

**KINGWOOD TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2022

**Responsibility of the Management of
Kingwood Township School District
Hunterdon County, New Jersey**



**KINGWOOD TOWNSHIP
SCHOOL DISTRICT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

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KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

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Superintendent
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Michele McCann
Business Administrator/Board Secretary
Phone: (908) 996-2941 x 516
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February 15, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Kingwood Township School District for the fiscal year ended June 30, 2022 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 District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report is presented in four sections: introduction, financial, statistical and single audit. The introduction section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's report of the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through eight as well as special education. The District completed the 2021-2022 fiscal year with an average daily enrollment of 321.9 students, which is a 5.87% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	408.7	(0.98%)
2013-2014	367.9	(9.98%)
2014-2015	360.3	(2.08%)
2015-2016	342.2	(5.29%)
2016-2017	343.5	0.38%
2017-2018	335.7	(2.27%)
2018-2019	330.6	(1.52%)
2019-2020	356.5	7.83%
2020-2021	342.0	(4.06%)
2021-2022	321.9	(5.87%)

2. ECONOMIC CONDITION AND OUTLOOK: The Kingwood Township Board of Education recognizes the ever-changing environment of financing education in the State of New Jersey. The School Funding Reform Act of 2008 established the formula for determining the level of state aid and local funding needed to educate all New Jersey public school children. This law also created a maximum tax levy increase, various budget restrictions, and set the maximum district fund balance at the higher of 2% of budget expenditures or \$250,000. Even with the ability to adjust up to 4% in the 2021-2022 school year, this amount is \$263,526. The New Jersey Department of Education releases the Education Adequacy Report for adjustments to the costs, weights, and aid amount in the State's school-funding formula on a yearly basis. Over the past several years, this formula has changed based on the State's budget, making it difficult to predict what state aid amount will be released to Kingwood School on a consistent basis. The Kingwood Township Board of Education, along with its excellent staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvements.

3. MAJOR INITIATIVES: The Kingwood Township School District continues to deliver high-quality programs and maintain a fiscal responsible budget. Infusing the Milford Public School Middle School required an adjustment to our schedule and required additional assessments. Ensuring that Milford students' transition to our academic setting remains a priority. The major initiatives for the 2022-2022 academic school year were implementing Data Meetings for math and ELA. The staff regularly meet to progress monitor student growth, implement coding and STEM, and update curriculums to NJSLS.

Students in grades 3-8 continue to utilize Chromebooks. Students are given a Chromebook that can be taken home. We continue to invest in Google Classrooms and integrated Google Apps into the instructional setting. The district is upgrading to Smart Panels to support the interactive classroom experience. Money has been allocated to purchase resources to support the development of a robotics program.

The Workshop model continues to be a strategy embedded into all grade levels. We now utilize the workshop model in math and literacy. The staff regularly participates in Data meetings in math and literacy to ensure that students are progressing. We continue to ensure our students social and emotional needs are being supported through Conscious Discipline. The staff utilizes a universal vocabulary for understanding SEL.

The budget has money allocated to support Being A Writer. This new program utilizes the workshop model to deliver writing instructions. The staff will receive training and support to implement this new program.

Our school district continues to be most fortunate in having the support and commitment of various parent and volunteer organizations. Our children benefited from a number of programs sponsored through the generosity of our PTA and the Kingwood Township Education Foundation. The District continues to be the center for activities within the community, not only academically but civically, opening its doors for many after-school and Saturday events.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance.

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

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

8. DEBT ADMINISTRATION: At June 30, 2022, the District's outstanding debt was \$465,000. This debt was originally issued in July 2003 to finance a building addition and refunded in July 2011 for a net cash flow savings of \$116,604.

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

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

11. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of BKC, CPAs, PC, was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

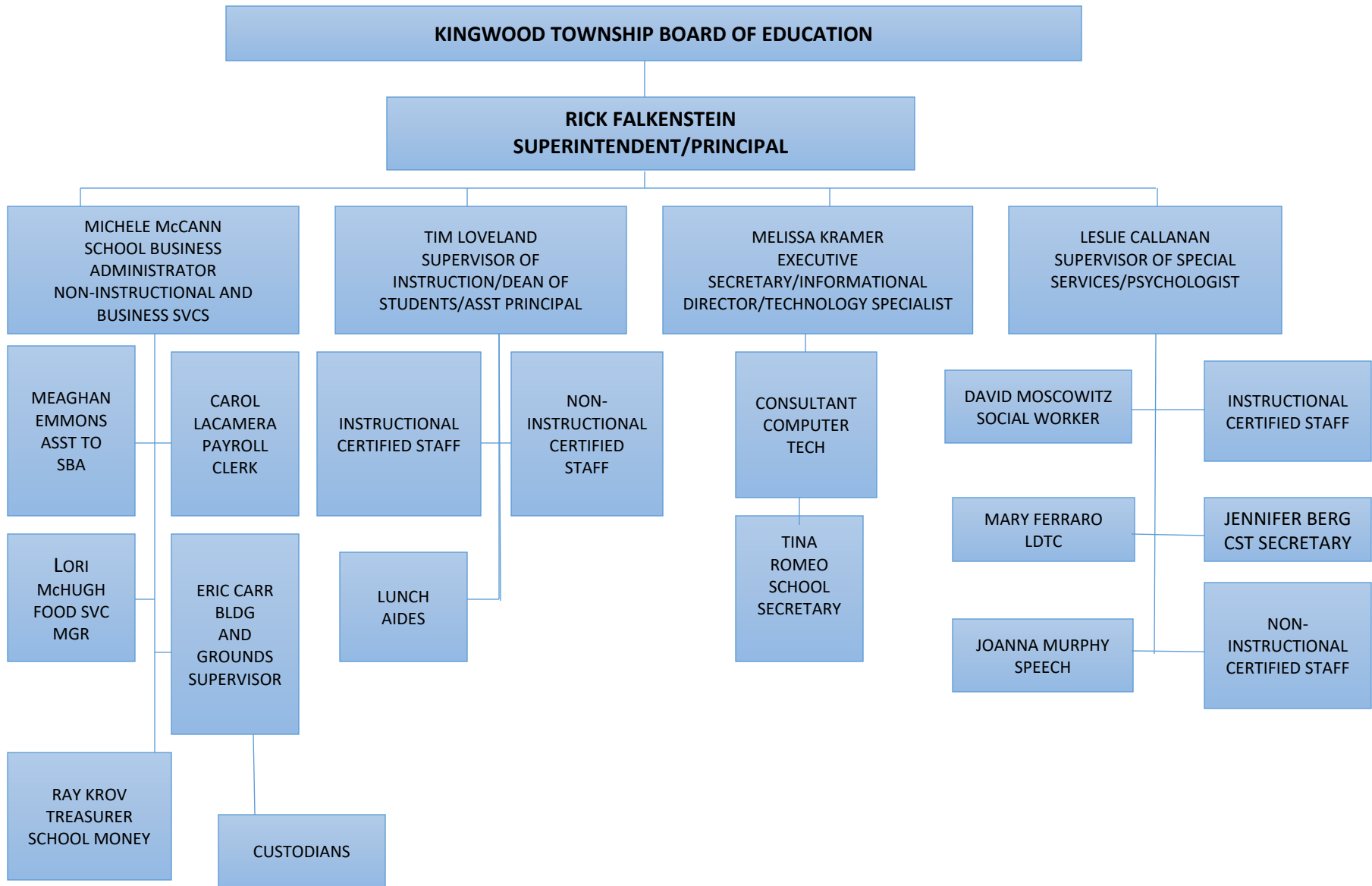
Respectfully submitted,



Dr. Rick Falkenstein
Chief School Administrator



Michele McCann
School Business Administrator/Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
880 County Road 519
Frenchtown, NJ 08825
June 30, 2022

Roster of Officials

Members of the Board of Education	Title	Term Expires
Kevin Bloom	President	2024
Donna Herbel	Vice President	2022
Jonathan Jankech		2022
Paymon Jelvani		2022
Russell Pitzner		2022
Shannon Sklodowsky		2023
Geoff Vitale		2023
Joe Fyock		2024
Sara Daly-Padron		2024
Other Officials	Title	
Rick Falkenstein	Superintendent	
Michele McCann	Board Secretary/School Business Administrator	
Ray Krov	School Treasurer	

KINGWOOD TOWNSHIP SCHOOL DISTRICT
880 County Road 519
Frenchtown, NJ 08825
June 30, 2022

Consultants and Advisors

AUDIT FIRM

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

ATTORNEY

Fogarty & Hara
Counselors at Law
16-00 Route 208 South
Fair Lawn, NJ 07410

ARCHITECT

Spiezle Architectural Group
120 Sanhican Dr #1
Trenton, NJ 08618

OFFICIAL DEPOSITORY

Investors Savings Bank



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kingwood Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is 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. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

February 15, 2023
Flemington, New Jersey

REQUIRED SUPPLEMENTARY INFORMATION - PART I

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Kingwood Township School District's (the District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$1,194,185 which represents a 11.30% increase from 2021.
- General revenues accounted for \$10,145,580 in revenue or 92.29% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$847,599 or 7.71% of total revenues of \$10,993,179.
- Total assets of governmental activities increased by \$738,354 as cash and cash equivalents increased by \$1,022,616, receivables and other assets decreased by \$13,382, and capital assets decreased by \$270,880.
- The School District had \$9,798,994 in expenses; only \$847,599 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,145,580 were adequate to provide for these programs.
- Among major funds, the general fund had \$9,146,281 in revenues and \$8,190,882 in expenditures. The general fund's balance increased \$955,399 from 2021.

Using this Annual Comprehensive Financial Report (ACFR)

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, capital projects fund and debt service fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2022 compared to June 30, 2021.

Table 1
Net Position

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 6,112,509	\$ 5,100,339	\$ 1,012,170	19.85%
Capital assets	8,027,947	8,282,549	(254,602)	-3.07%
Total assets	<u>14,140,456</u>	<u>13,382,888</u>	<u>757,568</u>	5.66%
Deferred outflows of resources				
Deferred amount on pension activity	<u>155,595</u>	<u>316,244</u>	<u>(160,649)</u>	-50.80%
Liabilities				
Long-term liabilities	1,554,729	2,259,199	(704,470)	-31.18%
Other liabilities	182,167	133,893	48,274	36.05%
Total liabilities	<u>1,736,896</u>	<u>2,393,092</u>	<u>(656,196)</u>	-27.42%
Deferred inflows of resources				
Deferred amount on pension activity	<u>800,555</u>	<u>741,625</u>	<u>58,930</u>	7.95%
Net position				
Net investment in capital assets	7,562,947	7,597,549	(34,602)	-0.46%
Restricted	4,875,105	3,971,520	903,585	22.75%
Unrestricted	(679,452)	(1,004,654)	325,202	32.37%
Total net position	<u>\$ 11,758,600</u>	<u>\$ 10,564,415</u>	<u>\$ 1,194,185</u>	11.30%

Total assets increased \$757,568 Cash and cash equivalents increased by \$1,026,467, receivables and other assets decreased by \$14,297, and capital assets decreased by \$254,602. Unrestricted net position, the part of net position that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$325,202.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The negative balance in unrestricted net position is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2022 compared to June 30, 2021.

Table 2
Changes in Net Position

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 425,437	\$ 386,015	\$ 39,422	10.21%
Operating grants and contributions	422,162	293,976	128,186	43.60%
General revenues				
Property taxes	6,284,569	6,170,474	114,095	1.85%
Grants and entitlements	3,831,511	4,626,461	(794,950)	-17.18%
Other	29,500	46,483	(16,983)	-36.54%
Total revenues	<u>10,993,179</u>	<u>11,523,409</u>	<u>(530,230)</u>	<u>-4.60%</u>
Expenses				
Instruction				
Regular	4,323,771	4,493,540	(169,769)	-3.78%
Special	1,687,748	1,809,299	(121,551)	-6.72%
Other	75,428	204,191	(128,763)	-63.06%
Support services				
Tuition	121,924	115,547	6,377	5.52%
Student & instructional related services	1,647,874	1,701,072	(53,198)	-3.13%
General & business administration	472,860	652,238	(179,378)	-27.50%
School administration	177,536	84,734	92,802	109.52%
Maintenance	610,075	695,565	(85,490)	-12.29%
Transportation	515,281	470,729	44,552	9.46%
Food service	136,694	77,522	59,172	76.33%
Interest on long-term debt	29,803	38,504	(8,701)	-22.60%
Total expenses	<u>9,798,994</u>	<u>10,342,941</u>	<u>(543,947)</u>	<u>-5.26%</u>
Increase (decrease) in net position before special position	<u>1,194,185</u>	<u>1,180,468</u>	<u>13,717</u>	<u>1.16%</u>
Special Item				
Loss on disposal of assets	-	(20,000)	20,000	100.00%
Increase (decrease) in net position	<u>\$ 1,194,185</u>	<u>\$ 1,160,468</u>	<u>\$ 33,717</u>	<u>2.91%</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

Local property taxes made up 57.99% of revenues for governmental activities for the Kingwood Township School District for fiscal year 2022.

Instruction comprises 62.12% of district expenses. Support services expenses make up 37.88% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2022 compared to June 30, 2021.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$ 6,086,947	\$ 6,507,030	\$ 5,607,236	\$ 6,069,094
Support services				
Tuition	121,924	115,547	30,392	37,024
Student & instructional staff	1,647,874	1,701,072	1,532,542	1,641,986
General & business				
administration	472,860	652,238	472,860	652,238
School administration	177,536	84,734	177,536	84,734
Plant operations &				
maintenance	610,075	695,565	604,100	691,665
Pupil transportation	515,281	470,729	515,281	470,729
Food services	136,694	77,522	(18,355)	(23,024)
Interest on long-term debt	29,803	38,504	29,803	38,504
Total expenses	<u>\$ 9,798,994</u>	<u>\$ 10,342,941</u>	<u>\$ 8,951,395</u>	<u>\$ 9,662,950</u>

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

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 92.29%. The community, as a whole, is the primary support or funding source for the Kingwood Township School District.

