

**KINGWOOD TOWNSHIP
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2023

**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, 2023

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

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**KINGWOOD TOWNSHIP
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KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

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Michele McCann
Business Administrator/Board Secretary
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November 13, 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, 2023 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 2022-2023 fiscal year with an average daily enrollment of 330.7 students, which is a 2.72% increase 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>
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%)
2022-2023	330.7	2.72%

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

3. MAJOR INITIATIVES: The Kingwood Township School District continues to deliver high-quality programs and maintain a fiscally responsible budget. Infusing the Milford Public School Middle School requires constant adjustments to our schedule and requires additional assessments. The major initiatives for the 2023-2024 academic school year were implementing Conscious Discipline, security trainings and upgrades, and the new student information system, Genesis. 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 is allowed to 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 for Conscious Discipline Training and Security upgrades. This new program utilizes the workshop model to deliver writing instructions. The staff will receive training and support to implement this new program. Money has also been allocated for security trainings and upgrades to the facility.

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, 2023, the District's outstanding debt was \$235,000. 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.

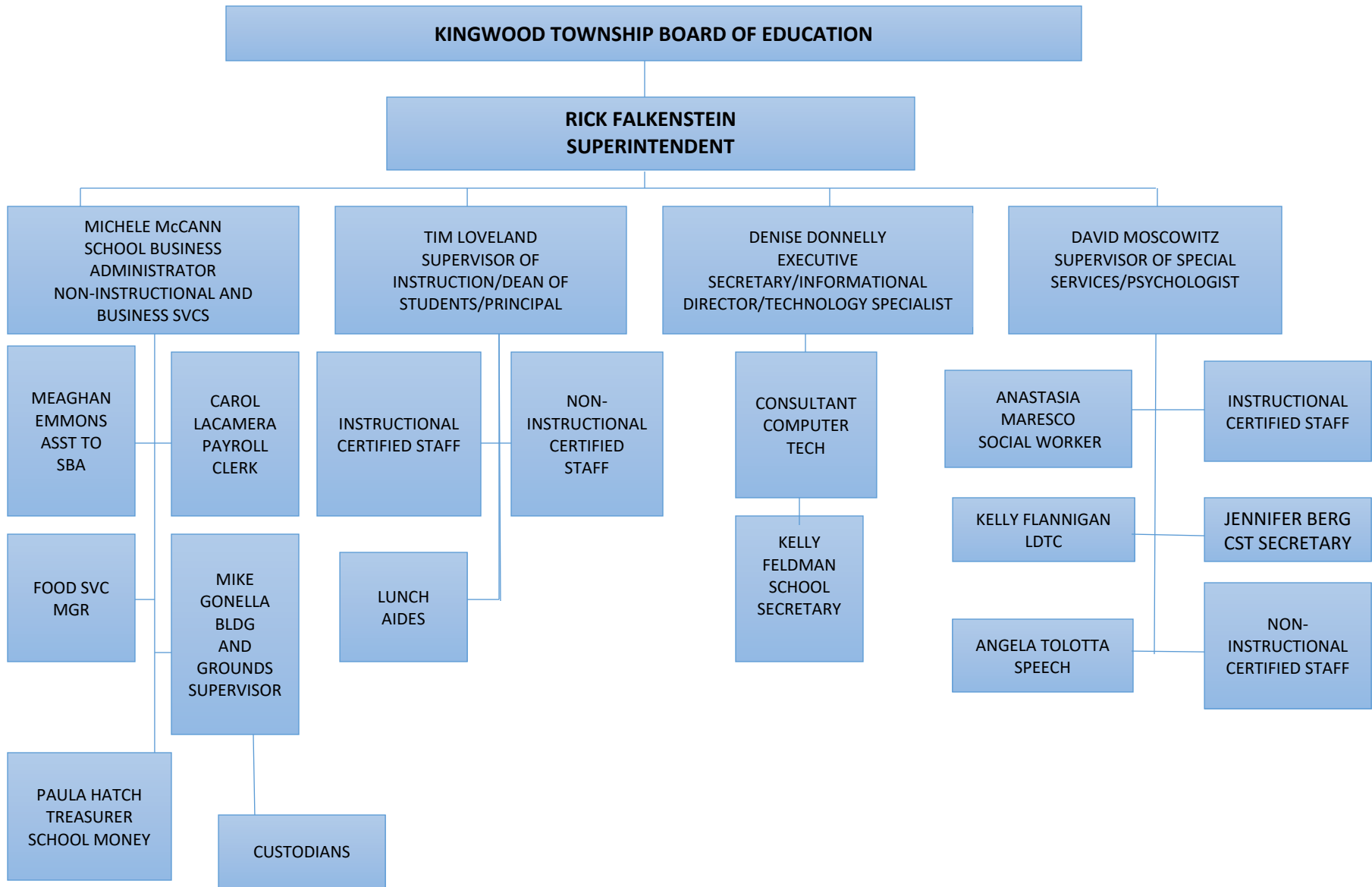
Respectfully submitted,



Dr. Rick Falkenstein
Chief School Administrator



Michele McCann
School Business Administrator/
Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
Roster of Officials
June 30, 2023

Members of the Board of Education	Title	Term Expires
Kevin Bloom	President	2024
Shannon Sklodowsky	Vice President	2023
Deb Frank		2023
Geoff Vitale		2023
Sara Daly-Padron		2024
Joe Fyock		2024
Donna Herbel		2025
Jonathan Jankech		2025
Russell Pitzner		2025

Other Officials	Title
Rick Falkenstein	Superintendent
Michele McCann	Board Secretary/School Business Administrator
Paula Hatch	School Treasurer

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Consultants and Advisors
June 30, 2023

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

Citizens 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, 2023, 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, 2023, 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 November 13, 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

November 13, 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, 2023
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, 2023. 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 2023 are as follows:

- In total, net position increased \$1,271,471 which represents a 10.81% increase from 2022.
- General revenues accounted for \$9,969,293 in revenue or 90.78% of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$1,012,329 or 9.22% of total revenues of \$10,981,622.
- Total assets of governmental activities increased by \$708,204 as cash and cash equivalents increased by \$181,968, receivables and other assets increased by \$599,523, and capital assets decreased by \$73,287.
- The School District had \$9,710,151 in expenses; only \$1,012,329 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$9,969,293 were adequate to provide for these programs.
- Among major funds, the general fund had \$9,301,398 in revenues and \$8,406,363 in expenditures. The general fund's balance increased \$895,035 from 2022.

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, 2023
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 2023?" 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, 2023
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, 2023 compared to June 30, 2022.

Table 1
Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Assets				
Current & other assets	\$ 6,912,793	\$ 6,112,509	\$ 800,284	13.09%
Capital assets	7,957,751	8,027,947	(70,196)	-0.87%
Total assets	<u>14,870,544</u>	<u>14,140,456</u>	<u>730,088</u>	5.16%
Deferred outflows of resources				
Deferred amount on pension activity	166,261	155,595	10,666	6.85%
Liabilities				
Long-term liabilities	1,536,513	1,554,729	(18,216)	-1.17%
Other liabilities	108,615	182,167	(73,552)	-40.38%
Total liabilities	<u>1,645,128</u>	<u>1,736,896</u>	<u>(91,768)</u>	-5.28%
Deferred inflows of resources				
Deferred amount on pension activity	361,606	800,555	(438,949)	-54.83%
Net position				
Net investment in capital assets	7,722,751	7,562,947	159,804	2.11%
Restricted	5,100,954	4,875,105	225,849	4.63%
Unrestricted	206,366	(679,452)	885,818	130.37%
Total net position	<u>\$ 13,030,071</u>	<u>\$ 11,758,600</u>	<u>\$ 1,271,471</u>	10.81%

Total assets increased \$730,088. Cash and cash equivalents increased by \$208,120, receivables and other assets increased by \$595,164, and capital assets decreased by \$70,196. 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 \$885,818.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
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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, 2023 compared to June 30, 2022.

Table 2
Changes in Net Position

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Charges for services	\$ 420,649	\$ 425,437	\$ (4,788)	-1.13%
Operating grants and contributions	591,680	422,162	169,518	40.15%
General revenues				
Property taxes	6,403,984	6,284,569	119,415	1.90%
Grants and entitlements	3,497,540	3,831,511	(333,971)	-8.72%
Other	67,769	29,500	38,269	129.73%
Total revenues	<u>10,981,622</u>	<u>10,993,179</u>	<u>(11,557)</u>	-0.11%
Expenses				
Instruction				
Regular	4,381,486	4,323,771	57,715	1.33%
Special	1,574,989	1,687,748	(112,759)	-6.68%
Other	49,999	75,428	(25,429)	-33.71%
Support services				
Tuition	104,532	121,924	(17,392)	-14.26%
Student & instructional related services	1,591,643	1,647,874	(56,231)	-3.41%
General & business administration	512,355	472,860	39,495	8.35%
School administration	137,120	177,536	(40,416)	-22.76%
Maintenance	643,563	610,075	33,488	5.49%
Transportation	516,576	515,281	1,295	0.25%
Food service	177,269	136,694	40,575	29.68%
Interest on long-term debt	20,619	29,803	(9,184)	-30.82%
Total expenses	<u>9,710,151</u>	<u>9,798,994</u>	<u>(88,843)</u>	-0.91%
Increase (decrease) in net position	<u>\$ 1,271,471</u>	<u>\$ 1,194,185</u>	<u>\$ 77,286</u>	6.47%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
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Governmental Activities

Local property taxes made up 59.25% of revenues for governmental activities for the Kingwood Township School District for fiscal year 2023.

Instruction comprises 61.86% of district expenses. Support services expenses make up 38.14% 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, 2023 compared to June 30, 2022.

Table 3
Cost of Governmental Services

	Total Cost of Services		Net Cost of Services	
	06/30/23	06/30/22	06/30/23	06/30/22
Instruction	\$ 6,006,474	\$ 6,086,947	\$ 5,544,249	\$ 5,607,236
Support services				
Tuition	104,532	121,924	27,233	30,392
Student & instructional staff	1,591,643	1,647,874	1,300,794	1,532,542
General & business				
administration	512,355	472,860	512,355	472,860
School administration	137,120	177,536	133,686	177,536
Plant operations &				
maintenance	643,563	610,075	638,263	604,100
Pupil transportation	516,576	515,281	516,576	515,281
Food services	177,269	136,694	4,047	(18,355)
Interest on long-term debt	20,619	29,803	20,619	29,803
Total expenses	\$ 9,710,151	\$ 9,798,994	\$ 8,697,822	\$ 8,951,395

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
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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 90.78%. 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 \$10,124,847 and expenditures of \$9,248,775. The general fund had an increase in fund balance of \$895,035.

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 2023, 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 \$7,639,376, \$253,769 above original budgeted estimates of \$7,385,607. 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 \$886,549. 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, 2023
Unaudited

Capital Assets

At the end of the fiscal year 2023, the School District had \$7,957,751 invested in land, building, furniture and equipment. Table 4 shows June 30, 2023 balances compared to June 30, 2022.

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

	06/30/23	06/30/22	Variance	
			Dollars	Percent
Land	\$ 115,000	\$ 115,000	\$ -	0.00%
Construction in progress	171,968	34,000	137,968	405.79%
Land improvements	498,808	538,463	(39,655)	-7.36%
Buildings & improvements	6,806,912	7,063,181	(256,269)	-3.63%
Furniture & equipment	365,063	277,303	87,760	31.65%
	<u>\$ 7,957,751</u>	<u>\$ 8,027,947</u>	<u>\$ (70,196)</u>	<u>-0.87%</u>

Overall capital assets decreased \$70,196 from fiscal year 2022 to fiscal year 2023. Increases in capital assets were offset by depreciation expenses for the year.

Long-term liabilities

At June 30, 2023, the School District had \$1,536,513 of outstanding long-term liabilities. This amount is detailed in Table 5 below for June 30, 2023 compared to June 30, 2022.

At June 30, 2023, the legal debt limit is \$20,613,270. General obligation debt at June 30, 2023 is \$235,000 resulting in a legal debt margin of \$20,378,270.

