			1,100,000	1.36%
Taxpayer #1			985,200	1.22%
Swedesboro Housing LTD Partnership			909,000	1.12%
D & D Properties of Swedesboro Inc.			839,300	1.04%
Bank of America			615,000	0.76%
Botto Sons, LLC			597,800	0.74%
Taxpayer #2			429,800	0.53%
CCL Container Corp.			422,600	0.52%
R&R Real Estate, LLC			398,300	0.49%
Hoerner Provision Co., Incc.			351,100	0.43%
Total	\$ 16,993,200	9.86%	\$ 6,648,100	8.21%
WOOLWICH TOWNSHIP				
Pond View at Westbrook, LLC	\$ 20,251,500	1.79%		
Liberty Venture	15,942,700	1.41%		
Westbrook at Weatherby LLC	12,250,000	1.08%		
Columbia Gas	7,678,100	0.68%		
USF Propco LLC	7,300,000	0.64%		
Liberty Property LTD Partnership	5,963,000	0.53%		
JMJ Warehouse Associates	5,700,000	0.50%		
Raab Family Partnership	3,665,400	0.32%		
GI Advo Propco LLC	3,196,200	0.28%		
Appleseed NJ LLC CVS	3,185,000	0.28%		
Westbrook at Weatherby LLC			12,663,600	2.24%
Columbia NJ Commodore Ind.			9,000,000	1.59%
Alliant Food			4,845,700	0.86%
Liberty Property LTD Partnership			4,150,000	0.74%
Columbia Gas Transmissions			3,925,000	0.70%
JMJ Warehouse Associates			3,549,400	0.63%
Rayken Development LLC			2,385,100	0.42%
Townhouses at Weatherby LLC			2,325,700	0.41%
DLI Development Co., LLC			2,188,000	0.39%
Summitt Ventures LLC			2,030,600	0.36%
Total	\$ 85,131,900	7.51%	\$ 47,063,100	8.34%

Source: Municipal Tax Assessor

**KINGSWAY REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	TAXES LEVIED FOR THE FISCAL YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
East Greenwich Township				
2018	8,137,602	8,137,602	100.00%	
2017	8,123,897	8,123,897	100.00%	-
2016	7,666,136	7,666,136	100.00%	-
2015	7,398,551	7,398,551	100.00%	-
2014	7,449,553	7,449,553	100.00%	-
2013	6,983,548	6,983,548	100.00%	-
2012	6,940,378	6,940,378	100.00%	-
2011	6,053,317	6,053,317	100.00%	-
2010	6,158,276	6,158,276	100.00%	-
2009	5,894,220	5,894,220	100.00%	-
South Harrison Township				
2018	3,316,426	3,316,426	100.00%	
2017	3,256,290	3,256,290	100.00%	-
2016	3,212,136	3,212,136	100.00%	-
2015	3,053,996	3,053,996	100.00%	-
2014	2,932,492	2,932,492	100.00%	-
2013	2,705,173	2,705,173	100.00%	-
2012	2,485,214	2,485,214	100.00%	-
2011	2,425,297	2,425,297	100.00%	-
2010	2,210,899	2,210,899	100.00%	-
2009	2,306,380	2,306,380	100.00%	-
	2,514,391	2,514,391	100.00%	
Borough of Swedesboro				
2018	1,572,325	1,572,325	100.00%	
2017	1,614,466	1,614,466	100.00%	-
2016	1,560,059	1,560,059	100.00%	-
2015	1,688,729	1,688,729	100.00%	-
2014	1,634,313	1,634,313	100.00%	-
2013	1,393,609	1,393,609	100.00%	-
2012	1,338,014	1,338,014	100.00%	-
2011	1,233,201	1,233,201	100.00%	-
2010	1,094,878	1,094,878	100.00%	-
2009	1,090,706	1,090,706	100.00%	-
Woolwich Township				
2018	10,193,654	10,193,654	100.00%	
2017	9,642,185	9,642,185	100.00%	-
2016	8,986,758	8,986,758	100.00%	-
2015	8,329,812	8,329,812	100.00%	-
2014	8,181,872	7,129,680	100.00%	-
2013	7,129,680	6,576,712	100.00%	-
2012	6,576,712	6,186,272	100.00%	-
2011	6,186,272	5,472,485	100.00%	-
2010	5,472,485	5,346,707	100.00%	-
2009	5,346,707	5,396,670	100.00%	-