The School District's Funds

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,740,546 and expenditures of \$8,782,952. The general fund had an increase in fund balance of \$955,399.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control program budgets but provide flexibility for program management.

For the general fund, budgetary basis revenue and other financing sources were \$7,529,263, \$168,309 above original budgeted estimates of \$7,360,954. This difference was primarily due to receiving unbudgeted extraordinary aid.

The general fund revenues of the School District exceeded expenditures and other financing uses by \$941,103. This enabled the capital reserve account to be increased by \$700,000. The financial position of the School District remains strong.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Capital Assets

At the end of the fiscal year 2022, the School District had \$8,027,947 invested in land, building, furniture and equipment. Table 4 shows June 30, 2022 balances compared to June 30, 2021.

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

	06/30/22	06/30/21	Variance	
			Dollars	Percent
Land	\$ 115,000	\$ 115,000	\$ -	0.00%
Construction in progress	34,000	-	34,000	100%
Land improvements	538,463	570,123	(31,660)	-5.55%
Buildings & improvements	7,063,181	7,300,749	(237,568)	-3.25%
Furniture & equipment	277,303	296,677	(19,374)	-6.53%
	<u>\$ 8,027,947</u>	<u>\$ 8,282,549</u>	<u>\$ (254,602)</u>	<u>-3.07%</u>

Overall capital assets decreased \$254,602 from fiscal year 2021 to fiscal year 2022. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2022, the School District had \$1,554,729 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2022 compared to June 30, 2021.

At June 30, 2022, the legal debt limit is \$19,433,037. General obligation debt at June 30, 2022 is \$465,000 resulting in a legal debt margin of \$18,968,037.

Table 5
Long-Term Liabilities at Year End

	06/30/22	06/30/21	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 465,000	\$ 685,000	\$ (220,000)	-32.12%
Compensated absences payable	221,082	253,981	(32,899)	-12.95%
PERS net pension liability	855,655	1,300,730	(445,075)	-34.22%
Bond premium	12,992	19,488	(6,496)	-33.33%
	<u>\$ 1,554,729</u>	<u>\$ 2,259,199</u>	<u>\$ (704,470)</u>	<u>-31.18%</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

For the Future

At the present time the Kingwood Township School District is in very good financial condition. Major concerns are the continued reduction of state aid funding, student population trends and the reliance placed on local property taxes for the majority of school funding.

Maintaining our facility is an ongoing priority. The District continues to plan to upgrade the Waste Treatment Plant as the new permit requires, investigating a back-up well system, continues to replace technology in the classrooms to enhance learning opportunities.

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

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

Contacting the School District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 952,550	\$ 43,393	\$ 995,943
Receivables, net	218,232	6,852	225,084
Inventory	-	6,208	6,208
Prepaid expense	-	2,181	2,181
Restricted assets			
Capital reserve account - cash	3,522,660	-	3,522,660
Emergency reserve - cash	250,000	-	250,000
Maintenance reserve - cash	365,000	-	365,000
Student activities - cash	22,672	-	22,672
Unemployment claims - cash	722,761	-	722,761
Capital assets, net			
Land	115,000	-	115,000
Construction in progress	34,000	-	34,000
Other capital assets, net of depreciation	7,844,937	34,010	7,878,947
Total assets	<u>14,047,812</u>	<u>92,644</u>	<u>14,140,456</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>155,595</u>	-	<u>155,595</u>
Liabilities			
Accounts payable	150,010	-	150,010
Accrued interest	8,525	-	8,525
Unearned revenue	4,200	7,840	12,040
Unemployment compensation claims payable	11,592	-	11,592
Long-term liabilities			
Due within one year	236,496	-	236,496
Due beyond one year	1,318,233	-	1,318,233
Total liabilities	<u>1,729,056</u>	<u>7,840</u>	<u>1,736,896</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>800,555</u>	-	<u>800,555</u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 7,528,937	\$ 34,010	\$ 7,562,947
Restricted for			
Capital reserve	3,522,660	-	3,522,660
Emergency reserve	250,000	-	250,000
Maintenance reserve	365,000	-	365,000
Student activities	22,672	-	22,672
Unemployment claims	714,773	-	714,773
Unrestricted	(730,246)	50,794	(679,452)
 Total net position	 \$ 11,673,796	 \$ 84,804	 \$ 11,758,600

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 2,155,939	\$ 2,167,832	\$ 335,310	\$ 120,830	\$ -	\$ (3,867,631)	\$ -	\$ (3,867,631)
Special education	593,736	580,822	-	6,365	-	(1,168,193)	-	(1,168,193)
Other special education	240,670	272,520	-	17,206	-	(495,984)	-	(495,984)
Other instruction	69,982	5,446	-	-	-	(75,428)	-	(75,428)
Support services								
Tuition	121,924	-	-	91,532	-	(30,392)	-	(30,392)
Students & instruction related services	948,166	699,708	84,137	31,195	-	(1,532,542)	-	(1,532,542)
General & business administration services	246,637	226,223	-	-	-	(472,860)	-	(472,860)
School administration services	80,771	96,765	-	-	-	(177,536)	-	(177,536)
Plant operations & maintenance	523,804	86,271	5,975	-	-	(604,100)	-	(604,100)
Pupil transportation	459,627	55,654	-	-	-	(515,281)	-	(515,281)
Interest on long-term debt	29,803	-	-	-	-	(29,803)	-	(29,803)
Total governmental activities	<u>5,471,059</u>	<u>4,191,241</u>	<u>425,422</u>	<u>267,128</u>	<u>-</u>	<u>(8,969,750)</u>	<u>-</u>	<u>(8,969,750)</u>
Business-type activities								
Food service	136,694	-	15	155,034	-	-	18,355	18,355
Total business-type activities	<u>136,694</u>	<u>-</u>	<u>15</u>	<u>155,034</u>	<u>-</u>	<u>-</u>	<u>18,355</u>	<u>18,355</u>
Total primary government	<u>\$ 5,607,753</u>	<u>\$ 4,191,241</u>	<u>\$ 425,437</u>	<u>\$ 422,162</u>	<u>\$ -</u>	<u>(8,969,750)</u>	<u>18,355</u>	<u>(8,951,395)</u>
			General revenues, special items & transfers					
						6,041,569	-	6,041,569
						243,000	-	243,000
						3,831,511	-	3,831,511
						1,051	7	1,058
						28,257	185	28,442
						<u>10,145,388</u>	<u>192</u>	<u>10,145,580</u>
						1,175,638	18,547	1,194,185
						10,498,158	66,257	10,564,415
						<u>\$ 11,673,796</u>	<u>\$ 84,804</u>	<u>\$ 11,758,600</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 952,550	\$ -	\$ -	\$ -	\$ 952,550
Due from other funds	19,548	-	-	-	19,548
Receivables from other governments					
State	183,153	-	-	-	183,153
Federal	-	21,986	-	-	21,986
Other accounts receivable	13,093	-	-	-	13,093
Restricted cash and cash equivalents	4,860,421	22,672	-	-	4,883,093
Total assets	<u><u>\$ 6,028,765</u></u>	<u><u>\$ 44,658</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,073,423</u></u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 19,548	\$ -	\$ -	\$ 19,548
Accounts payable	147,572	2,438	-	-	150,010
Unearned revenue	4,200	-	-	-	4,200
Unemployment compensation claims payable	11,592	-	-	-	11,592
Total liabilities	<u><u>163,364</u></u>	<u><u>21,986</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>185,350</u></u>
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	247,762	-	-	-	247,762
Excess surplus - current year	300,387	-	-	-	300,387
Capital reserve	3,522,660	-	-	-	3,522,660
Emergency reserve	250,000	-	-	-	250,000
Maintenance reserve	365,000	-	-	-	365,000
Student activities	-	22,672	-	-	22,672
Unemployment claims	714,773	-	-	-	714,773
Committed fund balance					
Year-end encumbrances	120,088	-	-	-	120,088
Unassigned fund balance	344,731	-	-	-	344,731
Total fund balances	<u><u>5,865,401</u></u>	<u><u>22,672</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>5,888,073</u></u>
Total liabilities and fund balances	<u><u>\$ 6,028,765</u></u>	<u><u>\$ 44,658</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2022

	<u>Total Governmental Funds</u>
Statement of Net Position (A-1) are different because:	
Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,213,543 and the accumulated depreciation is \$5,219,606.	\$ 7,993,937
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(644,960)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(1,554,729)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(8,525)</u>
Total net position of governmental activities	<u><u>\$ 11,673,796</u></u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 6,041,569	\$ -	\$ -	\$ 243,000	\$ 6,284,569
Tuition					
Individuals	47,270	-	-	-	47,270
Other LEAs within the state	288,040	-	-	-	288,040
Interest	1,051	-	-	-	1,051
Rents and royalties	5,975	-	-	-	5,975
Miscellaneous	28,257	84,137	-	-	112,394
Total local sources	<u>6,412,162</u>	<u>84,137</u>	<u>-</u>	<u>243,000</u>	<u>6,739,299</u>
State sources	2,734,119	7,269	-	-	2,741,388
Federal sources	-	259,859	-	-	259,859
Total revenues	<u>9,146,281</u>	<u>351,265</u>	<u>-</u>	<u>243,000</u>	<u>9,740,546</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,042,167	113,772	-	-	2,155,939
Special education instruction	588,714	5,022	-	-	593,736
Other special instruction	223,464	17,206	-	-	240,670
Other instruction	69,982	-	-	-	69,982
Support service & undistributed costs					
Tuition	30,392	91,532	-	-	121,924
Student & instruction related services	835,029	113,137	-	-	948,166
General & business administrative services	246,637	-	-	-	246,637
School administrative services	80,771	-	-	-	80,771
Plant operations & maintenance	523,804	-	-	-	523,804
Pupil transportation	459,627	-	-	-	459,627
Unallocated benefits	3,010,571	1,343	-	-	3,011,914

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 62,392	\$ 7,058	\$ -	\$ -	\$ 69,450
Debt service					
Principal	-	-	-	220,000	220,000
Interest & other charges	17,332	-	-	23,000	40,332
Total expenditures	<u>8,190,882</u>	<u>349,070</u>	<u>-</u>	<u>243,000</u>	<u>8,782,952</u>
Excess (deficit) of revenues over (under) expenditures	955,399	2,195	-	-	957,594
Fund balances, July 1	<u>4,910,002</u>	<u>20,477</u>	<u>-</u>	<u>-</u>	<u>4,930,479</u>
Fund balances, June 30	<u><u>\$ 5,865,401</u></u>	<u><u>\$ 22,672</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,888,073</u></u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Total net changes in fund balances - governmental fund (from B-2)	\$	957,594
Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital outlays	\$ 69,450	
Depreciation expense	<u>(340,330)</u>	(270,880)
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position and are not reported in the Statement of Activities:		
Debt principal payments		220,000
Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Amortization of bond premium		6,496
In the Statement of Activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		4,033
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
		225,496
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>32,899</u>
Change in net position of governmental activities	\$	<u><u>1,175,638</u></u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2022

	<u>Food Service Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 43,393
Receivables from other governments	
State	154
Federal	6,698
Inventory	6,208
Prepaid expenses	2,181
Total current assets	<u>58,634</u>
Noncurrent assets	
Capital assets	98,312
Less: accumulated depreciation	<u>64,302</u>
Total noncurrent assets	<u>34,010</u>
Total assets	<u>92,644</u>
Liabilities	
Current liabilities	
Unearned revenues - commodities	2,771
Unearned revenues - prepaid sales	<u>5,069</u>
Total liabilities	<u>7,840</u>
Net position	
Invested in capital assets, net of related debt	34,010
Unrestricted	<u>50,794</u>
Total net position	<u>\$ 84,804</u>

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - non-reimbursable programs	\$ 15
Total operating revenues	15
Operating expenses	
Cost of sales - reimbursable programs	49,314
Commodity food costs	5,956
Salaries	47,073
Supports services - employee benefits	6,640
Purchased professional/technical services	1,565
Purchased property services	577
Other purchased services	
Insurance	6,719
Management fee	8,146
Supplies and materials	5,706
Depreciation	4,840
Miscellaneous expenditures	158
Total operating expenses	136,694
Operating income (loss)	(136,679)
Non-operating revenues (expenses)	
State sources	
State school lunch program	3,351
Federal sources	
National school lunch program	
Cash assistance	144,485
Non-cash assistance (commodities)	5,956
P-EBT administrative	1,242
Other sources	
Interest earned on investments	7
Miscellaneous	185
Total non-operating revenues (expenses)	155,226
Change in net position	18,547
Net position, beginning	66,257
Net position, ending	\$ 84,804

See accompanying notes to financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ (233)
Payments to Food Service Management Co.	(121,023)
Payments to vendors (net)	(5,278)
Net cash provided by (used for) operating activities	(126,534)
Cash flows from non-capital financing activities	
State sources	3,801
Federal sources	147,510
Miscellaneous	185
Net cash provided by (used for) non-capital financing activities	151,496
Cash flows from capital financing activities	
Acquisition of equipment	(21,118)
Net cash provided by (used for) capital financing activities	(21,118)
Cash flows from investing activities	
Interest earned on investments	7
Net cash provided by (used for) investing activities	7
Net increase (decrease) in cash and cash equivalents	3,851
Cash and cash equivalents, beginning	39,542
Cash and cash equivalents, ending	\$ 43,393
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (136,679)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	4,840
Federal food donation program	5,956
(Increase) decrease in inventory	(1,254)
Increase (decrease) in deferred revenue	667
Increase (decrease) in prepaid expenses	(64)
Net cash provided by (used for) operating activities	\$ (126,534)

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2022 of 322 students.