Table 5
Long-Term Liabilities at Year End

	06/30/23	06/30/22	Variance	
			Dollars	Percent
General obligation bonds payable	\$ 235,000	\$ 465,000	\$ (230,000)	-49.46%
Compensated absences payable	217,479	221,082	(3,603)	-1.63%
PERS net pension liability	1,077,538	855,655	221,883	25.93%
Bond premium	6,496	12,992	(6,496)	-50.00%
	<u>\$ 1,536,513</u>	<u>\$ 1,554,729</u>	<u>\$ (18,216)</u>	<u>-1.17%</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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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 a new permit requires, investigating a back-up well system, and installing a perfluorooctane sulfonic acid filtration system. Kingwood also 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, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 900,844	\$ 69,545	\$ 970,389
Due from other funds	24,191	-	24,191
Receivables, net	793,564	1,171	794,735
Inventory	-	6,711	6,711
Restricted assets			
Capital reserve account - cash	3,548,949	-	3,548,949
Emergency reserve - cash	250,000	-	250,000
Maintenance reserve - cash	365,000	-	365,000
Student activities - cash	20,131	-	20,131
Unemployment claims - cash	932,687	-	932,687
Capital assets, net			
Land	115,000	-	115,000
Construction in progress	171,968	-	171,968
Other capital assets, net of depreciation	7,633,682	37,101	7,670,783
Total assets	14,756,016	114,528	14,870,544
Deferred outflows of resources			
Deferred amount on pension activity	166,261	-	166,261
Liabilities			
Accounts payable	49,993	3,475	53,468
Accrued interest	4,308	-	4,308
Due to other funds	-	24,191	24,191
Unearned revenue	5,415	5,420	10,835
Unemployment compensation claims payable	15,813	-	15,813
Long-term liabilities			
Due within one year	241,496	-	241,496
Due beyond one year	1,295,017	-	1,295,017
Total liabilities	1,612,042	33,086	1,645,128
Deferred inflows of resources			
Deferred amount on pension liability	361,606	-	361,606

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Net Position (continued)
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 7,685,650	\$ 37,101	\$ 7,722,751
Restricted for			
Capital reserve	3,548,949	-	3,548,949
Emergency reserve	250,000	-	250,000
Maintenance reserve	365,000	-	365,000
Student activities	20,131	-	20,131
Unemployment claims	916,874	-	916,874
Unrestricted			
Food service fund	-	44,341	44,341
General fund	178,447	-	178,447
Special revenue fund	(16,422)	-	(16,422)
Total net position	<u>\$ 12,948,629</u>	<u>\$ 81,442</u>	<u>\$ 13,030,071</u>

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

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	\$ 2,247,414	\$ 2,134,072	\$ 254,358	\$ 177,941	\$ -	\$ (3,949,187)	\$ -	\$ (3,949,187)
Special education	611,636	577,650	-	4,065	-	(1,185,221)	-	(1,185,221)
Other special education	235,140	150,563	-	25,861	-	(359,842)	-	(359,842)
Other instruction	46,433	3,566	-	-	-	(49,999)	-	(49,999)
Support services								
Tuition	104,532	-	-	77,299	-	(27,233)	-	(27,233)
Students & instruction related services	962,778	628,865	68,733	222,116	-	(1,300,794)	-	(1,300,794)
General & business administration services	305,023	207,332	-	-	-	(512,355)	-	(512,355)
School administration services	73,291	63,829	-	3,434	-	(133,686)	-	(133,686)
Plant operations & maintenance	577,483	66,080	5,300	-	-	(638,263)	-	(638,263)
Pupil transportation	469,951	46,625	-	-	-	(516,576)	-	(516,576)
Interest on long-term debt	20,619	-	-	-	-	(20,619)	-	(20,619)
Total governmental activities	<u>5,654,300</u>	<u>3,878,582</u>	<u>328,391</u>	<u>510,716</u>	<u>-</u>	<u>(8,693,775)</u>	<u>-</u>	<u>(8,693,775)</u>
Business-type activities								
Food service	177,269	-	92,258	80,964	-	-	(4,047)	(4,047)
Total business-type activities	<u>177,269</u>	<u>-</u>	<u>92,258</u>	<u>80,964</u>	<u>-</u>	<u>-</u>	<u>(4,047)</u>	<u>(4,047)</u>
Total primary government	<u>\$ 5,831,569</u>	<u>\$ 3,878,582</u>	<u>\$ 420,649</u>	<u>\$ 591,680</u>	<u>\$ -</u>	<u>(8,693,775)</u>	<u>(4,047)</u>	<u>(8,697,822)</u>
General revenues, special items & transfers								
Property taxes levied for general purposes						6,159,984	-	6,159,984
Property taxes levied for debt service						244,000	-	244,000
Federal & state aid not restricted						3,497,540	-	3,497,540
Investment earnings						50,937	550	51,487
Miscellaneous income						16,147	135	16,282
Total general revenues, special items & transfers						<u>9,968,608</u>	<u>685</u>	<u>9,969,293</u>
Change in net position						1,274,833	(3,362)	1,271,471
Net position - beginning						11,673,796	84,804	11,758,600
Net position - ending						<u>\$ 12,948,629</u>	<u>\$ 81,442</u>	<u>\$ 13,030,071</u>

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash & cash equivalents	\$ 900,844	\$ -	\$ -	\$ -	\$ 900,844
Due from other funds	80,386	-	-	-	80,386
Receivables from other governments					
Local	492,799	-	-	-	492,799
State	207,704	12,482	-	-	220,186
Federal	-	33,037	-	-	33,037
Other accounts receivable	53,363	-	-	-	53,363
Restricted cash and cash equivalents	5,096,636	20,131	-	-	5,116,767
Total assets	\$ 6,831,732	\$ 65,650	\$ -	\$ -	\$ 6,897,382
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 56,195	\$ -	\$ -	\$ 56,195
Accounts payable	49,662	331	-	-	49,993
Payroll deductions and withholdings payable	5,821	-	-	-	5,821
Unearned revenue	-	5,415	-	-	5,415
Unemployment compensation claims payable	15,813	-	-	-	15,813
Total liabilities	71,296	61,941	-	-	133,237
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures	300,387	-	-	-	300,387
Excess surplus - current year	193,065	-	-	-	193,065
Capital reserve	3,548,949	-	-	-	3,548,949
Emergency reserve	250,000	-	-	-	250,000
Maintenance reserve	365,000	-	-	-	365,000
Student activities	-	20,131	-	-	20,131
Unemployment claims	916,874	-	-	-	916,874
Committed fund balance					
Year-end encumbrances	751,657	-	-	-	751,657
Assigned fund balance					
Additional assigned fund balance					
- unreserved - designated for subsequent year's expenditures					
July 1, 2023 - June 30, 2024	61,303	-	-	-	61,303
Unassigned fund balance	373,201	(16,422)	-	-	356,779
Total fund balances	6,760,436	3,709	-	-	6,764,145
Total liabilities and fund balances	\$ 6,831,732	\$ 65,650	\$ -	\$ -	

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2023

	<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 \$13,415,296 and the accumulated depreciation is \$5,494,646.	\$ 7,920,650
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(195,345)
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.	(1,536,513)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	<u>(4,308)</u>
Total net position of governmental activities	<u><u>\$ 12,948,629</u></u>

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 6,159,984	\$ -	\$ -	\$ 244,000	\$ 6,403,984
Tuition					
Individuals	11,700	-	-	-	11,700
Other LEAs within the State	242,658	-	-	-	242,658
Interest	50,937	-	-	-	50,937
Rents and royalties	5,300	-	-	-	5,300
Miscellaneous	16,147	68,733	-	-	84,880
Total local sources	<u>6,486,726</u>	<u>68,733</u>	<u>-</u>	<u>244,000</u>	<u>6,799,459</u>
State sources	2,782,905	165,479	-	-	2,948,384
Federal sources	31,767	345,237	-	-	377,004
Total revenues	<u>9,301,398</u>	<u>579,449</u>	<u>-</u>	<u>244,000</u>	<u>10,124,847</u>
Expenditures					
Current					
Instructional					
Regular instruction	2,065,245	182,169	-	-	2,247,414
Special education instruction	607,637	3,999	-	-	611,636
Other special instruction	209,698	25,442	-	-	235,140
Other instruction	46,433	-	-	-	46,433
Support service & undistributed costs					
Tuition	28,488	76,044	-	-	104,532
Student & instruction related services	737,236	225,542	-	-	962,778
General & business administrative services	305,023	-	-	-	305,023
School administrative services	73,291	-	-	-	73,291
Plant operations & maintenance	577,483	-	-	-	577,483
Pupil transportation	469,951	-	-	-	469,951
Unallocated benefits	3,073,091	6,632	-	-	3,079,723

See accompanying notes to the 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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures (cont'd)					
Capital outlay	\$ 195,455	\$ 78,584	\$ -	\$ -	\$ 274,039
Debt service					
Principal	-	-	-	230,000	230,000
Interest & other charges	17,332	-	-	14,000	31,332
Total expenditures	<u>8,406,363</u>	<u>598,412</u>	<u>-</u>	<u>244,000</u>	<u>9,248,775</u>
Excess (deficit) of revenues over (under) expenditures	895,035	(18,963)	-	-	876,072
Fund balances, July 1	<u>5,865,401</u>	<u>22,672</u>	<u>-</u>	<u>-</u>	<u>5,888,073</u>
Fund balances, June 30	<u><u>\$ 6,760,436</u></u>	<u><u>\$ 3,709</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,764,145</u></u>

See accompanying notes to the 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, 2023

Total net changes in fund balances - governmental fund (from B-2)	\$	876,072
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	\$	274,039
Depreciation expense		(347,326)
		(73,287)
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		230,000
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.		
		4,217
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.		
		227,732
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.		
		3,603
Change in net position of governmental activities	\$	1,274,833

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2023

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 69,545
Receivables from other governments	
State	62
Federal	1,109
Inventory	6,711
Total current assets	77,427
Noncurrent assets	
Capital assets	106,589
Less: accumulated depreciation	69,488
Total noncurrent assets	37,101
Total assets	114,528
Liabilities	
Current liabilities	
Accounts payable	3,475
Due to other funds	24,191
Unearned revenues - commodities	3,793
Unearned revenues - prepaid sales	1,627
Total liabilities	33,086
Net position	
Invested in capital assets, net of related debt	37,101
Unrestricted	44,341
Total net position	\$ 81,442

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Operating revenues	
Charges for services	
Daily sales - reimbursable programs	\$ 59,620
Daily sales - non-reimbursable programs	32,638
Total operating revenues	92,258
Operating expenses	
Cost of sales - reimbursable programs	46,773
Cost of sales - non-reimbursable programs	3,969
Commodity food costs	15,595
COVID related costs	948
Salaries	51,825
Supports services - employee benefits	7,454
Purchased professional/technical services	1,682
Purchased property services	1,274
Other purchased services	
Insurance	7,661
Management fee	8,739
Supplies and materials	26,163
Depreciation	5,186
Total operating expenses	177,269
Operating income (loss)	(85,011)
Non-operating revenues (expenses)	
State sources	
State school lunch program	1,852
Federal sources	
National school lunch program	
Cash assistance	34,202
Non-cash assistance (commodities)	15,595
Supply Chain Assistance	29,315
Other sources	
Interest earned on investments	550
Miscellaneous	135
Total non-operating revenues (expenses)	81,649
Change in net position	(3,362)
Net position, beginning	84,804
Net position, ending	\$ 81,442

See accompanying notes to the financial statements.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ 88,815
Payments to Food Service Management Co.	(125,356)
Payments to vendors (net)	(5,197)
Net interfund activity	4,432
Net cash provided by (used for) operating activities	(37,306)
Cash flows from non-capital financing activities	
State sources	1,944
Federal sources	69,106
Miscellaneous	135
Net cash provided by (used for) non-capital financing activities	71,185
Cash flows from capital financing activities	
Acquisition of equipment	(8,277)
Net cash provided by (used for) capital financing activities	(8,277)
Cash flows from investing activities	
Interest earned on investments	550
Net cash provided by (used for) investing activities	550
Net increase (decrease) in cash and cash equivalents	26,152
Cash and cash equivalents, beginning	43,393
Cash and cash equivalents, ending	\$ 69,545
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income (loss)	\$ (85,011)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,186
Federal food donation program	15,595
Increase (decrease) in accounts payable	3,475
(Increase) decrease in inventory	(503)
Increase (decrease) in interfund payable	24,191
Increase (decrease) in deferred revenue	(2,420)
(Increase) decrease in prepaid expenses	2,181
Net cash provided by (used for) operating activities	\$ (37,306)

See accompanying notes to the 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, 2023 of 331 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 2022-2023 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, 2023.

