

KINGWOOD TOWNSHIP
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

**KINGWOOD TOWNSHIP BOARD OF EDUCATION
KINGWOOD TOWNSHIP, NEW JERSEY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prepared by

**KINGWOOD TOWNSHIP BOARD OF EDUCATION
DEPARTMENT OF ADMINISTRATION**

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INTRODUCTORY SECTION

KINGWOOD TOWNSHIP BOARD OF EDUCATION

880 County Road 519
Frenchtown, New Jersey 08825

2.0

Rick Falkenstein

Chief School Administrator
Phone: (908) 996-2941 x518
E-mail: rfalkenstein@kingwoodschool.org
Fax: (908) 996-7268

Bobbie Beriont

Business Administrator/Board Secretary
Phone: (908) 996-2941 x 516
E-mail: bberiont@kingwoodschool.org
Fax: (908) 996-0075

October 15, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Kingwood Township School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non Profit Organizations", and New Jersey OMB's Circular 15-08, "Single Audit Policy for recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the auditor's reports on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the Single Audit Section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8 as well as special education. The district completed the 2014-2015 fiscal year with an average daily enrollment of 360.25 students, which is a 2.08% decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2005-2006	486.0	(4.23%)
2006-2007	487.0	0.21%
2007-2008	461.1	(5.32%)
2008-2009	454.0	(1.54%)
2009-2010	447.9	(1.34%)
2010-2011	428.3	(4.38%)
2011-2012	412.7	(3.64%)
2012-2013	408.7	(0.98%)
2013-2014	367.9	(9.98%)
2014-2015	360.25	(2.08%)

2. ECONOMIC CONDITION AND OUTLOOK: The Kingwood Township Board of Education recognizes the ever changing environment of financing education in the State of New Jersey. The School Funding Reform Act of 2008 established the formula for determining the level of State Aid and local funding needed to educate all New Jersey public school children. This law also created a maximum tax levy increase, various budget restrictions, and set the maximum district fund balance at the higher of 2% of budget expenditures or \$250,000. The New Jersey Department of Education releases the Education Adequacy Report for adjustments to the costs, weights and aid amount in the State's school-funding formula on a yearly basis. Over the past several years, this formula has changed based on the State's budget, making it difficult to predict what state aid amount will be released to Kingwood School on a consistent basis. The Kingwood Township Board of Education, along with its excellent staff, believes it will continue to provide a comprehensive education for all of its children. Exceptional instructional programs continue to be offered and reviewed on a regular basis for improvements. Our students in grades three through eight continue to score at or above the district factor group and/or state average on the New Jersey State Assessment Program (NJ ASK-3 through 8).

3. MAJOR INITIATIVES: The Kingwood Township School District continues to deliver high-quality programs and maintain a fiscal responsible budget. The major initiatives for the 2014-2015 academic school year were integrating Google classroom, implementing GOLD into our primary grades, preparing our students for the PARCC assessment, and implementing the NGSS into grades 5-8.

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

The science curriculum was revised and aligned to the NGSSS. Additional resources were purchased to help with the transition.

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

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

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

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2015 and the percentage of increase/ (decrease) in relation to prior year amounts.

	<u>Amount</u>	<u>% of Total</u>	<u>Inc./ (Dec.) from Prior Year</u>	<u>% Inc./ (Dec.)</u>
REVENUES:				
Local Sources:				
Tax Levy:				
General	\$5,263,158	74.86%	-	0.00%
Debt Service	\$243,450	3.46%	(\$3,600)	-1.46%
Other Revenues	\$97,455	1.39%	\$22,914	30.74%
State Aid	\$1,296,122	18.44%	(\$33,333)	-2.51%
Federal Aid	\$130,034	1.85%	\$1,552	1.21%
Total Revenues	<u>\$7,030,219</u>	<u>100.00%</u>	<u>(\$12,467)</u>	-0.18%
EXPENDITURES:				
Current Expense	\$6,061,263	93.78%	\$59,767	1.00%
Capital Outlay	\$29,118	0.45%	(\$82,670)	-73.95%
Special Projects	\$129,552	2.00%	\$1,070	0.83%
Debt Service				
Principal	\$180,000	2.79%	-	0.00%
Interest	\$63,450	0.98%	(\$3,600)	-5.37%
Total Expenditures	<u>\$6,463,383</u>	<u>100.00%</u>	<u>(\$25,433)</u>	-0.39%

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

8. DEBT ADMINISTRATION: At June 30, 2015, the District's outstanding debt was \$1,890,000. This debt was originally issued in July 2003 to finance a building addition, and refunded in July 2011 for a net cash flow savings of \$116,604.

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

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

11. OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board's audit committee selected the accounting firm of William Colantano, CPA. In addition to meeting the requirements set forth in statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

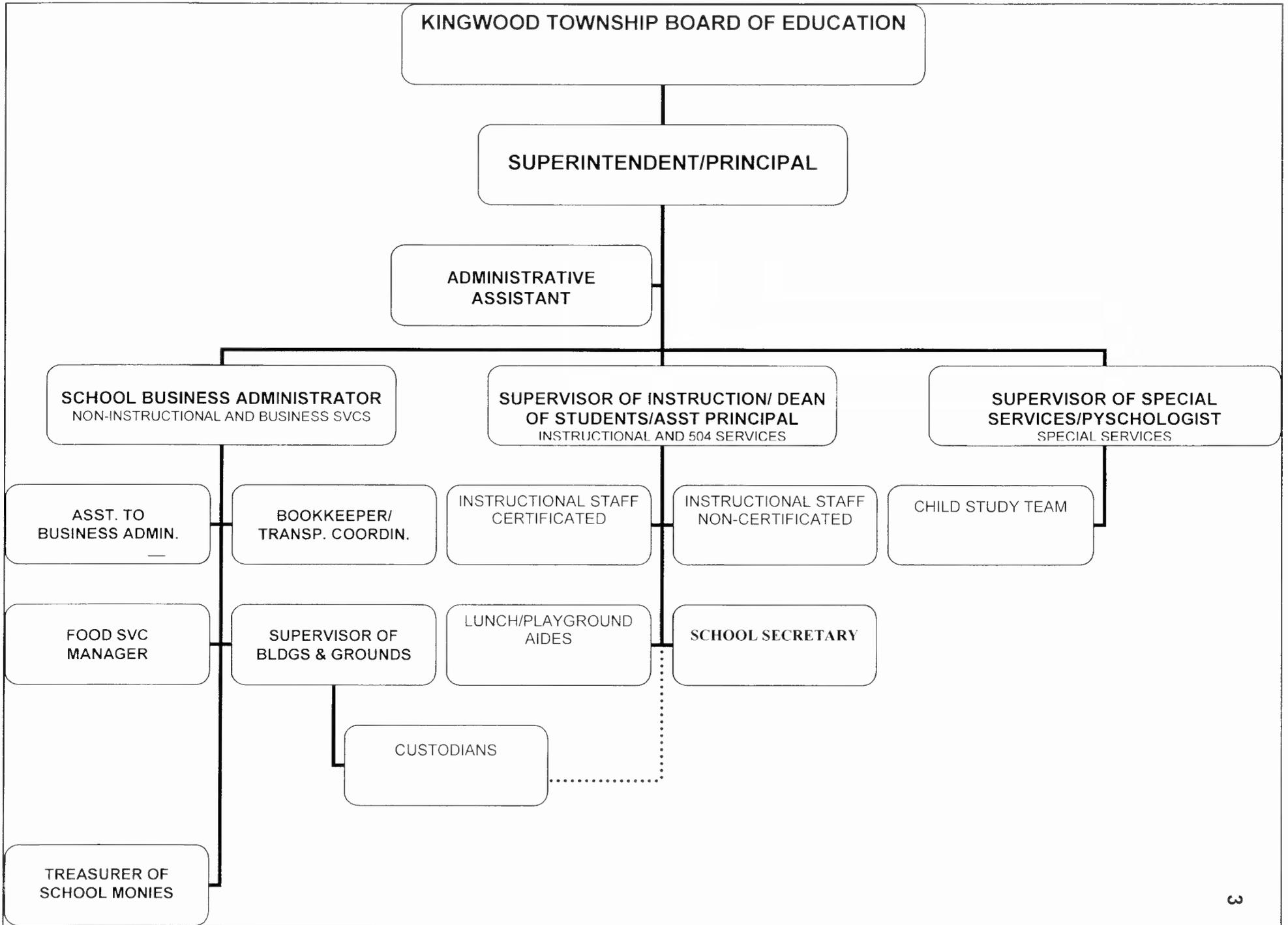
Respectfully Submitted,



Dr. Erik Falkenstein,
Chief School Administrator



Bobbie Beriont,
School Business Administrator/Board Secretary



KINGWOOD TOWNSHIP SCHOOL DISTRICT
 FRENCHTOWN, NEW JERSEY
 ROSTER OF OFFICIALS
 JUNE 30, 2015

Members of the Board of Education

Term Expires

Joseph DePinto, President	2015
Anthony Planer, Vice President	2015
Paymon Jelvani	2015
Michael DeSapio	2016
Donna Herbel	2016
Kathleen Racile	2016
Jill Lonergan	2017
Kimberly Malina	2017
Shannon Sklodowsky	2017

Other Officials

Erik Falkenstein, Superintendent
 Roberta Beriont, Business Administrator/Board Secretary
 Diane Laudenschach, School Treasurer
 Fogarty & Hara, Attorney

KINGWOOD TOWNSHIP SCHOOL DISTRICT
FRENCHTOWN, NEW JERSEY
CONSULTANTS AND ADVISORS
JUNE 30, 2015

Audit Firm

William M. Colantano, Jr., CPA

Architect

Spiezle Architectural Group

Attorney

Fogarty & Hara

Official Depository

Investors Savings Bank

FINANCIAL SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

INDEPENDENT AUDITOR'S REPORT

October 15, 2015

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kingwood Township School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, the schedule of and the schedule of state financial assistance as required by NJ OMB 15-08 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



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

REQUIRED SUPPLEMENTARY INFORMATION-PART I

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.0

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

The discussion and analysis of Kingwood Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- ◆ In total, net position increased \$538,374, which represents a 10.0 percent increase from 2014.
- ◆ General revenues accounted for \$8,337,774 in revenue or 96.0 percent of all revenues. Program specific revenues in the form of charges for services, operating grants, and contributions accounted for \$342,828 or 4.0 percent to total revenues of \$8,680,602.
- ◆ Total assets of governmental activities increased by \$332,508 as cash and cash equivalents increased by \$149,765, receivables and other assets decreased by \$327,547 and capital assets increased by \$510,290.
- ◆ The School District had \$8,063,174 in expenses; only \$342,828 (including capital grants of \$37,700) of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$8,337,774 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,276,226 in revenues and \$6,696,420 in expenditures. After factoring in net transfers out to the Capital Projects Fund of \$706,832, the General Fund's balance decreased \$127,026 from 2014.

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kingwood Township School District as a financial whole, an entire operating 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

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.1

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

one column. In the case of Kingwood Township School District, the General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014-2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provided. Governmental fund

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.2

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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, 2015 with comparative data for June 30, 2014.

**TABLE 1
NET POSITION**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
ASSETS				
Current & Other Assets	\$ 2,604,365	\$ 2,772,385	\$ (168,020)	-6.06%
Capital Assets	6,847,748	6,342,672	505,076	7.96%
Total Assets	<u>9,452,113</u>	<u>9,115,057</u>	<u>337,056</u>	<u>3.70%</u>
Deferred Pension Activity				
Total Deferred Outflow of Resources	<u>211,798</u>	<u>51,507</u>	<u>160,291</u>	<u>311.20%</u>
LIABILITIES				
Long Term Liabilities	3,560,209	3,653,516	(93,307)	-2.55%
Other Liabilities	122,734	154,048	(31,314)	-20.33%
Total Liabilities	<u>3,682,943</u>	<u>3,807,564</u>	<u>(124,621)</u>	<u>-3.27%</u>
Deferred Pension Activity				
Total Deferred Inflow of Resources	<u>83,594</u>	<u>-</u>	<u>83,594</u>	<u>*</u>
NET POSITION				
Net Investment in Capital Assets	4,957,748	4,272,672	685,076	16.03%
Restricted	1,939,228	2,130,676	(191,448)	-8.99%
Unrestricted	(999,602)	(1,044,348)	44,746	-4.28%
Total Net Position	<u>\$ 5,897,374</u>	<u>\$ 5,359,000</u>	<u>\$ 538,374</u>	<u>10.05%</u>

* = Undefined

Total assets increased \$337,056. Cash and cash equivalents increased by \$160,610, receivables and other assets decreased by \$328,630, and capital assets increased by \$505,076. Unrestricted net assets, the part of net assets that can be used to finance day to day activities without constraints established by grants or legal requirements, of the School District increased by \$44,746.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.3

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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

Table 2 shows the changes in net position in fiscal year 2015 with comparisons to 2014.

**TABLE 2
CHANGES IN NET POSITION**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 146,935	\$ 129,739	\$ 17,196	13.25%
Operating Grants and Contributions	158,193	154,211	3,982	2.58%
Capital Grants and Contributions	37,700	359,840	(322,140)	-89.52%
General Revenues:				
Property Taxes	5,506,608	5,510,208	(3,600)	-0.07%
Grants and Entitlements	2,804,617	1,872,489	932,128	49.78%
Other	26,549	11,137	15,412	138.39%
Total Revenues	<u>8,680,602</u>	<u>8,037,624</u>	<u>642,978</u>	8.00%
Expenses				
Instruction:				
Regular	3,206,260	3,022,923	183,337	6.06%
Special	1,547,190	1,057,728	489,462	46.27%
Other	152,006	39,480	112,526	285.02%
Support Services:				
Tuition	144,050	104,236	39,814	38.20%
Student & Instructional Related Services	1,071,434	975,555	95,879	9.83%
General & Business Administration	563,365	528,792	34,573	6.54%
School Administration	199,112	169,340	29,772	17.58%
Maintenance	682,629	688,455	(5,826)	-0.85%
Transportation	324,243	262,598	61,645	23.48%
Food Service	100,249	95,055	5,194	5.46%
Interest on Long Term Debt	72,636	76,236	(3,600)	-4.72%
Total Expenses	<u>8,063,174</u>	<u>7,020,398</u>	<u>1,042,776</u>	14.85%
Increase (Decrease) Before Special Items	617,428	1,017,226	(399,798)	
Special Item:				
State Capital Project Grant De-obligated	<u>(79,054)</u>		<u>(79,054)</u>	*
Increase (Decrease) in Net Position	<u>\$ 538,374</u>	<u>\$ 1,017,226</u>	<u>\$ (478,852)</u>	-47.07%

* = Undefined

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.4

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

Governmental Activities

Local property taxes made up 63.4 percent of revenues for governmental activities for the Kingwood Township School District for fiscal year 2015.

Instruction comprises 60.8 percent of district expenses. Support services expenses make up 39.2 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending 6/30/15 with comparisons to 6/30/14.