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

The District reports the following major governmental funds:

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

The District did not utilize the capital projects fund during the fiscal year.

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

Additionally, the District reports the following fund types:

Proprietary fund types

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Proprietary fund types (continued)

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

The District's enterprise fund is comprised of the food service fund.

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

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

Equipment	12 Years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year-end.

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2021-2022 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-term interfund receivable and payables

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

J. Capital assets

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

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

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

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the 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 school district or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of 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 assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Q. Allocation of indirect expenses

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

R. Deferred outflows/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. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. 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 future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

School taxes are guaranteed, as to the amount of collection, by the municipality (the collection agency) and are transmitted to the school district in accordance with the Schedule of Tax Installments as certified by the District's Board of Education on an annual basis.

Note 3 - Deposits and cash equivalents and investments

Cash and cash equivalents include petty cash, change funds, and cash in banks. As of June 30, 2022, the District had no investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

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 saving banks the deposits of which are federally insured.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2022, the District's bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$	250,000
Insured by GUDPA		5,972,200
Total bank balances	\$	<u>6,222,200</u>

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		\$	<u>5,879,036</u>
	<u>Ref.</u>		
Unrestricted cash			
Governmental funds, Balance Sheet	B-1	\$	952,550
Enterprise funds, Statement of Net Position	B-4		43,393
Restricted cash			
Governmental funds, Balance Sheet	B-1		<u>4,883,093</u>
Total cash		\$	<u>5,879,036</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 115,000	\$ -	\$ -	\$ 115,000
Construction in progress	-	34,000	-	34,000
Total	<u>115,000</u>	<u>34,000</u>	<u>-</u>	<u>149,000</u>
Capital assets, being depreciated				
Land improvements	877,098	7,800	-	884,898
Building & improvements	11,259,853	18,245	-	11,278,098
Furniture & equipment	892,142	9,405	-	901,547
Total	<u>13,029,093</u>	<u>35,450</u>	<u>-</u>	<u>13,064,543</u>
Accumulated depreciation				
Land improvements	306,975	39,460	-	346,435
Building & improvements	3,959,104	255,813	-	4,214,917
Furniture & equipment	613,197	45,057	-	658,254
Total	<u>4,879,276</u>	<u>340,330</u>	<u>-</u>	<u>5,219,606</u>
Total capital assets, being depreciated, net	<u>8,149,817</u>	<u>(304,880)</u>	<u>-</u>	<u>7,844,937</u>
Governmental activities capital assets, net	<u>\$ 8,264,817</u>	<u>\$ (270,880)</u>	<u>\$ -</u>	<u>\$ 7,993,937</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 84,089	\$ 21,118	\$ 6,895	\$ 98,312
Less: accumulated depreciation	66,357	4,840	6,895	64,302
Business type activities capital assets, net	<u>\$ 17,732</u>	<u>\$ 16,278</u>	<u>\$ -</u>	<u>\$ 34,010</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction		
Regular	\$	167,782
Special education		46,207
Other special instruction		18,730
Other instruction		5,446
Support services		
Student & instruction		73,790
General & business administration		19,194
School administration		6,286
Plant maintenance		2,895
Total depreciation expense, governmental activities	\$	<u>340,330</u>

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 685,000	\$ -	\$ 220,000	\$ 465,000	\$ 230,000
Compensated absences payable	253,981	-	32,899	221,082	-
PERS net pension liability	1,300,730	-	445,075	855,655	-
Bond premium	19,488	-	6,496	12,992	6,496
Total governmental activities long-term liabilities	\$ 2,259,199	\$ -	\$ 704,470	\$ 1,554,729	\$ 236,496

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

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2023	230,000	14,000	244,000
2024	235,000	4,700	239,700
Total	\$ 465,000	\$ 18,700	\$ 483,700

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 5 - Long-term debt (continued)

General Obligation Bonds - General obligation school building bonds payable at June 30, 2022, with their outstanding balances are comprised of the following individual issues:

\$2,270,000 - 2011 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning July 15, 2012 to July 15, 2023.	\$ <u>465,000</u>
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The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$19,433,037. General obligation debt at June 30, 2022 is \$465,000 resulting in a legal debt margin of \$18,968,037.

Note 6 - Pension plans

Description of systems

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

A. Public employees' retirement systems (PERS)

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Allocation methodology and reconciliation to financial statements (continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A 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 non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

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

The District's contractually required contribution rate for the year ended June 30, 2022 was 18.37% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date of June 30, 2021:

Net pension liability	\$ 855,655
Proportionate share	0.0072228527%
 Plan fiduciary net position as a percentage of the total pension liability	 70.33%

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
 Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
 Investment rate of return	 7.00%

Preretirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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 PERS's target asset allocations as of June 30, 2021 measurement date are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments and the municipal bond rate was applied to all projected benefit payments to determine the total pension liability.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$	855,655
At a 1% lower rate (6.00%)		1,177,650
At a 1% higher rate (8.00%)		599,259

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,495	\$ 6,125
Changes of assumptions	4,456	304,619
Net difference between projected and actual earnings on pension plan investments	-	225,402
Changes in proportion and differences between District contributions and proportionate share of contributions	53,056	264,409
District contributions subsequent to the measurement date	84,588	-
Total	<u>\$ 155,595</u>	<u>\$ 800,555</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$84,588 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the year ended June 30, 2021 measurement date:

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 23,684	\$ (10,189)	\$ 13,495
Changes of assumptions	42,197	(37,741)	4,456
Differences between expected and actual experience	44,460	(44,460)	-
Deferred inflows of resources			
Differences between expected and actual experience	(4,600)	(1,525)	(6,125)
Changes of assumptions	(544,628)	240,009	(304,619)
Difference between projected and actual earnings on pension plan investments	-	(225,402)	(225,402)
Net of deferred outflows	<u>\$ (438,887)</u>	<u>\$ (79,308)</u>	<u>\$ (518,195)</u>

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

Year Ended June 30,

2022	\$ (201,897)
2023	(144,154)
2024	(98,289)
2025	(73,884)
2026	29
Total	<u>\$ (518,195)</u>

Pension expense (benefit)

For the year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$140,908), which represents the District's proportionate share of allocable plan pension revenue of (\$116,848), plus the net amortization of deferred amounts from changes in proportion of (\$26,729), and plus other adjustments to the net pension liability of \$2,669. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2021 measurement date are as follows:

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plan (continued)

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

Pension expense (benefit) (continued)

Service cost	\$	50,389
Interest on total pension liability		198,014
Benefit changes		-
Member contributions		(40,996)
Administrative expense		717
Expected investment return net of investment expense		(108,028)
Pension expense related to specific liabilities of individual employers		(505)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		5,548
Changes of assumptions		(150,306)
Difference between projected and actual investment earnings on pension plan investments		(71,681)
Pension expense (benefit)	\$	(116,848)

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

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a 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 annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Plan description (continued)

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 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more 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 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 the State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

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, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2021, the State of New Jersey contributed \$767,449 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

District proportionate share of net pension liability	\$	19,525,496
Less: State proportionate share of net pension liability		6,935,459
Net pension liability	\$	12,590,037

Proportionate share		0.0261882218%
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Plan fiduciary net position as a percentage of the total pension liability		35.52%
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Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases (based on years of service)		
Through 2026		1.55 - 4.45%
Thereafter		2.75 - 5.65%
Investment rate of return		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 based on 100% of the actuarially determined contributions for the State. 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's proportionate share of the net pension liability

At current discount rate (7.00%)	\$ 12,590,037
At a 1% lower rate (6.00%)	14,896,117
At a 1% higher rate (8.00%)	10,653,075

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the District for the year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 459,915
Interest on total pension liability	1,227,417
Benefit changes	-
Member contributions	(230,978)
Administrative expense	2,364
Expected investment return net of investment expense	(381,339)
Pension expense related to specific liabilities of individual employers	(105)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	52,764
Changes of assumptions	(589,892)
Difference between projected and actual investment earnings on pension plan investments	(243,897)
Pension expense	<u>\$ 296,249</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcrp.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2022 was \$6,686.

D. Other pension plan information

During the year ended June 30, 2022, the State of New Jersey contributed \$262,610 to the TPAF for postretirement medical benefits, \$15,637 for non-contributory insurance premiums, \$378 for long-term disability insurance, and \$1,108,355 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$215,742 during the year ended June 30, 2022 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a 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 State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the District.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	18,077,259
Employer OPEB expense and related revenue	801,143
Allocable proportionate percentage	0.0301249236%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2020	\$ 21,311,480
Service cost	867,637
Interest cost	468,943
Change of benefit terms	(19,241)
Differences between expected and actual experiences	(4,211,988)
Changes of assumptions	17,835
Member contributions	11,989
Gross benefit payments	(369,396)
Total OPEB liability at June 30, 2021	<u>\$ 18,077,259</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability (continued)

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on years of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 General classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 General classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Discount Rate (continued)

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$	18,077,259
At a 1% lower rate (1.16%)		21,653,718
At a 1% higher rate (3.16%)		15,261,012

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	18,077,259
At a 1% lower rate (1% decrease)		14,633,600
At a 1% higher rate (1% increase)		22,701,839

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$801,143 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - Deferred compensation

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

Equitable
 Variable Annuity Life Insurance Co.
 Lincoln Investment Planning

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$	4,464
Supplies		1,744
Total	\$	6,208

Note 10 - Interfund receivables and payables

The special revenue fund had an interfund payable for \$19,548 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 11 - Contingent liabilities

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

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the Grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

Note 12 - Risk management

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

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

Fiscal Year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2021 - 2022	\$ 200,799	\$ 95	\$ 7,230	\$ -	\$ 726,365
2020 - 2021	104,498	153	6,713	2,351	518,241
2019 - 2020	87,000	2,756	6,668	32,712	409,228

Note 13 - District reserve accounts

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

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

Districts are allowed as per N.J.S.A. 18A:7F-41(a) & 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$700,000 to their capital reserve account by Board Resolution in June 2022 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,822,164	\$ 700,000	\$ 496	\$ -	\$ -	\$ 3,522,660
Emergency	250,000	-	-	-	-	250,000
Maintenance	365,000	-	-	-	-	365,000
Total	<u>\$ 3,437,164</u>	<u>\$ 700,000</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,137,660</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Fund balance

As described in Note 1 (O), fund balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted

Excess surplus - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 247,762
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	300,387
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	3,522,660
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	250,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A.18A:76-9).	365,000
Unemployment compensation - Represents funds accumulated for future unemployment claims.	714,773

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	120,088
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	436,022
Total fund balance - Budgetary basis (Exhibit C-1)	5,956,692
Last state aid payments not recognized on GAAP basis	(91,291)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 5,865,401</u>

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$300,387.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 16 - Recent accounting pronouncements not yet effective
The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 17 - Deficit balance in unrestricted net position
The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$730,246) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the state.

Note 18 - Risks and uncertainties
On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The COVID-19 outbreak) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations.