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, 2023, 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, 2023, the District’s bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	5,991,493
Total bank balances	\$ 6,241,493

Deposits at June 30, 2023 appear in the financial statements as summarized below:

Cash		\$ 6,087,156
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, balance sheet	B-1	\$ 900,844
Enterprise funds, statement of net position	B-4	69,545
Restricted cash		
Governmental funds, balance sheet	B-1	5,116,767
Total cash		\$ 6,087,156

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2023 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	137,968	-	171,968
Total	<u>149,000</u>	<u>137,968</u>	<u>-</u>	<u>286,968</u>
Capital assets, being depreciated				
Land improvements	884,898	-	-	884,898
Building & improvements	11,278,098	-	-	11,278,098
Furniture & equipment	901,547	136,071	72,286	965,332
Total	<u>13,064,543</u>	<u>136,071</u>	<u>72,286</u>	<u>13,128,328</u>
Accumulated depreciation				
Land improvements	346,435	39,655	-	386,090
Building & improvements	4,214,917	256,269	-	4,471,186
Furniture & equipment	658,254	51,402	72,286	637,370
Total	<u>5,219,606</u>	<u>347,326</u>	<u>72,286</u>	<u>5,494,646</u>
Total capital assets, being depreciated, net	<u>7,844,937</u>	<u>(211,255)</u>	<u>-</u>	<u>7,633,682</u>
Governmental activities capital assets, net	<u>\$ 7,993,937</u>	<u>\$ (73,287)</u>	<u>\$ -</u>	<u>\$ 7,920,650</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business type activities				
Furniture & equipment	\$ 98,312	\$ 8,277	\$ -	\$ 106,589
Less: accumulated depreciation	64,302	5,186	-	69,488
Business type activities capital assets, net	<u>\$ 34,010</u>	<u>\$ 3,091</u>	<u>\$ -</u>	<u>\$ 37,101</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	\$	172,311	
Special education		46,967	
Other special instruction		18,056	
Other instruction		3,566	
Support services			
Student & instruction		74,199	
General & business administration		23,423	
School administration		5,628	
Plant maintenance		3,176	
Total depreciation expense, governmental activities		\$	347,326

Note 5 - Long-term debt

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds payable	\$ 465,000	\$ -	\$ 230,000	\$ 235,000	\$ 235,000
Compensated absences payable	221,082	-	3,603	217,479	-
PERS net pension liability	855,655	221,883	-	1,077,538	-
Bond premium	12,992	-	6,496	6,496	6,496
Total governmental activities long-term liabilities	\$ 1,554,729	\$ 221,883	\$ 240,099	\$ 1,536,513	\$ 241,496

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, 2023, including interest payments are listed as follows:

Year Ended June 30,	Principal	Interest	Total
2024	\$ 235,000	\$ 4,700	\$ 239,700

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, 2023, 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>\$ 235,000</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, 2023 is \$20,613,270. General obligation debt at June 30, 2023 is \$235,000 resulting in a legal debt margin of \$20,378,270.

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 plans (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 a 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, 2022 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, 2022 measurement date.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2021 through June 30, 2022. 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 2022, 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, 2023 was 19.51% 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 plans (continued)

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

Special funding situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be 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 under this legislation 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 related to this legislation. 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 collective 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.

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, 2022:

Net pension liability	\$ 1,077,538
Proportionate share	0.0071400929%
Plan fiduciary net position as a percentage of the total pension liability	62.91%

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	2.75 - 6.55%
Investment rate of return	7.00%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information

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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2022 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, 2022 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 estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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.

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, 2022 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%)	\$ 1,077,538
At a 1% lower rate (6.00%)	1,396,045
At a 1% higher rate (8.00%)	823,368

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2022 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	\$ 7,777	\$ 6,858
Changes of assumptions	3,339	161,350
Net difference between projected and actual earnings on pension plan investments	44,598	-
Changes in proportion and differences between District contributions and proportionate share of contributions	20,507	193,398
District contributions subsequent to the measurement date	90,040	-
Total	\$ 166,261	\$ 361,606

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, 2023, the Plan measurement date is June 30, 2022) of \$90,040 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

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, 2022 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 13,495	\$ (5,718)	\$ 7,777
Changes of assumptions	4,456	(1,117)	3,339
Differences between expected and actual experience	-	44,598	44,598
Deferred inflows of resources			
Differences between expected and actual experience	(6,125)	(733)	(6,858)
Changes of assumptions	(304,619)	143,269	(161,350)
Difference between projected and actual earnings on pension plan investments	(225,402)	225,402	-
Net of deferred outflows	<u>\$ (518,195)</u>	<u>\$ 405,701</u>	<u>\$ (112,494)</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 (benefit) as follows:

Fiscal Year Ended June 30,

2023	\$ (92,430)
2024	(47,090)
2025	(22,965)
2026	50,101
2027	(110)
Total	<u>\$ (112,494)</u>

Pension expense (benefit)

For the year ended June 30, 2023, the District recognized net pension expense (benefit) of (\$137,691), which represents the District's proportionate share of allocable plan pension revenue of (\$78,036), plus the net amortization of deferred amounts from changes in proportion of (\$54,203), and plus other adjustments to the net pension liability of (\$5,452). 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, 2022 measurement date are as follows:

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Pension expense (benefit) (continued)

Service cost	\$	51,939
Interest on total pension liability		208,311
Benefit changes		604
Member contributions		(43,314)
Administrative expense		930
Expected investment return net of investment expense		(139,054)
Pension expense related to specific liabilities of individual employers		(746)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		2,466
Changes of assumptions		(155,714)
Difference between projected and actual investment earnings on pension plan investments		(3,458)
Pension expense (benefit)	\$	(78,036)

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 plans (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 contribution policy for TPAF is set by N.J.S.A. 18A:66 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. For the fiscal year 2022, the State's pension contribution was more 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, 2022, the State of New Jersey contributed \$1,126,823 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 plans (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, 2022 measurement date is as follows:

District proportionate share of net pension liability	\$	20,514,696
Less: State proportionate share of net pension liability		6,623,586
Net pension liability	\$	13,891,110

Proportionate share		0.0269236704%
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Plan fiduciary net position as a percentage of the total pension liability		32.29%
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Actuarial assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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)		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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (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, 2022 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, 2022 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 estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	4.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	7.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	4.00%	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, 2022. 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 plans (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, 2022 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%)	\$	13,891,110
At a 1% lower rate (6.00%)		16,287,622
At a 1% higher rate (8.00%)		11,872,350

Pension expense (benefit)

The components of allocable pension expense (benefit), which exclude pension expense (benefit) related to specific liabilities of individual employers, for the District for the year ended June 30, 2022 measurement date are as follows:

Service cost	\$	321,238
Interest on total pension liability		1,383,549
Benefit changes		-
Member contributions		(243,897)
Administrative expense		3,397
Expected investment return net of investment expense		(533,089)
Pension expense related to specific liabilities of individual employers		(106)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		53,947
Changes of assumptions		(644,189)
Difference between projected and actual investment earnings on pension plan investments		32,999
Pension expense (benefit)	\$	<u>373,849</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 (\$9,000 in 2023) 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 plans (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 2023 was \$4,079.

D. Other pension plan information

During the year ended June 30, 2023, the State of New Jersey contributed \$294,996 to the TPAF for postretirement medical benefits, \$15,366 for non-contributory insurance premiums, \$431 for long-term disability insurance, and \$1,107,583 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 \$235,160 during the year ended June 30, 2023 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 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 fiscal year 2022, the State paid OPEB benefits for 161,238 State and local retirees.

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).

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

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 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.nj.gov/treasury/pensions/gasb-notices-opeb.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.

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, 2022 measurement date is as follows:

State’s proportionate share of the OPEB liability	\$ 50,646,462,966
District’s proportionate share of the State’s OPEB liability	15,438,068
Employer OPEB expense and related revenue	309,019
 Allocable proportionate percentage	 0.0304820260%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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

	Total OPEB Liability
Total OPEB liability at June 30, 2021	\$ 18,077,259
Service cost	767,355
Interest cost	409,126
Differences between expected and actual experiences	717,978
Changes of assumptions	(4,141,400)
Member contributions	13,001
Gross benefit payments	(405,251)
Total OPEB liability at June 30, 2022	\$ 15,438,068

There were no changes of the benefit terms from June 30, 2021 to June 30, 2022.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% as of the June 30, 2021 Plan measurement date to 3.54% as of the June 30, 2022 Plan measurement date.

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

	TPAF	PERS
Salary increases	(based on years of service) 2.75% - 4.25%	(based on years of service) 2.75% - 6.55%

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, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF and PERS.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. 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.

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, 2022 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 (3.54%)	\$	15,438,068
At a 1% lower rate (2.54%)		18,145,825
At a 1% higher rate (4.54%)		13,267,936

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% point lower or 1% point higher than the current healthcare cost trend rates:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$	15,438,068
At a 1% lower rate (1% decrease)		12,760,507
At a 1% higher rate (1% increase)		18,955,207

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$309,019 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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

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.

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, 2023 consisted of the following:

Food	\$	5,170
Supplies		1,541
Total		6,711

Note 10 - Interfund receivables and payables

The special revenue fund had an interfund payable of \$56,195 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues. The food service fund had an interfund payable of \$24,191 due to the general fund as a result of a refund for expenses related to supplies purchased by food service account.

Note 11 - Contingent liabilities

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Risk management (continued)

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.

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
2022 - 2023	\$ 196,665	\$ 5,436	\$ 8,706	\$ 4,485	\$ 932,687
2021 - 2022	200,799	95	7,230	-	726,365
2020 - 2021	104,498	153	6,713	2,351	518,241

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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

Note 13 - District reserve accounts (continued)

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. 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	\$3,522,660	\$ -	\$ 26,289	\$ -	\$ -	\$ 3,548,949
Emergency	250,000	-	-	-	-	250,000
Maintenance	365,000	-	-	-	-	365,000
Total	<u>\$4,137,660</u>	<u>\$ -</u>	<u>\$ 26,289</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,163,949</u>

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, 2023 is as follows:

Restricted

Excess surplus - designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 300,387
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.	193,065
Capital reserve account - represents funds restricted to capital projects in the District's long range facilities plan.	3,548,949
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.	916,874

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.	751,657
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Assigned Fund Balance

Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 – June 30, 2024	61,303
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Unassigned

Undesignated - represents fund balance which has not been restricted or designated.	456,006
Total fund balance - budgetary basis (Exhibit C-1)	6,843,241
Last state aid payments not recognized on GAAP basis	(82,805)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 6,760,436</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Notes to the Financial Statements

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, 2023 is \$193,065.

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.

Note 17 - Deficit unassigned fund balance in the special revenue fund

The District has a deficit unassigned fund balance of (\$16,422) in the special revenue fund as of June 30, 2023 as reported in the fund statements. PL 2005, Chapter 97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For inter-governmental transactions, GASB Statement No. 33 requires the recognition (revenue, expenditure, asset and liability) should be in symmetry, (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State is recording the last state aid payment in the subsequent fiscal year, the School District cannot recognize the last state aid payment on the GAAP financial statements until the year the state records the payable. Due to the timing difference of recording the last state aid payment, the special revenue fund balance deficit does not alone indicate that the District is facing financial difficulties.