**TABLE 3
COST OF GOVERNMENTAL SERVICES**

	Total Cost of Services		Net Cost of Services	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Instruction	\$ 4,905,456	\$ 4,120,131	\$ 4,774,235	\$ 4,039,828
Support Services:				
Tuition	144,050	104,236	69,899	25,707
Student & Instructional Staff	1,071,434	975,555	1,054,743	958,252
General & Business Administration	563,365	528,792	560,165	528,792
School Administration	199,112	169,340	198,152	169,340
Plant Operations & Maintenance	682,629	688,455	676,254	683,355
Pupil Transportation	324,243	262,598	324,243	262,598
Food Services	100,249	95,055	(4,281)	(7,660)
Interest on Long-Term Debt	72,636	76,236	72,636	76,236
Total Expenses	\$ 8,063,174	\$ 7,020,398	\$ 7,726,046	\$ 6,736,448

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

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

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

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

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.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.5

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

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

The dependence upon tax revenues is apparent. For all activities, general revenue support is 96.0 percent. The community, as a whole, is the primary support or funding source for the Kingwood Township School District.

The School District's Funds

Information about the School district's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,681,228 and expenditures of \$7,740,164. The net change in fund balance for the year was most significant in the General Fund, reflecting a decrease of \$127,026.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. New Jersey P.L. 2011, Chapter 202, which eliminated the annual school budget vote within the tax levy cap and moved school board member elections to the general election in November, was first implemented with the 2012-2013 budget and continued through the 2015-2016 budget.

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

The School District uses program based budgeting. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the General Fund, budget basis revenue and other financing sources were \$6,657,218, \$91,089 above original budgeted estimates of \$6,566,129. This difference was due primarily to additional state extraordinary aid, non-public transportation aid, and pre-school tuition.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$576,837, due to excess revenues of \$91,089 and unspent budgetary lines.

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.6

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

This enabled the Capital Reserve account to be increased by \$530,000 to fund the roadway and parking lot reconstruction project. The financial position of the School District remains strong.

Capital Assets

At the end of the fiscal year 2015, the School District had \$6,847,748 invested in land, building, furniture and equipment. Table 4 shows fiscal 2015 balances compared to 2014.

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

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
Land	\$ 115,000	\$ 115,000		
Construction in Progress	11,969	41,163	\$ (29,194)	-70.92%
Buildings & Improvements	6,433,902	5,858,372	575,530	9.82%
Machinery & Equipment	286,877	328,137	(41,260)	-12.57%
	<u>\$ 6,847,748</u>	<u>\$ 6,342,672</u>	<u>\$ 505,076</u>	7.96%

Overall capital assets increased \$505,076 from fiscal 2014 to fiscal year 2015. Increases in capital assets were offset by depreciation expenses for the year.

Debt Administration

At June 30, 2015, the School District had \$3,560,209 as its outstanding long term liabilities. Of this amount, \$209,037 is for compensated absences, \$58,464 is for bond premium, \$1,402,708 is for PERS net pension liability, and the balance of \$1,890,000 is for bonds for school construction. In September 2002, voters of Kingwood Township approved the building of a new middle school wing and renovations to the existing facility in the amount of \$4,546,000. In July 2011, the Board of Education refunded these bonds for a net cash flow savings of \$116,604.

**TABLE 5
OUTSTANDING DEBT AT YEAR END**

	6/30/2015	6/30/2014	Variance	
			Dollars	Percent
2011 Refunding School Bonds	\$ 1,890,000	\$ 2,070,000	\$ (180,000)	-8.70%
	<u>\$ 1,890,000</u>	<u>\$ 2,070,000</u>	<u>\$ (180,000)</u>	-8.70%

**KINGWOOD TOWNSHIP SCHOOL DISTRICT
KINGWOOD TOWNSHIP**

11.7

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED**

For the Future

At the present time, the Kingwood Township School District is in very good financial condition. A concern is managing our declining enrollment without jeopardizing our academic programs, specifically the honors and fine arts programs. Kingwood Township has become a Choice School to help with the decline in our enrollment and increase our State Aid.

Maintaining our facility is an ongoing priority. The parking lot and roadways were reconstructed during the summer of 2015 while the windows located on the courtyard side of D wing will be replaced during the 2015-2016 school year utilizing a State facilities grant covering 40% of the cost. The district is planning to continue replacing windows, install a back-up well system, and renovate the original B wing bathrooms.

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Govern- mental Activities	Business- Type Activities	Total
ASSETS			
Cash & Cash Equivalents	\$ 559,022	\$ 40,961	\$ 599,983
Receivables, Net	94,193	1,684	95,877
Inventory		1,277	1,277
Restricted Assets:			
Capital Reserve-Cash	800,667		800,667
Maintenance Reserve-Cash	150,000		150,000
Emergency Reserve-Cash	151,088		151,088
Capital Projects-Cash	805,473		805,473
Capital Assets, Net (Note 4)			
Land	115,000		115,000
Capital Assets Not Being Depreciated	11,969		11,969
Other Capital Assets, Net of Depreciation	6,693,893	26,886	6,720,779
Total Assets	<u>9,381,305</u>	<u>70,808</u>	<u>9,452,113</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount of Pension Activity	<u>211,798</u>	-	<u>211,798</u>
LIABILITIES			
Accounts Payable	80,628		80,628
Accrued Interest	28,256		28,256
Unearned Revenue		1,250	1,250
Judgments Payable	12,600		12,600
Long-Term Liabilities (Note 5):			
Due Within One Year	196,496		196,496
Due Beyond One Year	3,363,713		3,363,713
Total Liabilities	<u>3,681,693</u>	<u>1,250</u>	<u>3,682,943</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount of Pension Activity	<u>83,594</u>	-	<u>83,594</u>
NET POSITION			
Net Investment in Capital Assets	4,930,862	26,886	4,957,748
Restricted For:			
Capital Reserve	800,667		800,667
Maintenance Reserve	150,000		150,000
Emergency Reserve	151,088		151,088
Capital Projects	837,473		837,473
Unrestricted	<u>(1,042,274)</u>	<u>42,672</u>	<u>(999,602)</u>
TOTAL NET POSITION	<u>\$ 5,827,816</u>	<u>\$ 69,558</u>	<u>\$ 5,897,374</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Types Activities	Total
Government Activities:								
Instruction:								
Regular	\$ 1,958,045	\$ 1,248,215	\$ 64,671	\$ 33,427	\$ 15,680	\$ (3,092,482)		\$ (3,092,482)
Special Education	615,260	560,280		3,468	4,800	(1,167,272)		(1,167,272)
Other Special Education	207,832	163,818		7,255	1,600	(362,795)		(362,795)
Other Instruction	40,191	111,815			320	(151,686)		(151,686)
Support Services:								
Tuition	144,050			74,151		(69,899)		(69,899)
Students & Instruction Related Services	659,716	411,718		11,251	5,440	(1,054,743)		(1,054,743)
General & Business Administrative Services	382,512	180,853			3,200	(560,165)		(560,165)
School Administrative Services	118,735	80,377			960	(198,152)		(198,152)
Plant Operations & Maintenance	588,885	93,744	6,375			(676,254)		(676,254)
Pupil Transportation	310,881	13,362				(324,243)		(324,243)
Interest on Long-Term Debt	72,636					(72,636)		(72,636)
Total Government Activities	5,098,743	2,864,182	71,046	129,552	32,000	(7,730,327)	\$ -	(7,730,327)
Business-Type Activities:					32,000			
Food Service	100,249		75,889	28,641			4,281	4,281
Total Business-Type Activities	100,249	-	75,889	28,641	-	-	4,281	4,281
Total Primary Government	\$ 5,198,992	\$ 2,864,182	\$ 146,935	\$ 158,193	\$ 32,000	(7,730,327)	4,281	(7,726,046)
			General Revenues					
			Property Taxes Levied for General Purposes			5,263,158		5,263,158
			Property Taxes Levied for Debt Service			243,450		243,450
			Federal & State Aid not Restricted			2,804,617		2,804,617
			Capital Contributions			5,700		5,700
			Investment Earnings			10,856	139	10,995
			Capital Grants Deobligated			(79,054)		(79,054)
			Miscellaneous Income			15,554		15,554
			Total General Revenues, Special Items & Transfers			8,264,281	139	8,264,420
			Change in Net Position			533,954	4,420	538,374
			Net Position-Beginning			5,293,862	65,138	5,359,000
			Net Position-Ending			\$ 5,827,816	\$ 69,558	\$ 5,897,374

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30,2015

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
ASSETS					
Cash & Cash Equivalents	\$ 559,022				\$ 559,022
Receivables from Other Governments:					
State	60,881		\$ 32,000		92,881
Other Receivables	1,312				1,312
Restricted Cash & Equivalents	1,101,755		805,473		1,907,228
TOTAL ASSETS	\$ 1,722,970	\$ -	\$ 837,473	\$ -	\$ 2,560,443
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 80,628				\$ 80,628
Judgments Payable	12,600				12,600
Total Liabilities	93,228	\$ -	\$ -	\$ -	93,228

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Govern- mental Funds
LIABILITIES AND FUND BALANCES (Cont'd)					
Fund Balances:					
Restricted Fund Balance:					
Excess Surplus-Designated for Subsequent Year's Expenditures	\$ 218,674				\$ 218,674
Designated for Subsequent Year's Expenditures			\$ 837,473		837,473
Committed Fund Balance:					
Capital Reserve	800,667				800,667
Maintenance Reserve	150,000				150,000
Emergency Reserve	151,088				151,088
Assigned Fund Balance:					
Year-End Encumbrances	130,289				130,289
Unassigned Fund Balance	179,024				179,024
Total Fund Balances	<u>1,629,742</u>	<u>\$ -</u>	<u>837,473</u>	<u>\$ -</u>	<u>2,467,215</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,722,970</u>	<u>\$ -</u>	<u>\$ 837,473</u>	<u>\$ -</u>	

Amounts Reported for Governmental Activities in the Statement of Net Assets

(A-1) are Different Because:

Capital assets used in government activities are not financial resources & therefore are not reported in the funds. The cost of the assets is and the accumulated depreciation is

\$ 10,302,399
3,481,537

6,820,862

Deferred outflows and inflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds

128,204

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

(3,560,209)

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

(28,256)

Total Net Assets of Governmental Activities

\$ 5,827,816

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,263,158			\$ 243,450	\$ 5,506,608
Tuition:					
Individuals	51,000				51,000
Other Sources	13,671				13,671
Interest on Investments	10,856				10,856
Miscellaneous	21,929				21,929
Total	5,360,614	\$ -	\$ -	243,450	5,604,064
State Sources	1,915,130		32,000		1,947,130
Federal Sources	482	129,552			130,034
Total Revenues	7,276,226	129,552	32,000	243,450	7,681,228
EXPENDITURES					
Current:					
Instructional:					
Regular Instruction	1,924,618	33,427			1,958,045
Special Education Instruction	611,792	3,468			615,260
Other Special Instruction	200,577	7,255			207,832
Other Instruction	40,191				40,191
Support Service & Undistributed Costs:					
Tuition	69,899	74,151			144,050
Student & Instruction Related Services	648,465	11,251			659,716
General & Business Administrative Services	382,512				382,512
School Administrative Services	118,735				118,735
Plant Operations & Maintenance	588,885				588,885
Pupil Transportation	310,881				310,881
Unallocated Benefits	1,770,747				1,770,747

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Govern- mental Funds
EXPENDITURES (Cont'd)					
Capital Outlay	\$ 11,786		\$ 670,742		\$ 682,528
Debt Service:					
Principal				\$ 180,000	180,000
Interest & Other Charges	17,332			63,450	80,782
Total Expenditures	<u>6,696,420</u>	<u>\$ 129,552</u>	<u>670,742</u>	<u>243,450</u>	<u>7,740,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>579,806</u>	<u>-</u>	<u>(638,742)</u>	<u>-</u>	<u>(58,936)</u>
Other Financing Sources (Uses):					
School Development Authority Grants Deobligated			(79,054)		(79,054)
Operating Transfers In	120,610		817,442		938,052
Operating Transfers Out	(827,442)		(120,610)		(948,052)
Total Other Financing Sources (Uses)	<u>(706,832)</u>	<u>-</u>	<u>617,778</u>	<u>-</u>	<u>(89,054)</u>
Net Change in Fund Balance	(127,026)	-	(20,964)	-	(147,990)
Fund Balances, July 1	<u>1,756,768</u>	<u>-</u>	<u>858,437</u>	<u>-</u>	<u>2,615,205</u>
Fund Balances, June 30	<u>\$ 1,629,742</u>	<u>\$ -</u>	<u>\$ 837,473</u>	<u>\$ -</u>	<u>\$ 2,467,215</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Changes in Fund Balances-Governmental Fund (from B-2)	\$	(147,990)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses. This is the amount by which capital outlays exceeds depreciation in the period:		
Capital Outlays	\$	688,228
Depreciation Expense		<u>177,938</u>
		510,290
Repayment of debt principal and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and are not reported in the statement of activities:		
Debt Principal Payments		180,000
Governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred & amortized in the statement of activities:		
Amortization of Bond Premium		6,496
In the statement of activities, interest on long-term debt is accrued regardless of when due. In the governmental funds interest is reported when due. The accrued interest is a reconciling item.		
		1,650
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.		
		(19,537)
In the statement of activities, compensated absences & early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>3,045</u>
Change in Net Position of Governmental Activities	\$	<u>533,954</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Food Service Fund
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 40,961
Receivables from Other Governments:	
State	85
Federal	1,599
Inventory	1,277
Total Current Assets	43,922
Noncurrent Assets:	
Capital Assets	65,542
Less: Accumulated Depreciation	38,656
Total Noncurrent Assets	26,886
Total Assets	70,808
LIABILITIES	
Current Liabilities:	
Unearned Revenues-Commodities	460
Unearned Revenues-Prepaid Sales	790
Total Liabilities	1,250
NET POSITION	
Invested in Capital Assets, Net of Related Debt	26,886
Unrestricted	42,672
TOTAL NET POSITION	\$ 69,558

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 59,854
Daily Sales-Nonreimbursable Programs	16,035
Total Operating Revenues	75,889
Operating Expenses:	
Cost of Sales-Reimbursable Programs	37,550
Cost of Sales-Non Reimbursable Programs	10,060
Salaries	26,463
Employee Benefits	4,028
Purchased Services	1,805
Insurance	2,685
Management Fee	7,385
Office Expense	432
Supplies and Materials	3,055
Depreciation	5,215
Repairs and Maintenance	1,571
Total Operating Expenses	100,249
Operating Income (Loss)	(24,360)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,144
Federal Sources:	
National School Lunch Program:	
Cash Assistance	17,780
Non-Cash Assistance (Commodities)	8,184
Healthy Hunger Free Kids Act	1,533
Interest Earned on Investments	139
Total Nonoperating Revenues (Expenses)	28,780
Change in Net Position	4,420
Net Position, Beginning	65,138
Net Position, Ending	\$ 69,558

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 76,678
Payments to Food Service Management Co	(84,148)
Payments to Vendors (Net)	(2,146)
Net Cash Provided by (Used For) Operating Activities	<u>(9,616)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,138
Federal Sources	19,184
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>20,322</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	139
Net Cash Provided by (Used For) Investing Activities	<u>139</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,845
Cash and Cash Equivalents, Beginning	<u>30,116</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 40,961</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (24,360)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,215
Federal Food Donation Program	7,521
(Increase) Decrease in Inventory	1,218
Increase (Decrease) in deferred Revenue	790
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ (9,616)</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY FUND NET POSITION
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash & Cash Equivalents	\$ 158,700	\$ 27,230	\$ 5,824
TOTAL ASSETS	<u> </u>	<u>\$ 27,230</u>	<u>\$ 5,824</u>
LIABILITIES			
Payroll Deductions & Withholdings Due to Student Groups	<u> </u>	<u>\$ 27,230</u>	<u>\$ 5,824</u>
TOTAL LIABILITIES	<u> </u>	<u>\$ 27,230</u>	<u>\$ 5,824</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 158,700</u>		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,329
Operating Transfer In	10,000
Investment Earnings-Interest	510
Total Additions	16,839
DEDUCTIONS	
Unemployment Claims	218
Change in Net Position	16,621
Net Position, Beginning of the Year	142,079
Net Position, End of the Year	\$ 158,700

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The basic financial statements include:

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

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

A. Reporting Entity

The District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year-terms. The purpose of the district is to educate students in Grades K-12. The District had an approximate enrollment at June 30, 2015 of 365 students.