Note 19 - Subsequent events
The District has evaluated subsequent events through February 15, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 6,041,569	\$ -	\$ 6,041,569	\$ 6,041,569	\$ -
Tuition from individuals	18,750	-	18,750	47,270	28,520
Tuition from other LEAs within the state	255,000	-	255,000	288,040	33,040
Rents and royalties	-	-	-	5,975	5,975
Unrestricted miscellaneous revenues	104,000	-	104,000	28,717	(75,283)
Interest earned on capital reserve funds	400	-	400	496	96
Other restricted miscellaneous revenues	-	-	-	95	95
Total	<u>6,419,719</u>	<u>-</u>	<u>6,419,719</u>	<u>6,412,162</u>	<u>(7,557)</u>
State sources					
School choice aid	190,695	-	190,695	190,695	-
Categorical transportation aid	166,282	-	166,282	166,282	-
Extraordinary aid	-	-	-	171,046	171,046
Categorical special education aid	259,824	-	259,824	259,824	-
Equalization aid	293,413	-	293,413	293,413	-
Categorical security aid	31,021	-	31,021	31,021	-
Other state aid	-	-	-	4,820	4,820
TPAF Pension (on-behalf)	-	-	-	1,108,355	1,108,355
TPAF Non-contributory insurance	-	-	-	15,637	15,637
TPAF Social Security (reimbursed)	-	-	-	215,742	215,742
TPAF Post retirement benefits	-	-	-	262,610	262,610
TPAF Long-term disability insurance	-	-	-	378	378
Total	<u>941,235</u>	<u>-</u>	<u>941,235</u>	<u>2,719,823</u>	<u>1,778,588</u>
Total revenues	<u>\$ 7,360,954</u>	<u>\$ -</u>	<u>\$ 7,360,954</u>	<u>\$ 9,131,985</u>	<u>\$ 1,771,031</u>
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 61,680	\$ -	\$ 61,680	\$ 54,086	\$ 7,594
Kindergarten	121,990	2,353	124,343	120,439	3,904
Grades 1-5	897,560	(41,516)	856,044	847,378	8,666
Grades 6-8	754,952	(12,439)	742,513	737,800	4,713
Home instruction					
Salaries of teacher	1,000	-	1,000	-	1,000
Regular programs - undistributed instruction					
Other salaries for instruction	-	655	655	-	655
Purchased professional - educational services	5,000	(5,000)	-	-	-
Purchased technical services	33,024	21,467	54,491	54,491	-
Other purchased services	91,519	28,811	120,330	92,856	27,474
General supplies	129,469	118,696	248,165	132,761	115,404
Textbooks	12,322	-	12,322	-	12,322
Other objects	4,900	-	4,900	2,356	2,544
Total	<u>2,113,416</u>	<u>113,027</u>	<u>2,226,443</u>	<u>2,042,167</u>	<u>184,276</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 504,202	\$ 6,366	\$ 510,568	\$ 496,120	\$ 14,448
Other salaries for instruction	75,949	19,432	95,381	85,479	9,902
General supplies	6,012	1,671	7,683	7,115	568
Textbooks	-	447	447	-	447
Other objects	910	-	910	-	910
Total	<u>587,073</u>	<u>27,916</u>	<u>614,989</u>	<u>588,714</u>	<u>26,275</u>
Total special education	<u>587,073</u>	<u>27,916</u>	<u>614,989</u>	<u>588,714</u>	<u>26,275</u>
Basic skills/remedial					
Salaries of teachers	222,950	-	222,950	222,950	-
Other purchased services	2,000	-	2,000	-	2,000
General supplies	3,515	-	3,515	514	3,001
Total	<u>228,465</u>	<u>-</u>	<u>228,465</u>	<u>223,464</u>	<u>5,001</u>
School-sponsored co/extracurricular activities - instruction					
Salaries	34,247	20,189	54,436	54,436	-
Supplies and materials	500	(300)	200	188	12
Other objects	660	(149)	511	-	511
Total	<u>35,407</u>	<u>19,740</u>	<u>55,147</u>	<u>54,624</u>	<u>523</u>
School-sponsored athletics - instruction					
Salaries	21,804	(20,005)	1,799	1,799	-
Purchased services	3,592	1,909	5,501	5,501	-
Supplies and materials	7,656	(524)	7,132	6,581	551
Other objects	450	1,027	1,477	1,477	-
Total	<u>33,502</u>	<u>(17,593)</u>	<u>15,909</u>	<u>15,358</u>	<u>551</u>
Total instruction regular	<u>\$ 2,997,863</u>	<u>\$ 143,090</u>	<u>\$ 3,140,953</u>	<u>\$ 2,924,327</u>	<u>\$ 216,626</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to priv. school for the disabled in state	\$ 114,974	\$ 26	\$ 115,000	\$ 30,392	\$ 84,608
Total	<u>114,974</u>	<u>26</u>	<u>115,000</u>	<u>30,392</u>	<u>84,608</u>
Undistributed expenditures - attendance & social work					
Salaries	42,354	1,132	43,486	43,486	-
Purchased professional and technical services	3,666	834	4,500	-	4,500
Total	<u>46,020</u>	<u>1,966</u>	<u>47,986</u>	<u>43,486</u>	<u>4,500</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - health services					
Salaries	\$ 69,525	\$ (1,163)	\$ 68,362	\$ 68,125	\$ 237
Purchased professional and technical services	4,367	1,163	5,530	5,530	-
Supplies and materials	10,819	-	10,819	8,783	2,036
Total	84,711	-	84,711	82,438	2,273
Undistributed expenditures - speech, ot, pt & related services					
Salaries	63,860	2,507	66,367	53,587	12,780
Purchased professional - educational services	31,920	(2,709)	29,211	16,769	12,442
Supplies and materials	1,636	-	1,636	1,260	376
Total	97,416	(202)	97,214	71,616	25,598
Undistributed expend - other supp. service stds. - extra service					
Purchased professional - educational services	-	32,970	32,970	22,644	10,326
Supplies and materials	-	202	202	202	-
Total	-	33,172	33,172	22,846	10,326
Undistributed expenditures - guidance					
Salaries of other professional staff	47,637	(1,344)	46,293	45,788	505
Purchased professional - educational services	1,673	(1,132)	541	-	541
Other purchased professional & technical services	1,200	484	1,684	1,684	-
Supplies and materials	7,564	-	7,564	7,408	156
Total	58,074	(1,992)	56,082	54,880	1,202
Undistributed expenditures - child study teams					
Salaries of other professional staff	221,884	-	221,884	197,017	24,867
Salaries of secretarial and clerical assistants	49,493	-	49,493	44,151	5,342
Purchased professional - educational services	-	3,990	3,990	2,625	1,365
Other purchased professional & technical services	4,290	(4,290)	-	-	-
Other purchased services	9,489	300	9,789	9,222	567
Supplies and materials	12,342	(1,256)	11,086	7,864	3,222
Other objects	1,300	1,256	2,556	2,354	202
Total	298,798	-	298,798	263,233	35,565
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	114,688	-	114,688	100,477	14,211
Salaries of other professional staff	6,500	907	7,407	6,840	567
Salaries of secretarial & clerical assist	18,075	177	18,252	18,252	-
Purchased professional - educational services	2,400	(2,400)	-	-	-
Other purchased professional & technical services	-	1,493	1,493	-	1,493
Other purchased services	4,500	(177)	4,323	-	4,323
Supplies and materials	1,598	-	1,598	-	1,598
Other objects	1,500	-	1,500	890	610
Total	149,261	-	149,261	126,459	22,802

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 50,151	\$ -	\$ 50,151	\$ 50,151	\$ -
Salaries of technology coordinators	54,933	60,321	115,254	114,452	802
Purchased professional and technical services	60,000	(55,693)	4,307	1,852	2,455
Other purchased services	7,810	(7,701)	109	109	-
Supplies and materials	3,140	3,073	6,213	1,932	4,281
Total	<u>176,034</u>	<u>-</u>	<u>176,034</u>	<u>168,496</u>	<u>7,538</u>
Undistributed expend. - instructional staff training services					
Purchased professional - educational services	4,524	-	4,524	1,380	3,144
Other purchased services	2,400	-	2,400	195	2,205
Supplies and materials	500	-	500	-	500
Total	<u>7,424</u>	<u>-</u>	<u>7,424</u>	<u>1,575</u>	<u>5,849</u>
Undistributed expend. - support service - general admin.					
Salaries	115,503	961	116,464	76,205	40,259
Legal services	18,000	(960)	17,040	3,031	14,009
Audit fees	21,000	-	21,000	20,200	800
Other purchased professional services	2,784	(1,328)	1,456	152	1,304
Purchased technical services	7,924	1,330	9,254	7,580	1,674
Communications/telephone	6,190	-	6,190	6,056	134
BOE other purchased services	4,125	(2,495)	1,630	426	1,204
Misc. purchased services	4,049	2,394	6,443	3,778	2,665
General supplies	1,639	-	1,639	649	990
BOE in-house training/meeting supplies	500	-	500	200	300
Miscellaneous expenditures	750	-	750	-	750
BOE membership dues and fees	4,211	-	4,211	-	4,211
Total	<u>186,675</u>	<u>(98)</u>	<u>186,577</u>	<u>118,277</u>	<u>68,300</u>
Undistributed expend. - support service - school admin.					
Salaries of principals/assistant principals	82,058	-	82,058	80,771	1,287
Total	<u>82,058</u>	<u>-</u>	<u>82,058</u>	<u>80,771</u>	<u>1,287</u>
Undistributed expend. - central services					
Salaries	138,201	(3,929)	134,272	115,468	18,804
Purchased technical services	9,900	2,928	12,828	12,828	-
Miscellaneous purchased services	75	-	75	64	11
Other objects	-	1,102	1,102	-	1,102
Total	<u>148,176</u>	<u>101</u>	<u>148,277</u>	<u>128,360</u>	<u>19,917</u>
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	47,403	-	47,403	41,060	6,343
General supplies	7,360	-	7,360	2,240	5,120
Total	<u>54,763</u>	<u>-</u>	<u>54,763</u>	<u>43,300</u>	<u>11,463</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - custodial services					
Salaries	\$ 246,256	\$ 16,572	\$ 262,828	\$ 221,572	\$ 41,256
Salaries of non-instructional aides	12,232	(12,232)	-	-	-
Purchased professional and technical services	106,249	14,301	120,550	29,854	90,696
Cleaning, repair, and maintenance service	19,466	20,000	39,466	30,077	9,389
Insurance	43,000	-	43,000	39,250	3,750
Miscellaneous purchased services	1,500	-	1,500	900	600
General supplies	46,906	(700)	46,206	29,116	17,090
Energy (natural gas)	54,000	-	54,000	19,294	34,706
Energy (electricity)	83,000	25,000	108,000	74,186	33,814
Other objects	3,785	(140)	3,645	654	2,991
Total	<u>616,394</u>	<u>62,801</u>	<u>679,195</u>	<u>444,903</u>	<u>234,292</u>
Undistributed expend. - care and upkeep of grounds					
Cleaning, repair, and maintenance service	45,500	-	45,500	28,093	17,407
General supplies	10,245	-	10,245	2,067	8,178
Total	<u>55,745</u>	<u>-</u>	<u>55,745</u>	<u>30,160</u>	<u>25,585</u>
Undistributed expend. - security					
Cleaning, repair, and maintenance service	5,000	-	5,000	3,091	1,909
General supplies	3,000	15,935	18,935	2,350	16,585
Total	<u>8,000</u>	<u>15,935</u>	<u>23,935</u>	<u>5,441</u>	<u>18,494</u>
Undistributed expend. - student transportation service					
Salaries for pupil trans (between home & school) - reg.	113,559	(7,000)	106,559	92,698	13,861
Contr service (oth. than between home & school) - vend.	9,920	-	9,920	8,455	1,465
Contr service (between home & school) - joint agreements	274,090	39,253	313,343	290,663	22,680
Contr service (sp ed stds) - joint agreements	106,805	(35,999)	70,806	56,701	14,105
Miscellaneous purchased services - transportation	4,700	-	4,700	2,629	2,071
General supplies	1,483	(844)	639	237	402
Other objects	3,655	4,589	8,244	8,244	-
Total	<u>514,212</u>	<u>(1)</u>	<u>514,211</u>	<u>459,627</u>	<u>54,584</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Unallocated benefits - employee benefits					
Social Security contributions	\$ 93,345	\$ -	\$ 93,345	\$ 77,426	\$ 15,919
Other retirement contributions - PERS	94,417	(9,829)	84,588	84,588	-
Other retirement contributions - regular	11,823	-	11,823	4,990	6,833
Workmen's compensation	45,322	(1)	45,321	39,478	5,843
Health benefits	1,684,424	(303,853)	1,380,571	1,181,982	198,589
Tuition reimbursement	22,600	(627)	21,973	2,175	19,798
Other employee benefits	10,000	-	10,000	7,210	2,790
Unused sick payment to terminated/retired staff	10,000	-	10,000	10,000	-
Total	<u>1,971,931</u>	<u>(314,310)</u>	<u>1,657,621</u>	<u>1,407,849</u>	<u>249,772</u>
On-behalf TPAF Pension contribution	-	-	-	1,108,355	(1,108,355)
On-behalf TPAF Non-contributory insurance	-	-	-	15,637	(15,637)
On-behalf TPAF Post retirement medical benefits	-	-	-	262,610	(262,610)
On-behalf TPAF Long-term disability insurance	-	-	-	378	(378)
Reimbursed TPAF Social Security contribution	-	-	-	215,742	(215,742)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,602,722</u>	<u>(1,602,722)</u>
Total undistributed expenditures	<u>\$ 4,670,666</u>	<u>\$ (202,602)</u>	<u>\$ 4,468,064</u>	<u>\$ 5,186,831</u>	<u>\$ (718,767)</u>
Total current	<u>\$ 7,668,529</u>	<u>\$ (59,512)</u>	<u>\$ 7,609,017</u>	<u>\$ 8,111,158</u>	<u>\$ (502,141)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expend. - custodial services	\$ 14,080	\$ -	\$ 14,080	\$ 14,080	\$ -
Undistributed expend. - non-instructional service	11,965	22,106	34,071	14,312	19,759
Total equipment	<u>26,045</u>	<u>22,106</u>	<u>48,151</u>	<u>28,392</u>	<u>19,759</u>
Facilities acquisition and construction service					
Other purchased professional and technology services	-	34,000	34,000	34,000	-
Assessment for debt service on SDA funding	17,332	-	17,332	17,332	-
Total facilities acquisition and construction service	<u>17,332</u>	<u>34,000</u>	<u>51,332</u>	<u>51,332</u>	<u>-</u>
Total capital outlay	<u>\$ 43,377</u>	<u>\$ 56,106</u>	<u>\$ 99,483</u>	<u>\$ 79,724</u>	<u>\$ 19,759</u>
Total expenditures	<u>\$ 7,711,906</u>	<u>\$ (3,406)</u>	<u>\$ 7,708,500</u>	<u>\$ 8,190,882</u>	<u>\$ (482,382)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (350,952)</u>	<u>\$ 3,406</u>	<u>\$ (347,546)</u>	<u>\$ 941,103</u>	<u>\$ 1,288,649</u>
Fund balances, July 1	5,015,589	-	5,015,589	5,015,589	-
Fund balances, June 30	<u>\$ 4,664,637</u>	<u>\$ 3,406</u>	<u>\$ 4,668,043</u>	<u>\$ 5,956,692</u>	<u>\$ 1,288,649</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (111,907)	\$ -	\$ (111,907)	\$ (111,907)	\$ -
Increase in capital reserve	-	700,000	700,000	700,000	-
Interest deposit to capital reserve	400	-	400	496	96
Increase in unemployment compensation	-	200,799	200,799	200,799	-
Interest earned on unemployment compensation	-	-	-	95	95
Budgeted fund balance	(239,445)	(897,393)	(1,136,838)	151,620	1,288,458
Total	<u>\$ (350,952)</u>	<u>\$ 3,406</u>	<u>\$ (347,546)</u>	<u>\$ 941,103</u>	<u>\$ 1,288,649</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 247,762	
Excess surplus - current year				300,387	
Capital reserve				3,522,660	
Emergency reserve				250,000	
Maintenance reserve				365,000	
Unemployment compensation				714,773	
Committed fund balance					
Year-end encumbrances				120,088	
Unassigned fund balance				<u>436,022</u>	
Fund balance per budgetary basis				5,956,692	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(91,291)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 5,865,401</u>	