Note 18 - Subsequent events

The District has evaluated subsequent events through November 13, 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, 2023

	Unaudited		Actual	Variance Final to Actual	
	Original Budget	Budget Transfers			Final Budget
Revenues					
Local sources					
Local tax levy	\$ 6,159,984	\$ -	\$ 6,159,984	\$ 6,159,984	\$ -
Tuition from individuals	20,750	-	20,750	11,700	(9,050)
Tuition from other LEAs within the State	226,868	-	226,868	242,658	15,790
Rents and royalties	-	-	-	5,300	5,300
Unrestricted miscellaneous revenues	144,231	-	144,231	35,359	(108,872)
Interest earned on capital reserve funds	200	-	200	26,289	26,089
Other restricted miscellaneous revenues	-	-	-	5,436	5,436
Total	<u>6,552,033</u>	<u>-</u>	<u>6,552,033</u>	<u>6,486,726</u>	<u>(65,307)</u>
State sources					
School choice Aid	228,803	-	228,803	228,803	-
Categorical Transportation Aid	166,282	-	166,282	166,282	-
Extraordinary Aid	-	-	-	205,070	205,070
Categorical Special Education Aid	259,824	-	259,824	259,824	-
Equalization Aid	147,644	-	147,644	147,644	-
Categorical Security Aid	31,021	-	31,021	31,021	-
Stabilization Aid	-	-	-	61,303	61,303
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	20,000	20,000
Other State Aid	-	-	-	936	936
TPAF Pension (on-behalf)	-	-	-	1,107,583	1,107,583
TPAF Non-contributory insurance	-	-	-	15,366	15,366
TPAF Social Security (reimbursed)	-	-	-	235,160	235,160
TPAF Post retirement benefits	-	-	-	294,996	294,996
TPAF Long-term disability insurance	-	-	-	431	431
Total	<u>833,574</u>	<u>-</u>	<u>833,574</u>	<u>2,774,419</u>	<u>1,940,845</u>
Federal Sources					
FEMA Grant	-	-	-	31,767	31,767
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,767</u>	<u>31,767</u>
Total revenues	<u>\$ 7,385,607</u>	<u>\$ -</u>	<u>\$ 7,385,607</u>	<u>\$ 9,292,912</u>	<u>\$ 1,907,305</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Final Budget	Actual	Variance Final to Actual
	Original Budget	Budget Transfers			
Expenditures					
Current					
Instruction - regular program					
Salaries of Teachers					
Preschool	\$ 63,655	\$ (24,126)	\$ 39,529	\$ 39,529	\$ -
Kindergarten	126,760	(4,507)	122,253	122,253	-
Grades 1-5	949,189	(144,425)	804,764	804,660	104
Grades 6-8	787,852	(32,676)	755,176	755,176	-
Home instruction					
Salaries of Teachers	1,000	(1,000)	-	-	-
Regular programs - undistributed instruction					
Other salaries for instruction	655	-	655	655	-
Purchased technical services	48,223	1,873	50,096	50,096	-
Other purchased services	110,874	(30,636)	80,238	71,238	9,000
General supplies	187,177	112,552	299,729	218,271	81,458
Other objects	7,400	(4,033)	3,367	3,367	-
Total	<u>2,282,785</u>	<u>(126,978)</u>	<u>2,155,807</u>	<u>2,065,245</u>	<u>90,562</u>
Special education					
Resource room/resource center					
Salaries of Teachers	440,164	8,657	448,821	448,805	16
Other salaries for instruction	74,982	(4,298)	70,684	70,684	-
General supplies	4,528	2,515	7,043	6,615	428
Other objects	490	395	885	240	645
Total	<u>520,164</u>	<u>7,269</u>	<u>527,433</u>	<u>526,344</u>	<u>1,089</u>
Preschool disabilities - part-time					
Salaries of Teachers	-	63,345	63,345	58,881	4,464
Other salaries for instruction	-	24,698	24,698	22,332	2,366
General supplies	-	2,000	2,000	80	1,920
Total	<u>-</u>	<u>90,043</u>	<u>90,043</u>	<u>81,293</u>	<u>8,750</u>
Preschool disabilities - full-time					
Salaries of teachers	63,345	(63,345)	-	-	-
Other salaries for instruction	24,698	(24,698)	-	-	-
General supplies	2,000	(2,000)	-	-	-
Total	<u>90,043</u>	<u>(90,043)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total special education	<u>610,207</u>	<u>7,269</u>	<u>617,476</u>	<u>607,637</u>	<u>9,839</u>
Basic skills/remedial					
Salaries of Teachers	228,735	(21,597)	207,138	207,138	-
Other purchased services	4,400	(1,500)	2,900	-	2,900
General supplies	3,994	-	3,994	2,560	1,434
Total	<u>237,129</u>	<u>(23,097)</u>	<u>214,032</u>	<u>209,698</u>	<u>4,334</u>
School-sponsored co/extracurricular activities - instruction					
Salaries	32,193	(6,134)	26,059	26,059	-
Supplies and materials	500	-	500	-	500
Other objects	660	(60)	600	-	600
Total	<u>33,353</u>	<u>(6,194)</u>	<u>27,159</u>	<u>26,059</u>	<u>1,100</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
School-sponsored athletics - instruction					
Salaries	\$ 27,067	\$ (8,653)	\$ 18,414	\$ 13,814	\$ 4,600
Purchased services	5,390	-	5,390	4,314	1,076
Supplies and materials	5,210	(53)	5,157	1,743	3,414
Other objects	450	53	503	503	-
Total	<u>38,117</u>	<u>(8,653)</u>	<u>29,464</u>	<u>20,374</u>	<u>9,090</u>
Total instruction regular	<u>\$ 3,201,591</u>	<u>\$ (157,653)</u>	<u>\$ 3,043,938</u>	<u>\$ 2,929,013</u>	<u>\$ 114,925</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the State - special	\$ 22,272	\$ (7,095)	\$ 15,177	\$ 15,177	\$ -
Tuition to priv. school for the disabled in State	97,467	(84,156)	13,311	13,311	-
Total	<u>119,739</u>	<u>(91,251)</u>	<u>28,488</u>	<u>28,488</u>	<u>-</u>
Undistributed expenditures - attendance & social work					
Salaries	43,019	(10,245)	32,774	32,774	-
Purchased professional and technical services	4,500	-	4,500	-	4,500
Total	<u>47,519</u>	<u>(10,245)</u>	<u>37,274</u>	<u>32,774</u>	<u>4,500</u>
Undistributed expenditures - health services					
Salaries	71,905	1,530	73,435	65,737	7,698
Purchased professional and technical services	3,727	-	3,727	2,734	993
Other purchased services	2,000	(1,200)	800	-	800
Supplies and materials	4,184	(130)	4,054	3,407	647
Other objects	200	(200)	-	-	-
Total	<u>82,016</u>	<u>-</u>	<u>82,016</u>	<u>71,878</u>	<u>10,138</u>
Undistributed expenditures - speech, ot, pt & related services					
Salaries	55,710	3,471	59,181	53,703	5,478
Purchased professional - educational services	34,864	(34,565)	299	299	-
Supplies and materials	1,636	-	1,636	406	1,230
Total	<u>92,210</u>	<u>(31,094)</u>	<u>61,116</u>	<u>54,408</u>	<u>6,708</u>
Undistributed expend - other supp. service stds. - extra service					
Purchased professional - educational services	-	13,214	13,214	13,214	-
Total	<u>-</u>	<u>13,214</u>	<u>13,214</u>	<u>13,214</u>	<u>-</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	49,048	(11,391)	37,657	37,657	-
Purchased professional - educational services	1,870	(831)	1,039	-	1,039
Other purchased professional & technical services	1,200	(77)	1,123	-	1,123
Supplies and materials	1,121	77	1,198	1,132	66
Total	<u>53,239</u>	<u>(12,222)</u>	<u>41,017</u>	<u>38,789</u>	<u>2,228</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 204,091	\$ 6,320	\$ 210,411	\$ 197,416	\$ 12,995
Salaries of secretarial and clerical assistants	43,341	4,829	48,170	46,302	1,868
Other salaries	4,829	(4,829)	-	-	-
Purchased professional - educational services	-	16,995	16,995	2,233	14,762
Other purchased professional & technical services	23,315	(23,315)	-	-	-
Other purchased services	13,189	-	13,189	179	13,010
Supplies and materials	2,794	-	2,794	931	1,863
Other objects	3,898	-	3,898	18	3,880
Total	295,457	-	295,457	247,079	48,378
Undistributed expenditures - improvement of inst. service					
Salaries of Supervisor of Instruction	100,237	8,290	108,527	105,688	2,839
Salaries of other professional staff	2,500	-	2,500	670	1,830
Salaries of Secretarial & Clerical Assist	10,090	48,431	58,521	55,932	2,589
Purchased professional - educational services	1,500	(1,500)	-	-	-
Other purchased professional & technical services	-	1,500	1,500	-	1,500
Other purchased services	6,500	(4,452)	2,048	1,149	899
Supplies and materials	2,300	(2,174)	126	-	126
Other objects	1,500	6,626	8,126	8,126	-
Total	124,627	56,721	181,348	171,565	9,783
Undistributed expenditures - edu. media service/sch. library					
Salaries	51,024	(13,586)	37,438	37,438	-
Salaries of technology coordinators	118,473	(53,970)	64,503	63,487	1,016
Purchased professional and technical services	5,500	(4,347)	1,153	754	399
Supplies and materials	4,237	2,000	6,237	5,486	751
Total	179,234	(69,903)	109,331	107,165	2,166
Undistributed expend. - instructional staff training services					
Purchased professional - educational services	4,500	-	4,500	75	4,425
Other purchased services	2,500	-	2,500	289	2,211
Supplies and materials	250	-	250	-	250
Total	7,250	-	7,250	364	6,886
Undistributed expend. - support service - general admin.					
Salaries	86,019	3,007	89,026	89,026	-
Legal services	18,000	(6,804)	11,196	11,196	-
Audit fees	22,000	(2,750)	19,250	19,250	-
Other purchased professional services	2,652	(2,294)	358	358	-
Purchased technical services	2,652	6,700	9,352	8,452	900
Communications/telephone	6,190	5,419	11,609	11,422	187
BOE other purchased services	4,030	(4,030)	-	-	-
Misc. purchased services	4,085	1,992	6,077	6,077	-
General supplies	1,500	(850)	650	295	355
BOE in-house training/meeting supplies	500	(394)	106	106	-
Judgments against the School District	-	3,701	3,701	3,701	-
Miscellaneous expenditures	770	3,740	4,510	4,510	-
BOE membership dues and fees	4,211	(2,786)	1,425	1,425	-
Total	152,609	4,651	157,260	155,818	1,442

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Undistributed expend. - support service - school admin.				
Salaries of principals/assistant principals	\$ 82,378	\$ (7,472)	\$ 74,906	\$ 1,615
Total	<u>82,378</u>	<u>(7,472)</u>	<u>74,906</u>	<u>1,615</u>
Undistributed expend. - central services				
Salaries	137,005	(1,320)	135,685	135,685
Purchased professional services	-	1,350	1,350	-
Purchased technical services	10,100	2,855	12,955	10,782
Miscellaneous purchased services	100	117	217	-
Supplies and materials	-	34	34	-
Other objects	1,352	(215)	1,137	-
Total	<u>148,557</u>	<u>2,821</u>	<u>151,378</u>	<u>2,173</u>
Undistributed expend. - required maint. for school facilities				
Cleaning, repair, and maintenance services	43,500	21,979	65,479	51,748
General supplies	5,500	(5,500)	-	-
Other objects	-	67	67	-
Total	<u>49,000</u>	<u>16,546</u>	<u>65,546</u>	<u>13,731</u>
Undistributed expend. - custodial services				
Salaries	232,149	(15,257)	216,892	208,499
Salaries of non-instructional aides	16,660	(16,660)	-	-
Purchased professional and technical services	89,400	(29,588)	59,812	40,403
Cleaning, repair, and maintenance service	21,120	22,615	43,735	7,941
Insurance	44,356	(3,230)	41,126	41,126
Miscellaneous purchased services	1,500	(207)	1,293	896
General supplies	45,984	47,541	93,525	61,197
Energy (natural gas)	53,000	(32,222)	20,778	20,778
Energy (electricity)	83,000	2,171	85,171	85,171
Other objects	3,852	(1,452)	2,400	1,996
Total	<u>591,021</u>	<u>(26,289)</u>	<u>564,732</u>	<u>468,007</u>
Undistributed expend. - care and upkeep of grounds				
Cleaning, repair, and maintenance service	45,500	39	45,539	23,529
General supplies	5,000	8,733	13,733	6,633
Total	<u>50,500</u>	<u>8,772</u>	<u>59,272</u>	<u>30,162</u>
Undistributed expend. - security				
Cleaning, repair, and maintenance service	3,000	5,000	8,000	4,850
General supplies	18,085	16,620	34,705	22,649
Total	<u>21,085</u>	<u>21,620</u>	<u>42,705</u>	<u>27,499</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Undistributed expend. - student transportation service					
Salaries for pupil trans (between home & school) - reg.	\$ 88,141	\$ (500)	\$ 87,641	\$ 79,255	\$ 8,386
Contract service-aid in lieu pymts - non-public schools	-	6,347	6,347	3,066	3,281
Contract serv-aid in lieu pymts-choice school students	14,000	(7,868)	6,132	6,132	-
Contr service (oth. than between home & school) - vend.	16,050	(1,329)	14,721	14,247	474
Contr service (between home & school) - joint agreements	291,953	15,842	307,795	307,795	-
Contr service (sp ed stds) - joint agreements	119,140	(67,909)	51,231	51,231	-
Miscellaneous purchased services - transportation	4,674	-	4,674	1,150	3,524
General supplies	2,100	(928)	1,172	688	484
Other objects	4,250	3,628	7,878	6,387	1,491
Total	540,308	(52,717)	487,591	469,951	17,640
Unallocated benefits - employee benefits					
Social Security contributions	93,550	(12,930)	80,620	80,620	-
Other retirement contributions - PERS	103,859	(13,819)	90,040	90,040	-
Other retirement contributions - regular	12,500	(9,478)	3,022	2,809	213
Workmen's compensation	45,355	(12,785)	32,570	32,570	-
Health benefits	1,598,721	(407,051)	1,191,670	1,189,573	2,097
Tuition reimbursement	23,600	(19,116)	4,484	4,484	-
Other employee benefits	10,000	(3,441)	6,559	6,559	-
Unused sick payment to terminated/retired staff	10,000	2,900	12,900	12,900	-
Total	1,897,585	(475,720)	1,421,865	1,419,555	2,310
On-behalf TPAF Pension contribution	-	-	-	1,107,583	(1,107,583)
On-behalf TPAF Non-contributory insurance	-	-	-	15,366	(15,366)
On-behalf TPAF Post retirement medical benefits	-	-	-	294,996	(294,996)
On-behalf TPAF Long-term disability insurance	-	-	-	431	(431)
Reimbursed TPAF Social Security contribution	-	-	-	235,160	(235,160)
Total	-	-	-	1,653,536	(1,653,536)
Total undistributed expenditures	<u>\$ 4,534,334</u>	<u>\$ (652,568)</u>	<u>\$ 3,881,766</u>	<u>\$ 5,264,563</u>	<u>\$ (1,382,797)</u>
Total current	<u>\$ 7,735,925</u>	<u>\$ (810,221)</u>	<u>\$ 6,925,704</u>	<u>\$ 8,193,576</u>	<u>\$ (1,267,872)</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Capital outlay					
Equipment					
Grades 1-5	\$ -	\$ 10,950	\$ 10,950	\$ -	\$ 10,950
Grades 6-8	-	31,498	31,498	6,998	24,500
Undistributed					
Undistributed expenditures - instruction	-	90,450	90,450	48,731	41,719
Undistributed expend. - custodial services	-	61,324	61,324	9,675	51,649
Undistributed expend. - non-instructional service	-	140,432	140,432	8,362	132,070
Total equipment	<u>-</u>	<u>334,654</u>	<u>334,654</u>	<u>73,766</u>	<u>260,888</u>
Facilities acquisition and construction service					
Other purchased professional and technology services	-	246,165	246,165	2,365	243,800
Construction services	-	163,049	163,049	119,324	43,725
Assessment for debt service on SDA funding	17,332	-	17,332	17,332	-
Total facilities acquisition and construction service	<u>17,332</u>	<u>409,214</u>	<u>426,546</u>	<u>139,021</u>	<u>287,525</u>
Total capital outlay	<u>\$ 17,332</u>	<u>\$ 743,868</u>	<u>\$ 761,200</u>	<u>\$ 212,787</u>	<u>\$ 548,413</u>
Total expenditures	<u>\$ 7,753,257</u>	<u>\$ (66,353)</u>	<u>\$ 7,686,904</u>	<u>\$ 8,406,363</u>	<u>\$ (719,459)</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (367,650)	\$ 66,353	\$ (301,297)	\$ 886,549	\$ 1,187,846
Fund balances, July 1	5,956,692	-	5,956,692	5,956,692	-
Fund balances, June 30	<u>\$ 5,589,042</u>	<u>\$ 66,353</u>	<u>\$ 5,655,395</u>	<u>\$ 6,843,241</u>	<u>\$ 1,187,846</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (120,088)	\$ -	\$ (120,088)	\$ (120,088)	\$ -
Interest deposit to capital reserve	200	-	200	26,289	26,089
Increase in unemployment compensation	-	196,665	196,665	196,665	-
Interest earned on unemployment compensation	-	-	-	5,436	5,436
Budgeted fund balance	(247,762)	(130,312)	(378,074)	778,247	1,156,321
Total	<u>\$ (367,650)</u>	<u>\$ 66,353</u>	<u>\$ (301,297)</u>	<u>\$ 886,549</u>	<u>\$ 1,187,846</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Recapitulation of fund balance				
Restricted fund balance				
Excess surplus - designated for subsequent year's expenditures			\$ 300,387	
Excess surplus - current year			193,065	
Capital reserve			3,548,949	
Emergency reserve			250,000	
Maintenance reserve			365,000	
Unemployment compensation			916,874	
Committed fund balance				
Year-end encumbrances			751,657	
Assigned fund balance				
Additional assigned fund balance - unreserved - designated for subsequent year's expenditures July 1, 2023 - June 30, 2024			61,303	
Unassigned fund balance			<u>456,006</u>	
 Fund balance per budgetary basis			 6,843,241	
 Reconciliation to governmental statements (GAAP)				
Last state aid payments not recognized on GAAP basis			<u>(82,805)</u>	
 Fund balance per governmental funds (GAAP)			 <u><u>\$ 6,760,436</u></u>	

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 876,606	\$ (423,360)	\$ 453,246	\$ 306,404	\$ (146,842)
State sources	7,432	177,873	185,305	185,305	-
Local sources	-	68,733	68,733	68,733	-
Total revenues	<u>\$ 884,038</u>	<u>\$ (176,754)</u>	<u>\$ 707,284</u>	<u>\$ 560,442</u>	<u>\$ (146,842)</u>
Expenditures					
Instruction					
Salaries	\$ 299,226	\$ (111,203)	\$ 188,023	\$ 130,783	\$ 57,240
Purchased professional & technical services	19,358	-	19,358	5,915	13,443
Other purchased services	13,372	-	13,372	13,372	-
Supplies	177,572	(47,540)	130,032	70,292	59,740
Total	<u>509,528</u>	<u>(158,743)</u>	<u>350,785</u>	<u>220,362</u>	<u>130,423</u>
Support services					
Tuition	76,044	-	76,044	76,044	-
Salaries	170,526	(50,358)	120,168	119,150	1,018
Employee benefits	16,459	10,096	26,555	6,632	19,923
Purchased professional & technical services	37,868	(19,458)	18,410	16,128	2,282
Other purchased services	46,510	(27,145)	19,365	11,544	7,821
Supplies	10,823	(2,420)	8,403	7,749	654
Student activities	-	71,274	71,274	71,274	-
Total	<u>358,230</u>	<u>(18,011)</u>	<u>340,219</u>	<u>308,521</u>	<u>31,698</u>
Capital outlay					
Instructional equipment	16,280	-	16,280	34,100	(17,820)
Total expenditures	<u>\$ 884,038</u>	<u>\$ (176,754)</u>	<u>\$ 707,284</u>	<u>\$ 562,983</u>	<u>\$ 144,301</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ (2,541)	\$ (2,541)
Fund balances, July 1	22,672	-	22,672	22,672	-
Fund balances, June 30	<u>\$ 22,672</u>	<u>\$ -</u>	<u>\$ 22,672</u>	<u>\$ 20,131</u>	<u>\$ (2,541)</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 20,131	
Fund balance per budgetary basis				<u>\$ 20,131</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, 2023

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

	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 9,292,912	\$ 560,442
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	-	45,066
Outstanding encumbrances - current year	-	(9,637)
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	91,291	-
State aid receivable current year	(82,805)	(16,422)
Total revenues (GAAP basis)	\$ 9,301,398	\$ 579,449
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 8,406,363	\$ 562,983
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	-	45,066
Outstanding encumbrances - current year	-	(9,637)
Total expenditures (GAAP basis)	\$ 8,406,363	\$ 598,412

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			
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	0.0071400929%	1,077,538	460,448	234.02%	62.91%
2023	N/A	N/A	461,458	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

	<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>
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%
2023	90,040	(90,040)	-	461,458	19.51%

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				
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	0.00%	-	13,891,110	13,891,110	3,088,954	0.00%	32.29%
2023	N/A	N/A	N/A	N/A	3,329,106	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

	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
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%
2023	1,126,823	(1,126,823)	-	3,329,106	33.85%

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				
	Percentage	Value	proportion				
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	0.00%	-	15,438,068	15,438,068	3,482,384	0.00%	0.00%
2023	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, 2023

- 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 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% in State fiscal year 2021 and 2.75% in State fiscal year 2022.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2021 and 7.00% in State fiscal year 2022. The inflation rate was 2.75% for State fiscal year 2021 and 2.75% for State fiscal year 2022.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate increased from 2.16% in State fiscal year 2021 to 3.54% in State fiscal year 2022. The inflation rate was 2.50% for State fiscal year 2021 and 2022.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 PPO, the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2023

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA IA	ESSA IIA	ESSA IV	CARES Emergency Relief	CRRSA ESSER II	Total
Revenues									
Federal sources	\$ 135,815	\$ 76,044	\$ 3,999	\$ 31,008	\$ 6,348	\$ 10,000	\$ 1,067	\$ 42,123	\$ 306,404
State sources	185,305	-	-	-	-	-	-	-	185,305
Local sources	68,733	-	-	-	-	-	-	-	68,733
Total revenues	\$ 389,853	\$ 76,044	\$ 3,999	\$ 31,008	\$ 6,348	\$ 10,000	\$ 1,067	\$ 42,123	\$ 560,442
Expenditures									
Instruction									
Salaries	\$ 97,143	\$ -	\$ 3,999	\$ -	\$ -	\$ -	\$ -	\$ 29,641	\$ 130,783
Purchased professional & technical services	5,915	-	-	-	-	-	-	-	5,915
Other purchased services	-	-	-	13,372	-	-	-	-	13,372
Supplies	53,482	-	-	12,136	-	-	1,067	3,607	70,292
Total	156,540	-	3,999	25,508	-	-	1,067	33,248	220,362
Support services									
Tuition	-	76,044	-	-	-	-	-	-	76,044
Salaries	111,603	-	-	500	-	-	-	7,047	119,150
Employee benefits	6,632	-	-	-	-	-	-	-	6,632
Purchased professional & technical services	6,300	-	-	5,000	3,000	-	-	1,828	16,128
Other purchased services	8,196	-	-	-	3,348	-	-	-	11,544
Supplies	7,749	-	-	-	-	-	-	-	7,749
Student activities	71,274	-	-	-	-	-	-	-	71,274
Total	211,754	76,044	-	5,500	6,348	-	-	8,875	308,521
Capital									
Equipment	24,100	-	-	-	-	10,000	-	-	34,100
Total	24,100	-	-	-	-	10,000	-	-	34,100
Total expenditures	\$ 392,394	\$ 76,044	\$ 3,999	\$ 31,008	\$ 6,348	\$ 10,000	\$ 1,067	\$ 42,123	\$ 562,983
Excess (deficiency) of revenues over (under) expenditures	\$ (2,541)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,541)
Fund balances, July 1	22,672	-	-	-	-	-	-	-	22,672
Fund balances, June 30	\$ 20,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,131

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, 2023

	Total Brought Forward	CRRSA Learning Acceleration	CRRSA Mental Health	ARP ARP ESSER	ARP Accelerated Learning	ARP Beyond School Day	Total Carried Forward
Revenues							
Federal sources	\$ 38,455	\$ 14,688	\$ 27,452	\$ 32,072	\$ 11,524	\$ 11,624	\$ 135,815
State sources	185,305	-	-	-	-	-	185,305
Local sources	68,733	-	-	-	-	-	68,733
Total revenues	\$ 292,493	\$ 14,688	\$ 27,452	\$ 32,072	\$ 11,524	\$ 11,624	\$ 389,853
Expenditures							
Instruction							
Salaries	\$ 61,270	\$ 3,144	\$ -	\$ 29,214	\$ 3,155	\$ 360	\$ 97,143
Purchased professional & technical services	-	-	-	-	5,915	-	5,915
Other purchased services	-	-	-	-	-	-	-
Supplies	51,782	1,200	-	-	500	-	53,482
Total	113,052	4,344	-	29,214	9,570	360	156,540
Support services							
Tuition	-	-	-	-	-	-	-
Salaries	102,248	-	9,355	-	-	-	111,603
Employee benefits	1,028	-	-	2,858	1,954	792	6,632
Purchased professional & technical services	-	4,800	1,500	-	-	-	6,300
Other purchased services	-	5,544	-	-	-	2,652	8,196
Supplies	7,432	-	317	-	-	-	7,749
Student activities	71,274	-	-	-	-	-	71,274
Total	181,982	10,344	11,172	2,858	1,954	3,444	211,754
Capital							
Equipment	-	-	16,280	-	-	7,820	24,100
Total	-	-	16,280	-	-	7,820	24,100
Total expenditures	\$ 295,034	\$ 14,688	\$ 27,452	\$ 32,072	\$ 11,524	\$ 11,624	\$ 392,394
Excess (deficiency) of revenues over (under) expenditures	\$ (2,541)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,541)
Fund balances, July 1	22,672	-	-	-	-	-	22,672
Fund balances, June 30	\$ 20,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,131