**KINGSWAY REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 20,	GOVERNMENTAL ACTIVITIES			TOTAL DISTRICT	PERCENTAGE OF PER CAPITA INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	BOND ANTICIPATION NOTES (BANs)	CAPITAL LEASES			
2018	\$ 36,589,000	\$ -	\$ -	\$ 36,589,000	N/A	N/A
2017	43,554,000	-	300,000	43,854,000	N/A	1,570
2016	46,364,000	-	600,000	46,964,000	N/A	1,720
2015	48,294,000	-	900,000	49,194,000	4.06%	1,820
2014	50,159,000	153,600	1,200,000	51,512,600	2.85%	2,014
2013	28,239,000	299,600	1,500,000	30,038,600	3.20%	1,177
2012	29,349,000	449,600	169,000	29,967,600	3.43%	1,284
2011	30,419,000	-	405,666	30,824,666	3.96%	1,384
2010	31,454,000	-	642,333	32,096,333	4.45%	1,508
2009	32,389,000	-	684,881	33,073,881	5.20%	1,627

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

**KINGSWAY REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING			PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS	NET GENERAL BONDED DEBT OUTSTANDING		
2018	\$ 36,589,000	\$ -	\$ 36,589,000	N/A	N/A
2017	43,554,000	-	43,554,000	1.55%	1,560
2016	46,364,000	-	46,364,000	1.69%	1,698
2015	48,294,000	-	48,294,000	1.79%	1,787
2014	50,159,000	-	50,159,000	2.23%	1,961
2013	28,239,000	-	28,239,000	1.64%	1,106
2012	29,349,000	-	29,349,000	1.71%	1,257
2011	30,419,000	-	30,419,000	2.02%	1,366
2010	31,454,000	-	31,454,000	2.21%	1,478
2009	32,389,000	-	32,389,000	2.41%	1,593

**KINGSWAY REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2018**

<u>Governmental Unit</u>	DEBT OUTSTANDING	ESTIMATED PERCENTAGE APPLICABLE (a)	ESTIMATED SHARE OF OVERLAPPING DEBT
Debt Repaid With Property Taxes:			
East Greenwich Township	\$ 12,282,647	100.00%	\$ 12,282,647
South Harrison Township	-	100.00%	-
Swedesboro Borough	4,560,029	100.00%	4,560,029
Woolwich Township	15,551,032	100.00%	15,551,032
Other Debt:			
County of Gloucester	225,453,500	<u>Net County Apportioned</u>	
East Greenwich Township		1,172,783,819	4.441%
South Harrison Township		400,068,559	1.515%
Swedesboro Borough		175,631,884	0.665%
Woolwich Township		1,274,617,629	4.827%
			<u>10,881,962</u>
Subtotal, Overlapping Debt			58,203,236
Kingsway Regional School District Debt			<u>41,404,000</u>
		<u>County Total</u>	
		26,407,646,612	
Total Direct & Overlapping Debt			<u><u>\$ 99,607,236</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Gloucester 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 above. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

**KINGSWAY REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$ 102,151,534	95,850,403	95,850,403	97,981,635	99,390,738	98,413,494	95,523,243	88,311,077	46,472,803	66,555,731
Total Net Debt Applicable to Limit	41,404,000	43,554,000	46,364,000	48,294,000	50,159,000	28,239,000	29,798,600	30,419,000	31,454,000	32,389,000
Legal Debt Margin	\$ 60,747,534	52,296,403	49,486,403	49,687,635	49,231,738	70,174,494	65,724,643	57,892,077	15,018,803	34,166,731
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	40.53%	45.44%	48.37%	49.29%	50.47%	28.69%	31.20%	34.45%	67.68%	48.66%

Legal Debt Margin Calculation for Fiscal Year 2013

	Equalized Valuation Basis				Total
	East Greenwich	South Harrison	Swedesboro	Woolwich	
2017	1,166,339,448	395,945,250	175,098,456	1,255,658,324	\$ 2,993,041,478
2016	1,135,215,693	393,943,815	174,492,614	1,221,728,601	\$ 2,925,380,723
2015	1,109,930,177	384,123,362	178,255,499	1,165,114,551	\$ 2,837,423,589
					\$ 8,755,845,790
Average Equalized Valuation of Taxable Property					\$ 2,918,615,263
Debt Limit (3.5 % of Average Equalization Value)					\$ 102,151,534
Net Bonded School Debt					41,404,000
Legal Debt Margin					\$ 60,747,534

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation

**KINGSWAY REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PER CAPITA PERSONAL INCOME (c)	UNEMPLOYMENT RATE (d)
East Greenwich			
2016	10,396	N/A	3.7%
2015	10,335	48,799	4.2%
2014	10,286	46,852	5.5%
2013	10,154	45,435	3.8%
2012	10,056	44,601	7.5%
2011	9,841	43,527	7.3%
2010	9,617	42,050	7.5%
2009	8,317	41,561	7.0%
2008	7,762	41,604	4.7%
2007	7,244	39,257	3.7%
South Harrison			
2016	3,186	N/A	4.5%
2015	3,193	48,799	4.9%
2014	3,197	46,852	6.1%
2013	3,202	45,435	6.0%
2012	3,211	44,601	7.4%
2011	3,217	43,527	7.2%
2010	3,219	42,050	7.5%
2009	3,190	41,561	7.0%
2008	3,138	41,604	4.7%
2007	3,070	39,257	3.6%
Swedesboro Borough			
2016	2,602	N/A	5.0%
2015	2,610	48,799	4.8%
2014	2,604	46,852	5.3%
2013	2,600	45,435	8.3%
2012	2,604	44,601	10.8%
2011	2,606	43,527	10.6%
2010	2,592	42,050	10.9%
2009	2,372	41,561	10.2%
2008	2,251	41,604	7.0%
2007	2,078	39,257	5.4%
Woolwich			
2016	12,365	N/A	3.4%
2015	12,325	48,799	3.8%
2014	12,158	46,852	4.8%
2013	11,616	45,435	4.6%
2012	11,029	44,601	7.3%
2011	10,716	43,527	7.1%
2010	10,305	42,050	7.3%
2009	9,469	41,561	6.9%
2008	9,123	41,604	4.6%
2007	8,885	39,257	3.6%

Source:

a Population information provided by the NJ Dept of Labor and Workforce Development

b Personal income

c Per Capita

d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**KINGSWAY REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2018		PERCENTAGE OF TOTAL EMPLOYMENT
	EMPLOYEES	RANK	
Inspira Health	1,825	1	1.28%
Kennedy Memorial Hospital	1,675	2	1.18%
Washington Township School District	1,586	3	1.13%
Rowan University	1,483	4	1.04%
County of Gloucester	1,368	5	0.97%
Missa Bay, LLC	950	6	0.67%
Monroe Township School District	814	7	0.56%
U.S. Foodservices	725	8	0.51%
ExxonMobil Research & Engineering	540	9	0.38%
LaBrea Bakery	525	10	0.37%
	<u>11,491</u>		<u>8.09%</u>

2009

NOT AVAILABLE

Source: Comprehensive Annual Financial Reports of Individual School Districts

**KINGSWAY REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEAR**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	151.5	148.0	149.0	149.0	144.0	136.0	127.0	133.0	126.5	130.0
Special Education	59.0	58.0	58.0	56.0	55.0	48.0	51.0	51.0	29.0	28.0
Other Instruction		8.0	8.0	8.0	8.0	2.0	3.0	2.0	20.0	14.0
Athletics & Extra-Curricular	2.0	3.0	3.0	3.0	3.0	3.0				
Support Services:										
Student & Instruction Related Services	36.5	36.0	37.0	35.0	36.0	40.0	27.5	28.0	29.0	29.0
School Administrative Services	17.0	18.0	18.0	17.0	15.0	16.0	15.0	16.0	16.0	16.0
General Administrative Services	2.0	2.0	2.0	2.0	3.0	2.0	2.0	2.0	2.5	2.5
Plant Operations & Maintenance	33.0	36.0	36.0	36.0	36.0	30.0	27.0	30.0	37.5	38.0
Pupil Transportation	47.0	48.0	48.0	48.0	44.0	42.0	33.0	33.0	34.0	33.0
Business & Other Support Services	10.0	11.0	11.0	11.0	10.0	10.0	8.0	8.0	9.0	9.0
Food Service	27.0	28.0	28.0	28.0	24.0	24.0	24.0			
Total	385.0	396.0	398.0	393.0	378.0	353.0	317.5	303.0	303.5	299.5

Source: District Personnel Records

**KINGSWAY REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

FISCAL YEAR	ENROLLMENT	OPERATING EXPENDITURES (a)	COST PER PUPIL	PERCENTAGE CHANGE	TEACHING STAFF (b)	PUPIL/TEACHER RATIO			AVERAGE DAILY ENROLLMENT (ADE) (c)	AVERAGE DAILY ATTENDANCE (ADA) (d)	% CHANGE IN AVERAGE DAILY ENROLLMENT	STUDENT ATTENDANCE PERCENTAGE
						MIDDLE SCHOOL	HIGH SCHOOL	SCHOOL				
2018	2,713	36,635,063	13,504	3.04%	186	1.14	1.17	2,706.2	2,562.5	1.60%	94.69%	
2017	2,691	35,266,863	13,105	-1.75%	183	1.14	1.17	2,663.7	2,530.5	4.22%	95.00%	
2016	2,567	34,242,131	13,339	1.38%	184	1.13	1.14	2,555.9	2,427.0	1.34%	94.96%	
2015	2,534	33,342,831	13,158	0.03	183	1.13	1.14	2,522.0	2,407.0	3.27%	95.44%	
2014	2,463	31,569,386	12,817	0.03	175	1.14	1.15	2,442.1	2,311.4	4.82%	94.65%	
2013	2,365	29,468,444	12,460	0.03	167	1.22	1.23	2,329.9	2,189.9	3.03%	93.99%	
2012	2,284	27,682,627	12,120	0.04	152	1.25	1.24	2,261.3	2,121.3	1.31%	93.81%	
2011	2,232	25,935,406	11,620	(0.02)	159	1.20	1.22	2,232.1	2,086.1	1.10%	93.46%	
2010	2,208	26,182,824	11,858	(0.03)	165	1.14	1.26	2,207.9	2,068.1	3.64%	93.67%	
2009	2,130	26,143,709	12,274	0.01	162	1.11	1.14	2,130.4	2,000.0	4.18%	93.88%	

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay

(b) Teaching staff includes only full-time equivalents of certificated staff

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEAR**

DISTRICT BUILDINGS	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
High School (Grades 9-12)										
Square Feet	259,484	259,484	259,484	259,484	222,351	222,351	222,351	222,351	222,351	222,351
Capacity (Students)	2,000	2,000	2,000	2,000	1,454	1,454	1,454	1,454	1,454	1,454
Enrollment	1,750	1,771	1,685	1,664	1,597	1,540	1,504	1,488	1,488	1,470
Middle School (Grades 7-8)										
Square Feet	146,888	146,888	146,888	146,888	104,436	104,436	104,436	104,436	104,436	104,436
Capacity (Students)	1,000	1,000	1,000	1,000	800	800	800	800	800	800
Enrollment	963	920	882	870	866	825	780	743	720	660