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 632,845	\$ (276,705)	\$ 356,140	\$ 302,816	\$ (53,324)
State sources	7,269	-	7,269	7,269	-
Local sources	-	84,137	84,137	84,137	-
Total revenues	<u>\$ 640,114</u>	<u>\$ (192,568)</u>	<u>\$ 447,546</u>	<u>\$ 394,222</u>	<u>\$ (53,324)</u>
Expenditures					
Instruction					
Salaries	\$ 235,177	\$ (135,327)	\$ 99,850	\$ 67,474	\$ 32,376
Purchased professional & technical services	43,827	(34,607)	9,220	9,220	-
Other purchased services	-	912	912	911	1
Supplies	95,334	7,648	102,982	101,352	1,630
Total	<u>374,338</u>	<u>(161,374)</u>	<u>212,964</u>	<u>178,957</u>	<u>34,007</u>
Support services					
Tuition	76,283	15,249	91,532	91,532	-
Salaries	68,278	(41,778)	26,500	7,564	18,936
Employee Benefits	15,431	(14,087)	1,344	1,343	1
Purchased professional & technical services	32,682	(11,512)	21,170	19,763	1,407
Other purchased services	46,162	(43,162)	3,000	3,000	-
Supplies	10,660	(8,624)	2,036	868	1,168
Student activities	-	81,942	81,942	81,942	-
Total	<u>249,496</u>	<u>(21,972)</u>	<u>227,524</u>	<u>206,012</u>	<u>21,512</u>
Capital outlay					
Instructional equipment	16,280	(9,222)	7,058	7,058	-
Total expenditures	<u>\$ 640,114</u>	<u>\$ (192,568)</u>	<u>\$ 447,546</u>	<u>\$ 392,027</u>	<u>\$ 55,519</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 2,195	\$ 2,195
Fund balances, July 1	20,477	-	20,477	20,477	-
Fund balances, June 30	<u>\$ 20,477</u>	<u>\$ -</u>	<u>\$ 20,477</u>	<u>\$ 22,672</u>	<u>\$ 2,195</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 22,672	
Fund balance per budgetary basis				<u>\$ 22,672</u>	

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2022

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

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 9,131,985	\$ 394,222
Differences - budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - prior year	-	2,109
Outstanding encumbrances - current year	-	(45,066)
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	105,587	-
State aid receivable current year	(91,291)	-
Total revenues (GAAP basis)	<u>\$ 9,146,281</u>	<u>\$ 351,265</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,190,882	\$ 392,027
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - prior year	-	2,109
Outstanding encumbrances - current year	-	(45,066)
Total expenditures (GAAP basis)	<u>\$ 8,190,882</u>	<u>\$ 349,070</u>

See independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.0079763275%	\$ 1,306,474	\$ 518,030	252.20%	48.72%
2014	0.0085871771%	1,402,708	526,983	266.18%	52.08%
2015	0.0089760800%	1,562,006	509,825	306.38%	47.93%
2016	0.0081635962%	2,542,267	540,796	470.10%	40.14%
2017	0.0085837715%	1,900,355	588,499	322.92%	48.10%
2018	0.0069583328%	1,767,345	592,628	298.22%	53.60%
2019	0.0074920040%	1,558,043	574,282	271.30%	56.27%
2020	0.0068358854%	1,300,730	538,239	241.66%	58.32%
2021	0.0072228527%	855,655	512,021	167.11%	70.33%
2022	N/A	N/A	460,448	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 63,410	\$ (63,410)	\$ -	\$ 518,030	12.24%
2014	51,507	(51,507)	-	526,983	9.77%
2015	61,763	(61,763)	-	509,825	12.11%
2016	59,823	(59,823)	-	540,796	11.06%
2017	76,257	(76,257)	-	588,499	12.96%
2018	75,627	(75,627)	-	592,628	12.76%
2019	89,283	(89,283)	-	574,282	15.55%
2020	84,109	(84,109)	-	538,239	15.63%
2021	87,257	(87,257)	-	512,021	17.04%
2022	84,588	(84,588)	-	460,448	18.37%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	\$ 15,444,059	\$ 15,444,059	\$ 2,888,603	0.00%	33.76%
2014	0.00%	-	16,521,374	16,521,374	2,758,025	0.00%	33.64%
2015	0.00%	-	18,658,494	18,658,494	2,847,839	0.00%	28.71%
2016	0.00%	-	22,329,277	22,329,277	2,751,272	0.00%	22.33%
2017	0.00%	-	18,777,566	18,777,566	2,717,352	0.00%	25.41%
2018	0.00%	-	17,071,127	17,071,127	2,889,756	0.00%	26.49%
2019	0.00%	-	16,224,916	16,224,916	2,894,119	0.00%	26.95%
2020	0.00%	-	17,821,616	17,821,616	3,013,912	0.00%	24.60%
2021	0.00%	-	12,590,037	12,590,037	3,132,313	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	3,088,954	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered employee payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2013	\$ 197,456	\$ (197,456)	\$ -	\$ 2,888,603	6.84%
2014	130,769	(130,769)	-	2,758,025	4.74%
2015	159,601	(159,601)	-	2,847,839	5.60%
2016	227,259	(227,259)	-	2,751,272	8.26%
2017	312,117	(312,117)	-	2,717,352	11.49%
2018	404,758	(404,758)	-	2,889,756	14.01%
2019	530,845	(530,845)	-	2,894,119	18.34%
2020	531,563	(531,563)	-	3,013,912	17.64%
2021	613,288	(613,288)	-	3,132,313	19.58%
2022	767,449	(767,449)	-	3,088,954	24.84%

N/A = Information not available

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefit Liability
Last Ten Fiscal Years

	Proportionate share of other postemployment employee benefits liability (asset)				Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other post employment employee benefits liability
	District's proportion		State's proportion					
	Percentage	Value						
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
2017	0.00%	\$ -	\$ 17,104,228	\$ 17,104,228	\$ 3,406,633	0.00%	0.00%	
2018	0.00%	-	14,308,755	14,308,755	3,285,008	0.00%	0.00%	
2019	0.00%	-	13,425,583	13,425,583	3,357,664	0.00%	0.00%	
2020	0.00%	-	21,311,480	21,311,480	3,292,068	0.00%	0.00%	
2021	0.00%	-	18,077,259	18,077,259	3,305,851	0.00%	0.00%	
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

N/A = Information not available

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2022

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There was a decrease in liability from June 30, 2021 to June 30, 2022 due to employers adopting Chapter 44 provisions.

SPECIAL REVENUE FUND

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA IA	ESSA IIA	ESSA IV	CRRSA ESSER II	Total
Revenues								
Federal sources	\$ 155,862	\$ 76,283	\$ 3,722	\$ 19,706	\$ 5,214	\$ 10,000	\$ 32,029	\$ 302,816
State sources	7,269	-	-	-	-	-	-	7,269
Local sources	84,137	-	-	-	-	-	-	84,137
Total revenues	\$ 247,268	\$ 76,283	\$ 3,722	\$ 19,706	\$ 5,214	\$ 10,000	\$ 32,029	\$ 394,222
Expenditures								
Instruction								
Salaries	\$ 47,866	\$ -	\$ 3,722	\$ -	\$ -	\$ -	\$ 15,886	\$ 67,474
Purchased professional & technical services	-	-	-	9,220	-	-	-	9,220
Other purchased services	911	-	-	-	-	-	-	911
Supplies	82,850	-	-	6,986	-	10,000	1,516	101,352
Total	131,627	-	3,722	16,206	-	10,000	17,402	178,957
Support services								
Tuition	15,249	76,283	-	-	-	-	-	91,532
Salaries	17	-	-	500	-	-	7,047	7,564
Employee Benefits	1,343	-	-	-	-	-	-	1,343
Purchased professional & technical services	6,969	-	-	3,000	2,214	-	7,580	19,763
Other purchased services	-	-	-	-	3,000	-	-	3,000
Supplies	868	-	-	-	-	-	-	868
Student activities	81,942	-	-	-	-	-	-	81,942
Total	106,388	76,283	-	3,500	5,214	-	14,627	206,012
Capital								
Equipment	7,058	-	-	-	-	-	-	7,058
Total	7,058	-	-	-	-	-	-	7,058
Total expenditures	\$ 245,073	\$ 76,283	\$ 3,722	\$ 19,706	\$ 5,214	\$ 10,000	\$ 32,029	\$ 392,027
Excess (deficiency) of revenues over (under) expenditures	\$ 2,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,195
Fund balances, July 1	20,477	-	-	-	-	-	-	20,477
Fund balances, June 30	\$ 22,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,672

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ESSER	ARP NJTSS Mental Health	ARP Accelerated Learning	Total Carried Forward
Revenues							
Federal sources	\$ 54,333	\$ 10,256	\$ 10,893	\$ 77,719	\$ 1,750	\$ 911	\$ 155,862
State sources	7,269	-	-	-	-	-	7,269
Local sources	84,137	-	-	-	-	-	84,137
Total revenues	\$ 145,739	\$ 10,256	\$ 10,893	\$ 77,719	\$ 1,750	\$ 911	\$ 247,268
Expenditures							
Instruction							
Salaries	\$ 1,300	\$ 10,256	\$ 5,000	\$ 31,310	\$ -	\$ -	\$ 47,866
Purchased professional & technical services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	911	911
Supplies	37,784	-	-	45,066	-	-	82,850
Total	39,084	10,256	5,000	76,376	-	911	131,627
Support services							
Tuition	15,249	-	-	-	-	-	15,249
Salaries	-	-	17	-	-	-	17
Employee Benefits	-	-	-	1,343	-	-	1,343
Purchased professional & technical services	-	-	5,219	-	1,750	-	6,969
Other purchased services	-	-	-	-	-	-	-
Supplies	211	-	657	-	-	-	868
Student activities	81,942	-	-	-	-	-	81,942
Total	97,402	-	5,893	1,343	1,750	-	106,388
Capital							
Equipment	7,058	-	-	-	-	-	7,058
Total	7,058	-	-	-	-	-	7,058
Total expenditures	\$ 143,544	\$ 10,256	\$ 10,893	\$ 77,719	\$ 1,750	\$ 911	\$ 245,073
Excess (deficiency) of revenues over (under) expenditures	\$ 2,195	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,195
Fund balances, July 1	20,477	-	-	-	-	-	20,477
Fund balances, June 30	\$ 22,672	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,672

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2022

	ARP IDEA Basic	ARP IDEA Preschool	Small Rural School Achievement	SDA Emergent and Capital Maintenance Needs	Student Activities	Total Carried Forward
Revenues						
Federal sources	\$ 15,249	\$ 1,300	\$ 37,784	\$ -	\$ -	\$ 54,333
State sources	-	-	-	7,269	-	7,269
Local sources	-	-	-	-	84,137	84,137
Total revenues	\$ 15,249	\$ 1,300	\$ 37,784	\$ 7,269	\$ 84,137	\$ 145,739
Expenditures						
Instruction						
Salaries	\$ -	\$ 1,300	\$ -	\$ -	\$ -	\$ 1,300
Purchased professional & technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies	-	-	37,784	-	-	37,784
Total	-	1,300	37,784	-	-	39,084
Support services						
Tuition	15,249	-	-	-	-	15,249
Salaries	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-
Purchased professional & technical services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies	-	-	-	211	-	211
Student activities	-	-	-	-	81,942	81,942
Total	15,249	-	-	211	81,942	97,402
Capital						
Equipment	-	-	-	7,058	-	7,058
Total	-	-	-	7,058	-	7,058
Total expenditures	\$ 15,249	\$ 1,300	\$ 37,784	\$ 7,269	\$ 81,942	\$ 143,544
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 2,195	\$ 2,195
Fund balances, July 1	-	-	-	-	20,477	20,477
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ 22,672	\$ 22,672

See independent auditors' report.

CAPITAL PROJECTS FUND

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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

See Statements B-4, B-5, and B-6.