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

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

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

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

The District reports the following major governmental funds:

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

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

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes in the Special Revenue Fund.

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Additionally, the District reports the following fund types:

Proprietary Fund Types

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

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

The District's Enterprise Fund is comprised of the Food Service Fund.

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

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

Equipment	12 Years
Light Trucks & Vehicles	4 Years
Heavy Trucks & Vehicles	6 Years

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Cont'd)

Fiduciary Fund Types

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/ or other funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is a description of the Trust and Agency Funds of the District.

Unemployment Compensation Trust Fund - This fund is used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the "Benefit Reimbursement Method."

Student Activities Agency Fund - This fund is used to account for funds derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

Payroll Agency Fund - This fund accounts for the withholding and remittance of employee salary deductions.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office and, if required, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:20-2A.2(m)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

E. Encumbrances

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

Open encumbrances in the Special Revenue Fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

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

F. Tuition Receivable

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

G. Tuition Payable

Tuition charges for the fiscal years 2014-2015 and 2013-2014 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Short-Term Interfund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories and prepaid items, which benefit future periods, other than those recorded in the Enterprise Fund are recorded as an expenditure during the year of purchase.

Enterprise Fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as a 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, 2015.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

J. Capital Assets

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

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

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

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 to 10
Computer Equipment	5 to 10

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation and sick leave) as directed by Governmental Accounting Standards Board statement number 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

L. Unearned Revenue

Unearned revenue in the General Fund and Special Revenue Fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the Special Revenue Fund.

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

M. Long-Term Obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

N. Fund Balances-Governmental Funds

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

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

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

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

O. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

P. Allocation of Indirect Expenses

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

NOTE 2. TAX ASSESSMENTS AND PROPERTY TAXES

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

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

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

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

NOTE 3. DEPOSITS AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. US Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at amortized cost. All other investments are stated at fair value.

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

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

NJSA 17:9-41 e.t. seq establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

Deposits at June 30, 2015 appear in the financial statements as summarized below:

Cash		<u>\$ 2,698,965</u>
	<u>Ref.</u>	
Cash:		
Governmental Funds, Balance Sheet	B-1	\$ 2,466,250
Enterprise Fund, Statement of Net Position	B-4	40,961
Fiduciary Funds, Statement of Net Position	B-7	<u>191,754</u>
Total Cash		<u>\$ 2,698,965</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

Deposits – The District's carrying amount of bank deposits at June 30, 2015 is \$2,698,965 and the bank balance is \$2,856,633. Of the bank balance, \$250,000 is covered by federal depository insurance and \$2,606,633 is insured by GUDPA.

Deposit and Investment Risk

GASB Statement No. 40 "Deposit and Investment Risk Disclosures" requires state and local governments to communicate key information about deposit and investment risks. Required disclosures are as follows:

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

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

2. Credit quality ratings for investments in debt securities, external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities. As the district has no such investments, this disclosure is not applicable.
3. Disclosure of investments by amount and issuer for any issuer that represents five percent of more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government and investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the district has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the district has no such investments this disclosure is not applicable.

Concentration of Credit Risk

The State of New Jersey does not place any limit on the amount that the district may invest with any one issuer. As of June 30, 2015, the district had no investments.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets, Not Being				
Depreciated:				
Land	\$ 115,000			\$ 115,000
Construction in Progress	41,163	\$ 670,742	\$ 699,936	11,969
Total	<u>156,163</u>	<u>670,742</u>	<u>699,936</u>	<u>126,969</u>
Capital Assets, Being				
Depreciated:				
Land Improvements	91,800			91,800
Building & Improvements	8,656,669	699,936		9,353,605
Furniture & Equipment	712,539	17,486		730,025
Total	<u>9,458,008</u>	<u>717,422</u>	<u>-0-</u>	<u>10,175,430</u>
Accumulated Depreciation:				
Land Improvements	91,800			91,800
Building & Improvements	2,795,297	124,406		2,919,703
Furniture & Equipment	416,502	53,532		470,034
Total	<u>3,303,599</u>	<u>177,938</u>	<u>-0-</u>	<u>3,481,537</u>
Total Capital Assets, Being				
Depreciated, Net	<u>6,154,409</u>	<u>539,484</u>	<u>-0-</u>	<u>6,693,893</u>
Governmental Activities Capital				
Assets, Net	<u>\$ 6,310,572</u>	<u>\$ 1,210,226</u>	<u>\$ 699,936</u>	<u>\$ 6,820,862</u>
Business-Type Activities:				
Furniture & Equipment	\$ 65,542			\$ 65,542
Less: Accum Depreciation	<u>33,442</u>	<u>\$ 5,214</u>		<u>38,656</u>
Business-Type Activities Capital				
Assets, Net	<u>\$ 32,100</u>	<u>\$ (5,214)</u>	<u>-0-</u>	<u>\$ 26,886</u>

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

Instruction:	
Regular	\$ 86,576
Special Education	27,204
Other Special Instruction	9,189
Other Instruction	1,777
Support Services:	
Student & Instruction	29,170
General & Business Admin	16,913
School Administration	5,250
Plant Maintenance	<u>1,859</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 177,938</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 5. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds Payable	\$ 2,070,000		\$ 180,000	\$ 1,890,000	\$ 190,000
Compensated Absences Payable	212,082	\$ 21,911	24,956	209,037	
PERS Net Pension Liability	1,303,474	99,234		1,402,708	
Bond Premium	64,960		6,496	58,464	6,496
Total Governmental Activities Long-Term Liabilities	\$ 3,650,516	\$ 121,145	\$ 211,452	\$ 3,560,209	\$ 196,496

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, 2015 including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 190,000	\$ 59,750	\$ 249,750
2017	190,000	55,000	245,000
2018	200,000	49,150	249,150
2019	205,000	43,075	248,075
2020	205,000	36,925	241,925
2021	215,000	30,625	245,625
2022	220,000	23,000	243,000
2023	230,000	14,000	244,000
2024	235,000	4,700	239,700
Total	\$ 1,890,000	\$ 316,225	\$ 2,206,225

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

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

General Obligation Bonds – General obligation school building bonds at June 30, 2015, with their outstanding balances are comprised of the following individual issues:

\$2,270,000 – 2011 refunding school bonds, interest at 2.00% to 4.00%, due in annual installments beginning July 15, 2012 to July 15, 2023	<u>\$ 1,890,000</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, 2015 is \$18,506,704. General obligation debt at June 30, 2015 is \$1,890,000, resulting in a legal debt margin of \$16,616,704.

NOTE 6. PENSION PLANS

Description of Systems

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS

A. Public Employees' Retirement System (PERS) (Cont'd)

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

The following represents the membership tiers for PERS:

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

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

Allocation Methodology and Reconciliation to Financial Statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amounts by employer. The allocation percentages for each group as of June 30, 2014 and 2013 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2014 and 2013, respectively.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

Contributions

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For Fiscal years 2014 and 2013, the State's pension contribution was less than the actuarial determined amount.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

The components of the District's allocable share of the net pension liability for PERS as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 2,927,236	\$ 2,547,891
Plan Fiduciary Net Position	<u>1,524,528</u>	<u>1,241,417</u>
Net Pension Liability	<u>\$ 1,402,708</u>	<u>\$ 1,306,474</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate 3.01%

Salary Increases (Based on Age):

2012-2021	2.15%-4.40%
Thereafter	3.15%-5.40%

Investment Rate of Return 7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the District as of June 30, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	<u>2014</u>
At Current Discount Rate (5.39%)	\$ 1,402,708
At a 1% Lower Rate (4.39%)	1,764,654
At a 1% Higher Rate (6.39%)	1,098,765
	<u>2013</u>
At Current Discount Rate (5.55%)	\$ 1,306,474
At a 1% Lower Rate (4.55%)	1,626,387
At a 1% Higher Rate (6.55%)	1,038,428

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -0-	\$ -0-
Changes of assumptions	44,109	
Net difference between projected and actual earnings on pension plan investments		83,594

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Collective Deferred Outflows of Resources and Deferred Inflows of Resources (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	\$ 105,926	
District contributions subsequent to the measurement date	<u>61,763</u>	
Total	<u>\$ 211,798</u>	<u>\$ 83,594</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (ie for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) of \$61,763 will be recognized as a reduction of the net pension liability in the year ended June 30, 2015.

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, 2014:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred Outflows of Resources:				
Changes of Assumptions	\$ -0-	\$ 52,217	\$ 8,108	\$ 44,109
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	-0-	104,492	20,898	<u>83,594</u>
Net of Deferred Outflows/(Inflows)				<u>\$ (39,485)</u>

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

<u>Year Ending June 30,</u>	
2015	\$ (12,790)
2016	(12,790)
2017	(12,790)
2018	(12,790)
2019	8,108
Thereafter	<u>3,567</u>
Total	<u>\$ (39,485)</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Expense

For the year ended June 30, 2015, the District recognized net pension expense of \$81,300 which represents the District's proportionate share of allocable plan pension expense of \$72,117 plus the net amortization of deferred amounts from changes in proportion of \$19,472 and less other adjustments to the net pension liability of \$10,289. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the year ending June 30, 2014 are as follows:

Service Cost	\$ 65,630
Interest on Total Pension Liability	154,848
Member Contributions	(35,942)
Administrative Expense	1,095
Expected Investment Return Net of Investment Expense	(100,278)
Pension Expense Related to Specific Liabilities of Individual Employers	(446)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	8,108
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	<u>(20,898)</u>
Pension Expense	<u>\$ 72,117</u>

B. Teacher's Pension and Annuity Fund (TPAF)

Plan Description

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

The following represents the membership tiers for TPAF:

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

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

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with NJSA 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer 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 nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

B. Teacher's Pension and Annuity Fund (TPAF) (Cont'd)

For purposes of reporting required by GASB Statement No. 68, Accounting and Financial Reporting for Pensions, the District's proportionate share of allocable net pension liability, employer pension expense and related revenue, non-employer contributions and their allocable proportionate percentage for fiscal years ending June 30, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Net Pension Liability	\$ 16,521,374	\$15,444,059
Employer Pension Expense & Related Revenue	889,005	N/A
Non-Employer Contribution	159,092	232,455
Allocable Proportionate Percentage	.0374520356%	.0358912638%

C. Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch 92, PL 2007 and expanded under the provisions of Ch 89, PL 2008 and Ch 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,200 in 2015) but who earn salary of at least \$5,000 annually are eligible to participate. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statement and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

Contribution Requirements

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

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	TPAF Benefit Costs	Percentage of APC Contributed
06/30/15	\$ 412,967	100%
06/30/14	345,182	100%
06/30/13	420,728	100%

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed
06/30/15	\$ 61,763	100%
06/30/14	51,507	100%
06/30/13	63,410	100%

During the year ended June 30, 2015, the State of New Jersey contributed \$253,366 to the TPAF for post-retirement medical benefits, \$10,712 for non-contributory insurance premiums and \$148,889 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$203,072 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of PL 1987 and Ch 6 of PL 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. PL 2007, Ch 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees eligible for post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with Ch 62, PL 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning the fiscal year 1994.

The State is also responsible for the cost attributable to Ch 126, PL 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2014, the State paid \$165.8 million toward Ch 126 benefits for 18,122 eligible retired members.

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

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

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 8. DEFERRED COMPENSATION

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

Equitable
 Variable Annuity Life Ins Co
 Lincoln Investment Planning

NOTE 9. INTERFUND RECEIVABLE AND PAYABLES

At June 30, 2015 there were no interfund balances.

NOTE 10. INVENTORY

Inventory in the Food Service Fund June 30, 2015 consisted of the following:

Food	\$	993
Supplies		284
Total	\$	1,277

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

NOTE 11. CONTINGENT LIABILITIES

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

NOTE 12. RISK MANAGEMENT

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 12. RISK MANAGEMENT

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

<u>Fiscal Year</u>	<u>Board Contrib</u>	<u>Interest Earnings</u>	<u>Employee Contrib</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 10,000	\$ 510	\$ 6,329	\$ 218	\$ 158,700
2013-2014	10,000	466	6,503	12,603	142,079
2012-2013	10,000	449	6,056	7,551	137,713

NOTE 13. LEGAL RESERVE ACCOUNTS

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

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

Beginning in fiscal year 2008, Districts are allowed as per NJSA 18A:7F-41(a) & 41(b) to deposit to the legal reserves by board resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$523,000 to their Capital Reserve account by board resolution in June 2015 as summarized in the following schedule.

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

<u>Reserve Type</u>	<u>Beginning Balance</u>	<u>District Contribution</u>	<u>Interest Earnings</u>	<u>Return Unused With- drawal</u>	<u>With- drawal</u>	<u>Ending Balance</u>
Capital	\$ 971,688	\$ 523,000	\$ 2,811	\$ 120,610	\$ (817,442)	\$ 800,667
Maintenance	150,000					150,000
Emergency	150,551		537			151,088
Totals	<u>\$ 1,272,239</u>	<u>\$ 523,000</u>	<u>\$ 3,248</u>	<u>\$ 120,610</u>	<u>\$ (817,442)</u>	<u>\$ 1,101,755</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 14. FUND BALANCES-BUDGETARY BASIS

As described in Note 1 N-Fund Equity (Fund Balance) may be restricted, committed or assigned. An analysis of the General Fund Balance on June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Restricted:		
Excess Surplus-Represents amount in excess of allowable percentage of expenditures. In accordance with state statute, the excess surplus is designated for utilization in succeeding year's budgets	\$ 113,172	\$ 105,502
Excess Surplus-Designated for Subsequent Year's Expenditures-Amount appropriated in the succeeding year's budget to reduce tax requirements	105,502	106,211
Committed:		
Capital Reserve Account-represents funds restricted to capital projects in the Districts Long Range Facilities Plan	800,667	971,688
Maintenance Reserve-Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (NJSA18A:76-9)	150,000	150,000
Emergency Reserve-Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education	151,088	150,551
Assigned:		
Year End Encumbrance-Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30,	130,289	95,156
Unassigned:		
Undesignated-Represents fund balance which has not been restricted or designated	<u>301,730</u>	<u>303,335</u>
Total Fund Balance	<u>\$ 1,752,448</u>	<u>\$ 1,882,443</u>

NOTE 15. CALCULATION OF EXCESS SURPLUS

In accordance with NJSA 18A:7F-7, as amended by PL 2004, Ch 73 (S1701), the designation for Reserved Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$113,172.

NOTE 16. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 15, 2015, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

NOTE 17. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

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

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72 "Fair Value Measurement and Application". This statement, which is effective for fiscal periods beginning after June 15, 2015, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. This statement, which is effective for fiscal periods beginning June 15, 2015 and June 15, 2016 for pension systems not within the scope of GASB 68, is not expected to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74 "Financial Reporting for Postemployment Benefits Other than Pension Plans". This statement, which is effective for fiscal periods beginning June 15, 2016, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". This statement, which is effective for fiscal periods beginning June 15, 2017, is expected to have a nominal effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement, which is effective for fiscal periods beginning June 15, 2015, is not expected to have an effect on the District's financial reporting.