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, 2023

	<u>Small Rural School Achievement</u>	<u>NP STEM</u>	<u>School Climate Change</u>	<u>PEA Pre-K Expansion</u>	<u>SDA Emergent and Capital Maintenance Needs</u>	<u>Student Activities</u>	<u>Total Carried Forward</u>
Revenues							
Federal sources	\$ 38,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,455
State sources	-	11,671	3,996	162,206	7,432	-	185,305
Local sources	-	-	-	-	-	68,733	68,733
Total revenues	<u>\$ 38,455</u>	<u>\$ 11,671</u>	<u>\$ 3,996</u>	<u>\$ 162,206</u>	<u>\$ 7,432</u>	<u>\$ 68,733</u>	<u>\$ 292,493</u>
Expenditures							
Instruction							
Salaries	\$ -	\$ 11,671	\$ -	\$ 49,599	\$ -	\$ -	\$ 61,270
Purchased professional & technical services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
Supplies	38,455	-	3,996	9,331	-	-	51,782
Total	<u>38,455</u>	<u>11,671</u>	<u>3,996</u>	<u>58,930</u>	<u>-</u>	<u>-</u>	<u>113,052</u>
Support services							
Tuition	-	-	-	-	-	-	-
Salaries	-	-	-	102,248	-	-	102,248
Employee benefits	-	-	-	1,028	-	-	1,028
Purchased professional & technical services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
Supplies	-	-	-	-	7,432	-	7,432
Student activities	-	-	-	-	-	71,274	71,274
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>103,276</u>	<u>7,432</u>	<u>71,274</u>	<u>181,982</u>
Capital							
Equipment	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 38,455</u>	<u>\$ 11,671</u>	<u>\$ 3,996</u>	<u>\$ 162,206</u>	<u>\$ 7,432</u>	<u>\$ 71,274</u>	<u>\$ 295,034</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,541)	\$ (2,541)
Fund balances, July 1	-	-	-	-	-	22,672	22,672
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,131</u>	<u>\$ 20,131</u>

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Final to Actual
Expenditures			
Instruction			
Salaries of teachers	\$ 26,572	\$ 26,572	\$ -
Other salaries for instruction	23,027	23,027	-
Supplies	11,341	9,331	2,010
Total	<u>60,940</u>	<u>58,930</u>	<u>2,010</u>
Support services			
Salaries of supervisors of instruction	3,754	3,754	-
Other salaries	84,907	84,907	-
Salaries of community parent involvement spec.	13,587	13,587	-
Employee benefits	1,028	1,028	-
Total	<u>103,276</u>	<u>103,276</u>	<u>-</u>
Total expenditures	<u><u>\$ 164,216</u></u>	<u><u>\$ 162,206</u></u>	<u><u>\$ 2,010</u></u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Special Revenue Fund
Schedule of Preschool Education Aid - Budgetary Basis
For the Fiscal Year Ended June 30, 2023

Calculation of Budget and Carryover

Total revised 2022 - 2023 preschool education aid allocation	\$ 164,216
Add: actual ECPA/PEA carryover (June 30, 2022)	-
Add: budgeted transfer from general fund	-
Total preschool education aid funds available for 2022 - 2023 budget	164,216
Less: 2022 - 2023 budgeted preschool education aid	162,206
Available and unbudgeted preschool education aid funds as of June 30, 2023	2,010
Add: 2022 - 2023 unexpended preschool education aid	-
2022 - 2023 Actual carryover preschool education aid	\$ 2,010
2022 - 2023 Preschool education aid carryover budgeted for preschool programs 2023 - 2024	\$ 2,010

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, 2023

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

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
June 30, 2023

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 244,000	\$ -	\$ 244,000	\$ 244,000	\$ -
Total revenues	<u>244,000</u>	<u>-</u>	<u>244,000</u>	<u>244,000</u>	<u>-</u>
Expenditures					
Regular debt service					
Interest on bonds	14,000	-	14,000	14,000	-
Redemption of principal	230,000	-	230,000	230,000	-
Total expenditures	<u>244,000</u>	<u>-</u>	<u>244,000</u>	<u>244,000</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>\$ -</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Government activities										
Net investment in capital assets	\$ 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	\$ 7,685,650
Restricted	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	5,100,954
Unrestricted	(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)	162,025
Total governmental activities	<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>	<u>\$ 12,948,629</u>
Business-type activities										
Net investment in capital assets	\$ 32,100	\$ 26,886	\$ 21,671	\$ 31,323	\$ 30,030	\$ 24,641	\$ 21,610	\$ 17,732	\$ 34,010	\$ 37,101
Unrestricted	33,038	42,672	41,909	20,967	16,889	19,767	21,414	48,525	50,794	44,341
Total business-type activities	<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>	<u>\$ 81,442</u>
District-wide										
Net investment in capital assets	\$ 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	\$ 7,722,751
Restricted	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	5,100,954
Unrestricted	(1,044,348)	(999,602)	(934,269)	(1,224,914)	(1,098,098)	(1,114,139)	(1,066,930)	(1,004,654)	(679,452)	206,366
Total district-wide	<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>	<u>\$ 13,030,071</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 4,381,486
Special education	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	1,189,286
Other special education	180,199	371,650	482,853	244,389	430,511	543,910	490,981	543,898	513,190	385,703
Other instruction	39,480	152,006	81,956	405,393	255,049	134,326	516,955	204,191	75,428	49,999
Support services										
Tuition	104,236	144,050	74,950	59,236	125,147	144,006	110,954	115,547	121,924	104,532
Student & instruction related services	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	1,591,643
General & business administrative services	528,792	563,365	529,713	583,854	662,575	631,323	615,184	652,238	472,860	512,355
School administration	169,340	199,112	219,729	196,937	249,681	223,718	100,716	84,734	177,536	137,120
Plant operations & maintenance	688,455	682,629	681,050	859,519	799,735	717,291	718,050	695,565	610,075	643,563
Pupil transportation	262,598	324,243	305,062	311,598	374,274	372,903	336,237	470,729	515,281	516,576
Interest on long-term debt	76,236	72,636	68,845	63,223	57,236	51,092	44,943	38,504	29,803	20,619
Total governmental activities expenses	<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>	<u>9,532,882</u>
Business-type activities										
Food services	95,055	100,249	106,740	117,841	116,586	118,002	94,262	77,522	136,694	177,269
Total business-type activities	<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>	<u>177,269</u>
Total district expenses	<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>	<u>\$ 9,710,151</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Program revenues										
Governmental activities										
Charges for services	\$ 52,753	\$ 71,046	\$ 69,083	\$ 56,450	\$ 55,047	\$ 89,230	\$ 371,019	\$ 385,374	\$ 425,422	\$ 328,391
Operating grants & contributions	128,482	129,552	145,198	140,287	150,968	148,980	138,508	194,071	267,128	510,716
Capital grants & contributions	359,840	37,700	-	-	-	-	-	-	-	-
Total governmental activities	541,075	238,298	214,281	196,737	206,015	238,210	509,527	579,445	692,550	839,107
Business-type activities										
Charges for services										
Food service	76,986	75,889	71,933	74,080	81,866	85,146	64,990	641	15	92,258
Operating grants & contributions	25,729	28,641	28,615	32,226	29,133	30,018	26,091	99,905	155,034	80,964
Total business-type activities	102,715	104,530	100,548	106,306	110,999	115,164	91,081	100,546	155,049	173,222
Total district-wide program revenues	\$ 643,790	\$ 342,828	\$ 314,829	\$ 303,043	\$ 317,014	\$ 353,374	\$ 600,608	\$ 679,991	\$ 847,599	\$ 1,012,329
Net (expense) revenues										
Governmental activities	\$ (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)	\$ (8,693,775)
Business-type activities	7,660	4,281	(6,192)	(11,535)	(5,587)	(2,838)	(3,181)	23,024	18,355	(4,047)
Total district-wide net expenses	\$ (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)	\$ (8,697,822)
General revenues & other changes in net position										
Governmental activities										
Property taxes levied for general purposes	\$ 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	\$ 6,159,984
Taxes levied for debt service	247,050	243,450	249,750	245,000	249,150	248,075	241,925	245,625	243,000	244,000
Unrestricted grants & contributions	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	3,497,540
State capital projects grant deobligated	-	(79,054)	-	-	-	-	-	-	-	-
Investment earnings	10,940	10,856	10,757	12,583	29,488	42,068	31,868	1,815	1,051	50,937
Miscellaneous income	10,846	15,554	22,118	10,638	17,708	44,839	45,064	44,459	28,257	16,147
Loss on disposal of capital assets	(10,738)	-	-	-	(3,896)	-	(6,134)	(20,000)	-	-
Total governmental activities	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	9,968,608

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues & other changes in net position (cont'd)										
Business-type activities										
Investment earnings	\$ 93	\$ 139	\$ 169	\$ 157	\$ 216	\$ 327	\$ 264	\$ 9	\$ 7	\$ 550
Miscellaneous income	-	-	45	88	-	-	1,533	200	185	135
Loss on disposal of capital assets	(4)	-	-	-	-	-	-	-	-	-
Total business-type activities	<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>	<u>685</u>
Total district-wide	<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>	<u>\$ 9,969,293</u>
Change in net position										
Governmental activities	\$ 1,009,477	\$ 533,954	\$ 483,376	\$ 460,773	\$ 413,758	\$ 730,860	\$ 1,020,835	\$ 1,137,235	\$ 1,175,638	\$ 1,274,833
Business-type activities	<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>	<u>(3,362)</u>
Total district	<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>	<u>\$ 1,271,471</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Restricted	\$ 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	\$ 5,574,275
Committed	95,156	130,289	212,013	78,557	332,851	277,226	288,541	111,907	120,088	751,657
Assigned	-	-	2	26,414	34,455	-	-	-	-	61,303
Unassigned	177,660	179,024	196,387	226,504	185,887	228,512	213,610	359,845	344,731	373,201
Total general fund	<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>	<u>\$ 6,760,436</u>
							*			
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,277	\$ 20,477	\$ 22,672	\$ 3,709
Capital projects fund	858,437	837,473	205,830	323,252	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 3,709</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 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	\$ 6,403,984
Tuition charges	42,628	64,671	61,645	51,600	50,347	81,980	364,769	333,605	335,310	254,358
Interest earnings	10,940	10,856	10,757	12,583	29,488	42,068	31,868	1,815	1,051	50,937
Rents and royalties	-	-	7,438	4,850	4,700	7,250	6,250	3,900	5,975	5,300
Sale of property	-	-	6,356	-	3,930	-	-	-	-	-
Miscellaneous	20,971	21,929	15,762	10,638	13,778	44,839	45,064	92,328	112,394	84,880
State sources	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	2,948,384
Federal sources	128,482	130,034	145,198	140,384	150,968	148,980	138,508	194,071	259,859	377,004
Total revenues	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	10,124,847
Expenditures										
Instruction										
Regular instruction	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	2,065,245
Special education instruction	578,178	611,792	556,345	574,183	552,788	512,137	568,859	546,552	588,714	607,637
Other special instruction	119,166	200,577	223,682	218,369	200,585	232,688	237,223	218,389	223,464	209,698
Other instruction	37,973	40,191	47,208	50,864	48,571	53,913	53,683	35,504	69,982	46,433
Support services										
Tuition	25,707	69,899	74,950	-	54,206	74,232	41,053	37,024	30,392	28,488
Student & instructional related services	746,047	648,465	730,827	742,463	736,361	715,030	748,944	776,259	835,029	737,236
General administration	181,614	193,440	176,563	185,629	172,039	166,136	185,189	160,346	118,277	155,818
School administration services	124,734	118,735	121,898	116,533	125,634	110,062	78,599	67,905	80,771	73,291
Central services	196,183	189,072	211,340	170,201	179,217	176,804	185,662	132,564	128,360	149,205
Plant operations & maintenance	619,117	588,885	569,036	721,301	599,639	577,424	586,823	540,466	523,804	577,483
Pupil transportation	255,468	310,881	288,307	291,017	345,147	351,066	314,079	393,384	459,627	469,951
Employee benefits	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	1,419,555
On-behalf TPAF Pension & Social Security contributions	548,021	616,039	693,474	763,601	867,829	972,595	1,037,770	1,235,368	1,602,722	1,653,536
Capital outlay	94,456	11,786	55,464	104,251	86,125	307,402	790,274	247,484	62,392	195,455
Capital projects	41,163	670,742	866,439	198,078	295,500	-	-	-	-	-
Special revenue funds	128,482	129,552	145,198	140,287	150,968	148,980	138,508	235,740	349,070	598,412
Debt service										
Principal	180,000	180,000	190,000	190,000	200,000	205,000	205,000	215,000	220,000	230,000
Interest & other charges	84,382	80,782	77,082	72,332	66,482	60,407	54,257	47,957	40,332	31,332
Total expenditures	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	9,248,775

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Excess (deficiency) of revenues over (under) expenditures	\$ 877,560	\$ (58,936)	\$ (361,709)	\$ 440,340	\$ 265,669	\$ 624,017	\$ 407,793	\$ 940,149	\$ 957,594	\$ 876,072
Other financing sources (uses)										
NJSDA Grant deobligated	-	(79,054)	-	-	-	-	-	-	-	-
Transfers out	(10,000)	(10,000)	(15,000)	(20,000)	(64,500)	(90,000)	(87,000)	-	-	-
Total other financing sources (uses)	(10,000)	(89,054)	(15,000)	(20,000)	(64,500)	(90,000)	(87,000)	-	-	-
Net change in fund balances	\$ 867,560	\$ (147,990)	\$ (376,709)	\$ 420,340	\$ 201,169	\$ 534,017	\$ 320,793	\$ 940,149	\$ 957,594	\$ 876,072
Debt service as a percentage of non-capital expenditures	3.96%	3.84%	3.76%	3.69%	3.60%	3.58%	3.46%	3.34%	3.08%	2.97%

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest income	\$ 10,940	\$ 10,856	\$ 10,757	\$ 12,583	\$ 29,488	\$ 42,068	\$ 31,868	\$ 1,815	\$ 1,051	\$ 50,937
Tuition	42,628	64,671	61,645	51,600	50,347	81,980	364,769	333,605	335,310	254,358
Shared services	-	-	-	-	-	39,055	29,056	15,625	6,953	-
Building use fees	5,100	6,375	7,438	4,850	4,700	7,250	6,250	3,900	5,975	5,300
Prior year refunds	1,079	7,050	8,292	554	373	607	9,964	5,326	7,708	7,317
Accounts payable canceled	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	1,500
Sale of assets	-	-	6,356	-	3,930	-	200	-	-	-
Sale of textbooks	79	-	-	-	-	-	-	-	-	-
iPad reimbursements	5,880	5,420	5,220	4,640	4,160	2,760	4,680	20	7,990	7,330
Workshops	5,025	-	-	-	-	-	-	-	-	-
NJ School boards insurance safety incentive	1,000	-	-	1,000	3,700	-	-	-	-	-
Donations	-	-	95	-	-	-	-	-	-	-
Annual totals	\$ 74,539	\$ 97,456	\$ 101,958	\$ 79,671	\$ 102,243	\$ 176,137	\$ 447,951	\$ 383,779	\$ 370,593	\$ 326,742

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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Vacant land	\$ 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	\$ 17,825,680
Residential	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	438,761,621
Farm regular	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	119,496,500
Qualified farm	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	4,998,740
Commercial	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	34,359,000
Industrial	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	8,972,900
Apartment	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	2,009,500
Total assessed value	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	626,423,941
Public utilities (a)	1,476,753	1,653,010	1,544,943	1,545,288	1,545,288	1,545,288	-	1,437,091	1,437,091	1,437,091
Net valuation taxable	#####	\$ 610,594,460	\$ 613,717,592	\$ 614,260,887	\$ 614,905,487	\$ 617,187,688	\$ 618,675,995	\$ 622,331,776	\$ 625,755,065	\$ 627,861,032
Estimated actual county equalized value	#####	\$ 618,887,553	\$ 601,302,608	\$ 608,735,456	\$ 623,130,814	\$ 615,407,488	\$ 626,253,664	\$ 639,469,561	\$ 689,765,283	\$ 745,412,599
Percentage of net valuation to estimated actual equalized value	99.13%	98.66%	102.06%	100.91%	98.68%	100.29%	98.79%	97.32%	90.72%	84.23%
Total direct school tax rate (b)	\$ 0.905	\$ 0.920	\$ 0.932	\$ 0.950	\$ 0.966	\$ 0.981	\$ 0.998	\$ 1.010	\$ 1.024	\$ 1.039

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						
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	
2023	0.999	0.040	1.039	0.702	0.355	0.448	-	2.544	

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**

	2023			2014		
	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	1.21%	\$ 4,575,000	1	0.75%
Kingwood Flex LLC	4,519,400	2	0.72%	-		0.00%
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%	3,498,200	3	0.57%
Perini Properties LLC	2,895,500	5	0.46%	2,895,500	5	0.48%
869 Associates LLC	2,324,100	6	0.37%	2,324,100	6	0.38%
Individual Property Owner	1,967,400	7	0.31%	1,650,800	7	0.27%
Individual Property Owner	1,650,800	8	0.26%	1,435,800	10	0.24%
Individual Property Owner	1,611,300	9	0.26%	-		0.00%
Frenchtown II Solar LLC	1,500,000	10	0.24%	-		0.00%
880 State Highway 12 LLC	-		0.00%	1,486,000	9	0.24%
Route 12 Business Park LLC	-		0.00%	4,188,100	2	0.69%
Buckeye Pipeline Co	-		0.00%	3,040,000	4	0.50%
	<u>\$ 32,074,500</u>		<u>5.10%</u>	<u>\$ 26,593,500</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
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%
2023	6,403,984	6,403,984	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.

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					
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	0.12%	122
2023	235,000	-	-	-	-	235,000	N/A	61

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		Net General Bonded Debt Outstanding	% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions			
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
2023	235,000	-	235,000	0.04%	61

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, 2022

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 1,441,000	100.00%	\$ 1,441,000
Regional High School	-	26.68%	-
County general obligation debt	74,164,045	2.95%	<u>2,187,096</u>
Subtotal, overlapping debt			3,628,096
School District direct debt			<u>235,000</u>
Total direct and overlapping debt			<u><u>\$ 3,863,096</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 2023

	Equalized Valuation Basis	
	2022	\$ 741,206,190
	2021	684,407,722
	2020	635,713,106
		<u>\$ 2,061,327,018</u>
Average equalized valuation of taxable property		<u>\$ 687,109,006</u>
Debt limit (3.0% of average equalization value)	(a)	\$ 20,613,270
Total net debt applicable to limit		<u>235,000</u>
Legal debt margin		<u>\$ 20,378,270</u>

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt limit	\$ 18,391,503	\$ 18,556,811	\$ 18,704,826	\$ 19,433,037	\$ 20,613,270
Total net debt applicable	1,105,000	900,000	685,000	465,000	235,000
Legal debt margin	<u>\$ 17,286,503</u>	<u>\$ 17,656,811</u>	<u>\$ 18,019,826</u>	<u>\$ 18,968,037</u>	<u>\$ 20,378,270</u>
Total net debt applicable to the limit as a percentage of debt limit	6.01%	4.85%	3.66%	2.39%	1.14%

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 18,749,237	\$ 18,506,704	\$ 18,215,184	\$ 18,185,391	\$ 18,241,557
Total net debt applicable	2,070,000	1,890,000	1,700,000	1,510,000	1,310,000
Legal debt margin	<u>\$ 16,679,237</u>	<u>\$ 16,616,704</u>	<u>\$ 16,515,184</u>	<u>\$ 16,675,391</u>	<u>\$ 16,931,557</u>
Total net debt applicable to the limit as a percentage of debt limit	11.04%	10.21%	9.33%	8.30%	7.18%

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)
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	383,501,312	100,288	3.0%
2023	3,831	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 2020 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce Development.

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

2023

<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

2014

<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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Instruction										
Regular	27.2	26.2	26.2	26.2	26.2	25.2	26.2	26.2	27.4	27.4
Special education	9.5	10.5	10.0	10.0	10.0	9.0	10.0	10.0	10.0	10.0
Other instruction - aides	4.5	4.5	3.0	6.0	4.0	3.0	4.0	4.0	4.0	5.0
Support services										
Student and instruction related services	7.8	7.9	7.9	9.4	9.7	9.8	9.3	8.5	9.2	9.3
General administration	1.2	1.6	1.6	1.6	0.8	0.8	0.8	0.8	0.8	0.8
School administration services	1.8	1.5	1.5	1.7	1.4	1.1	0.7	0.7	0.7	0.7
Central services	2.4	2.1	3.1	2.1	2.1	2.1	2.1	1.5	1.5	1.5
Plant operations and maintenance	5.7	5.6	4.8	4.8	4.6	4.6	4.6	4.4	3.5	3.8
Pupil transportation	0.4	0.5	0.5	0.5	0.5	0.5	0.5	1.1	1.1	1.1
Total	<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>	<u>59.6</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
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%
2023	331	8,791,988	26,562	1.10%	44.2	1:13.35	330.7	310.4	2.72%	93.87%

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	367.9	360.3	342.2	343.5	335.7	330.6	356.5	342.0	321.9	330.7

Number of schools at June 30, 2023:

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>
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
2023	51,815
Total school facilities	<u>\$ 609,168</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, 2023
(Unaudited)

	Coverage	Deductible
Commercial Package Policy - New Jersey Schools Insurance Group (NJSIG)		
Real & Personal Property (per occurrence)	\$ 500,000,000	\$ 1,000
Blanket Extra Expense	50,000,000	1,000
Blanket Valuable Paper & Records	10,000,000	1,000
Demolition & Increased Cost of Construction	25,000,000	-
Limited Builders Risk	10,000,000	-
Fire Dept. Service Charge and Arson Reward	10,000	-
Pollution Cleanup & Removal	250,000	-
Flood/Earthquake		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	-
Electronic Data Processing		
Blanket Hardware/Software, Extra Expense, Business Income, Transit, Debris Removal	200,000	1,000
Flood (Deductible for Zone A & Z)	-	500,000
(Deductible All Other Flood Zones)	-	10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	1,000
Property Damage	Included	-
Off Premises Property Damage	1,000,000	1,000
Extra Expense and Service Interruption	10,000,000	1,000
Perishable Goods, Data Restoration, Demolition, Ordinance or Law	1,000,000	1,000
Expediting Expense, Hazardous Substances	1,000,000	1,000
Newly Acquired Locations - 120 Days Notice	1,000,000	1,000
Crime Coverage		
Public Employee Dishonesty	50,000	500
Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency	50,000	500
Forgery or Alteration, Computer Fraud	50,000	500
General Liability		
Bodily Injury, Property Damage Products, & Completed Operations	16,000,000	-
Sexual Abuse, Personal Injury & Advertising Injury	16,000,000	-
Employee Benefits Liability	16,000,000	1,000
Premises Medical Payments	\$10,000 per accident	-
	\$5,000 per person	-
Terrorism	1,000,000	-
Automotive Coverage		
Bodily Injury and Property Damage Comined Single Limit	16,000,000	1,000
Personal Injury Protection	250,000	1,000
Medical Payments	10,000	-
Underinsured and Terrorism	1,000,000	-
Garagekeepers	Included	-
School Leaders Errors & Omissions		
Coverage A - protection againsts "loss"/Wrongful Acts	16,000,000	5,000
Coverage B - defense costs for specific administrative actions	\$100,000/claim	5,000
	\$300,000/agg	5,000
Retro Date	7/1/1986	
Workers' Compensation		
Part One	Statutory	-
Part Two		
Bodily Injury by Accident and Disease	2,000,000	-

Source: District records

See independent auditors' report.

SINGLE AUDIT SECTION

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



**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 that we consider to be a significant deficiency.

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.

Kingwood Township School District's Response to Findings

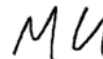
Government Auditing Standards requires the auditor to perform limited procedures on Kingwood Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

November 13, 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, 2023. 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, 2023.