FIDUCIARY FUNDS

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

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under leases, and early retirement program.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Long-Term Debt
Schedule of Serial Bonds
June 30, 2022

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/21	Issued	Retired	Balance 06/30/22
			Date	Amount					
Refunding school bonds of 2011	07/15/11	\$ 2,270,000	07/15/22	\$ 230,000	4.00%	\$ 685,000	\$ -	\$ 220,000	\$ 465,000
			07/15/23	235,000	4.00%	-	-	-	-
						<u>\$ 685,000</u>	<u>\$ -</u>	<u>\$ 220,000</u>	<u>\$ 465,000</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 243,000	\$ -	\$ 243,000	\$ 243,000	\$ -
Total revenues	<u>243,000</u>	<u>-</u>	<u>243,000</u>	<u>243,000</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	23,000	-	23,000	23,000	-
Redemption of principal	220,000	-	220,000	220,000	-
Total expenditures	<u>243,000</u>	<u>-</u>	<u>243,000</u>	<u>243,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-
Fund balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

STATISTICAL SECTION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Government activities										
Net investment in capital assets	\$ 4,074,821	\$ 4,240,572	\$ 4,930,862	\$ 5,831,445	\$ 6,105,798	\$ 6,450,729	\$ 6,707,964	\$ 7,444,305	\$ 7,579,817	\$ 7,528,937
Restricted	1,208,751	2,130,676	1,939,228	1,455,925	1,912,048	1,849,981	2,342,525	3,004,962	3,971,520	4,875,105
Unrestricted	255,780	(1,077,386)	(1,042,274)	(976,178)	(1,245,881)	(1,114,987)	(1,133,906)	(1,088,344)	(1,053,179)	(730,246)
Total governmental activities	<u>\$ 5,539,352</u>	<u>\$ 5,293,862</u>	<u>\$ 5,827,816</u>	<u>\$ 6,311,192</u>	<u>\$ 6,771,965</u>	<u>\$ 7,185,723</u>	<u>\$ 7,916,583</u>	<u>\$ 9,360,923</u>	<u>\$ 10,498,158</u>	<u>\$ 11,673,796</u>
Business-type activities										
Net investment in capital assets	\$ 37,818	\$ 32,100	\$ 26,886	\$ 21,671	\$ 31,323	\$ 30,030	\$ 24,641	\$ 21,610	\$ 17,732	\$ 34,010
Unrestricted	19,571	33,038	42,672	41,909	20,967	16,889	19,767	21,414	48,525	50,794
Total business-type activities	<u>\$ 57,389</u>	<u>\$ 65,138</u>	<u>\$ 69,558</u>	<u>\$ 63,580</u>	<u>\$ 52,290</u>	<u>\$ 46,919</u>	<u>\$ 44,408</u>	<u>\$ 43,024</u>	<u>\$ 66,257</u>	<u>\$ 84,804</u>
District-wide										
Net investment in capital assets	\$ 4,112,639	\$ 4,272,672	\$ 4,957,748	\$ 5,853,116	\$ 6,137,121	\$ 6,480,759	\$ 6,732,605	\$ 7,465,915	\$ 7,597,549	\$ 7,562,947
Restricted	1,208,751	2,130,676	1,939,228	1,455,925	1,912,048	1,849,981	2,342,525	3,004,962	3,971,520	4,875,105
Unrestricted	275,351	(1,044,348)	(999,602)	(934,269)	(1,224,914)	(1,098,098)	(1,114,139)	(1,066,930)	(1,004,654)	(679,452)
Total district-wide	<u>\$ 5,596,741</u>	<u>\$ 5,359,000</u>	<u>\$ 5,897,374</u>	<u>\$ 6,374,772</u>	<u>\$ 6,824,255</u>	<u>\$ 7,232,642</u>	<u>\$ 7,960,991</u>	<u>\$ 9,403,947</u>	<u>\$ 10,564,415</u>	<u>\$ 11,758,600</u>

*

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 3,112,909	\$ 3,022,923	\$ 3,206,260	\$ 3,817,127	\$ 3,875,298	\$ 4,363,152	\$ 4,089,154	\$ 3,718,438	\$ 4,493,540	\$ 4,323,771
Special education	867,963	877,529	1,175,540	1,097,366	1,406,699	1,283,334	1,101,860	1,090,786	1,265,401	1,174,558
Other special education	200,229	180,199	371,650	482,853	244,389	430,511	543,910	490,981	543,898	513,190
Other instruction	45,710	39,480	152,006	81,956	405,393	255,049	134,326	516,955	204,191	75,428
Support services										
Tuition	94,322	104,236	144,050	74,950	59,236	125,147	144,006	110,954	115,547	121,924
Student & instruction related services	944,407	975,555	1,071,434	1,230,493	1,328,133	1,594,169	1,441,208	1,420,910	1,701,072	1,647,874
General & business administrative services	586,221	528,792	563,365	529,713	583,854	662,575	631,323	615,184	652,238	472,860
School administration	197,010	169,340	199,112	219,729	196,937	249,681	223,718	100,716	84,734	177,536
Plant operations & maintenance	657,876	688,455	682,629	681,050	859,519	799,735	717,291	718,050	695,565	610,075
Pupil transportation	344,179	262,598	324,243	305,062	311,598	374,274	372,903	336,237	470,729	515,281
Interest on long-term debt	73,409	76,236	72,636	68,845	63,223	57,236	51,092	44,943	38,504	29,803
Total governmental activities expenses	<u>7,124,235</u>	<u>6,925,343</u>	<u>7,962,925</u>	<u>8,589,144</u>	<u>9,334,279</u>	<u>10,194,863</u>	<u>9,450,791</u>	<u>9,164,154</u>	<u>10,265,419</u>	<u>9,662,300</u>
Business-type activities										
Food services	112,744	95,055	100,249	106,740	117,841	116,586	118,002	94,262	77,522	136,694
Total business-type activities	<u>112,744</u>	<u>95,055</u>	<u>100,249</u>	<u>106,740</u>	<u>117,841</u>	<u>116,586</u>	<u>118,002</u>	<u>94,262</u>	<u>77,522</u>	<u>136,694</u>
Total district expenses	<u>\$ 7,236,979</u>	<u>\$ 7,020,398</u>	<u>\$ 8,063,174</u>	<u>\$ 8,695,884</u>	<u>\$ 9,452,120</u>	<u>\$ 10,311,449</u>	<u>\$ 9,568,793</u>	<u>\$ 9,258,416</u>	<u>\$ 10,342,941</u>	<u>\$ 9,798,994</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services	\$ 37,120	\$ 52,753	\$ 71,046	\$ 69,083	\$ 56,450	\$ 55,047	\$ 89,230	\$ 371,019	\$ 385,374	\$ 425,422
Operating grants & contributions	140,992	128,482	129,552	145,198	140,287	150,968	148,980	138,508	194,071	267,128
Capital grants & contributions	8,704	359,840	37,700	-	-	-	-	-	-	-
Total governmental activities	186,816	541,075	238,298	214,281	196,737	206,015	238,210	509,527	579,445	692,550
Business-type activities										
Charges for services										
Food service	81,418	76,986	75,889	71,933	74,080	81,866	85,146	64,990	641	15
Operating grants & contributions	26,646	25,729	28,641	28,615	32,226	29,133	30,018	26,091	99,905	155,034
Total business-type activities	108,064	102,715	104,530	100,548	106,306	110,999	115,164	91,081	100,546	155,049
Total district-wide program revenues	\$ 294,880	\$ 643,790	\$ 342,828	\$ 314,829	\$ 303,043	\$ 317,014	\$ 353,374	\$ 600,608	\$ 679,991	\$ 847,599
Net (expense) revenues										
Governmental activities	\$ (6,937,419)	\$ (6,384,268)	\$ (7,724,627)	\$ (8,374,863)	\$ (9,137,542)	\$ (9,988,848)	\$ (9,212,581)	\$ (8,654,627)	\$ (9,685,974)	\$ (8,969,750)
Business-type activities	(4,680)	7,660	4,281	(6,192)	(11,535)	(5,587)	(2,838)	(3,181)	23,024	18,355
Total district-wide net expenses	\$ (6,942,099)	\$ (6,376,608)	\$ (7,720,346)	\$ (8,381,055)	\$ (9,149,077)	\$ (9,994,435)	\$ (9,215,419)	\$ (8,657,808)	\$ (9,662,950)	\$ (8,951,395)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 5,263,158	\$ 5,263,158	\$ 5,263,158	\$ 5,368,421	\$ 5,475,786	\$ 5,584,205	\$ 5,694,797	\$ 5,808,687	\$ 5,924,849	\$ 6,041,569
Taxes levied for debt service	232,894	247,050	243,450	249,750	245,000	249,150	248,075	241,925	245,625	243,000
Unrestricted grants & contributions	1,913,148	1,872,489	2,804,617	3,207,193	3,854,308	4,525,951	3,913,662	3,554,052	4,626,461	3,831,511
State capital projects grant deobligated	-	-	(79,054)	-	-	-	-	-	-	-
Investment earnings	9,412	10,940	10,856	10,757	12,583	29,488	42,068	31,868	1,815	1,051
Miscellaneous income	17,290	10,846	15,554	22,118	10,638	17,708	44,839	45,064	44,459	28,257
Loss on disposal of capital assets	-	(10,738)	-	-	-	(3,896)	-	(6,134)	(20,000)	-
Total governmental activities	7,435,902	7,393,745	8,258,581	8,858,239	9,598,315	10,402,606	9,943,441	9,675,462	10,823,209	10,145,388

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 78	\$ 93	\$ 139	\$ 169	\$ 157	\$ 216	\$ 327	\$ 264	\$ 9	\$ 7
Miscellaneous income	-	-	-	45	88	-	-	1,533	200	185
Loss on disposal of capital assets	-	(4)	-	-	-	-	-	-	-	-
Total business-type activities	<u>78</u>	<u>89</u>	<u>139</u>	<u>214</u>	<u>245</u>	<u>216</u>	<u>327</u>	<u>1,797</u>	<u>209</u>	<u>192</u>
Total district-wide	<u>\$ 7,435,980</u>	<u>\$ 7,393,834</u>	<u>\$ 8,258,720</u>	<u>\$ 8,858,453</u>	<u>\$ 9,598,560</u>	<u>\$ 10,402,822</u>	<u>\$ 9,943,768</u>	<u>\$ 9,677,259</u>	<u>\$ 10,823,418</u>	<u>\$ 10,145,580</u>
Change in net position										
Governmental activities	\$ 498,483	\$ 1,009,477	\$ 533,954	\$ 483,376	\$ 460,773	\$ 413,758	\$ 730,860	\$ 1,020,835	\$ 1,137,235	\$ 1,175,638
Business-type activities	<u>(4,602)</u>	<u>7,749</u>	<u>4,420</u>	<u>(5,978)</u>	<u>(11,290)</u>	<u>(5,371)</u>	<u>(2,511)</u>	<u>(1,384)</u>	<u>23,233</u>	<u>18,547</u>
Total district	<u>\$ 493,881</u>	<u>\$ 1,017,226</u>	<u>\$ 538,374</u>	<u>\$ 477,398</u>	<u>\$ 449,483</u>	<u>\$ 408,387</u>	<u>\$ 728,349</u>	<u>\$ 1,019,451</u>	<u>\$ 1,160,468</u>	<u>\$ 1,194,185</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 1,419,146	\$ 1,483,952	\$ 1,320,429	\$ 1,476,274	\$ 1,856,119	\$ 2,158,822	\$ 2,740,294	\$ 3,473,902	\$ 4,438,250	\$ 5,400,582
Committed	140,885	95,156	130,289	212,013	78,557	332,851	277,226	288,541	111,907	120,088
Assigned	-	-	-	2	26,414	34,455	-	-	-	-
Unassigned	187,614	177,660	179,024	196,387	226,504	185,887	228,512	213,610	359,845	344,731
Total general fund	<u>\$ 1,747,645</u>	<u>\$ 1,756,768</u>	<u>\$ 1,629,742</u>	<u>\$ 1,884,676</u>	<u>\$ 2,187,594</u>	<u>\$ 2,712,015</u>	<u>\$ 3,246,032</u>	<u>\$ 3,976,053</u>	<u>\$ 4,910,002</u>	<u>\$ 5,865,401</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,277	\$ 20,477	\$ 22,672
Capital projects fund	-	858,437	837,473	205,830	323,252	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ 858,437</u>	<u>\$ 837,473</u>	<u>\$ 205,830</u>	<u>\$ 323,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,277</u>	<u>\$ 20,477</u>	<u>\$ 22,672</u>
								*		

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 5,496,052	\$ 5,510,208	\$ 5,506,608	\$ 5,618,171	\$ 5,720,786	\$ 5,833,355	\$ 5,942,872	\$ 6,050,612	\$ 6,170,474	\$ 6,284,569
Tuition charges	30,945	42,628	64,671	61,645	51,600	50,347	81,980	364,769	333,605	335,310
Interest earnings	9,412	10,940	10,856	10,757	12,583	29,488	42,068	31,868	1,815	1,051
Rents and royalties	-	-	-	7,438	4,850	4,700	7,250	6,250	3,900	5,975
Sale of property	-	-	-	6,356	-	3,930	-	-	-	-
Miscellaneous	23,465	20,971	21,929	15,762	10,638	13,778	44,839	45,064	92,328	112,394
State sources	1,913,148	2,232,329	1,947,130	2,067,924	2,176,477	2,227,493	2,351,225	2,306,851	2,535,411	2,741,388
Federal sources	140,992	128,482	130,034	145,198	140,384	150,968	148,980	138,508	194,071	259,859
Total revenues	7,614,014	7,945,558	7,681,228	7,933,251	8,117,318	8,314,059	8,619,214	8,943,922	9,331,604	9,740,546
Expenditures										
Instruction										
Regular instruction	2,081,511	2,078,379	1,924,618	2,014,300	1,948,155	1,936,589	1,924,627	1,995,484	1,999,061	2,042,167
Special education instruction	567,461	578,178	611,792	556,345	574,183	552,788	512,137	568,859	546,552	588,714
Other special instruction	131,117	119,166	200,577	223,682	218,369	200,585	232,688	237,223	218,389	223,464
Other instruction	44,079	37,973	40,191	47,208	50,864	48,571	53,913	53,683	35,504	69,982
Support services										
Tuition	11,149	25,707	69,899	74,950	-	54,206	74,232	41,053	37,024	30,392
Student & instructional related services	668,329	746,047	648,465	730,827	742,463	736,361	715,030	748,944	776,259	835,029
General administration	225,903	181,614	193,440	176,563	185,629	172,039	166,136	185,189	160,346	118,277
School administration services	138,048	124,734	118,735	121,898	116,533	110,062	110,062	78,599	67,905	80,771
Central services	188,170	196,183	189,072	211,340	170,201	179,217	176,804	185,662	132,564	128,360
Plant operations & maintenance	570,174	619,117	588,885	569,036	721,301	599,639	577,424	586,823	540,466	523,804
Pupil transportation	338,565	255,468	310,881	288,307	291,017	345,147	351,066	314,079	393,384	459,627
Employee benefits	1,112,959	1,028,928	1,154,708	1,252,847	1,189,714	1,430,710	1,406,694	1,314,722	1,502,452	1,407,849
On-behalf TPAF Pension & Social Security contributions	633,260	548,021	616,039	693,474	763,601	867,829	972,595	1,037,770	1,235,368	1,602,722
Capital outlay	49,783	94,456	11,786	55,464	104,251	86,125	307,402	790,274	247,484	62,392
Capital projects	257,903	41,163	670,742	866,439	198,078	295,500	-	-	-	-
Special revenue funds	140,992	128,482	129,552	145,198	140,287	150,968	148,980	138,508	235,740	349,070
Debt service										
Principal	175,000	180,000	180,000	190,000	190,000	200,000	205,000	205,000	215,000	220,000
Interest & other charges	83,002	84,382	80,782	77,082	72,332	66,482	60,407	54,257	47,957	40,332
Total expenditures	7,417,405	7,067,998	7,740,164	8,294,960	7,676,978	8,048,390	7,995,197	8,536,129	8,391,455	8,782,952