Number of Schools at June 30, 2018:

 Middle School = 1

 Senior High School = 1

 Other = 0

Source: District Facilities Office

Enrollment is based on the annual October district count.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District Facilities:										
Kingsway Regional Middle School	\$ 128,664	\$ 158,313	\$ 141,328	\$ 191,300	\$ 141,108	\$ 125,202	\$ 24,650	\$ 21,655	\$ 21,738	\$ 21,428
Kingsway Regional High School	234,421	227,482	269,720	278,942	320,229	202,997	73,535	61,991	76,567	223,596
Total School Facilities	\$ 363,085	\$ 385,795	\$ 411,048	\$ 470,242	\$ 461,337	\$ 328,199	\$ 98,185	\$ 83,646	\$ 98,305	\$ 245,024

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**KINGSWAY REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018**

	COVERAGE	DEDUCTIBLE
School Package Policy (1)		
Commercial Property	\$ 106,685,248	\$ 1,000
Commercial General Liability	3,000,000	-
Commercial Automotive	1,000,000	2,000
Commercial Crime	100,000	1,000
Commercial Inland Marine	3,000,000	250
Data Breach & Privacy Security Liability (2)	1,000,000	-
Student Accident Insurance (3)		
Base	25,000	500
Catastrophic	2,500,000	25,000
Umbrella Liability (4)	10,000,000	-
Surety Bonds (5)		
Business Administrator/Board Secretary	250,000	-
Workmen's Compensation (6)	2,000,000	

- (1) Utica
- (2) Hiscox Insurance Company Inc.
- (3) Berkley Life and Health Insurance Company
- (4) Utica
- (5) Liberty Mutual
- (6) NJSIG

Source: District records

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SINGLE AUDIT SECTION

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HOLMAN | FRENIA
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EXHIBIT K-1

**INDEPENDENT AUDITOR'S 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
Kingsway Regional School District
County of Gloucester
Woolwich, New Jersey 08085

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, each major fund and the aggregate remaining fund information of the Kingsway Regional School District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Kingsway Regional School District's basic financial statements, and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kingsway Regional 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kingsway Regional School 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 Kingsway Regional School 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 School District'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, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 12, 2019

EXHIBIT K-2

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW
JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Kingsway Regional School District
County of Gloucester
Woolwich, New Jersey 08085

Report on Compliance for Each Major Federal and State Program

We have audited the Kingsway Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major federal and state programs for the fiscal year ended June 30, 2018. The Kingsway Regional School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Kingsway Regional School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*; and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards, the Uniform Guidance and New Jersey OMB's 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 or state program occurred. An audit includes examining, on a test basis, evidence about the School 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 and state program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Kingsway Regional 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 state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Kingsway Regional 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 School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB's 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 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Michael Holt
Certified Public Accountant
Public School Accountant, No. 1148

Medford, New Jersey
February 12, 2019

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	FEDERAL FAIN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2018	UNEARNED REVENUE AT JUNE 30, 2018	DUE TO GRANTOR AT JUNE 30, 2018
Enterprise Fund:													
Child Nutrition Cluster:													
Noncash Assistance:													
Food Distribution Program	10.555	171N1304N1099		Unavailable	78,826	7/1/17-6/30/18	\$ -	\$ 78,826	\$ (78,826)	\$ -	\$ -	\$ -	\$ -
Cash Assistance:													
Healthy Hunger Free Kids Act Lunch Program	10.555	16161NJ304N1099		100-010-3350-026	11,890	7/1/17-6/30/18	-	11,153	(11,890)	-	(737)	-	-
Healthy Hunger Free Kids Act Lunch Program	10.555	171N1304N1099		100-010-3350-026	11,955	7/1/16-6/30/17	(1,089)	1,089	-	-	-	-	-
National School Lunch Program	10.555	16161NJ304N1099		100-010-3350-026	198,479	7/1/17-6/30/18	-	186,087	(198,479)	-	(12,392)	-	-
National School Lunch Program	10.555	171N1304N1099		100-010-3350-026	199,184	7/1/16-6/30/17	(18,319)	18,319	-	-	-	-	-
Total Child Nutrition Cluster							(19,408)	295,474	(289,195)	-	(13,129)	-	-
Total Enterprise Fund							(19,408)	295,474	(289,195)	-	(13,129)	-	-