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2015
 (Continued)

NOTE 18. RESTATEMENT OF PRIOR YEAR NET POSITION

During the fiscal year ending June 30, 2015, the District has determined that a restatement of its prior year net position is necessary. Due to changes in accounting principles resulting from the issuance of Government Accounting Standards Board's (GASB) Statement No. 68, for pension liabilities, adjustments to the net position for the net pension liability and deferred outflows of resources as of the measurement date of June 30, 2014 are necessary. The following is a summary of the District's restatement of net position as of June 30, 2014:

	<u>Governmental Activities</u>
Net Position, June 30, 2014 as Originally Stated	\$ 6,548,829
Add: Deferred Outflow of Resources for Pension Activity	51,507
Less: PERS Net Pension Liability as of June 30, 2014	<u>(1,306,474)</u>
Net Position, June 30, 2014 as Restated	<u>\$ 5,293,862</u>

NOTE 19. DEFICIT BALANCE IN UNRESTRICTED NET POSITION

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2015 of \$1,042,274 on schedule A-1 "Statement of Net Position". The deficit balance is not a negative reflection on the District's financial condition, but is the result of reporting required by GASB Statement No. 68 Accounting and Financial Reporting for Pensions which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

REQUIRED SUPPLEMENTARY INFORMATION-PART II

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.00%	0.00%							
District's Proportion of the Net Pension Liability (Asset)- Value	N/A	\$ -	\$ -	N/A						
State's Proportionate Share of the Net Pension Liability (Asset) Associated With The District		16,521,374	15,444,059							
Total	\$ -	\$ 16,521,374	\$ 15,444,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll		\$ 2,758,025	\$ 2,888,603							
District's Proportionate Schare of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	N/A	0.00%	0.00%	N/A						
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		33.64%	33.76%							

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-TEACHER'S PENSION AND ANNUITY FUND
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 159,601	\$ 130,769	\$ 197,456	\$ 94,620	\$ 9,741	\$ 11,037	\$ 10,513	\$ 226,093	\$ 221,991	\$ 29,176
Contributions in Relation to the Contractually Required Contribution	(159,601)	(130,769)	(197,456)	(94,620)	(9,741)	(11,037)	(10,513)	(226,093)	(221,991)	(29,176)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 2,847,839	\$ 2,758,025	\$ 2,888,603	\$ 2,975,325	\$ 2,908,055	\$ 3,061,084	\$ 3,019,786	\$ 3,025,557	\$ 2,997,549	\$ 2,766,173
Contributions as a Percentage of Covered Employee Payroll	5.60%	4.74%	6.84%	3.18%	0.33%	0.36%	0.35%	7.47%	7.41%	1.05%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
District's Proportion of the Net Pension Liability (Asset)- Percentage		0.0074920040%	0.0068358854%							
District's Proportion of the Net Pension Liability (Asset)- Value		\$ 1,402,708	\$ 1,306,474							
District's Covered Employee Payroll	N/A	526,983	518,030	N/A						
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll		266.18%	252.20%							
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		52.08%	48.72%							
N/A- Information not available										

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 61,763	\$ 51,507	\$ 63,410	\$ 64,113	\$ 62,818	\$ 50,063	\$ 41,482	\$ 31,450	\$ 14,353	\$ 7,782
Contributions in Relation to the Contractually Required Contribution	(61,763)	(51,507)	(63,410)	(64,113)	(62,818)	(50,063)	(41,482)	(31,450)	(14,353)	(7,782)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Employee Payroll	\$ 509,825	\$ 526,983	\$ 518,030	\$ 529,875	\$ 542,462	\$ 572,306	\$ 583,510	\$ 522,052	\$ 430,733	\$ 425,456
Contributions as a Percentage of Covered Employee Payroll	12.11%	9.77%	12.24%	12.10%	11.58%	8.75%	7.11%	6.02%	3.33%	1.83%

BUDGETARY COMPARISON SCHEDULES

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 5,263,158		\$ 5,263,158	\$ 5,263,158	
Tuition-Individuals	15,000		15,000	51,000	\$ 36,000
Tuition-Other Sources				13,671	13,671
Interest on Investments				7,508	7,508
Interest Earned on Capital Reserve Funds				2,811	2,811
Interest Earned on Emergency Reserve Funds				537	537
Unrestricted Miscellaneous Revenues	7,000		7,000	21,929	14,929
Total	5,285,158	\$ -	5,285,158	5,360,614	75,456
State Sources:					
School Choice Aid	97,544	(36,579)	60,965	60,965	
Categorical Transportation Aid	157,946		157,946	157,946	
Categorical Special Education Aid	244,823		244,823	244,823	
Equalization Aid	441,447		441,447	441,447	
Categorical Security Aid	31,021		31,021	31,021	
Adjustment Aid	301,310		301,310	301,310	
Other States Aids	6,880		6,880	6,880	
Non Public Transportation Aid				1,125	1,125
Extraordinary Special Education Costs Aid				50,605	50,605
On-Behalf TPAF Pension Contribution				159,601	159,601
On-Behalf TPAF Post Retirement Medical Benefits				253,366	253,366
Reimbursed TPAF Social Security Contribution				203,072	203,072
Total	1,280,971	(36,579)	1,244,392	1,912,161	667,769
Federal Sources:					
ARRA/Semi Revenue	-	-	-	482	482
TOTAL REVENUES	\$ 6,566,129	\$ (36,579)	\$ 6,529,550	\$ 7,273,257	\$ 743,707
EXPENDITURES					
Current:					
Instruction-Regular Program:					
Salaries of Teachers:					
Preschool	\$ 60,485	\$ (6,160)	\$ 54,325	\$ 54,325	
Kindergarten	152,402	1,191	153,593	153,593	
Grades 1-5	782,987	6,281	789,268	781,244	\$ 8,024
Grades 6-8	745,826	(76,822)	669,004	653,573	15,431
Home Instruction:					
Salaries and Wages	5,000		5,000		5,000
Regular Programs-Undistributed Instruction:					
Purchased Professional-Educational Services	725		725	300	425
Purchased Technical Services	37,405	47,635	85,040	85,038	2
Other Purchased Services	86,337	(33,429)	52,908	35,761	17,147
General Supplies	225,665	54,784	280,449	157,035	123,414
Textbooks	22,221	(6,434)	15,787		15,787
Other Objects	2,660	2,275	4,935	3,749	1,186
Total	2,121,713	(10,679)	2,111,034	1,924,618	186,416
Multiple Disabilities:					
Salaries of Teachers	14,509		14,509	12,495	2,014
Purchased Professional-Educational Services	3,020	(1,000)	2,020	776	1,244
General Supplies	550	1,000	1,550		1,550
Other Objects	350		350	245	105
Total	18,429	-	18,429	13,516	4,913

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Resource Room/Center:					
Salaries of Teachers	\$ 513,678	\$ (20,240)	\$ 493,438	\$ 487,663	\$ 5,775
Other Salaries for Instruction	93,828	11,684	105,512	99,500	6,012
Other Purchased Services	2,200		2,200	655	1,545
General Supplies	13,142		13,142	10,458	2,684
Total	622,848	(8,556)	614,292	598,276	16,016
Total Special Education	641,277	(8,556)	632,721	611,792	20,929
Basic Skills for Remedial:					
Salaries of Teachers	115,276	78,869	194,145	194,145	
Other Salaries for Instruction	1,000	5,550	6,550	5,958	592
General Supplies	6,053	(5,550)	503	474	29
Total	122,329	78,869	201,198	200,577	621
School Sponsored Co/Extra Curricular Activities:					
Salaries	24,121		24,121	20,105	4,016
Supplies & Materials	1,100		1,100		1,100
Other Objects	1,150		1,150	75	1,075
Total	26,371	-	26,371	20,180	6,191
School Sponsored Athletics:					
Salaries	15,176		15,176	11,382	3,794
Purchased Services	7,150		7,150	5,935	1,215
Supplies & Materials	6,296		6,296	2,694	3,602
Other Objects	200		200		200
Total	28,822	-	28,822	20,011	8,811
Total Instruction Regular	\$ 2,940,512	\$ 59,634	\$ 3,000,146	\$ 2,777,178	\$ 222,968
Undistributed Expenditures:					
Instruction Tuition:					
Tuition to Other LEAs within the State-Regular		\$ 7,500	\$ 7,500		\$ 7,500
Private School for Disabled Within State	\$ 94,322		94,322	\$ 69,899	24,423
Total	94,322	7,500	101,822	69,899	31,923
Health Services:					
Salaries	61,253	7,788	69,041	58,408	10,633
Purchased Professional and Technical Services	3,175	1,830	5,005	5,005	
Supplies & Materials	4,052	581	4,633	1,995	2,638
Total	68,480	10,199	78,679	65,408	13,271

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 40,463	\$ 3,398	\$ 43,861	\$ 43,861	
Purchased Professional Educational Services	36,340	(3,398)	32,942	14,023	\$ 18,919
Supplies & Materials	1,100		1,100	447	653
Total	77,903	-	77,903	58,331	19,572
Guidance:					
Salaries of Other Professional Staff	43,465	(2,794)	40,671	40,671	
Other Salaries	2,327	2,467	4,794	3,956	838
Purchased Professional-Educational Services	3,300		3,300	1,717	1,583
Other Purchased Prof & Technical Services	7,065	327	7,392	3,354	4,038
Supplies & Materials	6,133		6,133	3,935	2,198
Total	62,290	-	62,290	53,633	8,657
Child Study Teams:					
Salaries of Other Professional Staff	211,605	(22,737)	188,868	188,867	1
Salaries of Secretarial & Clerical Assistants	48,601		48,601	45,133	3,468
Other Purchased Prof & Technical Services	11,308	1,000	12,308	6,968	5,340
Miscellaneous Purchased Services	5,093		5,093	239	4,854
Supplies & Materials	2,805		2,805	2,326	479
Other Objects	1,300		1,300	820	480
Total	280,712	(21,737)	258,975	244,353	14,622
Improvement of Instructional Services:					
Salaries of Supervisor of Instruction	68,772	433	69,205	69,205	
Salaries of Other Professional Staff	12,000		12,000	7,334	4,666
Purchased Professional-Educational Services	8,000		8,000		8,000
Other Purchased Services	25,500	(433)	25,067	15,188	9,879
Supplies & Materials	1,000		1,000		1,000
Total	115,272	-	115,272	91,727	23,545
Educational Media Service/School Library:					
Salaries	53,370	614	53,984	53,984	
Salaries of Technology Coordinators	16,682	37,621	54,303	47,342	6,961
Purchased Professional and Technical Services	137,364	(91,735)	45,629	11,209	34,420
Other Purchased Services	5,548	1,000	6,548	6,431	117
Supplies & Materials	5,995	2,500	8,495	7,598	897
Total	218,959	(50,000)	168,959	126,564	42,395
Instructional Staff Training Services:					
Salaries of Other Professional Staff	3,000		3,000		3,000
Purchased Professional-Educational Services	10,000		10,000	400	9,600
Other Purchased Services	11,700		11,700	6,900	4,800
Supplies & Materials	3,850		3,850	1,149	2,701
Total	28,550	-	28,550	8,449	20,101

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Support Services General Administration:					
Salaries	\$ 119,339	\$ 14,796	\$ 134,135	\$ 134,135	
Legal Services	22,000	(2)	21,998	4,992	\$ 17,006
Audit Fees	16,750		16,750	15,700	1,050
Other Purchased Professional Services	7,695		7,695	4,279	3,416
Purchased Technical Services		4,000	4,000	2,020	1,980
Communications & Telephone	8,700		8,700	7,912	788
Board of Education Other Purchased Services	2,800		2,800	1,819	981
Miscellaneous Purchased Services	18,150	697	18,847	14,802	4,045
General Supplies	4,151		4,151	661	3,490
Board of Ed In-House Training/Meeting Supplies	700		700	104	596
Board of Education Membership Dues & Fees	7,845		7,845	7,016	829
Total	208,130	19,491	227,621	193,440	34,181
Support Services School Administration:					
Salaries of Principal & Assistant Principal	85,000	(7,500)	77,500	77,500	
Salaries of Secretarial & Clerical Assistants	38,682	187	38,869	38,369	500
Purchased Professional and Technical Services		18,000	18,000		18,000
Other Purchased Services	5,200		5,200	1,113	4,087
Supplies & Materials	2,200		2,200	514	1,686
Other Objects	2,703		2,703	1,239	1,464
Total	133,785	10,687	144,472	118,735	25,737
Central Services:					
Salaries	187,647	(12,178)	175,469	174,868	601
Purchased Technical Services	8,000	18,000	26,000	9,932	16,068
Miscellaneous Purchased Services	3,000		3,000	1,900	1,100
Supplies & Materials	1,100	1,000	2,100	1,108	992
Miscellaneous Expenditures	1,700		1,700	1,264	436
Total	201,447	6,822	208,269	189,072	19,197
Required Maintenance for School Facilities:					
Cleaning Repair & Maintenance Services	47,335		47,335	31,968	15,367
General Supplies	1,000		1,000		1,000
Total	48,335	-	48,335	31,968	16,367
Custodial Services:					
Salaries	249,100	500	249,600	246,493	3,107
Purchased Professional & Technical Services	97,070	3,019	100,089	71,759	28,330
Cleaning Repair & Maintenance Services	40,730	14,592	55,322	53,851	1,471
Insurance	29,000	(1,500)	27,500	25,915	1,585
Miscellaneous Purchased Services	500		500	280	220
Other Purchased Services		851	851	691	160
General Supplies	34,000	(5,033)	28,967	28,167	800
Energy (Natural Gas)	45,000	(12,858)	32,142	31,624	518
Energy (Electricity)	80,000		80,000	70,290	9,710
Other Objects	900	2,500	3,400	3,345	55
Total	576,300	2,071	578,371	532,415	45,956
Care and Upkeep of Grounds:					
Cleaning, Repair, & Maintenance Services	24,000	(4,000)	20,000	10,752	9,248
General Supplies	4,100	4,000	8,100	7,761	339
Total	28,100	-	28,100	18,513	9,587
Security:					
Cleaning, Repair, & Maintenance Services	16,190	(9,000)	7,190	5,190	2,000
General Supplies	2,300		2,300	799	1,501
Total	18,490	(9,000)	9,490	5,989	3,501