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ 196,609	\$ 877,560	\$ (58,936)	\$ (361,709)	\$ 440,340	\$ 265,669	\$ 624,017	\$ 407,793	\$ 940,149	\$ 957,594
Other financing sources (uses)										
NJSDA Grant deobligated	-	-	(79,054)	-	-	-	-	-	-	-
Transfers out	(10,000)	(10,000)	(10,000)	(15,000)	(20,000)	(64,500)	(90,000)	(87,000)	-	-
Total other financing sources (uses)	(10,000)	(10,000)	(89,054)	(15,000)	(20,000)	(64,500)	(90,000)	(87,000)	-	-
Net change in fund balances	\$ 186,609	\$ 867,560	\$ (147,990)	\$ (376,709)	\$ 420,340	\$ 201,169	\$ 534,017	\$ 320,793	\$ 940,149	\$ 957,594
Debt service as a percentage of non-capital expenditures	3.77%	3.96%	3.84%	3.76%	3.69%	3.60%	3.58%	3.46%	3.34%	3.08%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 9,412	\$ 10,940	\$ 10,856	\$ 10,757	\$ 12,583	\$ 29,488	\$ 42,068	\$ 31,868	\$ 1,815	\$ 1,051
Tuition	30,945	42,628	64,671	61,645	51,600	50,347	81,980	364,769	333,605	335,310
Shared services	-	-	-	-	-	-	39,055	29,056	15,625	6,953
Building use fees	6,175	5,100	6,375	7,438	4,850	4,700	7,250	6,250	3,900	5,975
Prior year refunds	385	1,079	7,050	8,292	554	373	607	9,964	5,326	7,708
Accounts payable canceled	6,156	2,808	3,043	2,038	4,331	5,141	2,180	658	22,805	5,100
Miscellaneous other	-	-	41	117	113	404	237	506	683	506
Sale of assets	-	-	-	6,356	-	3,930	-	200	-	-
Training fees	3,075	-	-	-	-	-	-	-	-	-
Sale of textbooks	1,304	79	-	-	-	-	-	-	-	-
iPad reimbursements	6,370	5,880	5,420	5,220	4,640	4,160	2,760	4,680	20	7,990
Workshops	-	5,025	-	-	-	-	-	-	-	-
NJ School boards insurance safety incentive	-	1,000	-	-	1,000	3,700	-	-	-	-
Donations	-	-	-	95	-	-	-	-	-	-
Annual totals	\$ 63,822	\$ 74,539	\$ 97,456	\$ 101,958	\$ 79,671	\$ 102,243	\$ 176,137	\$ 447,951	\$ 383,779	\$ 370,593

Source: District records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 20,444,100	\$ 18,828,600	\$ 22,065,150	\$ 21,949,750	\$ 20,706,400	\$ 20,700,000	\$ 20,041,000	\$ 18,674,100	\$ 18,219,000	\$ 17,793,300
Residential	420,624,300	422,482,000	421,252,699	428,026,899	427,194,899	430,839,699	430,083,000	432,643,895	433,833,245	436,406,234
Farm regular	113,888,600	113,765,600	113,811,201	110,891,300	113,641,700	110,696,300	113,957,800	115,705,800	117,750,900	119,018,000
Qualified farm	5,711,500	5,624,100	5,480,300	5,381,800	5,300,000	5,292,300	5,289,900	5,280,500	5,034,040	5,042,940
Commercial	34,945,700	34,980,300	34,962,700	35,012,700	34,962,400	34,962,400	35,339,300	35,389,300	35,075,100	35,075,100
Industrial	9,346,600	9,381,100	9,381,100	8,921,900	8,921,900	8,921,900	8,921,900	8,972,900	8,972,900	8,972,900
Apartment	1,988,300	1,988,300	1,988,300	1,988,300	1,988,300	1,947,600	2,009,500	2,009,500	2,009,500	2,009,500
Total assessed value	606,949,100	607,050,000	608,941,450	612,172,649	612,715,599	613,360,199	615,642,400	618,675,995	620,894,685	624,317,974
Public utilities (a)	1,480,282	1,476,753	1,653,010	1,544,943	1,545,288	1,545,288	1,545,288	-	1,437,091	1,437,091
Net valuation taxable	\$ 608,429,382	\$ 608,526,753	\$ 610,594,460	\$ 613,717,592	\$ 614,260,887	\$ 614,905,487	\$ 617,187,688	\$ 618,675,995	\$ 622,331,776	\$ 625,755,065
Estimated actual county equalized value	\$ 629,713,705	\$ 613,859,175	\$ 618,887,553	\$ 601,302,608	\$ 608,735,456	\$ 623,130,814	\$ 615,407,488	\$ 626,253,664	\$ 639,469,561	\$ 689,765,283
Percentage of net valuation to estimated actual equalized value	96.62%	99.13%	98.66%	102.06%	100.91%	98.68%	100.29%	98.79%	97.32%	90.72%
Total direct school tax rate (b)	\$ 0.906	\$ 0.905	\$ 0.920	\$ 0.932	\$ 0.950	\$ 0.966	\$ 0.981	\$ 0.998	\$ 1.010	\$ 1.024

Source: Municipal tax assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

- (a) Taxable value of machinery, implements and equipment of telephone and messenger system companies.
- (b) Tax rates are per \$100.

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)

Assessment Year	School District Direct Rate				Regional School Rate	Overlapping Rates		Fire District	Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)			Municipality	County		
			Total Direct School Tax Rate						
2013	\$ 0.868	\$ 0.038	\$ 0.906		\$ 0.588	\$ 0.231	\$ 0.378	\$ -	\$ 2.103
2014	0.864	0.041	0.905		0.613	0.241	0.371	-	2.130
2015	0.879	0.041	0.920		0.611	0.252	0.377	-	2.160
2016	0.891	0.041	0.932		0.625	0.259	0.365	-	2.181
2017	0.909	0.041	0.950		0.617	0.265	0.368	-	2.200
2018	0.925	0.041	0.966		0.652	0.295	0.383	-	2.296
2019	0.940	0.041	0.981		0.634	0.324	0.376	-	2.315
2020	0.958	0.040	0.998		0.635	0.340	0.382	-	2.355
2021	0.970	0.040	1.010		0.680	0.357	0.387	-	2.434
2022	0.984	0.040	1.024		0.696	0.355	0.417	-	2.492

Sources: Municipal Tax Collector

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

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

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Buckeye Pipeline Co	\$ 7,615,000	1	1.23%	\$ 4,575,000	1	0.75%
Kingwood Flex LLC	4,519,400	2	0.72%	-		-
Frenchtown III Solar LLC	4,286,200	3	0.68%	1,500,000	8	0.25%
Mel Chemicals Inc	3,704,800	4	0.59%	3,463,700	3	0.57%
Perini Properties LLC	2,895,500	5	0.46%	2,895,500	5	0.48%
Individual Property Owner	2,484,800	6	0.40%	1,650,800	7	0.27%
869 Associates LLC	2,324,100	7	0.37%	2,324,100	6	0.38%
Individual Property Owner	1,668,600	8	0.27%	1,435,800	10	0.24%
Individual Property Owner	1,656,100	9	0.26%	-		-
880 State Highway 12 LLC	1,608,000	10	0.26%	1,486,000	9	0.24%
Route 12 Business Park LLC	-		-	4,188,100	2	0.69%
Buckeye Pipeline Co	-		-	3,040,000	4	0.50%
	<u>\$ 32,762,500</u>		<u>5.24%</u>	<u>\$ 26,559,000</u>		<u>4.37%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 5,496,052	\$ 5,496,052	100.00%
2014	5,510,208	5,510,208	100.00%
2015	5,506,608	5,506,608	100.00%
2016	5,618,171	5,618,171	100.00%
2017	5,720,786	5,720,786	100.00%
2018	5,833,355	5,833,355	100.00%
2019	5,942,872	5,942,872	100.00%
2020	6,050,612	6,050,612	100.00%
2021	6,170,474	6,170,474	100.00%
2022	6,284,569	6,284,569	100.00%

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

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

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2013	\$ 2,250,000	\$ -	\$ -	\$ -	\$ -	\$ 2,250,000	0.78%	\$ 591
2014	2,070,000	-	-	-	-	2,070,000	0.72%	545
2015	1,890,000	-	-	-	-	1,890,000	0.64%	502
2016	1,700,000	-	-	-	-	1,700,000	0.56%	451
2017	1,510,000	-	-	-	-	1,510,000	0.48%	403
2018	1,310,000	-	-	-	-	1,310,000	0.41%	350
2019	1,105,000	-	-	-	-	1,105,000	0.34%	295
2020	900,000	-	-	-	-	900,000	0.26%	240
2021	685,000	-	-	-	-	685,000	0.19%	183
2022	465,000	-	-	-	-	465,000	N/A	122

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (a) See Exhibit J-14 for personal income and population data.
 These ratios are calculated using personal income and population for the prior calendar year.

N/A Information is not available

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 2,250,000	\$ -	\$ 2,250,000	0.37%	591
2014	2,070,000	-	2,070,000	0.34%	545
2015	1,890,000	-	1,890,000	0.31%	502
2016	1,700,000	-	1,700,000	0.28%	451
2017	1,510,000	-	1,510,000	0.25%	403
2018	1,310,000	-	1,310,000	0.21%	350
2019	1,105,000	-	1,105,000	0.18%	295
2020	900,000	-	900,000	0.15%	240
2021	685,000	-	685,000	0.11%	183
2022	465,000	-	465,000	0.07%	122

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

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

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,749,500	100.00%	\$ 1,749,500
Regional High School	465,000	26.45%	122,994
County general obligation debt	96,226,693	2.92%	<u>2,805,443</u>
Subtotal, overlapping debt			4,677,937
School District direct debt			<u>465,000</u>
Total direct and overlapping debt			<u><u>\$ 5,142,937</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each Governmental Unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the municipality. This process recognizes that when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each 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.

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

	Equalized Valuation Basis	
	2021	\$ 684,407,722
	2020	635,713,106
	2019	623,182,913
		<u>\$ 1,943,303,741</u>
Average equalized valuation of taxable property		<u>\$ 647,767,914</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 19,433,037
Total net debt applicable to limit		<u>465,000</u>
Legal debt margin		<u>\$ 18,968,037</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 18,241,557	\$ 18,391,503	\$ 18,556,811	\$ 18,704,826	\$ 19,433,037
Total net debt applicable	<u>1,310,000</u>	<u>1,105,000</u>	<u>900,000</u>	<u>685,000</u>	<u>465,000</u>
Legal debt margin	<u>\$ 16,931,557</u>	<u>\$ 17,286,503</u>	<u>\$ 17,656,811</u>	<u>\$ 18,019,826</u>	<u>\$ 18,968,037</u>
Total net debt applicable to the limit as a percentage of debt limit	7.18%	6.01%	4.85%	3.66%	2.39%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 19,219,333	\$ 18,749,237	\$ 18,506,704	\$ 18,215,184	\$ 18,185,391
Total net debt applicable	<u>2,250,000</u>	<u>2,070,000</u>	<u>1,890,000</u>	<u>1,700,000</u>	<u>1,510,000</u>
Legal debt margin	<u>\$ 16,969,333</u>	<u>\$ 16,679,237</u>	<u>\$ 16,616,704</u>	<u>\$ 16,515,184</u>	<u>\$ 16,675,391</u>
Total net debt applicable to the limit as a percentage of debt limit	11.71%	11.04%	10.21%	9.33%	8.30%

Source: Equalized valuation basis obtained from the annual report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit set by N.J.S.A. 18A:24-19.

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	3,804	\$ 286,741,716	\$ 75,379	4.9%
2014	3,797	285,591,355	75,215	4.9%
2015	3,765	296,915,430	78,862	4.7%
2016	3,766	304,974,446	80,981	3.9%
2017	3,747	313,859,961	83,763	3.9%
2018	3,742	317,740,704	84,912	3.5%
2019	3,747	329,488,698	87,934	3.1%
2020	3,749	344,705,554	91,946	7.4%
2021	3,753	356,865,264	95,088	4.2%
2022	3,824	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by County estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

See independent auditors' report.