U.S. DEPARTMENT OF EDUCATION:

General Fund:													
Medical Assistance Program (SEMI)	93.778	170SNJ5MAP		100-054-7540-211	14,804	7/1/16-6/30/17	(3,908)	3,908	-	-	-	-	-
Medical Assistance Program (SEMI)	93.778	160SNJ5MAP		100-054-7540-211	19,287	7/1/17-6/30/18	-	7,617	(19,287)	-	(11,670)	-	-
Total General Fund							(3,908)	11,525	(19,287)	-	(11,670)	-	-

U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	FEDERAL FAIN NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	SUBRECIPIENT EXPENDITURES	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2018	UNEARNED REVENUE AT JUNE 30, 2018	DUE TO GRANTOR AT JUNE 30, 2018
Special Revenue:													
Title I	84.010	S010A150030		100-034-5064-194	114,715	7/1/16-6/30/17	(4,557)	4,557	-	-	-	-	-
Title I	84.010	S010A150030		100-034-5064-194	117,217	7/1/15-6/30/16	(3,608)	-	-	-	(3,608)	-	-
Title I	84.010	S010A150030		100-034-5064-194	122,381	7/1/17-6/30/18	-	25,929	(130,695)	-	(104,766)	-	-
Subtotal							(8,165)	30,486	(130,695)	-	(108,374)	-	-
Title II	84.367	S367A160029		100-034-5063-290	19,590	7/1/16-6/30/17	(4,263)	4,263	-	-	-	-	-
Title II	84.367	S367A150029		100-034-5063-290	34,013	7/1/17-6/30/18	-	2,232	(11,413)	-	(9,181)	-	-
Subtotal							(4,263)	6,495	(11,413)	-	(9,181)	-	-
Title III - Consortium	84.365	S365A170030		100-034-5064-187	3,300	7/1/17-6/30/18	-	3,300	(3,300)	-	-	-	-
Subtotal							-	3,300	(3,300)	-	-	-	-
Title IV	84.424	S424A170030		100-034-5063-348	10,000	7/1/17-6/30/18	-	10,000	(10,000)	-	-	-	-
Subtotal							-	10,000	(10,000)	-	-	-	-
Special Education Cluster:													
I,D,E,A, Part B, Basic Regular	84.027	H027A150100		100-034-5065-016	443,417	7/1/17-6/30/18	-	306,085	(443,417)	-	(137,332)	-	-
Subtotal							-	306,085	(443,417)	-	(137,332)	-	-
Total Special Education Cluster							-	306,085	(443,417)	-	(137,332)	-	-
Total Special Revenue Fund							(12,428)	356,366	(598,825)	-	(254,887)	-	-
Total Federal Financial Assistance							\$ (35,744)	\$ 663,365	\$ (907,307)	\$ -	\$ (279,686)	\$ -	\$ -

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR FISCAL YEAR ENDED JUNE 30, 2018**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE		CASH RECEIVED	BUDGETARY EXPENDITURES	SUB RECEIPT EXPENDITURES	PRIOR YEAR (RECEIVABLES) PAYABLES CANCELED	(ACCOUNTS RECEIVABLE) AT JUNE 30, 2018	MEMO		
				AT JUNE 30, 2017	AT JUNE 30, 2018						BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
State Department of Education:													
General Fund:													
State Aid Cluster:													
Equalization Aid	495-034-5120-078	\$ 6,867,815	7/1/17-6/30/18	\$ -	\$ 6,867,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (541,635)	\$ 6,867,815	
Special Education Categorical Aid	495-034-5120-089	1,152,423	7/1/17-6/30/18	-	1,152,423	-	(1,152,423)	-	-	-	(101,733)	1,152,423	
Security Aid	495-034-5120-084	160,339	7/1/17-6/30/18	-	160,339	-	(160,339)	-	-	-	(14,154)	160,339	
Supplemental Enrollment Growth Aid	495-034-5120-094	921,670	7/1/17-6/30/18	-	921,670	-	(921,670)	-	-	-	(81,363)	921,670	
Under Adequacy Aid	495-034-5120-096	133,057	7/1/17-6/30/18	-	133,057	-	(133,057)	-	-	-	(11,746)	133,057	
PARCC Readiness Aid	495-034-5120-098	22,880	7/1/17-6/30/18	-	22,880	-	(22,880)	-	-	-	(2,020)	22,880	
Per Pupil Growth Aid	495-034-5120-097	22,880	7/1/17-6/30/18	-	22,880	-	(22,880)	-	-	-	(2,020)	22,880	
Professional Learning Community Aid	495-034-5120-101	24,530	7/1/17-6/30/18	-	24,530	-	(24,530)	-	-	-	(2,166)	24,530	
Host District Support Aid	495-034-5120-102	277	7/1/17-6/30/18	-	277	-	(277)	-	-	-	(24)	277	
Total State Aid Cluster					9,305,871		(9,305,871)				(756,861)	9,305,871	
Transportation Aid	495-034-5120-014	293,272	7/1/17-6/30/18	-	293,272	-	(293,272)	-	-	-	(25,890)	293,272	
Extraordinary Aid	495-034-5120-044	144,531	7/1/16-6/30/17	(144,531)	-	-	-	-	-	-	-	-	
Extraordinary Aid	495-034-5120-044	169,480	7/1/17-6/30/18	-	-	-	(169,480)	-	-	(169,480)	-	169,480	
Additional Non-Public School Transportation Aid	495-034-5120-014	29,928	7/1/16-6/30/17	(29,928)	-	-	-	-	-	-	-	-	
Additional Non-Public School Transportation Aid	495-034-5120-014	52,780	7/1/17-6/30/18	-	-	29,928	-	-	-	-	(52,780)	52,780	
Lead Testing for Schools Aid	495-034-5120-104	1,730	7/1/17-6/30/18	-	-	1,730	(1,730)	-	-	-	-	1,730	
Reimbursed TPAF Social Security Contribution	495-034-5094-003	1,024,732	7/1/16-6/30/17	(50,074)	50,074	-	-	-	-	-	-	-	
Reimbursed TPAF Social Security Contribution	495-034-5094-003		7/1/17-6/30/18		971,827		(1,021,383)			(49,556)		1,021,383	
Noncash Assistance:													
TPAF - Pension Contribution	495-034-5094-002	1,964,414	7/1/16-6/30/17	-	1,964,414	-	(1,964,414)	-	-	-	-	1,964,414	
TPAF - Post Retirement Medical Contribution	495-034-5094-001	1,268,773	7/1/16-6/30/17	-	1,268,773	-	(1,268,773)	-	-	-	-	1,268,773	
TPAF - Long-Term Disability Insurance	495-034-5094-003	4,892	7/1/16-6/30/17	-	4,892	-	(4,892)	-	-	-	-	4,892	
Total General Fund Assistance					14,035,312		(14,082,595)			(271,816)	(782,751)	14,082,595	
Debt Service Fund:													
Debt Service Aid													
Total Debt Service Fund Assistance	495-034-5120-075	522,864	7/1/17-6/30/18	-	522,864	-	(522,864)	-	-	-	-	522,864	
State Department of Agriculture:													
Enterprise Fund:													
National School Lunch Program	100-010-3350-023	8,715	7/1/16-6/30/17	(795)	795	-	-	-	-	-	-	-	
National School Lunch Program	100-010-3350-023	10,147	7/1/17-6/30/18	-	9,519	(10,147)	-	-	-	(628)	-	10,147	
Total Enterprise Fund Assistance					10,314		(10,147)			(628)		10,147	
NJ SCHOOL DEVELOPMENT AUTHORITY													
Capital Projects Fund:													
KRMS - Additions/Renovations	2440-060-10-1003	2,866,467	1/6/12-6/30/14	(204,390)	-	-	(204,390)	-	-	(204,390)	-	2,866,467	
Total Capital Projects Fund Assistance					(204,390)		(204,390)			(204,390)		2,866,467	
Total State Financial Assistance					\$ 14,568,490		\$ (14,615,606)			\$ -		\$ (782,751)	\$ 17,482,073