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (Cont'd)					
Current: (cont'd)					
Student Transportation Services:					
Salaries (Between Home & School) Regular	\$ 18,794	\$ 15,229	\$ 34,023	\$ 34,023	
Contr Serv (Oth than Bet Home & Sch)-Vend	9,000	2,000	11,000	8,419	\$ 2,581
Contr Serv (Bet Home & Sch)-Joint Agrmts	270,500	2,484	272,984	260,001	12,983
Contract Serv (Sp Ed Stds)-Joint Agrmts	85,000	(53,808)	31,192	8,438	22,754
Total	<u>383,294</u>	<u>(34,095)</u>	<u>349,199</u>	<u>310,881</u>	<u>38,318</u>
Unallocated Benefits-Employee Benefits:					
Social Security Contribution	75,000		75,000	72,448	2,552
Other Retirement Contributions-PERS	75,783		75,783	61,763	14,020
Unemployment Compensation	5,000	(5,000)			
Workmen's Compensation	35,000		35,000	31,539	3,461
Health Benefits	1,016,000	(19,467)	996,533	929,357	67,176
Tuition Reimbursement	20,000	(2,000)	18,000	13,673	4,327
Other Employee Benefits	38,500	16,467	54,967	45,928	9,039
Total	<u>1,265,283</u>	<u>(10,000)</u>	<u>1,255,283</u>	<u>1,154,708</u>	<u>100,575</u>
On-Behalf TPAF Pension Contribution				159,601	(159,601)
On-Behalf TPAF Post Retirement Medical Benefits				253,366	(253,366)
Reimbursed TPAF Social Security Contribution				203,072	(203,072)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>616,039</u>	<u>(616,039)</u>
Total Undistributed Expenditures	<u>\$ 3,809,652</u>	<u>\$ (68,062)</u>	<u>\$ 3,741,590</u>	<u>\$ 3,890,124</u>	<u>\$ (148,534)</u>
TOTAL CURRENT	<u>\$ 6,750,164</u>	<u>\$ (8,428)</u>	<u>\$ 6,741,736</u>	<u>\$ 6,667,302</u>	<u>\$ 74,434</u>
CAPITAL OUTLAY					
Equipment:					
Grades 1-5		\$ 2,515	\$ 2,515	\$ 2,515	
Grades 6-8		3,397	3,397		\$ 3,397
Undistributed Expenditures-Instruction		8,044	8,044	8,043	1
Undist. Expend.-Custodial Services		1,228	1,228	1,228	
Total	<u>\$ -</u>	<u>15,184</u>	<u>15,184</u>	<u>11,786</u>	<u>3,398</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	17,332		17,332	17,332	
Total	<u>17,332</u>	<u>-</u>	<u>17,332</u>	<u>17,332</u>	<u>-</u>
TOTAL CAPITAL OUTLAY	<u>\$ 17,332</u>	<u>\$ 15,184</u>	<u>\$ 32,516</u>	<u>\$ 29,118</u>	<u>\$ 3,398</u>
TOTAL EXPENDITURES	<u>\$ 6,767,496</u>	<u>\$ 6,756</u>	<u>\$ 6,774,252</u>	<u>\$ 6,696,420</u>	<u>\$ 77,832</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (201,367)</u>	<u>\$ (43,335)</u>	<u>\$ (244,702)</u>	<u>\$ 576,837</u>	<u>\$ 821,539</u>
Other Financing Sources (Uses):					
Operating Transfer In (Out)-State Unemployment		(10,000)	(10,000)	(10,000)	
Operating Transfer In (Out)-Capital Projects Fund				(817,442)	(817,442)
Operating Transfer In (Out)-Capital Projects Fund				120,610	120,610
Total Other Financing Sources (Uses)	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(706,832)</u>	<u>(696,832)</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	\$ (201,367)	\$ (53,335)	\$ (254,702)	\$ (129,995)	\$ 124,707
Fund Balances, July 1	1,882,443	-	1,882,443	1,882,443	-
Fund Balances, June 30	<u>\$ 1,681,076</u>	<u>\$ (53,335)</u>	<u>\$ 1,627,741</u>	<u>\$ 1,752,448</u>	<u>\$ 124,707</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under Expenditures)					
Adjustment for Prior Year Encumbrances	\$ (95,156)		\$ (95,156)	\$ (95,156)	
Increase in Capital Reserve		\$ 523,000	523,000	525,811	\$ 2,811
Increase in Emergency Reserve				537	537
Budgeted Fund Balance	<u>(106,211)</u>	<u>(576,335)</u>	<u>(682,546)</u>	<u>(561,187)</u>	<u>121,359</u>
TOTAL	<u>\$ (201,367)</u>	<u>\$ (53,335)</u>	<u>\$ (254,702)</u>	<u>\$ (129,995)</u>	<u>\$ 124,707</u>
RECAPITULATION OF FUND BALANCE					
Restricted Fund Balance:					
Excess Surplus:					
Prior Year-Designated for 2015-2016 Budget				\$ 105,502	
Current Year-Designated for 2016-2017 Budget				113,172	
				<u>218,674</u>	\$ 218,674
Committed Fund Balance:					
Capital Reserve				800,667	
Maintenance Reserve				150,000	
Emergency Reserve				151,088	
				<u>1,101,755</u>	1,101,755
Assigned Fund Balance:					
Year-End Encumbrances					130,289
Unassigned Fund Balance					
					<u>301,730</u>
					<u>1,752,448</u>
Reconciliation to Governmental Statements (GAAP):					
Last State Aid Payments Not Recognized on GAAP Basis					<u>(122,706)</u>
Fund Balance Per Governmental Funds (GAAP)					<u>\$ 1,629,742</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Federal Sources	\$ 129,552		\$ 129,552	\$ 129,552	
TOTAL REVENUES	<u>\$ 129,552</u>	<u>\$ -</u>	<u>\$ 129,552</u>	<u>\$ 129,552</u>	<u>\$ -</u>
EXPENDITURES					
Instruction:					
Other Salaries for Instruction	\$ 3,468		\$ 3,468	\$ 3,468	
Other Purchased Services	5,815		5,815	5,815	
Supplies	34,867		34,867	34,867	
Totals	<u>44,150</u>	<u>\$ -</u>	<u>44,150</u>	<u>44,150</u>	<u>\$ -</u>
Support Services:					
Purchased Professional Educational Services	4,500		4,500	4,500	
Tuition	74,151		74,151	74,151	
Travel	4,225		4,225	4,225	
Supplies	2,526		2,526	2,526	
Total	<u>85,402</u>	<u>-</u>	<u>85,402</u>	<u>85,402</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 129,552</u>	<u>\$ -</u>	<u>\$ 129,552</u>	<u>\$ 129,552</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 7,273,257	\$ 129,552
Difference-Budget to GAAP:		
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33):		
State Aid Receivable Prior Year	125,675	
State Aid Receivable Current Year	<u>(122,706)</u>	
Total Revenues (GAAP Basis)	<u>\$ 7,276,226</u>	<u>\$ 129,552</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 6,696,420</u>	<u>\$ 129,552</u>
Total Expenditures (GAAP Basis)	<u>\$ 6,696,420</u>	<u>\$ 129,552</u>

OTHER SUPPLEMENTAL INFORMATION

SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE TO THIS REPORT)

SPECIAL REVENUE FUND

DETAIL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA Basic	IDEA Pre School	NCLB IA	NCLB IIA	REAP	Total
REVENUES						
Federal Sources	\$ 74,151	\$ 3,468	\$ 9,927	\$ 8,579	\$ 33,427	\$ 129,552
TOTAL REVENUES	<u>\$ 74,151</u>	<u>\$ 3,468</u>	<u>\$ 9,927</u>	<u>\$ 8,579</u>	<u>\$ 33,427</u>	<u>\$ 129,552</u>
EXPENDITURES						
Instruction:						
Other Salaries for Instruction		\$ 3,468				\$ 3,468
Other Purchased Services			\$ 5,815			5,815
Supplies			1,440		\$ 33,427	34,867
Total	<u>\$ -</u>	<u>3,468</u>	<u>7,255</u>	<u>\$ -</u>	<u>33,427</u>	<u>44,150</u>
Support Services:						
Purchased Professional Educational Services				4,500		4,500
Tuition	74,151					74,151
Travel			1,725	2,500		4,225
Supplies			947	1,579		2,526
Total	<u>74,151</u>	<u>-</u>	<u>2,672</u>	<u>8,579</u>	<u>-</u>	<u>85,402</u>
TOTAL EXPENDITURES	<u>\$ 74,151</u>	<u>\$ 3,468</u>	<u>\$ 9,927</u>	<u>\$ 8,579</u>	<u>\$ 33,427</u>	<u>\$ 129,552</u>

CAPITAL PROJECTS FUND

DETAIL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE-BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenues and Other Financing Sources:

State Sources:

School Development Authority Grants	\$	32,000
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Local Sources:

Operating Transfer In		817,442
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		<u>849,442</u>
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Expenditures and Other Financing Uses:

Purchased Professional & Technical Services		15,042
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Construction		655,700
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School Development Authority Grants Deobligated		79,054
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Operating Transfer Out		120,610
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Total Expenditures		<u>870,406</u>
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Excess (Deficiency) of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses		(20,964)
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Fund Balance-Beginning		<u>858,437</u>
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Fund Balance-Ending	\$	<u><u>837,473</u></u>
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KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-HVAC UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
School Development Authority Grant	\$ 120,000	\$ (35,060)	\$ 84,940	\$ 84,940
Local Sources:				
Operating Transfer In (Out)	180,000	(52,936)	127,064	127,064
Total Revenues	300,000	(87,996)	212,004	212,004
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	15,316	2,796	18,112	18,112
Fees & Permits	102		102	102
Construction		193,790	193,790	193,790
Total Expenditures	15,418	196,586	212,004	212,004
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 284,582	\$ (284,582)	\$ -	\$ -

Additional Project Information:

Project Number	2450-050-14-GISA
Authorization Date	04/15/14
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 300,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 300,000
Percentage Complete	100.00%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-PARTIAL ROOF REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
School Development Authority Grant	\$ 239,840	\$ (43,994)	\$ 195,846	\$ 195,846
Local Sources:				
Operating Transfer In (Out)	359,760	(67,674)	292,086	292,086
Total Revenues	599,600	(111,668)	487,932	487,932
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services	24,799	277	25,076	25,076
Fees & Permits	946		946	946
Construction		461,910	461,910	461,910
Total Expenditures	25,745	462,187	487,932	487,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 573,855	\$ (573,855)	\$ -	\$ -

Additional Project Information:

Project Number	2450-050-14-GIRZ
Authorization Date	04/15/14
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 599,600
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 599,600
Percentage Complete	100.00%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-WINDOW REPLACEMENT PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
State Sources:				
School Development Authority Grant		\$ 32,000	\$ 32,000	\$ 32,000
Local Sources:				
Operating Transfer In (Out)		83,000	83,000	83,000
Total Revenues	\$ -	115,000	115,000	115,000
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		1,840	1,840	5,000
Fees & Permits				1,500
Construction				108,500
Total Expenditures	-	1,840	1,840	115,000
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 113,160	\$ 113,160	\$ -

Additional Project Information:

Project Number	2450-050-14-1003-G04
Authorization Date	01/06/14
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 80,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 115,000
Percentage Complete	1.60%

KINGWOOD TOWNSHIP SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND
PROJECT STATUS-BUDGETARY BASIS-PARKING LOT IMPROVEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Local Sources:				
Operating Transfer In (Out)		\$ 734,442	\$ 734,442	\$ 999,300
Total Revenues	\$ -	734,442	734,442	999,300
Expenditures and Other Financing Uses:				
Purchased Professional & Technical Services		10,129	10,129	51,800
Fees & Permits				12,500
Construction				935,000
Total Expenditures	-	10,129	10,129	999,300
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 724,313	\$ 724,313	\$ -

Additional Project Information:

Project Number	2450-050-15-2000
Authorization Date	01/14/15
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 999,300
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 999,300
Percentage Complete	1.01%

PROPRIETARY FUND

DETAIL STATEMENTS

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
JUNE 30, 2015

	<u>Food Service Fund</u>
ASSETS	
Current Assets:	
Cash & Cash Equivalents	\$ 40,961
Receivables from Other Governments:	
State	85
Federal	1,599
Inventory	1,277
Total Current Assets	<u>43,922</u>
Noncurrent Assets:	
Capital Assets	65,542
Less: Accumulated Depreciation	<u>38,656</u>
Total Noncurrent Assets	<u>26,886</u>
Total Assets	<u>70,808</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenues-Commodities	460
Unearned Revenues-Prepaid Sales	<u>790</u>
Total Liabilities	<u>1,250</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	26,886
Unrestricted	<u>42,672</u>
TOTAL NET POSITION	<u>\$ 69,558</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund
Operating Revenues:	
Charges for Services:	
Daily Sales-Reimbursable Programs	\$ 59,854
Daily Sales-Nonreimbursable Programs	16,035
Total Operating Revenues	75,889
Operating Expenses:	
Cost of Sales-Reimbursable Programs	37,550
Cost of Sales-Non Reimbursable Programs	10,060
Salaries	26,463
Employee Benefits	4,028
Purchased Services	1,805
Insurance	2,685
Management Fee	7,385
Office Expense	432
Supplies and Materials	3,055
Depreciation	5,215
Repairs and Maintenance	1,571
Total Operating Expenses	100,249
Operating Income (Loss)	(24,360)
Nonoperating Revenues (Expenses):	
State Sources:	
State School Lunch Program	1,144
Federal Sources:	
National School Lunch Program:	
Cash Assistance	17,780
Non-Cash Assistance (Commodities)	8,184
Healthy Hunger Free Kids Act	1,533
Interest Earned on Investments	139
Total Nonoperating Revenues (Expenses)	28,780
Change in Net Position	4,420
Net Position, Beginning	65,138
Net Position, Ending	\$ 69,558

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FUND CASH FLOWS
FOOD SERVICE ENTERPRISE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Food Service Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 76,678
Payments to Food Service Management Co	(84,148)
Payments to Vendors (Net)	(2,146)
Net Cash Provided by (Used For) Operating Activities	<u>(9,616)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	1,138
Federal Sources	19,184
Net Cash Provided by (Used For) Noncapital Financing Activities	<u>20,322</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	139
Net Cash Provided by (Used For) Investing Activities	<u>139</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,845
Cash and Cash Equivalents, Beginning	<u>30,116</u>
Cash and Cash Equivalents, Ending	<u>\$ 40,961</u>
Reconciliation of Operating Income (Loss) to Net Cash Provide by (Used For)	
Operating Activities:	
Operating Income (Loss)	\$ (24,360)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:	
Depreciation	5,215
Federal Food Donation Program	7,521
(Increase) Decrease in Inventory	1,218
Increase (Decrease) in deferred Revenue	790
Net Cash Provided by (Used For) Operating Activities	<u>\$ (9,616)</u>

FIDUCIARY FUND

DETAIL STATEMENTS

Fiduciary Fund are used to account for funds received by the school district for a specific purpose. Agency funds are used to account for assets held out by the school district as an agent for individuals, private organizations, other governments and/or other funds.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY FUND NET POSITION
JUNE 30, 2015

	Unemployment Compensation Fund	Student Activity Agency Fund	Payroll Agency Fund	Total
ASSETS				
Cash & Cash Equivalents	\$ 158,700	\$ 27,230	\$ 5,824	\$ 191,754
TOTAL ASSETS	<u>158,700</u>	<u>27,230</u>	<u>5,824</u>	<u>191,754</u>
LIABILITIES				
Payroll Deductions & Withholdings Due to Student Groups		<u>27,230</u>	5,824	5,824 <u>27,230</u>
TOTAL LIABILITIES	<u>-</u>	<u>27,230</u>	<u>5,824</u>	<u>33,054</u>
NET POSITION				
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 158,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,700</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Fund
ADDITIONS	
Contributions:	
Employee Withholdings	\$ 6,329
Operating Transfer In	10,000
Investment Earnings-Interest	510
Total Additions	16,839
DEDUCTIONS	
Unemployment Claims	218
Change in Net Position	16,621
Net Position, Beginning of the Year	142,079
Net Position, End of the Year	\$ 158,700