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

2022

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

2013

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

See independent auditors' report.

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

Function/Program	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	28.7	27.2	26.2	26.2	26.2	26.2	25.2	26.2	26.2	27.4
Special education	8.0	9.5	10.5	10.0	10.0	10.0	9.0	10.0	10.0	10.0
Other instruction - aides	4.0	4.5	4.5	3.0	6.0	4.0	3.0	4.0	4.0	4.0
Support services										
Student and instruction related services	9.6	7.8	7.9	7.9	9.4	9.7	9.8	9.3	8.5	9.2
General administration	1.5	1.2	1.6	1.6	1.6	0.8	0.8	0.8	0.8	0.8
School administration services	1.9	1.8	1.5	1.5	1.7	1.4	1.1	0.7	0.7	0.7
Central services	2.4	2.4	2.1	3.1	2.1	2.1	2.1	2.1	1.5	1.5
Plant operations and maintenance	5.7	5.7	5.6	4.8	4.8	4.6	4.6	4.6	4.4	3.5
Pupil transportation	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.1	1.1
Total	<u>62.2</u>	<u>60.5</u>	<u>60.4</u>	<u>58.6</u>	<u>62.3</u>	<u>59.3</u>	<u>56.1</u>	<u>58.2</u>	<u>57.2</u>	<u>58.2</u>

Source: District Personnel Records

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	409	\$ 6,851,717	\$ 16,752	-2.66%	47.7	1:11.10	408.7	391.2	-0.97%	95.72%
2014	370	6,667,997	18,022	7.58%	45.5	1:10.93	367.9	353.5	-9.98%	96.09%
2015	365	6,796,854	18,622	3.33%	45.3	1:11.76	360.3	344.9	-2.07%	95.73%
2016	364	7,105,975	19,522	4.83%	44.8	1:11.76	342.2	328.2	-5.02%	95.91%
2017	344	7,112,317	20,675	5.91%	44.8	1:12.31	343.5	329.0	0.38%	95.78%
2018	336	7,400,283	22,025	6.53%	44.8	1:13.02	335.7	322.4	-2.28%	96.04%
2019	331	7,422,388	22,424	1.81%	42.6	1:13.33	330.6	316.2	-1.51%	95.64%
2020	356	7,486,598	21,030	-6.22%	44.8	1:12:88	356.5	345.4	7.83%	96.89%
2021	342	7,881,014	23,044	9.58%	42.6	1:12:50	342.0	329.4	-4.06%	96.31%
2022	322	8,460,228	26,274	14.02%	44.2	1:12.45	321.9	304.8	-5.87%	94.67%

Source: District Records

- (a) Operating expenditures equal total expenditures less debt service and capital outlay.
- (b) Teaching staff includes only full-time equivalents or certificated staff.
- (c) Average Daily Enrollment and Average Daily Attendance are obtained from the School Register Summary.

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Elementary (1948)</u>										
Square feet	65,719	65,719	65,719	65,719	65,719	65,719	65,719	65,719	65,719	65,719
Capacity (students)	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0
Average daily enrollment	408.7	367.9	360.3	342.2	343.5	335.7	330.6	356.5	342.0	321.9

Number of schools at June 30, 2022:

Elementary	1
Middle School	-
High School	-
Other	-

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increase in square footage and capacity are the result of renovations and additions.

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

Undistributed Expenditures - Required Maintenance for School Facilities

<u>Fiscal Year Ending</u>	<u>Amount</u>
2013	\$ 62,723
2014	35,095
2015	31,968
2016	57,768
2017	182,472
2018	39,609
2019	52,220
2020	55,749
2021	59,172
2022	43,300
Total school facilities	<u>\$ 620,076</u>

* 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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Insurance Schedule
June 30, 2022
(Unaudited)

	Coverage	Deductible
School Commercial Package Policy - New Jersey School Insurance Group (NJSIG)		
Property - Building Blanket and Contents (Policy Limit)	\$ 500,000,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	-
Comprehensive Automobile Liability (Policy Limit)	16,000,000	1,000
School Board Legal Liability - New Jersey School Insurance Group (NJSIG)		
Directors and Officers Policy	16,000,000	5,000
Workmen's Compensation - New Jersey School Insurance Group (NJSIG)		
Per Accident, Disease and Disease Limit	2,000,000	-
Public Employees' Faithful Performance - New Jersey School Insurance Group (NJSIG)		
Blanket Position Bond	50,000	500
Treasurer of School Monies Bond	250,000	1,000
School Board Secretary Bond	250,000	1,000

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Kingwood Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control Over Financial Reporting

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

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


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

Report on Compliance and Other Matters

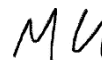
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

February 15, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

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

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Kingwood Township School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2022. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the 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 state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA,
PSA NO. 20CS00265600

February 15, 2023
Flemington, New Jersey

SUPPLEMENTARY INFORMATION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2022		
					From	To	(Acct Rec) Def Revenue	Carryover Amount	Cash Received				Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Education passed through State Department of Education Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027A	H027A200100	IDEA-2450-22	\$ 76,283	07/01/21	06/30/22	\$ -	\$ -	\$ 76,283	\$ 76,283	\$ -	\$ -	\$ -	\$ -	\$ -
IDEA Preschool	84.173A	H173A200114	IDEA-2450-22	3,722	07/01/21	06/30/22	-	-	3,722	3,722	-	-	-	-	-
Total special education cluster (IDEA)							-	-	80,005	80,005	-	-	-	-	-
Title I A	84.010A	S010A200030	ESSA-2450-21	24,414	07/01/20	06/30/21	(17,124)	-	17,124	-	-	-	-	-	-
Title I A	84.010A	S010A210030	ESSA-2450-22	20,706	07/01/21	06/30/22	-	-	17,551	19,706	-	-	(2,155)	-	-
Title II A	84.367A	S367A200029	ESSA-2450-21	5,318	07/01/20	06/30/21	(3,818)	-	3,818	-	-	-	-	-	-
Title II A	84.367A	S367A210029	ESSA-2450-22	5,214	07/01/21	06/30/22	-	-	4,691	5,214	-	-	(523)	-	-
Title IV	84.424	S424A200031	ESSA-2450-21	10,000	07/01/20	06/30/21	(7,125)	-	7,125	-	-	-	-	-	-
Title IV	84.424	S424A210031	ESSA-2450-22	10,000	07/01/21	06/30/22	-	-	9,079	10,000	-	-	(921)	-	-
COVID-19															
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-2450-23	80,026	03/13/20	09/30/23	(1,109)	-	32,012	32,029	-	-	(1,126)	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-2450-23	25,000	03/13/20	09/30/23	(2,399)	-	10,170	10,256	-	-	(2,485)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-2450-23	45,000	03/13/20	09/30/23	-	-	5,475	10,893	-	-	(5,418)	-	-
ARP - ESSER															
ARP - ESSER	84.425U	S425U210027	ESSER-2450-24	179,853	03/13/20	09/30/24	-	-	29,218	77,719	-	-	(48,501)	-	-
NJTSS Mental Health Support Staffing Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-2450-24	45,000	03/13/20	09/30/24	-	-	1,750	1,750	-	-	-	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-2450-22	15,249	07/01/21	09/30/22	-	-	10,418	15,249	-	-	(4,831)	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-2450-22	1,300	07/01/21	09/30/22	-	-	1,134	1,300	-	-	(166)	-	-
Small, Rural School Achievement Program	84.358	S358B210030	S358A212868	37,784	07/01/21	09/30/22	-	-	37,769	37,784	-	-	(15)	-	-
Total Special Revenue Fund							(31,575)	-	267,339	302,816	-	-	(67,052)	-	-
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund															
Child Nutrition Cluster															
National School Lunch Program															
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	3,911	10/01/20	09/30/21	2,012	-	-	2,012	-	-	-	-	-
Non-Cash Assistance (Commodities)	10.555	221NJ304N1099	N/A	6,715	10/01/21	09/30/22	-	-	6,715	3,944	-	-	-	2,771	-
Cash Assistance	10.555	211NJ304N1099	N/A	92,129	10/01/20	09/30/21	(8,481)	-	8,481	-	-	-	-	-	-
Cash Assistance	10.555	221NJ304N1099	N/A	144,485	10/01/21	09/30/22	-	-	137,787	144,485	-	-	(6,698)	-	-
Total Child Nutrition Cluster							(6,469)	-	152,983	150,441	-	-	(6,698)	2,771	-
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-	-
Total Enterprise Fund							(6,469)	-	154,225	151,683	-	-	(6,698)	2,771	-
Total Federal Awards							\$ (38,044)	\$ -	\$ 421,564	\$ 454,499	\$ -	\$ -	\$ (73,750)	\$ 2,771	\$ -

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021			Balance June 30, 2022			Memo			
					Deferred Rev.	Due to	Cash	Budgetary	Accounts	Deferred	Due to	Budgetary	Cumulative	
					(Accts. Rec)	Grantor	Received	Expenditure	Receivable	Revenue	Grantor	Receivable	Expenditure	
State Department of Education														
General Fund														
Transportation Aid	22-495-034-5120-014	\$ 166,282	07/01/21	06/30/22	\$ -	\$ -	\$ 150,154	\$ 166,282	\$ -	\$ -	\$ -	\$ -	\$ 16,128	\$ 166,282
Special Education Categorical Aid	22-495-034-5120-089	259,824	07/01/21	06/30/22	-	-	234,623	259,824	-	-	-	-	25,201	259,824
Equalization Aid	22-495-034-5120-078	293,413	07/01/21	06/30/22	-	-	264,955	293,413	-	-	-	-	28,458	293,413
School Choice Aid	22-495-034-5120-068	190,695	07/01/21	06/30/22	-	-	172,200	190,695	-	-	-	-	18,495	190,695
Security Aid	22-495-034-5120-084	31,021	07/01/21	06/30/22	-	-	28,012	31,021	-	-	-	-	3,009	31,021
Extraordinary Special Education Costs Aid	21-495-034-5120-044	196,993	07/01/20	06/30/21	(196,993)	-	196,993	-	-	-	-	-	-	196,993
Extraordinary Special Education Costs Aid	22-495-034-5120-044	171,046	07/01/21	06/30/22	-	-	-	171,046	-	(171,046)	-	-	-	171,046
Non-Public Transportation Aid	21-495-034-5120-014	1,450	07/01/20	06/30/21	(1,450)	-	1,450	-	-	-	-	-	-	1,450
Non-Public Transportation Aid	22-495-034-5120-014	1,450	07/01/21	06/30/22	-	-	-	1,450	-	(1,450)	-	-	-	1,450
Payment for Institutionalized Children-Unknown District of Residence	22-495-034-5120-005	3,370	07/01/21	06/30/22	-	-	3,370	3,370	-	-	-	-	-	3,370
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	215,742	07/01/21	06/30/22	-	-	205,085	215,742	-	(10,657)	-	-	-	215,742
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	22-495-034-5094-002	1,108,355	07/01/21	06/30/22	-	-	1,108,355	1,108,355	-	-	-	-	-	1,108,355
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	15,637	07/01/21	06/30/22	-	-	15,637	15,637	-	-	-	-	-	15,637
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	378	07/01/21	06/30/22	-	-	378	378	-	-	-	-	-	378
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001	262,610	07/01/21	06/30/22	-	-	262,610	262,610	-	-	-	-	-	262,610
Total General Fund					(198,443)	-	2,643,822	2,719,823	-	(183,153)	-	-	91,291	2,918,266
State Department of Education														
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	7,269	07/01/21	06/30/22	-	-	7,269	7,269	-	-	-	-	-	7,269
Total Special Revenue Fund					-	-	7,269	7,269	-	-	-	-	-	7,269
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	21-100-010-3350-023	4,726	07/01/20	06/30/21	(604)	-	604	-	-	-	-	-	-	4,726
State School Lunch Program	22-100-010-3350-023	3,351	07/01/21	06/30/22	-	-	3,197	3,351	-	(154)	-	-	-	3,351
Total Enterprise Fund					(604)	-	3,801	3,351	-	(154)	-	-	-	8,077
Total State Financial Assistance					\$ (199,047)	\$ -	\$ 2,654,892	2,730,443	\$ -	\$ (183,307)	\$ -	\$ -	\$ 91,291	\$ 2,933,612
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	22-495-034-5094-002							1,108,355						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							15,637						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							262,610						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							378						
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,343,463</u>						

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 1 - General

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 Kingwood Township School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the 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 budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$14,296 for the general fund and (\$42,957) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 3 - Relationship of financial statement (continued)

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

	Federal	State	Total
General fund	\$ -	\$ 2,734,119	\$ 2,734,119
Special revenue fund	259,859	7,269	267,128
Food service fund	151,683	3,351	155,034
Total awards and financial assistance	\$ 411,542	\$ 2,744,739	\$ 3,156,281

Note 4 - Relationship to federal and state financial reports

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

Note 5 - Other

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2022. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the year ended June 30, 2022.

Note 6 - Indirect Costs

The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

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

Did the auditee qualify as a low-risk auditee?

Yes No

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022**

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

State Awards

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

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

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes X No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes X None reported

What was the type of auditor's report issued on compliance for major programs? Unmodified

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

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>22-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>22-495-034-5120-078</i>	<i>Equalization Aid</i>
<i>22-495-034-5120-084</i>	<i>Security Aid</i>
<i>22-495-034-5120-068</i>	<i>School Choice Aid</i>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2022.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2022.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2022**

Status of Prior Year Findings

There were no prior year findings or questioned costs.