On-Behalf TPAF Pension Contributions \$ 1,964,414
On-Behalf TPAF Post-Retirement 1,268,773
On-Behalf TPAF Post-Retirement 4,892

Total State Financial Assistance Reported on Single Audit Summary
\$ (11,377,527)

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal awards and state financial assistance programs of the Kingsway Regional School District. The School District is defined in Note 1 of the basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

Note 2. Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the following exception: programs recorded in the enterprise fund are presented using the accrual basis of accounting and programs recorded in the capital projects fund are presented using the modified accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District did not elect the 10-percent de minimis indirect cost rate as discussed in 2 CFR 200.414.

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the School District for the year ended June 30, 2018. TPAF Social Security Contributions 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, 2018.

Note 3. Relationship to Basic Financial Statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) 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.

**KINGSWAY REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Note 3. Relationship to Basic Financial Statements (continued)

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments 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 special revenue fund also recognizes the one or more state aid June payments in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$72,190) for the general fund and (\$16,086) for the special revenue fund. See Exhibit C-3 Note A of the basic financial statements, for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance expenditures reported in the School District's basic financial statements on a GAAP basis are presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,287	\$ 14,010,405	\$ 14,029,692
Special Revenue Fund	582,739	-	582,739
Debt Service Fund	-	522,864	522,864
Food Service Fund	289,195	10,147	299,342
	<hr/>	<hr/>	<hr/>
Total Awards & Financial Assistance	<u>\$ 891,221</u>	<u>\$ 14,543,416</u>	<u>\$ 15,434,637</u>

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. Federal and State Loans Outstanding

The Kingsway Regional School District had no loan balances outstanding at June 30, 2018.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of Uniform Guidance? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A170100	I.D.E.A. Part B, Regular

Dollar threshold used to determine Type A programs \$750,000.00

Auditee qualified as low-risk auditee? X yes no

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

State Financial Assistance

Dollar threshold used to determine Type A programs _____ \$750,000.00 _____

Auditee qualified as low-risk auditee? X yes no

Internal control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiency(ies) identified? yes X no

Type of auditor's report issued on compliance for major programs _____ Unmodified _____

Any audit findings disclosed that are required to be reported
in accordance with New Jersey OMB's Circular 15-08? yes X no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
495-034-5120-078	State Aid - Public: Equalization Aid
495-034-5120-084	Categorical Security Aid
495-034-5120-089	Categorical Special Education Aid
495-034-5120-094	Supplemental Enrollment Growth Aid
495-034-5120-096	Under Adequacy Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid
495-034-5120-089	Host District Support aid

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

None.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Section III – Federal Awards & State Financial Assistance Findings & Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB's Circular 15-08.

FEDERAL AWARDS

None.

STATE FINANCIAL ASSISTANCE

None.

**KINGSWAY REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

No Prior Year Findings.

Federal Awards

No Prior Year Findings.

State Financial Assistance

No Prior Year Findings.