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 STUDENT ACTIVITY AGENCY FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance 07/01/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/15</u>
ASSETS				
Cash & Cash Equivalents	<u>\$ 28,648</u>	<u>\$ 98,436</u>	<u>\$ 99,854</u>	<u>\$ 27,230</u>
TOTAL ASSETS	<u>\$ 28,648</u>	<u>\$ 98,436</u>	<u>\$ 99,854</u>	<u>\$ 27,230</u>
LIABILITIES				
Due to Student Groups	<u>\$ 28,648</u>	<u>\$ 98,436</u>	<u>\$ 99,854</u>	<u>\$ 27,230</u>
TOTAL LIABILITIES	<u>\$ 28,648</u>	<u>\$ 98,436</u>	<u>\$ 99,854</u>	<u>\$ 27,230</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PAYROLL AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance 07/01/14	Additions	Deletions	Balance 06/30/15
ASSETS				
Cash & Cash Equivalents	\$ 8,276	\$ 4,167,309	\$ 4,169,761	\$ 5,824
TOTAL ASSETS	<u>\$ 8,276</u>	<u>\$ 4,167,309</u>	<u>\$ 4,169,761</u>	<u>\$ 5,824</u>
LIABILITIES				
Payroll Deductions & Withholdings	\$ 242	\$ 1,881,941	\$ 1,882,162	\$ 21
Net Payroll	7	2,285,295	2,285,297	5
Prescription Drug Reserve	8,027	73	2,302	5,798
TOTAL LIABILITIES	<u>\$ 8,276</u>	<u>\$ 4,167,309</u>	<u>\$ 4,169,761</u>	<u>\$ 5,824</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2015

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance 07/01/14	Issued	Retired	Balance 06/30/15
			Date	Amount					
Refunding School Bonds of 2011	07/15/11	\$ 2,270,000	07/15/15	\$ 190,000	2.00%	\$ 2,070,000		\$ 180,000	\$ 1,890,000
			07/15/16	190,000	3.00%				
			07/15/17	200,000	3.00%				
			07/15/18	205,000	3.00%				
			07/15/19	205,000	3.00%				
			07/15/20	215,000	3.00%				
			07/15/21	220,000	4.00%				
			07/15/22	230,000	4.00%				
			07/15/23	235,000	4.00%				
						<u>\$ 2,070,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ 1,890,000</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 DEBT SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES					
Local Sources:					
Local Tax Levy	\$ 243,450		\$ 243,450	\$ 243,450	
Total Revenues	<u>243,450</u>	<u>\$ -</u>	<u>243,450</u>	<u>243,450</u>	<u>\$ -</u>
EXPENDITURES					
Regular Debt Service:					
Interest on Bonds	63,450		63,450	63,450	
Redemption of Principal	180,000		180,000	180,000	
Total Expenditures	<u>243,450</u>	<u>-</u>	<u>243,450</u>	<u>243,450</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

KINGWOOD TOWNSHIP SCHOOL DISTRICT
STATISTICAL SECTION J SERIES

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These Schedules Contain Service and Infrastructure Data to Help the Reader Understand how the Information in the District's Financial Report Relates to the Services the District Provides and the Activities it Performs.	J-16 to J-20

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

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENT ACTIVITIES										
Net Investment in Capital Assets	\$ 3,044,481	\$ 3,102,255	\$ 3,065,153	\$ 3,096,762	\$ 3,224,646	\$ 3,367,774	\$ 3,736,772	\$ 4,074,821	\$ 4,240,572	\$ 4,930,862
Restricted	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751	2,130,676	1,939,228
Unrestricted	204,317	325,956	329,715	230,993	452,699	409,879	267,171	255,780	(1,077,386)	(1,042,274)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 3,412,731</u>	<u>\$ 3,519,503</u>	<u>\$ 3,673,036</u>	<u>\$ 3,959,304</u>	<u>\$ 4,344,882</u>	<u>\$ 4,826,066</u>	<u>\$ 5,040,869</u>	<u>\$ 5,539,352</u>	<u>\$ 5,293,862</u>	<u>\$ 5,827,816</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$ 16,220	\$ 14,660	\$ 19,676	\$ 40,027	\$ 35,925	\$ 31,822	\$ 40,471	\$ 37,818	\$ 32,100	\$ 26,886
Unrestricted	19,166	37,444	40,870	26,458	32,081	34,373	21,520	19,571	33,038	42,672
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 35,386</u>	<u>\$ 52,104</u>	<u>\$ 60,546</u>	<u>\$ 66,485</u>	<u>\$ 68,006</u>	<u>\$ 66,195</u>	<u>\$ 61,991</u>	<u>\$ 57,389</u>	<u>\$ 65,138</u>	<u>\$ 69,558</u>
DISTRICT-WIDE										
Net Investment in Capital Assets	\$ 3,060,701	\$ 3,116,915	\$ 3,084,829	\$ 3,136,789	\$ 3,260,571	\$ 3,399,596	\$ 3,777,243	\$ 4,112,639	\$ 4,272,672	\$ 4,957,748
Restricted	163,933	91,292	278,168	631,549	667,537	1,048,413	1,036,926	1,208,751	2,130,676	1,939,228
Unrestricted	223,483	363,400	370,585	257,451	484,780	444,252	288,691	275,351	(1,044,348)	(999,602)
TOTAL DISTRICT-WIDE	<u>\$ 3,448,117</u>	<u>\$ 3,571,607</u>	<u>\$ 3,733,582</u>	<u>\$ 4,025,789</u>	<u>\$ 4,412,888</u>	<u>\$ 4,892,261</u>	<u>\$ 5,102,860</u>	<u>\$ 5,596,741</u>	<u>\$ 5,359,000</u>	<u>\$ 5,897,374</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
Governmental Activities:										
Instruction:										
Regular	\$ 2,828,419	\$ 2,986,510	\$ 2,972,320	\$ 2,860,502	\$ 2,902,136	\$ 2,896,592	\$ 3,070,630	\$ 3,112,909	\$ 3,022,923	\$ 3,206,260
Special Education	760,735	909,287	887,642	924,311	856,655	896,165	857,343	867,963	877,529	1,175,540
Other Special Education	192,963	159,363	110,518	163,753	273,351	184,504	198,269	200,229	180,199	371,650
Other Instruction	22,195	43,235	39,985	40,133	37,640	37,717	37,754	45,710	39,480	152,006
Support Services:										
Tuition	94,606	87,071	92,732	93,453	47,009	40,527	90,695	94,322	104,236	144,050
Student & Instruction Related Services	806,694	826,592	993,344	917,081	878,051	850,416	945,903	944,407	975,555	1,071,434
General & Business Administrative Services	541,118	583,252	579,784	566,073	569,588	550,843	738,839	586,221	528,792	563,365
School Administrative Services	161,277	164,504	196,671	199,006	205,387	208,129	185,949	197,010	169,340	199,112
Plant Operations & Maintenance	659,048	646,411	751,938	715,260	824,872	754,886	669,183	657,876	688,455	682,629
Pupil Transportation	396,409	414,770	420,074	388,638	370,447	372,963	382,671	344,179	262,598	324,243
Interest on Long-Term Debt	139,614	134,598	129,607	124,414	119,023	126,784	109,402	73,409	76,236	72,636
Total Governmental Activities Expenses	<u>6,603,078</u>	<u>6,955,593</u>	<u>7,174,615</u>	<u>6,992,624</u>	<u>7,084,159</u>	<u>6,919,526</u>	<u>7,286,638</u>	<u>7,124,235</u>	<u>6,925,343</u>	<u>7,962,925</u>
Business-Type Activities:										
Food Services	126,298	120,009	124,557	129,996	130,382	130,560	118,836	112,744	95,055	100,249
Total Business-Type Activities	<u>126,298</u>	<u>120,009</u>	<u>124,557</u>	<u>129,996</u>	<u>130,382</u>	<u>130,560</u>	<u>118,836</u>	<u>112,744</u>	<u>95,055</u>	<u>100,249</u>
TOTAL DISTRICT EXPENSES	<u>\$ 6,729,376</u>	<u>\$ 7,075,602</u>	<u>\$ 7,299,172</u>	<u>\$ 7,122,620</u>	<u>\$ 7,214,541</u>	<u>\$ 7,050,086</u>	<u>\$ 7,405,474</u>	<u>\$ 7,236,979</u>	<u>\$ 7,020,398</u>	<u>\$ 8,063,174</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES										
Governmental Activities:										
Operating Grants & Contributions	\$ 177,887	\$ 168,374	\$ 166,764	\$ 143,454	\$ 237,712	\$ 148,012	\$ 142,694	\$ 140,992	\$ 128,482	\$ 129,552
Capital Grants & Contributions	52,907			90,300	10,650	88,040		8,704	359,840	37,700
Total Governmental Activities	230,794	168,374	166,764	233,754	248,362	236,052	142,694	149,696	488,322	167,252
Business-Type Activities:										
Charges for Services:										
Food Service	105,248	115,995	112,707	118,304	109,742	104,647	90,233	81,418	76,986	75,889
Operating Grants & Contributions	19,430	19,133	18,855	17,304	21,999	23,975	24,152	26,646	25,729	28,641
Total Business-Type Activities	124,678	135,128	131,562	135,608	131,741	128,622	114,385	108,064	102,715	104,530
TOTAL DISTRICT-PROGRAM REVENUES	\$ 355,472	\$ 303,502	\$ 298,326	\$ 369,362	\$ 380,103	\$ 364,674	\$ 257,079	\$ 257,760	\$ 591,037	\$ 271,782
NET (EXPENSE) REVENUES										
Governmental Activities	\$ (6,372,284)	\$ (6,787,219)	\$ (7,007,851)	\$ (6,758,870)	\$ (6,835,797)	\$ (6,683,474)	\$ (7,143,944)	\$ (6,974,539)	\$ (6,437,021)	\$ (7,795,673)
Business-Type Activities	(1,620)	15,119	7,005	5,612	1,359	(1,938)	(4,451)	(4,680)	7,660	4,281
TOTAL DISTRICT-WIDE NET EXPENSES	\$ (6,373,904)	\$ (6,772,100)	\$ (7,000,846)	\$ (6,753,258)	\$ (6,834,438)	\$ (6,685,412)	\$ (7,148,395)	\$ (6,979,219)	\$ (6,429,361)	\$ (7,791,392)
GENERAL REVENUES & OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 4,286,709	\$ 4,564,642	\$ 4,774,618	\$ 4,940,603	\$ 5,045,985	\$ 5,172,767	\$ 5,173,467	\$ 5,263,158	\$ 5,263,158	\$ 5,263,158
Taxes Levied for Debt Service	248,939	253,953	253,773	230,459	253,373	252,873	252,173	232,894	247,050	243,450
Unrestricted Grants & Contributions	1,724,140	1,979,993	2,063,848	1,837,400	1,893,944	1,667,601	1,904,875	1,913,148	1,872,489	2,804,617
State Capital Projects Grant Deobligated					(31,556)		(34,068)			(79,054)
Tuition Income	650	2,000		2,000	15,700	22,000	29,561	30,945	42,628	64,671
Investment Earnings	45,546	78,995	62,418	26,623	16,435	12,909	18,220	9,412	10,940	10,856
Miscellaneous Income	3,272	14,408	6,727	8,053	27,494	35,508	15,519	23,465	20,971	21,929
Operating Transfer	(9,118)									
Loss on Disposal of Capital Assets	(2,529)								(10,738)	
Total Governmental Activities	6,297,609	6,893,991	7,161,384	7,045,138	7,221,375	7,163,658	7,359,747	7,473,022	7,446,498	8,329,627

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL REVENUES & OTHER CHANGES IN NET POSITION (Cont'd)										
Business-Type Activities:										
Investment Earnings	\$ 38	\$ 1,599	\$ 1,437	\$ 327	\$ 162	\$ 127	\$ 247	\$ 78	\$ 93	\$ 139
Transfers	9,118									
Loss on Disposal of Capital Assets									(4)	
Total Business-Type Activities	9,156	1,599	1,437	327	162	127	247	78	89	139
TOTAL DISTRICT-WIDE	<u>\$ 6,306,765</u>	<u>\$ 6,895,590</u>	<u>\$ 7,162,821</u>	<u>\$ 7,045,465</u>	<u>\$ 7,221,537</u>	<u>\$ 7,163,785</u>	<u>\$ 7,359,994</u>	<u>\$ 7,473,100</u>	<u>\$ 7,446,587</u>	<u>\$ 8,329,766</u>
CHANGE IN NET POSITION										
Governmental Activities	\$ (74,675)	\$ 106,772	\$ 153,533	\$ 286,268	\$ 385,578	\$ 480,184	\$ 215,803	\$ 498,483	\$ 1,009,477	\$ 533,954
Business-Type Activities	7,536	16,718	8,442	5,939	1,521	(1,811)	(4,204)	(4,602)	7,749	4,420
TOTAL DISTRICT	<u>\$ (67,139)</u>	<u>\$ 123,490</u>	<u>\$ 161,975</u>	<u>\$ 292,207</u>	<u>\$ 387,099</u>	<u>\$ 478,373</u>	<u>\$ 211,599</u>	<u>\$ 493,881</u>	<u>\$ 1,017,226</u>	<u>\$ 538,374</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Restricted	\$ 146,002	\$ 139,966	\$ 128,220	\$ 176,631	\$ 211,050	\$ 217,237	\$ 210,242	\$ 210,395	\$ 211,713	\$ 219,204
Committed	62,561	91,292	254,954	436,517	634,243	781,783	680,156	1,208,751	1,272,239	1,101,755
Assigned	156,177	121,934	125,828	58,525	134,170	102,862	90,441	140,885	95,156	130,289
Unassigned	62,051	197,118	209,859	138,397	207,454	210,828	223,427	187,614	177,660	178,494
Total General Fund	<u>\$ 426,791</u>	<u>\$ 550,310</u>	<u>\$ 718,861</u>	<u>\$ 810,070</u>	<u>\$ 1,186,917</u>	<u>\$ 1,312,710</u>	<u>\$ 1,204,266</u>	<u>\$ 1,747,645</u>	<u>\$ 1,756,768</u>	<u>\$ 1,629,742</u>
All Other Governmental Funds:										
Restricted, Reported In:										
Special Revenue Fund	\$ (369)	\$ (369)	\$ (369)							
Capital Projects Fund	101,372			\$ 195,032	\$ 33,294	\$ 266,630	\$ 342,436		\$ 858,437	\$ 837,473
Assigned, Reported in:										
Debt Service Fund		23,214	23,214				14,334			
Total All Other Governmental Funds	<u>\$ 101,003</u>	<u>\$ 22,845</u>	<u>\$ 22,845</u>	<u>\$ 195,032</u>	<u>\$ 33,294</u>	<u>\$ 266,630</u>	<u>\$ 356,770</u>	<u>\$ -</u>	<u>\$ 858,437</u>	<u>\$ 837,473</u>