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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

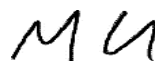
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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

November 13, 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, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
U.S. Department of Homeland Security															
General Fund															
FEMA	97.036	Not Available	FEMA-2450-23	\$ 31,767	7/1/2022	06/30/23	\$ -	\$ -	\$ 31,767	\$ 31,767	\$ -	\$ -	\$ -	\$ -	\$ -
Total General Fund							-	-	31,767	31,767	-	-	-	-	-
U.S. Department of Education passed through State Department of Education															
Special Revenue Fund															
Special education cluster (IDEA)															
IDEA Basic	84.027A	H027A220100	IDEA-2450-23	76,044	07/01/22	06/30/23	-	-	76,044	76,044	-	-	-	-	-
IDEA Preschool	84.173A	H173A220114	IDEA-2450-23	3,999	07/01/22	06/30/23	-	-	3,999	3,999	-	-	-	-	-
Total special education cluster (IDEA)							-	-	80,043	80,043	-	-	-	-	-
Title I A	84.010	S010A210030	ESSA-2450-22	20,706	07/01/21	06/30/22	(2,155)	-	3,155	1,000	-	-	-	-	-
Title I A	84.010	S010A220030	ESSA-2450-23	31,009	07/01/22	06/30/23	-	-	22,115	30,008	-	-	(7,893)	-	-
Title II A	84.367A	S367A210029	ESSA-2450-22	5,214	07/01/21	06/30/22	(523)	-	523	-	-	-	-	-	-
Title II A	84.367A	S367A220029	ESSA-2450-23	6,348	07/01/22	06/30/23	-	-	1,481	6,348	-	-	(4,867)	-	-
Title IV	84.424A	S424A210031	ESSA-2450-22	10,000	07/01/21	06/30/22	(921)	-	921	-	-	-	-	-	-
Title IV	84.424A	S424A220031	ESSA-2450-23	10,000	07/01/22	06/30/23	-	-	-	10,000	-	-	(10,000)	-	-
COVID-19															
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-2450-23	80,026	03/13/20	09/30/23	(1,126)	-	43,249	42,123	-	-	-	-	-
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-2450-23	25,000	03/13/20	09/30/23	(2,485)	-	14,380	14,688	-	-	(2,793)	-	-
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-2450-23	45,000	03/13/20	09/30/23	(5,418)	-	29,917	27,452	-	-	(2,953)	-	-
CARES Emergency Relief	84.425D	S425D210027	CRRSA-2450-23	20,590	03/13/20	09/30/23	-	-	1,067	1,067	-	-	-	-	-
ARP - ESSER															
ARP - ESSER	84.425U	S425U210027	ESSER-2450-24	179,853	03/13/20	09/30/24	(48,501)	-	80,573	32,072	-	-	-	-	-
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-2450-24	50,000	03/13/20	09/30/24	(911)	-	10,939	11,524	-	-	(1,496)	-	-
Evidenced Based Comprehensive Beyond the School Day	84.425U	S425U210027	ESSER-2450-24	40,000	03/13/20	09/30/24	-	-	10,316	11,624	-	-	(1,308)	-	-
ARP IDEA Basic	84.027X	H027X210100	ARP-2450-22	15,249	07/01/21	09/30/22	(4,831)	-	4,831	-	-	-	-	-	-
ARP IDEA Preschool	84.173X	H173X210114	ARP-2450-22	1,300	07/01/21	09/30/22	(166)	-	166	-	-	-	-	-	-
Small, Rural School Achievement Program	84.358	S358B210030	S358A212868	37,784	07/01/21	09/30/22	(15)	-	15	-	-	-	-	-	-
Small, Rural School Achievement Program	84.358	S358B220030	S358A222868	38,455	07/01/22	09/30/23	-	-	30,495	38,455	-	-	(7,960)	-	-
Total Special Revenue Fund							(67,052)	-	334,186	306,404	-	-	(39,270)	-	-

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022		Cash Received	Budgetary Expenditure	Adjust- ment	Repayment of Prior Year Balance	Balance June 30, 2023		
					From	To	(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor
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	221NJ304N1099	N/A	\$ 6,715	10/01/21	09/30/22	\$ 2,771	\$ -	\$ -	\$ 2,771	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Cash Assistance (Commodities)	10.555	231NJ304N1199	N/A	16,617	10/01/22	09/30/23	-	-	16,617	12,824	-	-	-	3,793	-
Cash Assistance	10.555	221NJ304N1099	N/A	144,485	10/01/21	09/30/22	(6,698)	-	6,698	-	-	-	-	-	-
Cash Assistance	10.555	231NJ304N1199	N/A	34,202	10/01/22	09/30/23	-	-	33,093	34,202	-	-	(1,109)	-	-
Total Child Nutrition Cluster							(3,927)	-	56,408	49,797	-	-	(1,109)	3,793	-
Supply Chain Assistance	10.555	231NJ304N1199	N/A	29,315	07/01/22	06/30/23	-	-	29,315	29,315	-	-	-	-	-
Total Enterprise Fund							(3,927)	-	85,723	79,112	-	-	(1,109)	3,793	-
Total Federal Awards							\$ (70,979)	\$ -	\$ 451,676	\$ 417,283	\$ -	\$ -	\$ (40,379)	\$ 3,793	\$ -

See independent auditors' report.

KINGWOOD TOWNSHIP SCHOOL DISTRICT

Schedule of Expenditures of State Financial Assistance, Schedule B

For the Fiscal Year Ended June 30, 2023

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2022			Budgetary Expenditure	Adjustments	Balance June 30, 2023			Memo			
					From	To	Deferred Rev.			Due to	Cash	Accounts	Deferred	Due to	Budgetary	Cumulative
							(Accts. Rec)			Grantor	Received	Receivable	Revenue	Grantor	Receivable	Expenditure
State Department of Education																
General Fund																
Transportation Aid	23-495-034-5120-014	\$ 166,282	07/01/22	06/30/23	\$ -	\$ -	\$ 149,764	\$ 166,282	\$ -	\$ -	\$ -	\$ -	\$ 16,518	\$ 166,282		
Special Education Categorical Aid	23-495-034-5120-089	259,824	07/01/22	06/30/23	-	-	234,014	259,824	-	-	-	-	25,810	259,824		
Equalization Aid	23-495-034-5120-078	147,644	07/01/22	06/30/23	-	-	132,977	147,644	-	-	-	-	14,667	147,644		
School Choice Aid	23-495-034-5120-068	228,803	07/01/22	06/30/23	-	-	206,075	228,803	-	-	-	-	22,728	228,803		
Security Aid	23-495-034-5120-084	31,021	07/01/22	06/30/23	-	-	27,939	31,021	-	-	-	-	3,082	31,021		
Stabilization Aid	23-495-034-5120-128	61,303	07/01/22	06/30/23	-	-	61,303	61,303	-	-	-	-	-	61,303		
Extraordinary Special Education Costs Aid	22-495-034-5120-044	171,046	07/01/21	06/30/22	(171,046)	-	171,046	-	-	-	-	-	-	171,046		
Extraordinary Special Education Costs Aid	23-495-034-5120-044	205,070	07/01/22	06/30/23	-	-	-	205,070	-	(205,070)	-	-	-	205,070		
Non-Public Transportation Aid	22-495-034-5120-014	1,450	07/01/21	06/30/22	(1,450)	-	1,450	-	-	-	-	-	-	1,450		
Non-Public Transportation Aid	23-495-034-5120-014	936	07/01/22	06/30/23	-	-	-	936	-	(936)	-	-	-	936		
Secure our Children's Future Bond Act	23-100-082-2600-A92	20,000	07/01/22	06/30/23	-	-	20,000	20,000	-	-	-	-	-	20,000		
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	215,742	07/01/21	06/30/22	(10,657)	-	10,657	-	-	-	-	-	-	215,742		
Reimbursed TPAF Social Security Contribution	23-495-034-5094-003	235,160	07/01/22	06/30/23	-	-	233,462	235,160	-	(1,698)	-	-	-	235,160		
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	23-495-034-5094-002	1,107,583	07/01/22	06/30/23	-	-	1,107,583	1,107,583	-	-	-	-	-	1,107,583		
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004	15,366	07/01/22	06/30/23	-	-	15,366	15,366	-	-	-	-	-	15,366		
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004	431	07/01/22	06/30/23	-	-	431	431	-	-	-	-	-	431		
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001	294,996	07/01/22	06/30/23	-	-	294,996	294,996	-	-	-	-	-	294,996		
Total General Fund					(183,153)	-	2,667,063	2,774,419	-	(207,704)	-	-	82,805	3,162,657		
State Department of Education																
Special Revenue Fund																
SDA Emergent and Capital Maintenance Needs	23-100-034-5120-519	7,432	07/01/22	06/30/23	-	-	-	7,432	-	(7,432)	-	-	-	7,432		
School Climate	23-WB01-G02	6,600	04/01/23	06/30/23	-	-	3,996	3,996	-	-	-	-	-	6,600		
Teach STEM Classes in Nonpublic Schools	Not Available	15,492	07/01/22	06/30/23	-	-	6,621	11,671	-	(5,050)	-	-	-	15,492		
Preschool Education Aid	23-495-034-5120-086	164,216	07/01/22	06/30/23	-	-	147,794	162,206	-	-	2,010	-	16,422	162,206		
Total Special Revenue Fund					-	-	158,411	185,305	-	(12,482)	2,010	-	16,422	191,730		
State Department of Agriculture																
Enterprise Fund																
State School Lunch Program	22-100-010-3350-023	3,351	07/01/21	06/30/22	(154)	-	154	-	-	-	-	-	-	3,351		
State School Lunch Program	23-100-010-3350-023	1,852	07/01/22	06/30/23	-	-	1,790	1,852	-	(62)	-	-	-	1,852		
Total Enterprise Fund					(154)	-	1,944	1,852	-	(62)	-	-	-	5,203		
Total State Financial Assistance																
Less: On-Behalf TPAF Pension System Contributions					\$ (183,307)	\$ -	\$ 2,827,418	2,961,576	\$ -	\$ (220,248)	\$ 2,010	\$ -	\$ 99,227	\$ 3,359,590		
On-Behalf TPAF Pension Contribution - Teacher's Pension & Annuity Fund	23-495-034-5094-002							1,107,583								
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	23-495-034-5094-004							15,366								
On-Behalf TPAF Pension Contribution - Postretirement Medical	23-495-034-5094-001							294,996								
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	23-495-034-5094-004							431								
Total for State Financial Assistance - Major Program Determination								<u>\$ 1,543,200</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, 2023

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 \$8,486 for the general fund and (\$35,429) 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, 2023

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	\$ 31,767	\$ 2,782,905	\$ 2,814,672
Special revenue fund	345,237	165,479	510,716
Food service fund	79,112	1,852	80,964
Total awards and financial assistance	\$ 456,116	\$ 2,950,236	\$ 3,406,352

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, 2023. 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, 2023.

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, 2023

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:

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

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

Did the auditee qualify as a low-risk auditee?

Yes No

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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? X 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 NJ OMB Circular Letter 15-08 as applicable? X Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<u>23-495-034-5120-089</u>	<u><i>Special Education Categorical Aid</i></u>
<u>23-495-034-5120-078</u>	<u><i>Equalization Aid</i></u>
<u>23-495-034-5120-084</u>	<u><i>Security Aid</i></u>
<u>23-495-034-5120-068</u>	<u><i>School Choice Aid</i></u>
<u>23-495-034-5120-128</u>	<u><i>Stabilization Aid</i></u>
<u> </u>	<u> </u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II - Financial Statement Findings

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

Finding 2023-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Context

Our review of the approved monthly financial reports disclosed instances of over-expenditures of appropriation line-items in the Board Secretary's monthly reports.

Cause

Unknown

Effect

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

Federal Awards

There were no findings or questioned costs for the fiscal year ended June 30, 2023.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

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

State Awards

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

Finding 2023-001

Criteria

N.J.A.C. 6A:23A-16.10 prohibits a school district from incurring any obligation or approve any payment in excess of the amount appropriated in the applicable line item account or program category account and requires the Board of Education to certify that no over-expenditures occurred.

Condition

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Context

Our review of the approved monthly financial reports disclosed instances of over-expenditures of appropriation line-items in the Board Secretary's monthly reports.

Cause

Unknown

Effect

Reports of the Board Secretary submitted to the Board of Education for approval included over-expended line items.

Recommendation

The District should take measures to ensure that over-expenditures of appropriation line item accounts do not occur as required by N.J.A.C. 6A:23A-16.10.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**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, 2023**

Status of Prior Year Findings

There were no prior year findings or questioned costs.