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

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Tax Levy	\$ 4,535,648	\$ 4,818,595	\$ 5,028,391	\$ 5,171,062	\$ 5,299,358	\$ 5,425,640	\$ 5,425,640	\$ 5,496,052	\$ 5,510,208	\$ 5,506,608
Tuition Charges	650	2,000		2,000	15,700	22,000	29,561	30,945	42,628	64,671
Interest Earnings	45,546	78,995	62,418	26,623	16,435	12,909	18,220	9,412	10,940	10,856
Miscellaneous	3,272	14,408	6,727	8,053	27,494	35,508	15,519	23,465	20,971	21,929
State Sources	1,789,166	1,988,378	2,071,599	1,928,069	1,822,948	1,755,641	1,855,296	1,913,148	2,232,329	1,947,130
Federal Sources	165,768	159,989	159,013	143,085	319,358	148,012	192,273	140,992	128,482	130,034
Total Revenues	6,540,050	7,062,365	7,328,148	7,278,892	7,501,293	7,399,710	7,536,509	7,614,014	7,945,558	7,681,228
Expenditures:										
Instruction:										
Regular Instruction	2,054,543	2,110,996	2,117,630	2,109,570	2,109,905	2,027,723	2,137,132	2,081,511	2,078,379	1,924,618
Special Education Instruction	561,276	646,805	630,637	674,505	618,793	580,253	583,982	567,461	578,178	611,792
Other Special Instruction	109,037	91,000	90,543	117,993	119,624	125,322	131,687	131,117	119,166	200,577
Other Instruction	22,195	37,337	38,197	38,327	35,894	36,518	36,543	44,079	37,973	40,191
Support Services:										
Tuition	14,106	6,048	9,940	11,862	504	23,527	11,830	11,149	25,707	69,899
Student & Instruction Related Services	603,434	598,597	728,664	696,658	639,251	604,411	682,694	668,329	746,047	648,465
General Administrative Services	286,799	283,407	246,025	258,207	261,066	214,186	221,041	225,903	181,614	193,440
School Administrative Services	125,706	122,990	145,230	146,748	154,388	147,524	133,608	138,048	124,734	118,735
Central Services	161,839	166,970	168,365	182,617	188,998	202,975	203,615	188,170	196,183	189,072
Plant Operations & Maintenance	608,778	618,872	688,313	649,935	748,932	671,630	577,862	570,174	619,117	588,885
Pupil Transportation	382,059	412,520	415,302	383,796	364,210	365,719	375,689	338,565	255,468	310,881
Employee Benefits	825,902	820,290	807,103	793,770	853,775	1,050,274	1,066,660	1,112,959	1,028,928	1,154,708
On-Behalf TPAF Pension & Soc Sec Contributions	342,826	576,030	605,283	443,032	452,268	440,191	509,754	633,260	548,021	616,039
Capital Outlay	19,881	16,900	37,828	71,000	51,086	57,973	40,857	49,783	94,456	11,786
Capital Projects	118,993	80,912		30,718	124,849	81,470	407,258	257,903	41,163	670,742
Special Revenue Funds	177,847	168,377	166,764	143,085	237,712	148,012	142,694	140,992	128,482	129,552
Debt Service:										
Principal	115,000	120,280	125,000	130,000	135,000	140,000	145,000	175,000	180,000	180,000
Interest & Other Charges	138,372	133,673	128,773	123,673	118,373	112,873	92,839	83,002	84,382	80,782
Total Expenditures	6,668,593	7,012,004	7,149,597	7,005,496	7,214,628	7,030,581	7,500,745	7,417,405	7,067,998	7,740,164
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(128,543)	50,361	178,551	273,396	286,665	369,129	35,764	196,609	877,560	(58,936)
Other Financing Sources (Uses):										
NJSDA Grant Deobligated					(31,556)		(34,068)			(79,054)
Transfers Out	(19,118)	(5,000)	(10,000)	(10,000)	(40,000)	(10,000)	(20,000)	(10,000)	(10,000)	(10,000)
Total Other Financing Sources (Uses)	(19,118)	(5,000)	(10,000)	(10,000)	(71,556)	(10,000)	(54,068)	(10,000)	(10,000)	(89,054)
Net Change in Fund Balances	\$ (147,661)	\$ 45,361	\$ 168,551	\$ 263,396	\$ 215,109	\$ 359,129	\$ (18,304)	\$ 186,609	\$ 867,560	\$ (147,990)
Debt Service as a Percentage of Non-capital Expenditures	4.04%	3.81%	3.70%	3.81%	3.73%	3.81%	3.49%	3.77%	3.96%	3.84%

Source: District Records

NOTE: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with ye

Prior to June 30, 2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND-OTHER LOCAL REVENUES BY SOURCE
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Description	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Interest Income	\$ 45,546	\$ 76,521	\$ 62,418	\$ 26,623	\$ 16,435	\$ 12,909	\$ 18,220	\$ 9,412	\$ 10,940	\$ 10,856
Tuition	650	2,000		2,000	15,700	22,000	29,561	30,945	42,628	64,671
Building Use Fees		6,025	5,082	5,051	7,811	6,587	7,175	6,175	5,100	6,375
Prior Year Refunds		7,430	85	135	16,867	23,582	4,994	385	1,079	7,050
Accounts Payable Canceled	1,722		1,246	2,210		222	622	6,156	2,808	3,043
Miscellaneous Other		254		657	1,649	27	30			41
Semi Payments					1,167	1,850	298			
Energy Audit						3,240				
Balances Cancelled		416								
Miscellaneous Refunds			314							
Payroll Excess-Prior Years	1,000									
Sale of Surplus Equipment							2,400			
Training Fees								3,075		
Sale of Textbooks								1,304	79	
I Pad Reimbursements								6,370	5,880	5,420
Workshops									5,025	
NJ School Boards Insurance Safety Incentive									1,000	
Outstanding Checks Voided	550									
Annual Totals	<u>\$ 49,468</u>	<u>\$ 92,646</u>	<u>\$ 69,145</u>	<u>\$ 36,676</u>	<u>\$ 59,629</u>	<u>\$ 70,417</u>	<u>\$ 63,300</u>	<u>\$ 63,822</u>	<u>\$ 74,539</u>	<u>\$ 97,456</u>

Source: District Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Vacant Land	\$ 9,344,079	\$ 29,392,700	\$ 28,977,700	\$ 24,913,500	\$ 19,877,000	\$ 19,848,200	\$ 20,682,400	\$ 20,444,100	\$ 18,828,600	\$ 22,065,150
Residential	236,095,900	486,985,900	490,067,000	494,471,800	421,467,300	422,700,800	417,770,800	420,624,300	422,482,000	421,252,699
Farm Regular	63,625,900	124,369,300	123,850,000	126,078,000	111,387,300	111,775,600	114,411,900	113,888,600	113,765,600	113,811,201
Qualified Farm	15,775,698	6,256,967	5,970,400	5,910,000	5,862,400	5,809,900	5,810,800	5,711,500	5,624,100	5,480,300
Commercial	16,010,415	36,682,000	34,335,100	40,870,300	34,544,300	35,078,200	34,583,000	34,945,700	34,980,300	34,962,700
Industrial	8,840,610	11,539,200	11,539,200	10,401,900	9,346,600	9,346,600	9,346,600	9,346,600	9,381,100	9,381,100
Apartment	1,210,500	2,262,500	2,262,500	2,262,500	2,018,900	1,988,300	1,988,300	1,988,300	1,988,300	1,988,300
Total Assessed Value	350,903,102	697,488,567	697,001,900	704,908,000	604,503,800	606,547,600	604,593,800	606,949,100	607,050,000	608,941,450
Public Utilities (a)	947,193	1,622,202	1,545,883	1,359,500	1,639,850	1,559,512	1,663,096	1,480,282	1,476,753	1,653,010
Net Valuation Taxable	\$ 351,850,295	\$ 699,110,769	\$ 698,547,783	\$ 706,267,500	\$ 606,143,650	\$ 608,107,112	\$ 606,256,896	\$ 608,429,382	\$ 608,526,753	\$ 610,594,460
Estimated Actual County Equalized Value	\$ 615,263,836	\$ 716,228,633	\$ 717,447,587	\$ 704,115,651	\$ 697,873,317	\$ 660,555,194	\$ 639,241,772	\$ 629,713,705	\$ 613,859,175	\$ 618,887,553
Percentage of Net Valuation to Estimated Actual County Equalized Value	57.19%	97.61%	97.37%	100.31%	86.86%	92.06%	94.84%	96.62%	99.13%	98.66%
Total Direct School Tax Rate (b)	\$ 1.369	\$ 0.719	\$ 0.740	\$ 0.750	\$ 0.895	\$ 0.892	\$ 0.907	\$ 0.906	\$ 0.905	\$ 0.920

*

*

Source: Municipal Tax Assessor

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

(a) Taxable Value of Machinery, Implements and Equipments of Telephone and Messenger System Companies

(b) Tax rates are per \$100

* Revalued/Reassessed

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN FISCAL YEARS
 (RATE PER \$100 OF ASSESSED VALUE)

Assessment Year	School District Direct Rate					Overlapping Rates			Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6)		Regional School Debt	Municipality	County	Fire District	
			Total Direct School Tax Rate						
2006	\$ 1.296	\$ 0.073	\$ 1.369	\$ 0.786	\$ 0.300	\$ 0.620		\$ 3.08	
2007	* 0.683	0.036	0.719	0.386	0.174	0.341		1.62	
2008	0.707	0.033	0.740	0.393	0.190	0.335		1.66	
2009	0.714	0.036	0.750	0.413	0.188	0.342		1.69	
2010	* 0.853	0.042	0.895	0.506	0.222	0.391		2.01	
2011	0.851	0.041	0.892	0.549	0.221	0.373		2.04	
2012	0.869	0.038	0.907	0.571	0.225	0.373		2.08	
2013	0.865	0.041	0.906	0.588	0.231	0.378		2.10	
2014	0.865	0.040	0.905	0.613	0.241	0.371		2.13	
2015	0.879	0.040	0.919	0.611	0.252	0.377		2.16	

Sources: Municipal Tax Collector

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

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

* Revalued/Reassessed

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

	2015			2006		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Buckeye Pipeline Co	\$ 4,575,000	1	0.75%	\$ 2,931,494	2	0.83%
Kingwood Flex LLC	4,188,100	2	0.69%			
Mel Chemicals Inc	3,498,200	3	0.57%			
Buckeye Pipeline Co	3,040,000	4	0.50%			
Perini Properties LLC	2,895,500	5	0.47%			
Frenchtown III Solar LLC	2,628,700	6	0.43%			
869 Associates LLC	2,324,100	7	0.38%	2,100,000	3	0.60%
Frenchtown III Solar LLC	1,657,500	8	0.27%			
Individual Property Owner	1,650,800	9	0.27%			
Frenchtown II Solar LLC	1,500,000	10	0.25%			
Magnesium Elektron Inc				3,835,700	1	1.09%
Lutz Welding & Fabricating				1,783,117	4	0.51%
Individual Property Owner				1,235,292	5	0.35%
Individual Property Owner				1,171,948	6	0.33%
Individual Property Owner				1,091,461	7	0.31%
United Telephone Co.				884,350	8	0.25%
Individual Property Owner				877,620	9	0.25%
Individual Property Owner				869,800	10	0.25%
	<u>\$ 27,957,900</u>		<u>4.58%</u>	<u>\$ 16,780,782</u>		<u>4.77%</u>

Source: Municipal Tax Assessor

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

Year Ending December 31,	Taxes Levied for the Year	Collected Within the Fiscal Year of the Levy (a)	
		Amount	Percentage of Levy
2005	\$ 10,365,736	\$ 10,032,517	96.79%
2006	11,482,594	10,736,432	93.50%
2007	11,426,531	11,075,341	96.93%
2008	11,742,295	11,327,917	96.47%
2009	12,016,948	11,452,551	95.30%
2010	12,253,395	11,821,890	96.48%
2011	12,574,328	12,112,601	96.33%
2012	12,635,478	12,203,574	96.58%
2013	12,948,202	12,508,826	96.61%
2014	13,019,498	12,577,111	96.60%

Sources: 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			Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 3,145,000					\$ 3,145,000	1.31%	\$ 792
2007	3,025,000					3,025,000	1.17%	756
2008	2,900,000					2,900,000	1.05%	719
2009	2,770,000					2,770,000	0.99%	683
2010	2,635,000					2,635,000	0.99%	649
2011	2,495,000					2,495,000	0.99%	649
2012	2,425,000					2,425,000	0.90%	631
2013	2,250,000					2,250,000	0.79%	587
2014	2,070,000					2,070,000	0.72%	541
2015	1,890,000					1,890,000	N/A	497

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

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

(b) Includes Early Retirement Incentive Plan (ERIP) refunding

N/A Information is not available

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

Fiscal Year Ending June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value (a) of Property	Per Capita (a)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 3,145,000		\$ 3,145,000	0.89%	\$ 786
2007	3,025,000		3,025,000	0.43%	750
2008	2,900,000		2,900,000	0.42%	715
2009	2,770,000		2,770,000	0.39%	683
2010	2,635,000		2,635,000	0.43%	686
2011	2,495,000		2,495,000	0.41%	649
2012	2,425,000		2,425,000	0.40%	633
2013	2,250,000		2,250,000	0.37%	588
2014	2,070,000		2,070,000	0.34%	544
2015	1,890,000		1,890,000	0.31%	497

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

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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014

	Debt Outstanding	Estimated % Applicable (a)	Estimated Share of Overlapping Debt
GOVERNMENTAL UNIT			
Debt Repaid with Property Taxes:			
Municipality	\$ 2,744,694	100.00%	\$ 2,744,694
Regional High School	2,580,000	26.00%	678,547
County General Obligation Debt	70,347,424	2.94%	<u>2,073,402</u>
Subtotal, Overlapping Debt			5,496,643
School District Direct Debt			<u>1,890,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 7,386,643</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.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION,
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized Valuation Basis:

2014	\$ 615,294,952
2013	609,631,479
2012	625,743,945

\$ 1,850,670,376

Average Equalized Valuation of Taxable Property

\$ 616,890,125

Debt Limit (3.0% of Average Equalization Value)

\$ 18,506,704 (a)

Total Net Debt Applicable to Limit

1,890,000

Legal Debt Margin

\$ 16,616,704

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 15,816,621	\$ 17,873,663	\$ 19,641,225	\$ 20,812,146	\$ 21,124,196	\$ 20,626,001	\$ 19,915,021	\$ 19,219,333	\$ 18,749,237	\$ 18,506,704
Total Net Debt Applicable	3,145,280	3,025,000	2,900,000	2,770,000	2,635,000	2,495,000	2,425,000	2,250,000	2,070,000	1,890,000
Legal Debt Margin	<u>\$ 12,671,341</u>	<u>\$ 14,848,663</u>	<u>\$ 16,741,225</u>	<u>\$ 18,042,146</u>	<u>\$ 18,489,196</u>	<u>\$ 18,131,001</u>	<u>\$ 17,490,021</u>	<u>\$ 16,969,333</u>	<u>\$ 16,679,237</u>	<u>\$ 16,616,704</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.89%	16.92%	14.76%	13.31%	12.47%	12.10%	12.18%	11.71%	11.04%	10.21%

Source: Equalized Valuation Bases were Obtained from the Annual Report of the State of New Jersey.
 Department of Treasury, Division of Taxation

(a) Limit Set by NJSA 18A:24-19

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2006	3,999	\$ 259,627,077	\$ 64,923	3.4%
2007	4,032	275,349,312	68,291	3.8%
2008	4,055	278,769,085	68,747	3.3%
2009	4,057	266,540,843	65,699	7.8%
2010	3,842	252,384,822	65,691	8.0%
2011	3,844	267,992,148	69,717	7.8%
2012	3,833	285,688,822	74,534	8.0%
2013	3,828	289,102,044	75,523	4.9%
2014	3,806	N/A	N/A	4.9%
2015	N/A	N/A	N/A	N/A

Sources:

- (a) Population Information Provided by the NJ Dept of Labor and Workforce Development
- (b) Personal Income has Been Estimated Based Upon the Municipal Population and Per Capita Personal Income Presented
- (c) Per Capita Personal Income by County Estimated Based Upon the 2000 Census Published by the US Bureau of Economic Analysis.
- (d) Unemployment Data Provided by the NJ Dept of Labor and Workforce Development

N/A Information is not available

KINGWOOD TOWNSHIP SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total Municipal Employment	Employees	Rank	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS

FUNCTION/PROGRAM	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction:										
Regular	32.0	32.0	32.0	32.0	31.5	30.0	30.2	28.7	27.2	26.2
Special Education	10.0	11.0	10.0	10.0	9.0	9.1	8.0	8.0	9.5	10.5
Other Instruction-Aides	4.5	4.5	5.0	5.0	4.5	3.5	3.1	4.0	4.5	4.5
Support Services:										
Student and Instruction Related Services	9.6	9.8	10.8	10.8	10.6	10.6	9.8	9.6	7.8	7.9
General Administration	2.4	2.4	2.0	2.0	2.0	2.0	1.5	1.5	1.2	1.6
School Administration Services	2.0	2.0	2.4	2.4	2.4	2.4	1.9	1.9	1.8	1.5
Central Services	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.1
Plant Operations and Maintenance	6.0	6.0	6.0	6.0	6.0	5.6	5.6	5.7	5.7	5.6
Pupil Transportation	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.5
Total	69.1	70.3	70.8	70.8	68.6	65.8	62.7	62.2	60.5	60.4

Sources: District Personnel Records

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 OPERATING STATISTICS
 LAST TEN FISCAL YEARS

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	490	\$ 6,276,347	\$ 12,809	20.55%	51.8	1 to 9.46	486.0	466.9	-4.24%	96.07%
2007	488	6,660,239	13,648	6.55%	51.8	1 to 9.46	487.0	466.3	0.21%	95.75%
2008	463	6,857,996	14,812	8.53%	50.8	1 to 9.11	461.1	442.3	-5.32%	95.92%
2009	456	6,650,105	14,584	-1.54%	50.8	1 to 10.06	454.0	436.0	-1.54%	96.04%
2010	456	6,785,320	14,880	2.03%	49.1	1 to 10.70	447.9	430.7	-1.34%	96.16%
2011	435	6,638,265	15,260	2.56%	50.7	1 to 10.48	428.3	411.1	-4.38%	95.98%
2012	396	6,814,791	17,209	12.77%	46.4	1 to 11.10	412.7	396.0	-3.64%	95.95%
2013	409	6,851,717	16,752	-2.65%	47.7	1 to 10.93	408.7	391.2	-0.97%	95.72%
2014	370	6,667,997	18,022	7.58%	45.5	1 to 11.76	367.9	353.5	-9.98%	96.09%
2015	365	6,886,854	18,868	4.70%	45.3	1 to 11.76	360.3	344.9	-2.08%	95.73%

Source: District Records

(a) Operating Expenditures Equal Total Expenditures Less Debt Service and Capital Outlay.

(b) Teaching Staff Includes Only Full-Time Equivalents or Certificated Staff.

(c) Average Daily Enrollment and Average Daily Attendance are Obtained from the School Register Summary (SRS).

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS

DISTRICT BUILDING	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Elementary (1948)</u>										
Square Feet	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519	67,519
Capacity (Students)	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0	607.0
Average Daily Enrollment	486.0	488.0	461.1	454.0	447.9	431.8	396.0	409.0	367.9	360.3
Number of Schools at June 30, 2015:										
Elementary	1									
Middle School	0									
High School	0									
Other	0									

District Facilities Office

Year of Original Construction is shown in Parentheses. Increase in Square Footage and Capacity are the Result of Renovations and Additions. Enrollment is Based on the Annual October District Count.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

*School Facilities

	<u>Amount</u>	<u>Total</u>
2006	\$ 108,100	\$ 108,100
2007	63,723	63,723
2008	77,937	77,937
2009	47,910	47,910
2010	88,308	88,308
2011	56,596	56,596
2012	61,878	61,878
2013	62,723	62,723
2014	35,095	35,095
2015	31,968	31,968
	<u> </u>	<u> </u>
Total School Facilities	<u>\$ 634,238</u>	<u>\$ 634,238</u>

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

Source: District Records

KINGWOOD TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
(UNAUDITED)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-NJ Schools Insurance Group (NJSIG):		
Property-Blanket Building & Contents (Policy Limit)	\$ 16,298,000	\$ 1,000
Comprehensive General Liability (Policy Limit)	16,000,000	1,000
Comprehensive Automobile Liability (Policy Limit)	16,000,000	
School Board Legal Liability-NJ School Insurance Group (NJSIG):		
Directors and Officers Policy	16,000,000	5,000
Worker's Compensation-NJ Schools Insurance Group (NJSIG):		
Per Accident, Disease and Disease Limit	2,000,000	
Public Employees' Faithful Performance-NJ Schools Insurance Group (NJSIG):		
Blanket Position Bond	50,000	500
Treasurer of School Monies Bond	250,000	1,000
School Board Secretary Bond	250,000	1,000

Source: District Records

SINGLE AUDIT SECTION

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

Independent Auditor's Report

October 15, 2015

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kingwood Township School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements, and have issued our report thereon dated October 15, 2015.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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

Certified Public Accountant
Public School Accountant
Registered Municipal Accountant

100 Route 31 North
Washington, NJ 07882 - 1530
Fax # (908) 689-8388
(908) 689-5002

Independent Auditor's Report

October 15, 2015

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Kingwood Township School District's (the District) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey OMB State Grant Compliance Supplement that could have a direct and material effect on each of the Board of Education's major federal and state programs for the year ended June 30, 2015. The Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB 15-08. Those standards, OMB Circular A-133 and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of The Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education's internal control over compliance.

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

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

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

**Report on Schedules of Expenditures of Federal Awards Required by OMB Circular A-133
and Expenditures of State Financial Assistance Required by NJ OMB 15-08**

We have audited the financial statements of the District as of and for the year ended June 30, 2015, and have issued our report thereon dated October 15, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by OMB Circular A-133 and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

KINGWOOD TOWNSHIP SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS SCHEDULE A
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Federal CFDA Number	Project Number	Program or Award Amount	Grant Period From To	Balance June 30, 2014		Cash Received	Budgetary Expenditure	Adjustment	Repay of Prior Year Balance	Balance June 30, 2015			
					(Acct Rec) Def Revenue	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor	
US Department of Education Passed Through State Department of Education:														
Special Revenue Fund:														
NCLB Title IA	84-010A	NCLB- 245015	\$ 9,927	7/1/2014- 6/30/2015			\$ 9,927	\$ 9,927						
NCLB Title II A	84.367A	NCLB- 245015	8,579	7/1/2014- 6/30/2015			8,579	8,579						
Small, Rural School Achievement Program	84.358A	S358A14 1011	33,427	7/01/14- 9/30/2015			33,427	33,427						
IDEA Basic	84.027	IDEA- 245015	74,151	7/1/2014- 6/30/2015			74,151	74,151						
IDEA Pre School	84.173	IDEA- 245015	3,468	7/1/2014- 6/30/2015			3,468	3,468						
Total Special Revenue Fund							\$ 129,552	\$ 129,552	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
US Department of Agriculture Passed Through State Department of Agriculture:														
Enterprise Fund:														
Child Nutrition Cluster														
National School Lunch Program- Non-cash Assistance-(Commodities)	10.555-	N/A	7,521	7/01/2014- 6/30/2015			7,521	7,061				460		
National School Lunch Program- Non-cash Assistance-(Commodities)	10.555-	N/A	5,923	7/01/2013- 6/30/2014	1,122			1,122						
National School Lunch Program- Cash Assistance	10.555-	N/A	19,313	7/01/2014- 6/30/2015			17,714	19,313			(1,599)			
National School Lunch Program- Cash Assistance	10.555-	N/A	18,691	7/01/2013- 6/30/2014	(1,470)		1,470							
Total Enterprise Fund					(348)	-	26,705	27,496	-	-	(1,599)	460	-	-
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ (348)	\$ -	\$ 156,257	\$ 157,048	\$ -	\$ -	\$ (1,599)	\$ 460	\$ -	\$ -

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education												
General Fund:												
Transportation Aid	15-495-034	\$ 157,946	7/01/2014-									
	-5120-014		6/30/2015		\$ 142,371	\$ 157,946		\$ (15,575)			\$ (15,575)	\$ 157,946
Transportation Aid	14-495-034	157,946	7/01/2013-									
	-5120-014		6/30/2014	\$ (15,579)	15,579							
Special Education Categorical Aid	15-495-034	244,823	7/01/2014-									
	-5120-089		6/30/2015		220,682	244,823		(24,141)			(24,141)	244,823
Special Education Categorical Aid	14-495-034	244,823	7/01/2013-									
	-5120-089		6/30/2014	(24,149)	24,149							
Equalization Aid	15-495-034	441,447	7/01/2014-									
	-5120-078		6/30/2015		397,917	441,447		(43,530)			(43,530)	441,447
Equalization Aid	14-495-034	441,447	7/01/2013-									
	-5120-078		6/30/2014	(43,544)	43,544							
Extraordinary Special Education Costs Aid	15-495-034	50,605	7/01/2014-									
	-5120-473		6/30/2015		530	50,605		(50,075)			(50,075)	50,605
Extraordinary Special Education Costs Aid	14-495-034	50,851	7/01/2013-									
	-5120-473		6/30/2014	(50,851)	50,851							
Security Aid	15-495-034	31,021	7/01/2014-									
	-5120-084		6/30/2015		27,962	31,021		(3,059)			(3,059)	31,021
Security Aid	14-495-034	31,021	7/01/2013-									
	-5120-084		6/30/2014	(3,060)	3,060							
Adjustment Aid	15-495-034	301,310	7/01/2014-									
	-5120-085		6/30/2015		271,599	301,310		(29,711)			(29,711)	301,310
Adjustment Aid	14-495-034	301,310	7/01/2013-									
	-5120-085		6/30/2014	(29,721)	29,721							
Reimbursement TPAF Social Security Contribution	15-495-034	203,072	7/01/2014-									
	-5094-003		6/30/2015		193,391	203,072		(9,681)			(9,681)	203,072
Non Public School Transportation	15-495-034	1,125	7/01/2014-									
	-5120-014		6/30/2015			1,125		(1,125)			(1,125)	1,125
Non Public School Transportation	14-495-034	2,484	7/01/2013-									
	-5120-014		6/30/2014	(2,484)	2,484							
School Choice Aid	15-495-034	60,965	7/01/2014-									
	-5120-068		6/30/2015		54,953	60,965		(6,012)			(6,012)	60,965
School Choice Aid	14-495-034	97,544	7/01/2013-									
	-5120-068		6/30/2014	(9,622)	9,622							
PARCC Readiness Aid	15-495-034	3,440	7/01/2014-									
	-5120-098		6/30/2015		3,101	3,440		(339)			(339)	3,440
Per Pupil Growth Aid	15-495-034	3,440	7/01/2014-									
	-5120-097		6/30/2015		3,101	3,440		(339)			(339)	3,440
On-Behalf TPAF Pension Contribution- Teachers' Pension and Annuity Fund	15-495-034	148,889	7/01/2014-									
	-5095-006		6/30/2015		148,889	148,889						148,889
On-Behalf TPAF Pension Contribution- Non-Contributory Insurance	15-495-034	10,712	7/01/2014-									
	-5095-007		6/30/2015		10,712	10,712						10,712
On-Behalf TPAF Pension Contribution- Post Retirement Medical	15-495-034	253,366	7/01/2014-									
	-5095-001		6/30/2015		253,366	253,366						253,366
Total General Fund				(179,010)	1,907,584	1,912,161	\$ -	(183,587)	\$ -	\$ -	(183,587)	1,912,161

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE SCHEDULE B
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period From To	Balance 6/30/2014 (Acct Rec) Def Revenue	Cash Received	Budgetary Expenditure	Adjustment	Balance June 30, 2015			Memo	
								Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<u>State Department of Education</u>												
Capital Projects Fund: (EDA)												
HVAC Upgrades	2450-050-14-GISA	\$ 120,000	N/A	\$ (6,167)	\$ 84,940	\$ 78,773						\$ 84,940
Partial Roof Replacement	2450-050-14-GIRZ	239,840	N/A	(10,298)	195,846	185,548						195,846
Window Replacement Project	2450-050-14-1003-G04	32,000	N/A			736		\$ (736)			(736)	736
				<u>(16,465)</u>	<u>280,786</u>	<u>265,057</u>	<u>\$ -</u>	<u>(736)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(736)</u>	<u>281,522</u>
<u>State Department of Agriculture Enterprise Fund:</u>												
National School Lunch Program (St Share)	15-100-010-3350-023	1,144	7/01/2014-6/30/2015		1,059	1,144		(85)			(85)	1,144
National School Lunch Program (St Share)	14-100-010-3350-023	1,115	7/01/2013-6/30/2014	(79)	79							
Total Enterprise Fund				<u>(79)</u>	<u>1,138</u>	<u>1,144</u>	<u>-</u>	<u>(85)</u>	<u>-</u>	<u>-</u>	<u>(85)</u>	<u>1,144</u>
TOTAL STATE FINANCIAL ASSISTANCE				<u>\$ (195,554)</u>	<u>\$ 2,189,508</u>	<u>\$ 2,178,362</u>	<u>\$ -</u>	<u>\$ (184,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (184,408)</u>	<u>\$ 2,194,827</u>

SEE ACCOMPANYING NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015

NOTE 1. GENERAL

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Kingwood Township School District. The Board of Education is defined in Note 1 (A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule of federal financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1 (C) and 1 (D) to the Board's financial statements.

NOTE 3. RELATIONSHIP OF FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to PL 2003, Ch 97 (A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferred and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,969 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,915,130	\$ 1,915,130
Special Revenue Fund	\$ 129,552		129,552
Food Service Fund	<u>27,497</u>	<u>1,144</u>	<u>28,641</u>
	<u>\$ 157,049</u>	<u>\$ 1,916,274</u>	<u>\$ 2,073,323</u>

KINGWOOD TOWNSHIP SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE
JUNE 30, 2015
(Continued)

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. 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, 2015.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

SECTION I-SUMMARY OF AUDITOR'S RESULTS

Federal Awards (Cont'd) NOT APPLICABLE

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: _____

Auditee qualified as a low-risk auditee Yes No

State Awards

Dollar Threshold used to Distinguish Between
Type A and Type B Programs: \$ 300,000

Auditee Qualified as low-risk auditee X Yes No

Type of Auditor's Report Issued on Compliance
for Major Programs: Unmodified

Internal Control Over Major Programs:

1. Material weakness(es) identified? Yes X No

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

Any Audit Findings Disclosed That are Required
to be Reported in Accordance with NJ OMB
Circular Letter 15-08? Yes X No

Identification of Major Programs:

<u>GMIS Numbers</u>	<u>Amount</u>	<u>Name of State Program</u>
15-495-034-5120-078	\$ 441,447	Equalization Aid
15-495-034-5120-085	301,310	Adjustment Aid
15-495-034-5120-014	244,823	Transportation Aid
2450-050-14-GIRZ	185,548	NJ School Development Authority Aid

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION II-FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs for the year ended June 30, 2015.

SECTION III-FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs for the year ended June 30, 2015.

KINGWOOD TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs.