

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON
REPORT OF AUDIT
2015**

**BEDARD, KUROWICKI & CO., CPA'S, PC
CERTIFIED PUBLIC ACCOUNTANTS**

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TOWNSHIP OF KINGWOOD
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014



Bedard, Kurowicki & Co.
Certified Public Accountants, PC
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Independent Auditors' Report

To the Honorable Mayor and Members
of the Township Committee
Township of Kingwood, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements - *regulatory basis* of the various funds and account group of the Township of Kingwood (the Municipality), as of and for the years then ended December 31, 2015 and 2014, and the related notes to the financial statements which collectively comprise the Municipality's financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division, 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 audits 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 Municipality'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 Municipality's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Municipality on the basis of financial reporting provisions of the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Municipality as of December 31, 2015 and 2014, or the changes in financial position for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - *regulatory basis* - referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Municipality as of December 31, 2015 and 2014, and the results of operations and changes in fund balance of such funds, thereof for the years then ended in accordance with the basis of financial reporting prescribed by the Division on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, as described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Municipality's financial statements. The supplementary information listed in the table of contents and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for*

Federal Awards ("Uniform Guidance"), and Non-Profit Organizations and the schedule of expenditures of state financial assistance as required by New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants. State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents and the Schedule of Expenditures of State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for the information labeled unaudited, has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2016 on our consideration of the Municipality'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 Municipality's internal control over financial reporting and compliance.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

July 22, 2016
Flemington, New Jersey

FINANCIAL STATEMENTS-REGULATORY BASIS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS**

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
ASSETS			
Regular Fund:			
Cash:			
Treasurer	A-4	\$ 2,603,078	\$ 2,773,316
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	372,975	407,567
Tax Title Liens Receivable	A-7	92,670	66,253
Property Acquired for Taxes	A-8	30,000	30,000
Revenue Accounts Receivable	A-9	1,158	1,422
Due from Animal Control Fund	A-10	5	6
Due from Federal & State Grant Fund	A-12	19,469	-
Due from General Capital Fund	A-13	4,019	-
Total Receivables with Full Reserves		<u>520,296</u>	<u>505,248</u>
Deferred Charges:			
Overexpenditure of Budget Appropriations	A-14	-	2
Total Regular Fund		<u>3,123,374</u>	<u>3,278,566</u>
Federal & State Grant Fund:			
Cash	A-4	32	35,803
Grants Receivable	A-15	78,329	68,978
		<u>78,361</u>	<u>104,781</u>
TOTAL ASSETS		<u><u>\$ 3,201,735</u></u>	<u><u>\$ 3,383,347</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS (Continued)**

	<u>Ref.</u>	<u>Balance December 31, 2015</u>	<u>Balance December 31, 2014</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3;A-16	\$ 199,217	\$ 145,249
Due to Other Trust Funds	A-11	566	1,706
Accounts Payable	A-17	-	2,793
Reserve for Encumbrances	A-18	7,679	15,810
Due to State of NJ Veterans' & Senior Citizens' Deductions	A-19	1,350	1,350
Prepaid Taxes	A-20	116,233	143,459
Tax Overpayments	A-21	4,875	5,294
Local School Tax Payable	A-22	766,762	864,702
Regional High School Taxes Payable	A-23	858,218	932,757
County Tax Payable	A-24	9,969	10,079
Due to Outside Lien Holders	A-25	166	166
Reserve for Preparation of a Master Plan	A-26	9,600	9,600
Prepaid Revenue	A-27	5,694	-
		1,980,329	2,132,965
Reserve for Receivables	A	520,296	505,248
Fund Balance	A-1	622,749	640,353
		3,123,374	3,278,566
Federal & State Grant Fund:			
Appropriated Reserves for Grants	A-28	50,192	95,162
Unappropriated Reserve for State Grants	A-29	-	9,619
Due to Regular Fund	A-30	19,469	-
Reserve for Encumbrances	A-31	8,700	-
		78,361	104,781
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 3,201,735	\$ 3,383,347

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE-REGULATORY BASIS**

	Ref.	For the Years Ended	
		2015	2014
REVENUES AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 561,000	\$ 578,000
Receipts from Current Taxes	A-2	12,824,680	12,577,111
Receipts from Delinquent Taxes	A-2	402,153	440,330
Miscellaneous Revenue Anticipated	A-2	569,232	603,634
Non-budget Revenue	A-2	42,118	89,601
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-16	126,165	64,990
Accounts Payable Canceled	A-17	1,113	-
Reserve for Encumbrances Canceled	A-18	4,705	950
Total Income		14,531,166	14,354,616
EXPENDITURES			
Budget and Emergency Appropriations:			
Operations:			
Salaries and Wages	A-3	915,744	875,762
Other Expenses	A-3	939,745	914,069
Capital Improvements	A-3	120,100	120,100
Debt Service	A-3	187,885	192,724
Deferred Charges & Statutory Expenditures	A-3	167,808	153,670
Local District School Taxes	A-22	5,477,917	5,452,406
Regional High School Taxes	A-23	3,656,672	3,657,986
County Taxes	A-24	2,295,902	2,251,172
County Share of Added Taxes	A-24	9,969	10,079
Municipal Open Space Tax	A-2	184,294	183,414
Interfunds Advanced-Net	A-2	23,487	4
Refund of Prior Year Revenue		-	397
Disallowance of Senior Citizens' & Veterans			
Deductions-Prior Year	A-19	2,000	1,250
State Tax Board Appeals Refunded	A-21	6,247	-
Total Expenditures		13,987,770	13,813,033

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE-REGULATORY BASIS (Continued)**

	Ref.	For the Years Ended	
		2015	2014
Excess in Revenue		\$ 543,396	\$ 541,583
Adjustments to Income Before Fund Balance:			
Expenditures Included Above which are by Statute			
Deferred Charges to Budget of Succeeding Years:			
Overexpenditure of Budget Appropriation		-	2
Regulatory Excess to Fund Balance		543,396	541,585
FUND BALANCE			
Balance January 1,	A	640,353	676,768
		1,183,749	1,218,353
Decreased by:			
Utilized as Anticipated Revenue	A-2	561,000	578,000
Balance December 31,	A	<u>\$ 622,749</u>	<u>\$ 640,353</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	N.J.S. 40:4-87		
Fund Balance Anticipated	A-1	\$ 561,000	\$ -	\$ 561,000	\$ -
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-9	12,000	-	12,770	770
Fees & Permits	A-9	11,000	-	13,378	2,378
Fines and Costs:					
Municipal Court	A-9	19,000	-	21,299	2,299
Interest & Costs on Taxes	A-9	80,000	-	79,888	(112)
Energy Receipts Tax	A-9	289,807	-	289,807	-
Garden State Preservation Trust Fund	A-9	42,461	-	42,461	-
Uniform Construction Code Fees	A-9	75,000	-	55,733	(19,267)
Cable TV Franchise Fee	A-9	10,189	-	10,368	179
Accrued Interest on Bonds	A-13	2,774	-	2,774	-
NJDEP-Clean Communities Program	A-15	-	18,364	18,364	-
Recycling Tonnage Grant	A-29	9,619	-	9,619	-
FEMA Hazard Mitigation Grant	A-15	-	8,438	8,438	-
Statewide Insurance Grant	A-15	-	913	913	-
Washington Crossing Audubon Society- Polly Holden Conservation End	A-15	-	3,420	3,420	-
Total Miscellaneous Revenues	A-1	551,850	31,135	569,232	(13,753)
Receipts from Delinquent Taxes	A-1;A-2	395,598	-	402,153	6,449
Property Tax for Support of Municipal Budget Appropriations:					
Local Tax for Municipal Purposes	A-2	1,358,000	-	1,551,253	193,253
Budget Totals		2,866,448	\$ 31,135	3,083,638	\$ 185,949
Non-Budget Revenues	A-1;A-2	-	-	42,118	
		<u>\$ 2,866,448</u>	<u>\$ 31,135</u>	<u>\$ 3,125,756</u>	
	<u>Ref.</u>	A-3	A-3		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Allocation of Current Tax Collections	Ref.		
Tax Collections	A-1;A-6		\$ 12,824,680
Allocated to:			
Local District School Taxes	A-6	\$ 5,618,171	
Regional High School Taxes	A-6	3,731,391	
County Taxes	A-6	2,305,871	
Municipal Open Space Tax	A-1;A-6	184,294	
			11,839,727
Balance for Support of Municipal Budget Appropriations			984,953
Add: Appropriation-"Reserve for Uncollected Taxes"	A-3		566,300
Realized for Support of Municipal Budget	A-2		\$ 1,551,253

Interest on Investments & Deposits Analysis			
Current Fund	A-4		\$ 4,921
Animal Control Fund	A-10		5
Other Trusts Fund	A-11		51
General Capital Fund	A-13		805
	A-2		\$ 5,782

Receipts from Delinquent Taxes Analysis			
Prior Years Taxes Receivable	A-6		\$ 402,047
Tax Title Liens Receivable	A-7		106
	A-2		\$ 402,153

Interfund Analysis	Ref.	Balance Dec. 31, 2015	Balance Dec. 31, 2014	Advanced (Returned)
Animal Control Fund	A-10	\$ 5	\$ 6	\$ (1)
Federal & State Grand Fund	A-12	19,469	-	19,469
General Capital Fund	A-13	4,019	-	4,019
		\$ 23,493	\$ 6	\$ 23,487

Ref. A-1

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF REVENUES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

Analysis of Non-Budget Revenue	Ref.		
Interest on Investments & Deposits	A-2		\$ 5,782
Treasurer:			
Duplicate Tax Bills & Bank Charge Fees		\$ 350	
Miscellaneous		28	
NJ Administrative Fees:			
Senior Citizen's & Veteran's Deduction		610	
Homestead Rebate Deduction		248	
Reimbursements from Milford Borough Municipal Court:			
Salaries and Wages		16,620	
Payroll Taxes		1,355	
Building Use Rent		4,800	
Outstanding Checks Canceled		305	
Photocopies		339	
Solar Renewable Energy Certificate Fees		8,740	
Poll Rent		320	
Rental Income		2,621	
	A-4		36,336
Total Non-Budget Revenue	A-2		\$ 42,118

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations Within "CAPS":						
General Government:						
Mayor and Council:						
Salaries and Wages	\$ 8,600	\$ 8,600	\$ 8,600	\$ -	\$ -	\$ -
Other Expenses	1,890	1,890	1,640	250	-	-
Municipal Clerk:						
Salaries and Wages	129,863	129,863	129,863	-	-	-
Other Expenses	25,750	24,500	10,515	13,985	-	-
Elections	4,000	4,000	2,196	1,804	-	-
Codification & Revisions of Ordinances	4,500	4,500	2,453	2,047	-	-
Financial Administration:						
Salaries and Wages	49,091	49,091	47,548	1,543	-	-
Other Expenses	12,530	12,530	9,264	3,266	-	-
Audit Services	20,900	20,900	20,900	-	-	-
Revenue Administration:						
Salaries and Wages	31,398	31,398	31,398	-	-	-
Other Expenses	8,000	8,000	7,182	818	-	-
Assessment of Taxes:						
Salaries and Wages	36,223	36,223	36,223	-	-	-
Other Expenses	5,850	5,850	5,771	79	-	-
Maintenance of Tax Map	3,500	3,800	3,744	56	-	-
Agriculture Advisory Committee:						
Salaries and Wages	2,486	2,486	2,486	-	-	-
Other Expenses	500	500	287	213	-	-
Legal Services and Costs:						
Other Expenses	55,000	55,000	38,585	16,415	-	-
Municipal Prosecutor:						
Salaries and Wages	12,101	12,101	12,101	-	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Appropriations</u>		<u>Expended by</u>		<u>Balance Canceled</u>	<u>Over- Expended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>		
Operations Within "CAPS": (Continued)						
General Government: (Continued)						
Engineering Services:						
Other Expenses	\$ 10,000	\$ 10,000	\$ 6,467	\$ 3,533	\$ -	\$ -
Land Use Administration:						
Planning Board:						
Salaries and Wages	21,367	21,367	21,365	2	-	-
Other Expenses	25,000	22,374	11,174	11,200	-	-
Zoning Official:						
Salaries and Wages	11,277	11,277	11,277	-	-	-
Other Expenses	250	250	193	57	-	-
Board of Adjustment:						
Salaries and Wages	6,776	6,776	6,124	652	-	-
Other Expenses	7,000	8,600	8,353	247	-	-
Industrial Commission:						
Other Expenses	100	100	-	100	-	-
Code Enforcement:						
Construction Official:						
Salaries and Wages	59,000	59,000	58,129	871	-	-
Other Expenses	7,500	7,500	2,993	4,507	-	-
Other Code Enforcement Officials:						
Salaries and Wages	4,204	4,204	3,880	324	-	-
Insurance:						
Dental Insurance	13,000	13,000	11,840	1,160	-	-
General Liability	63,576	63,576	63,576	-	-	-
Workers Compensation	27,691	27,691	27,691	-	-	-
Employee Group Insurance	101,000	101,000	98,272	2,728	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended by		Balance Canceled	Over-Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS": (Continued)						
Public Safety:						
Aid to Volunteer Fire Companies	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ -
Aid to First Aid Organizations	35,000	35,000	35,000	-	-	-
Office of Emergency Management:						
Salaries and Wages	5,231	5,231	5,231	-	-	-
Other Expenses	5,000	5,000	689	4,311	-	-
Public Works:						
Road Repairs and Maintenance:						
Salaries and Wages	423,998	423,998	389,504	34,494	-	-
Other Expenses	145,000	148,000	140,721	7,279	-	-
Snow Removal:						
Salaries and Wages	28,997	28,997	28,997	-	-	-
Other Expenses	40,000	40,000	36,307	3,693	-	-
Solid Waste Collection:						
Other Expenses	3,750	5,300	5,041	259	-	-
Recycling:						
Other Expenses	6,000	6,000	-	6,000	-	-
Gypsy Moth Program:						
Other Expenses	90	90	-	90	-	-
Public Buildings and Grounds:						
Salaries and Wages	11,257	11,257	11,230	27	-	-
Other Expenses	38,720	38,370	16,443	21,927	-	-
Vehicle Maintenance:						
Other Expenses	28,000	32,000	31,610	390	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS": (Continued)						
Health and Human Services:						
Board of Health						
Salaries and Wages	\$ 7,431	\$ 7,431	\$ 7,431	\$ -	\$ -	\$ -
Other Expenses	5,000	5,000	2,707	2,293	-	-
Animal Control:						
Other Expenses	100	100	100	-	-	-
Environmental Commission:						
Salaries and Wages	2,486	2,486	2,486	-	-	-
Other Expenses	900	1,150	1,138	12	-	-
Parks and Recreation:						
Recreation Services and Programs:						
Other Expenses	4,000	4,000	2,768	1,232	-	-
Maintenance of Parks:						
Salaries and Wages	3,588	3,588	3,588	-	-	-
Other Expenses	7,500	7,500	7,413	87	-	-
Unclassified:						
Office of Local Historian:						
Other Expenses	500	500	-	500	-	-
Interest on Tax Appeals:						
Other Expenses	100	100	-	100	-	-
Utilities:						
Gasoline and Diesel Fuel	35,000	28,000	19,563	8,437	-	-
Electricity	15,500	15,500	11,439	4,061	-	-
Telephone	15,250	15,250	12,276	2,974	-	-
Street Lighting	7,250	7,250	4,749	2,501	-	-
Heating Oil	20,000	20,000	6,220	13,780	-	-
Natural Gas	11,000	11,000	5,751	5,249	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended by		Balance Canceled	Over-Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations Within "CAPS": (Continued)						
Municipal Court:						
Salaries and Wages	\$ 55,500	\$ 55,500	\$ 54,684	\$ 816	\$ -	\$ -
Other Expenses	2,750	2,750	2,124	626	-	-
Public Defender:						
Salaries and Wages	3,303	3,403	2,892	511	-	-
Total Operations Within "CAPS"	<u>1,808,124</u>	<u>1,807,698</u>	<u>1,620,192</u>	<u>187,506</u>	<u>-</u>	<u>-</u>
Contingent	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>
Total Operations Including Contingent Within "CAPS"	<u>1,808,224</u>	<u>1,807,798</u>	<u>1,620,192</u>	<u>187,606</u>	<u>-</u>	<u>-</u>
Detail:						
Salaries and Wages	914,177	914,277	875,037	39,240	-	-
Other Expenses	<u>894,047</u>	<u>893,521</u>	<u>745,155</u>	<u>148,366</u>	<u>-</u>	<u>-</u>
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Overexpenditure of Budget Appropriation	2	2	2	-	-	-
Statutory Expenditures:						
Public Employees Retirement System	90,031	90,031	90,031	-	-	-
Social Security System (OASI)	75,000	75,000	65,455	9,545	-	-
Unemployment Insurance	1,700	1,700	511	1,189	-	-
Defined Contribution Retirement Program	<u>750</u>	<u>1,075</u>	<u>1,045</u>	<u>30</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures-Municipal Within "CAPS"	<u>167,483</u>	<u>167,808</u>	<u>157,044</u>	<u>10,764</u>	<u>-</u>	<u>-</u>
Vacation Reserve	100	100	100	-	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Total General Appropriations for Municipal Purposes Within "CAPS"	\$ 1,975,807	\$ 1,975,706	\$ 1,777,336	\$ 198,370	\$ -	\$ -
Operations Excluded from "CAPS":						
Fair Share Housing Plan:						
Salaries and Wages	1,367	1,467	1,443	24	-	-
Other Expenses	1,000	1,000	187	813	-	-
911 Coordinator:						
Other Expenses	10	10	-	10	-	-
LOSAP Contribution	4,360	4,360	4,360	-	-	-
Public and Private Programs Offset by Revenues:						
Clean Communities Program:						
Other Expenses	-	18,364	18,364	-	-	-
FEMA Hazard Mitigation Grant Program:						
Other Expenses	-	8,438	8,438	-	-	-
Recycling Tonnage Grant:						
Other Expenses	9,619	9,619	9,619	-	-	-
Statewide Insurance Grant:						
Other Expenses	-	913	913	-	-	-
Washington Crossing Audubon Society- Polly Holden Conservation End:						
Other Expenses	-	3,420	3,420	-	-	-
Total Operations Excluded from "CAPS"	16,356	47,591	46,744	847	-	-
Detail:						
Salaries and Wages	1,367	1,467	1,443	24	-	-
Other Expenses	14,989	46,124	45,301	823	-	-

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Capital Improvements-Excluded from "CAPS":						
Capital Improvement Fund	\$ 80,000	\$ 80,000	\$ 80,000	\$ -	\$ -	\$ -
Purchase of Ambulance Equipment	10,000	10,000	10,000	-	-	-
Purchase of Municipal Equipment	30,000	30,000	30,000	-	-	-
Municipal Building Renovations	100	100	100	-	-	-
Total Capital Improvements-Excluded from "CAPS"	<u>120,100</u>	<u>120,100</u>	<u>120,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Municipal Debt Service-Excluded from "CAPS":						
Payment of Bond Principal	95,000	95,000	95,000	-	-	-
Payment of Bond Anticipation Note Principal	72,500	72,500	72,500	-	-	-
Interest on Bonds	19,530	19,530	19,530	-	-	-
Interest on Notes	855	856	855	-	1	-
Total Municipal Dept Service-Excluded from "CAPS"	<u>187,885</u>	<u>187,886</u>	<u>187,885</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	<u>324,341</u>	<u>355,577</u>	<u>354,729</u>	<u>847</u>	<u>1</u>	<u>-</u>
Subtotal General Appropriations	2,300,148	2,331,283	2,132,065	199,217	1	-
Reserve for Uncollected Taxes	<u>566,300</u>	<u>566,300</u>	<u>566,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 2,866,448</u>	<u>\$ 2,897,583</u>	<u>\$ 2,698,365</u>	<u>\$ 199,217</u>	<u>\$ 1</u>	<u>\$ -</u>
Ref.	A-2	A-3	A-1;A-3	A;A-1		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
CURRENT FUND
STATEMENT OF EXPENDITURES REGULATORY BASIS (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Ref.	Paid or Charged
Cash Disbursed	A-4	\$ 2,007,901
Reserve for Uncollected Taxes	A-2	566,300
Due to Other Trust Fund	A-11	11,940
Due to General Capital Fund	A-13	110,100
Reserve for Encumbrances	A-18	7,679
Deferrred Charges	A-14	2
Appropriated Reserve for Grants	A-28	40,754
		2,744,676
Less: Refunds:		
Other Refunds	A-4	\$ 11,660
Due to General Capital Fund	A-13	4,019
Health Insurance Withholdings in Other Trust Fund	A-11	30,632
		46,311
	A-3	\$ 2,698,365
	Ref.	Budget After Modification
Budget	A-2	\$ 2,866,448
Appropriation by NJS 40A:4-87	A-2	31,135
		2,897,583
	A-3	\$ 2,897,583

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
TRUST FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS**

	Ref.	Balance December 31, 2015	Balance December 31, 2014
ASSETS			
Animal Control Fund:			
Cash	B-1	\$ 3,500	\$ 5,045
Due from State of New Jersey	B-5	3	3
		<u>3,503</u>	<u>5,048</u>
Length of Service Awards Program (LOSAP) (Unaudited):			
Investment		<u>102,774</u>	<u>101,260</u>
Other Trust Fund:			
Cash	B-1	1,476,332	1,456,295
Due from Current Fund	B-6	566	1,706
		<u>1,476,898</u>	<u>1,458,001</u>
TOTAL ASSETS		<u><u>\$ 1,583,175</u></u>	<u><u>\$ 1,564,309</u></u>
LIABILITIES AND RESERVES			
Animal Control Fund:			
Reserve for Animal Control Fund Expenditures	B-3	\$ 3,498	\$ 3,752
Reserve for Encumbrances	B-8	-	1,290
Due to Current Fund	B-4	5	6
		<u>3,503</u>	<u>5,048</u>
Length of Service Awards Program (LOSAP) (Unaudited):			
Reserve for LOSAP		<u>102,774</u>	<u>101,260</u>
Other Trust Fund:			
Reserve for Encumbrances	B-8	5,721	12,185
Reserve for Recycling Trust	B-9	8,037	7,409
Reserve for COAH Development Fees	B-10	87,247	82,048
Reserve for Developers' Deposits	B-11	276,231	275,720
Reserve for Unemployment Compensation	B-12	16,036	14,595
Reserve for Special Deposits	B-13	3,840	4,000
Reserve for Open Space Preservation	B-14	859,185	842,822
Reserve for Recreation Commission	B-15	15,523	21,905
Reserve for Planning Board Escrow	B-16	72,728	62,139
Reserve for Board of Adjustment Escrow	B-17	7,510	6,281
Payroll Withholdings Payable	B-18	5,543	9,548
Reserve for Board of Health	B-19	33,871	32,596
Reserve for Tax Sale Premium	B-20	34,300	32,200
Reserve for Security Deposits	B-21	6,100	6,100
Reserve for Fees Due to Outside Agencies	B-22	7,300	5,225
Reserve for Self Insurance Escrow	B-23	23,498	22,711
Reserve for Snow Removal Trust	B-24	12,611	19,000
Reserve for Accumulated Absences Trust	B-25	500	400
Reserve for Green Team Fund Trust	B-26	1,117	1,117
		<u>1,476,898</u>	<u>1,458,001</u>
TOTAL LIABILITIES AND RESERVES		<u><u>\$ 1,583,175</u></u>	<u><u>\$ 1,564,309</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET-REGULATORY BASIS**

	Ref.	Balance December 31, 2015	Balance December 31, 2014
ASSETS			
Cash	C-2	\$ 558,877	\$ 385,163
County Grants Receivable	C-5	-	500,000
State Grants Receivable	C-7	11,119	601,119
Deferred Charges to Future Taxation:			
Funded	C-8	2,388,000	2,583,000
Unfunded	C-9	814,194	161,458
TOTAL ASSETS		\$ 3,772,190	\$ 4,230,740
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds Payable	C-18	\$ 2,388,000	\$ 2,583,000
Bond Anticipation Notes Payable	C-19	725,000	72,500
Due to Current Fund	C-6	4,019	
Improvement Authorizations:			
Funded	C-10	111,187	1,196,159
Unfunded	C-10	106,193	
Capital Improvement Fund	C-11	204,982	246,982
Reserves For:			
Encumbrances	C-12	122,395	35,072
Contributions from Developers	C-13	10,000	10,000
Purchase of Municipal Equipment	C-14	30,015	15
Preliminary Plan Expenses	C-15	5,930	10,000
Municipal Building Renovations	C-16	373	15,273
Accrued Interest on Bonds	C-17	-	2,774
Fund Balance	C-1	64,096	58,965
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 3,772,190	\$ 4,230,740
Bonds and Notes Authorized But Not Issued	C-20	\$ 89,194	\$ 89,194

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
COMPARATIVE SCHEDULE OF FUND BALANCE-REGULATORY BASIS**

	Ref.	For the Years Ended	
		2015	2014
Balance December 31, 2014	C	\$ 58,965	\$ 58,965
Increased by:			
Note Premium Received	C-2	4,894	-
Old Outstanding Checks Canceled	C-2	1	-
Excess Note Issue Adjustment	C-19	236	-
Balance December 31, 2015	C	<u>\$ 64,096</u>	<u>\$ 58,965</u>

**TOWNSHIP OF KINGWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS-REGULATORY BASIS
AS OF DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
GENERAL FIXED ASSETS		
Sites	\$ 3,888,498	\$ 2,802,683
Site Improvements	25,405	25,405
Building & Building Improvements	2,852,496	2,822,950
Furniture, Machinery & Equipment	628,951	605,951
Vehicles	948,372	439,242
Construction in Progress	<u>76,870</u>	<u>25,925</u>
Total General Fixed Assets	<u>\$ 8,420,592</u>	<u>\$ 6,722,156</u>
Investment in General Fixed Assets	<u>\$ 8,420,592</u>	<u>\$ 6,722,156</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements-regulatory basis of the Township of Kingwood (the Municipality) include every board, body, office or commission supported and maintained wholly, or in part by funds appropriated by the Municipality as required by N.J.S. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. The Municipality does not currently have any component units.

B. Description of Funds and Account Group

The accounting policies of the Municipality conform to the accounting principles applicable to municipalities, which have been prescribed by the New Jersey Division of Local Government Services, Department of Community Affairs, and State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Municipality accounts for its financial transactions through the following separate funds and account group:

Governmental Funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipts and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Account Groups:

General Fixed Assets Account Group - to account for all fixed assets of the Municipality neither infrastructure nor depreciation of assets of the Municipality is recorded in the group.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting policies generally accepted in the United States of America (GAAP). The more significant differences, which may be material, are discussed further in part D of Note 1.

A modified accrual basis of accounting is followed with minor exceptions.

Budget and Budgetary Procedures - the State of New Jersey has promulgated the form and procedures for the municipality's cash basis budget in the Local Budget Law (N.J.S.A 40A:4-1). The municipality is only required to adopt budgets for the Current Fund and any Utility Fund, if applicable.

The municipality must introduce and approve its annual budget no later than February 10th and adopt no later than March 20th of its budget year, unless extended by the Director of the Division of Local Government Services (the Director). All budgets shall be introduced, approved, amended and adopted by resolution passed by not less than a majority of the full membership of the governing body. The approved budget must be advertised and a public hearing must be held prior to adoption. No budget or amendment thereof shall be adopted unless the Director has certified his approval thereof.

Emergency and special emergency appropriations may be made by resolution adopted by a 2/3 vote of the full membership of the governing body. All emergency appropriations must be raised in full in the succeeding year's budget, while special emergency appropriations financed from surplus funds shall be raised in installments of a least 20% annually until fully provided for.

Transfers between current year appropriations are allowed only during the last two months of the fiscal year. Transfers between prior year appropriation reserves are allowed only during the first three months of the fiscal year.

Revenues - are recorded when received in cash except for certain amounts, which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Municipal budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Municipality's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Municipality, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at year-end are reported as a cash liability in the financial statements and constitute part of the Municipality's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts, which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Tax Title Liens - are taxes which have been put up for sale but not been purchased. The Municipality then accepts the lien which will earn 18% per annum until the lien is paid off by the property owner. The Municipality may choose to foreclose and return the property to the tax rolls.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - the costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

Deferred Charges to Future Taxation - Funded and Unfunded (Capital Fund) - upon authorization of capital projects, the Municipality establishes deferred charges for the costs of the projects that are to be raised by future taxation. Deferred charges that relate to permanent debt issued are shown as funded. All other deferred charges are shown as unfunded.

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided for in the financial statements. Fixed assets acquired through grants in aid or contributed capital has not been accounted for separately.

D. Departures from Generally Accepted Accounting Principles

As noted, the accounting principles and practices used differ in some respects from generally accepted accounting principles (GAAP) for local governmental units. The more significant differences, which may be material, are as follows:

1. Financial Reporting Model - These statements are not based on the requirements as promulgated by GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." This statement made dramatic changes to the financial reporting requirements of state and local governments for GAAP purposes.
2. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
3. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
4. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. Fixed Assets - GAAP does not require the establishment of a reserve for amortization for utility fixed assets but does require the recording of depreciation as an operating expense of the utility.
7. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
8. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service while New Jersey requirements incorporate these transactions within one fund.
9. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Model-These statements are not based on the requirements as promulgated by GASB Statement Number 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27." This statement made dramatic changes to the financial reporting requirements of state and local governments as it relates to reporting for pensions for GAAP purposes. Information regarding pension activity is disclosed in Note 9.

It is not practicable to determine the effect of these differences on the financial statements.

NOTE 2: DEPOSITS AND INVESTMENTS

State Requirements for Deposits and Investments

New Jersey statutes require each local unit to adopt a cash management plan and shall deposit and/or invest according to that plan, which shall include:

1. The designation of public depositories as defined in Section 1 of PL 1970 Chapter 236 (C17:9-41) and permit deposits in designated depositories;
2. The designation of any fund that meets the requirements established pursuant to Section 8 PL 1977, Chapter 396(C40A5-15.1);
3. The authorization for investments as permitted pursuant to Section 8 of PL 1977, Chapter 396 (C.40A:5-15.1); or
4. Any combination of these designations or authorizations.

Deposit and Investment Risk

GASB Statement Number 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.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

As the municipality 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 municipality 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 U.S. Government and Investments in mutual funds or pools. This disclosure is reported below under Concentration of Credit Risk.
4. Interest rate risk disclosures are required for all debt investments and non-money market like pools. As the municipality has no such investments, this disclosure is not applicable.
5. Investments that are exposed to foreign currency risk should be disclosed. As the municipality 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 Municipality may invest with any one issuer. As of December 31, 2015, the Municipality had 100% of its investments with Unity Bank.

Unaudited Investments

As more fully described in Note 19, the Municipality has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in N.J.S.A 43:15B-1 et. seq. except that all investments are retained in the name of the Municipality. All investments are valued at contract value. In accordance with N.J.A.C. 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services.

The balance in the account on December 31, 2015 and 2014 amounted to \$102,774 and \$101,260, respectively.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3: 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, and the county, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing Municipalities for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in N.J.S.A 54:4 et seq. Special taxing Municipalities are permitted in New Jersey for various special services rendered to the properties located within the special Municipalities.

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 March 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

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

NOTE 4: LONG-TERM DEBT

The Local Bond Law of the State of New Jersey governs the authorization of debt by municipalities to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded. Bond anticipation notes may also be issued to temporarily finance capital projects for periods not greater than one year and may be reissued in yearly installments not to exceed ten years. All bonds and notes issued by the municipality are general full faith and credit obligations.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4: LONG-TERM DEBT (Continued)

Summary of Municipal Debt

	<u>Year 2015</u>	<u>Year 2014</u>	<u>Year 2013</u>
Issued:			
General:			
Bonds and Notes	\$ 3,113,000	\$ 2,655,500	\$ 2,923,000
Authorized but not issued:			
General:			
Bonds and Notes	<u>89,194</u>	<u>89,194</u>	<u>229,600</u>
Net Bonds and Notes Issued & Authorized but not Issued	<u>\$ 3,202,194</u>	<u>\$ 2,744,694</u>	<u>\$ 3,152,600</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of .53%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,700,000	\$ 1,700,000	\$ -
Regional School District Debt	545,982	545,982	-
General Debt	<u>3,202,194</u>	<u>236</u>	<u>3,201,958</u>
	<u>\$ 5,448,176</u>	<u>\$ 2,246,218</u>	<u>\$ 3,201,958</u>

Net debt of \$3,201,958 divided by the equalized valuation basis per N.J.S. 40A:2-2 as amended, \$607,172,809 equals .53%.

Borrowing Power Under N.J.S. 40A:2-6 As Amended

3 1/2% of Equalized Valuation Basis (Municipal) Net Debt	\$ 21,251,048	<u>3,201,958</u>
Remaining Borrowing Power		<u>\$ 18,049,090</u>

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4: LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

During the years ended December 31, 2014 and 2015, the following changes occurred in long-term debt.

	<u>Balance Jan.1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2014</u>
Issued Debt:				
General:				
Bonds	\$ 2,778,000	\$ -	\$ 195,000	\$2,583,000
Notes	145,000	-	72,500	72,500
Authorized But Not Issued Debt:				
General:				
Bonds and Notes	<u>229,600</u>	<u>-</u>	<u>140,406</u>	<u>89,194</u>
Total	<u>\$ 3,152,600</u>	<u>\$ -</u>	<u>\$ 407,906</u>	<u>\$ 2,744,694</u>

	<u>Balance Jan.1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Dec. 31, 2015</u>
Issued Debt:				
General:				
Bonds	\$ 2,583,000	\$ -	\$ 195,000	\$ 2,388,000
Notes	72,500	725,000	72,500	725,000
Authorized but not Issued Debt:				
General:				
Bonds and Notes	<u>89,194</u>	<u>725,000</u>	<u>725,000</u>	<u>89,194</u>
Total	<u>\$ 2,744,694</u>	<u>\$ 1,450,000</u>	<u>\$ 992,500</u>	<u>\$ 3,202,194</u>

On August 22, 2004, the Municipality issued \$1,263,000 general obligation bonds dated September 1, 2004. The bonds have a net interest rate cost of 3.55% with interest rates ranging from 3.70% to 4.00%. Annual principal installments ranging from \$60,000 to \$108,000 began September 1, 2005 and continue through September 1, 2019. The purpose of the bonds is to finance previously authorized capital projects of the Municipality.

On June 29, 2011, the Township issued \$2,375,000 in general obligation bonds. Annual principal installments ranging from \$100,000 to \$200,000 begin on February 1, 2012 and continue through February 1, 2027. Interest rates on the bonds range from 2.0% to 4.00%. The Township's rating from the bond rating agency was Aa3. The bonds were issued to finance \$2,058,500 of bond anticipation notes previously issued to finance the acquisition of open space and to permanently finance the acquisition of open space in the Township in the amount of \$316,500.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 4: LONG-TERM DEBT (Continued)

Schedule of Annual Debt Service for Principal and Interest for Outstanding Bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 195,000	\$ 82,968	\$ 277,968
2017	205,000	77,155	282,155
2018	205,000	70,415	275,415
2019	208,000	63,320	271,320
2020	200,000	54,500	254,500
2021 - 2025	1,000,000	170,250	1,170,250
2026 - 2027	375,000	14,500	389,500
Totals	<u>\$ 2,388,000</u>	<u>\$ 533,108</u>	<u>\$ 2,921,108</u>

NOTE 5: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2015, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2016, were as follows:

Current Fund	<u>\$ 584,000</u>
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NOTE 6: SCHOOL TAXES

Local Municipality Tax and Regional High School Tax have been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund liabilities as follows:

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>	<u>Balance Dec. 31, 2014</u>
Balance of Tax	\$ 2,283,668	\$ 2,241,354	\$ 1,865,694	\$ 1,865,514
Deferred	<u>1,516,906</u>	<u>1,376,652</u>	<u>1,007,476</u>	<u>932,757</u>
Tax Payable (Prepaid)	<u>\$ 766,762</u>	<u>\$ 864,702</u>	<u>\$ 858,218</u>	<u>\$ 932,757</u>

NOTE 7: TAXES COLLECTED IN ADVANCE

Taxes collected in advance, include discounts allowed for prepayments and the amount set forth as cash liabilities in the financial statements as follows:

	<u>Balance Dec. 31, 2014</u>	<u>Balance Dec. 31, 2015</u>
Prepaid Taxes	\$ 143,459	\$ 116,233
Less: Discount Allowed	<u>-</u>	<u>-</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 143,459</u>	<u>\$ 116,233</u>

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8: PENSIONS

Employees, who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of the State of New Jersey. The three State-administered plans are:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program
- (3) The Police and Firemen's Retirement System

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's 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 N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8: PENSIONS (Continued)

Allocation Methodology and Reconciliation to Financial Statements

The regulatory basis of accounting requires participating employers in PERS to disclose their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the Division's schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2015 and 2014. Employer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer may result in immaterial differences.

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, 2015 and 2014 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

Contributions

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

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8: PENSIONS (Continued)
Contributions (Continued)**

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.

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 members. Effective October 1, 2011, the rate increased from 5.50% to 6.50% of annual contractual compensation for employees enrolled in the 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.

Collective Net Pension Liability and Actuarial Information

Components of Net Pension Liability

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

	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 4,645,353	\$ 4,266,988
Plan Fiduciary Net Position	<u>2,226,427</u>	<u>2,222,281</u>
Net Pension Liability	<u>\$ 2,418,926</u>	<u>\$ 2,044,707</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8: PENSIONS (Continued)
Collective Net Pension Liability and Actuarial Information (Continued)**

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases (based on age):	
2012 - 2021	2.15% - 4.40%
Thereafter	3.15% - 5.40%
Investment Rate of Return	7.90%

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

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

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

**NOTE 8: PENSIONS (Continued)
Collective Net Pension Liability and Actuarial Information (Continued)**

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex U.S.	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, 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 3.80% and 4.29% as of June 30, 2015 and 2014, 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.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8: PENSIONS (Continued)

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

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

	2015
At Current Discount Rate (4.90%)	\$ 2,418,926
At a 1% Lower Rate (3.90%)	3,006,429
At a 1% Higher Rate (5.90%)	1,926,367
	2014
At Current Discount Rate (5.39%)	\$ 2,044,707
At a 1% Lower Rate (4.39%)	2,572,310
At a 1% Higher Rate (6.39%)	1,601,653

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 57,707	\$ -
Changes of assumptions	259,773	-
Net difference between projected and actual earnings on pension plan investments	-	38,892
Changes in proportion and differences between Municipalities' contributions and proportionate share of contributions	17,058	23,079
	\$ 334,538	\$ 61,971

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8: PENSIONS (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Deferred Outflows of Resources:				
Changes of Assumptions and Differences Between Expected and Actual Experience	\$ 63,442	\$ 321,993	\$ 67,955	\$ 317,480
Deferred Inflows of Resources:				
Difference Between Projected and Actual Earnings on Pension Plan Investments	120,232	(64,103)	17,237	<u>38,892</u>
Net of Deferred Outflows/(Inflows)				<u>\$ 278,588</u>

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

<u>Year Ending June 30,</u>	
2016	\$ 50,717
2017	50,717
2018	50,717
2019	80,775
2020	<u>45,662</u>
Total	<u>\$ 278,588</u>

Pension Expense

For the year ended June 30, 2015, the Municipality recognized net pension expense of \$247,664, which represents the Municipality's proportionate share of allocable plan pension expense of \$158,681, less the net amortization of deferred amounts from changes in proportion of \$1,048 plus the actual contribution paid by the Municipality in the current year of \$90,031.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8: PENSIONS (Continued)

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 Municipality for the year ending June 30, 2015 are as follows:

Service Cost	\$ 95,045
Interest on Total Pension Liability	226,508
Member Contributions	(52,575)
Administrative Expense	1,766
Expected Investment Return Net of Investment Expense	(161,841)
Pension Expense Related to Specific Liabilities of Individual Employers	(940)
Recognition of Deferred Inflows/Outflows of Resources:	
Amortization of Assumption Changes or Inputs	55,729
Amortization of Expected Versus Actual Experience	12,226
Amortization of Projected Versus Actual Investment Earnings on Pension Plan Investments	(17,237)
Pension Expense	<u>\$ 158,681</u>

The Federal Insurance Contribution Act also covers Municipality employees.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, PL 2008 and Chapter 103, PL 2008 (N.J.S.A 43:15:c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A 43:15: C-1 et seq.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is available from the State Retirement System.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 9: POST-RETIREMENT BENEFITS

Plan Description - The Municipality has the option of participating in 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 N.J.S.A 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.

Participation - The Municipality has elected not to participate in the SHBP as a post-retirement benefit.

NOTE 10: DEFERRED COMPENSATION PLAN

The Municipality has a deferred compensation plan available to employees. The plan has been established pursuant to Section 457 of the Internal Revenue Code and in accordance with applicable New Jersey Statutes and the New Jersey Administrative Code section N.J.A.C. 5:37.

Under the arrangement, a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more investments permitted under state regulations. The Municipality's plan is administered by Equivest, which is audited by another public accounting firm. The plan is fully contributory, and the Municipality has no liabilities related to the plan.

NOTE 11: ACCRUED SICK AND VACATION BENEFITS

The Municipality has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by either charges to operations or to budgets of prior years. At December 31, 2015 and 2014, we have estimated this liability to be approximately \$137,066 and \$129,166, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB Statement Number 12, but is in accordance with reporting procedures promulgated by the State of New Jersey.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 12: FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2014 and 2015:

	Balance Dec. 31, 2013	Additions	Deletions	Balance Dec. 31, 2014
Land	\$ 2,802,683	\$ -	\$ -	\$ 2,802,683
Land Improvements	25,405	-	-	25,405
Building & Building Improvements	2,809,100	13,850	-	2,822,950
Construction in Progress	18,370	7,555	-	25,925
Furniture, Machinery & Equipment	470,229	135,722	-	605,951
Vehicles	<u>439,242</u>	<u>-</u>	<u>-</u>	<u>439,242</u>
	<u>\$ 6,565,029</u>	<u>\$ 157,127</u>	<u>\$ -</u>	<u>\$ 6,722,156</u>
	Balance Dec. 31, 2014	Additions	Deletions	Balance Dec. 31, 2015
Land	\$ 2,802,683	\$ 1,085,815	\$ -	\$ 3,888,498
Land Improvements	25,405	-	-	25,405
Building & Building Improvements	2,822,950	29,546	-	2,852,496
Construction in Progress	25,925	80,491	29,546	76,870
Furniture, Machinery & Equipment	605,951	23,000	-	628,951
Vehicles	<u>439,242</u>	<u>509,130</u>	<u>-</u>	<u>948,372</u>
	6,722,156	1,727,982	29,546	8,420,592
Less: Transfers	<u>-</u>	<u>(29,546)</u>	<u>(29,546)</u>	<u>-</u>
	<u>\$ 6,722,156</u>	<u>\$ 1,698,436</u>	<u>\$ -</u>	<u>\$ 8,420,592</u>

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 13: INTERFUNDS RECEIVABLE AND PAYABLE

The following Interfund balances remained on the various balance sheets of the Municipality as of December 31, 2015.

Fund	Interfund Receivable	Interfund Payable
Current Fund:		
Federal and State Grant Fund	\$ 19,469	\$ -
General Capital Fund	4,019	-
Animal Control Fund	5	-
Other Trust Fund	-	566
Federal and State Grant Fund:		
Current Fund	-	19,469
General Capital Fund:		
Current Fund	-	4,019
Other Trust Fund:		
Current Fund	566	-
Animal Control Fund:		
Current Fund	-	5
	<u>\$ 24,059</u>	<u>\$ 24,059</u>

The balances due from the General Capital Fund and the Federal and State Grant Fund and to the Other Trust Fund represent activity for those funds transacted for in the Current Fund bank account. The balance due from the Animal Control Fund to the Current Fund represents accumulated interest earnings due to the Current Fund.

All of the interfund balances are to be liquidated within one year.

NOTE 14: LITIGATION

During the normal course of operations, lawsuits are occasionally brought against the municipality. There are presently no outstanding lawsuits that would result in a contingent liability to the Municipality.

NOTE 15: ECONOMIC DEPENDENCY

The Municipality is not economically dependent on any one business or industry located within the municipality.

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 16: RISK MANAGEMENT

The Municipality 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.

The Municipality is a member of the Statewide Insurance Fund (the "Fund"). The Fund is operated in accordance with regulations of the New Jersey Department of Banking and Insurance and the Division of Local Government Services of the Department of Community Affairs. The Fund was established for the purpose of providing low cost insurance coverage as well as providing stability in coverage. All members' contributions to the fund are based on actuarial assumptions for claims paid as determined by the Fund's actuary. The Commissioner of Banking and Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The following coverage's are offered by the Fund to its members:

- a) Workers' Compensation and Employers' Liability
- b) General Liability and Auto Liability
- c) Property Damage
- d) Boiler and Machinery
- e) Law Enforcement Liability
- f) Public Officials' Liability
- g) Employment Practice Liability
- h) Crime
- i) Umbrella Liability
- j) Environmental Impairment Liability
- k) Excess Liability
- l) Non-owned Aircraft Liability
- m) Cyber Liability

Property and Liability Insurance - The Municipality maintains commercial insurance coverage for property, liability, and surety bonds. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

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

**TOWNSHIP OF KINGWOOD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 16: RISK MANAGEMENT (Continued)

<u>Year</u>	<u>Municipal Deposits</u>	<u>Interest Earnings</u>	<u>Employee Deposits</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ -	\$ 23	\$ 1,418	\$ -	\$ 16,036
2014	-	21	1,401	-	14,595
2013	-	19	1,408	-	13,173

NOTE 17: SUBSEQUENT EVENTS

The Municipality has evaluated subsequent events through July 22, 2016, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

NOTE 18: LENGTH OF SERVICE AWARD PROGRAM (UNAUDITED)

During the year 1999, the voters of the Municipality approved the establishment of a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The Program is a defined contribution Program covering volunteers in the Township of Kingwood Fire Department and First Aid/Rescue Squad who have performed sufficient services to earn 60 “points” per calendar year as defined in an ordinance adopted by the Township Council on August 16, 1999, and approved by the voters of the Township by referendum at the general election on November 2, 1999. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388. The balance is subject to the general creditors of the municipality. Contributions by the municipality for qualified participants were \$\$4,359 and \$3,815 for 2015 and 2014, respectively.

SUPPLEMENTARY DATA

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON
2015**

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF CASH-TREASURER**

	<u>Ref.</u>	<u>Regular Fund</u>		<u>Federal and State Grant Fund</u>
Balance December 31, 2014	A	\$ 2,773,316		\$ 35,803
Increased by Receipts:				
Taxes Receivable	A-6	\$ 13,048,687		
Non-Budget Revenues	A-2	36,336		
Interest on Investments	A-2	4,921		
Appropriation Refunds	A-3	11,660		
Tax Title Liens	A-7	106		
Revenue Accounts Receivable	A-9	525,704		
Due from Animal Control Fund	A-10	6		
Due from Other Trust Fund	A-11	30,358		
Due from General Capital Fund	A-13	3,579		
Grants Receivable	A-15	-	\$ 21,784	
Due from State of New Jersey	A-19	30,500		
Prepaid Taxes	A-20	116,233		
Tax Overpayments	A-21	12,589		
Due to Outside Lien Holders	A-25	98,359		
Prepaid Revenue	A-27	5,694		
Due to Regular Fund	A-30	-	<u>19,469</u>	
		<u>13,924,732</u>		<u>41,253</u>
		16,698,048		77,056

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF CASH-TREASURER
(Continued)**

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by Disbursements:			
Current Year Budget	A-3	\$ 2,007,901	
Due from Other Trust Fund	A-11	197,049	
Due to Federal & State Grant Fund	A-12	19,469	
Due to General Capital Fund	A-13	110,100	
Appropriation Reserve	A-16	19,084	
Accounts Payable	A-17	1,680	
Reserve for Encumbrances	A-18	11,105	
Tax Overpayments Refunded	A-21	17,174	
Local District School Taxes	A-22	5,575,857	
Regional High School Taxes	A-23	3,731,211	
County Taxes	A-24	2,305,981	
Due to Outside Lien Holders	A-25	98,359	
Appropriated Reserves for Grants	A-28	-	\$ 77,024
		<u>\$ 14,094,970</u>	<u>\$ 77,024</u>
Balance December 31, 2015	A;A-5	<u>\$ 2,603,078</u>	<u>\$ 32</u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF CASH AND RECONCILIATION-TREASURER
PER N.J.S. 40A:5.5**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal & State Grant Fund</u>
Balance December 31, 2015	A-4	\$ 2,603,078	\$ 32
Increased by:			
Receipts		<u>666,818</u>	<u>26,854</u>
		3,269,896	26,886
Decreased by:			
Disbursements		<u>1,105,673</u>	<u>592</u>
Balance January 31, 2016		<u>\$ 2,164,223</u>	<u>\$ 26,294</u>
Cash Reconciliation January 31, 2016			
Balance Per Statement:			
Fulton Bank of New Jersey		\$ 2,133,568	\$ 26,294
Add: Deposits in Transit		<u>31,170</u>	<u>-</u>
		2,164,738	26,294
Less: Outstanding Checks		<u>515</u>	<u>-</u>
Book Balance		<u>\$ 2,164,223</u>	<u>\$ 26,294</u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance 12/31/14	Levy 2015	Added 2015	Collected		Transferred to Tax Title Liens	Senior Citizens' & Veterans' Deductions	Tax Overpayments Applied	Cancellations	Balance 12/31/15
				2014	2015					
2013	\$ -	\$ -	\$ 250	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
2014	407,567	-	1,750	-	401,797	7,257	-	-	250	13
2015	-	13,245,902	-	143,459	12,646,640	18,189	32,500	2,081	30,071	372,962
	<u>\$ 407,567</u>	<u>\$ 13,245,902</u>	<u>\$ 2,000</u>	<u>\$ 143,459</u>	<u>\$ 13,048,687</u>	<u>\$ 25,446</u>	<u>\$ 32,500</u>	<u>\$ 2,081</u>	<u>\$ 30,321</u>	<u>\$ 372,975</u>
	A	Reserve	Reserve, A-19	A-20	A-4	A-7	A-19	A-21	Reserve	A

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF TAXES RECEIVABLES AND ANALYSIS
OF PROPERTY TAX LEVY (Continued)**

<u>Analysis of Current Year Property Tax</u>	<u>Ref.</u>		
Tax Yield:			
General Purpose Tax			\$ 13,188,840
Added and Omitted Taxes			<u>57,062</u>
	A-6		<u>\$ 13,245,902</u>
Tax Levy:			
Local District School Tax	A-2;A-22		\$ 5,618,171
Regional District School Tax	A-2;A-23		3,731,391
County Tax		\$ 1,917,287	
County Library Tax		191,943	
County Open Space Tax		186,672	
County Share of Added and Omitted Taxes		<u>9,969</u>	
Total County Taxes	A-2;A-24		2,305,871
Municipal Open Space Tax		183,500	
Municipal Open Space Share of Added and Omitted Taxes		<u>794</u>	
Total Municipal Open Space Tax	A-2;A-11		184,294
Municipal Purpose Tax	A-2	1,358,000	
Additional Tax Levied		<u>48,175</u>	
Total Municipal Purpose Tax			<u>1,406,175</u>
	A-6		<u>\$ 13,245,902</u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2014	A		\$ 66,253
Increased by:			
Transferred from Taxes Receivable	A-6	\$ 25,446	
Interest and Costs on Tax Sale	Reserve	<u>1,077</u>	
			<u>26,523</u>
			92,776
Decreased by:			
Receipts	A-2; A-4		<u>106</u>
Balance December 31, 2015	A		<u><u>\$ 92,670</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF PROPERTY ACQUIRED FOR TAXES**

	<u>Ref.</u>		
Balance December 31, 2014	A		<u>\$ 30,000</u>
Balance December 31, 2015	A		<u><u>\$ 30,000</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	<u>Ref.</u>	<u>Balance 12/31/14</u>	<u>Accrued in 2015</u>	<u>Collected</u>	<u>Balance 12/31/15</u>
Alcoholic Beverage Licenses	A-2	\$ -	\$ 12,770	\$ 12,770	\$ -
Fees & Permits	A-2	-	13,378	13,378	-
Municipal Court	A-2	1,422	21,035	21,299	1,158
Interest & Costs on Taxes	A-2	-	79,888	79,888	-
Cable TV Franchise Fee	A-2	-	10,368	10,368	-
Garden State Preservation Trust Fund	A-2	-	42,461	42,461	-
Energy Receipts Tax	A-2	-	289,807	289,807	-
Uniform Construction Code Fees	A-2	-	55,733	55,733	-
		<u>\$ 1,422</u>	<u>\$ 525,440</u>	<u>\$ 525,704</u>	<u>\$ 1,158</u>
	<u>Ref.</u>	A	Reserve	A-4	A

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE FROM ANIMAL CONTROL FUND**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 6
Increased by:		
Interest on Investments	A-2	5
		11
Decreased by:		
Receipts	A-4	6
Balance December 31, 2015	A	\$ 5

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE TO OTHER TRUST FUND**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 1,706
Increased by:		
Budget Appropriations	A-3	\$ 11,940
Receipts	A-4	30,358
Current Year Open Space Tax Levy	A-6	184,294
		226,592
		228,298
Decreased by:		
Interest on Investments	A-2	51
Budget Appropriation Refunds-Health Insurance	A-3	30,632
Disbursements	A-4	197,049
		227,732
Balance December 31, 2015	A	\$ 566

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE FROM FEDERAL AND STATE GRANT FUND**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -
Increased by:		
Disbursements	A-4	<u>19,469</u>
Balance December 31, 2015	A	<u><u>\$ 19,469</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -
Increased by:		
Interest on Investments	A-2	\$ 805
Anticipated Revenues	A-2	2,774
Budget Appropriation Refunds	A-3	4,019
Disbursements	A-4	<u>110,100</u>
		<u>117,698</u>
		117,698
Decreased by:		
Budget Appropriations	A-3	110,100
Receipts	A-4	<u>3,579</u>
		<u>113,679</u>
Balance December 31, 2015	A	<u><u>\$ 4,019</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DEFERRED CHARGES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance 12/31/14	Added in 2015	Raised in Budget	Balance 12/31/15
Overexpenditure of Budget Appropriations	\$ 2	\$ -	\$ 2	\$ -
	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
<u>Ref.</u>	A		A-3	A

**TOWNSHIP OF KINGWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE**

Grant	Balance 12/31/14	Current Year Revenue	Received	Balance 12/31/15
Clean Communities Grant	\$ -	\$ 18,364	\$ 18,364	\$ -
FEMA Hazard Mitigation Grant Program	45,000	8,438	-	53,438
Statewide Insurance Grant	-	913	-	913
NJ Department. of Environmental Protection-Recreation Trails Program	23,978	-	-	23,978
Washington Crossing Audubon Society- Polly Holden Conservation End	-	3,420	3,420	-
	<u>\$ 68,978</u>	<u>\$ 31,135</u>	<u>\$ 21,784</u>	<u>\$ 78,329</u>
<u>Ref.</u>	A	A-2	A-4	A

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance 12/31/14	Balance After Transfer	Expended	Balance Lapsed
Mayor and Committee:				
Salaries and Wages	\$ 86	\$ 86	\$ -	\$ 86
Other Expenses	1,375	1,375	-	1,375
Municipal Clerk:				
Other Expenses	5,486	4,061	404	3,657
Elections	1,289	1,289	-	1,289
Codification & Revisions of Ordinances	2,923	2,923	-	2,923
Financial Administration:				
Salaries and Wages	554	554	-	554
Other Expenses	2,094	2,094	334	1,760
Revenue Administration:				
Other Expenses	2,229	2,229	205	2,024
Assessment of Taxes:				
Other Expenses	16	1,017	1,017	-
Maintenance of Tax Map	1,327	1,327	1,327	-
Agriculture Advisory Committee:				
Other Expenses	342	342	17	325
Legal Services and Costs:				
Other Expenses	18,719	18,719	1,628	17,091
Engineering Services:				
Other Expenses	737	737	195	542
Planning Board:				
Salaries and Wages	1	1	-	1
Other Expenses	9,374	5,993	3,282	2,711
Zoning Official:				
Other Expenses	12	12	-	12
Board of Adjustment:				
Other Expenses	4,754	4,754	505	4,249
Industrial Commission:				
Other Expenses	100	100	-	100
Construction Code Official:				
Salaries and Wages	13,459	13,459	-	13,459
Other Expenses	6,095	6,095	1,368	4,727
Other Code Enforcement Officials:				
Salaries and Wages	159	159	-	159
Insurance:				
Dental Insurance	3,223	3,223	-	3,223
General Liability	1	1	-	1
Workers Compensation	76	76	-	76
Employee Group Insurance	8,475	8,475	-	8,475

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance 12/31/14	Balance After Transfer	Expended	Balance Lapsed
Office of Emergency Management:				
Salaries and Wages	\$ 1	\$ 1	\$ -	\$ 1
Other Expenses	4,863	4,863	-	4,863
Road Repairs and Maintenance:				
Salaries and Wages	18	7,018	1,260	5,758
Other Expenses	6,344	1,344	993	351
Snow Removal:				
Salaries and Wages	276	276	-	276
Solid Waste Collection:				
Other Expenses	11	11	-	11
Public Buildings and Grounds:				
Other Expenses	13,334	13,334	2,442	10,892
Vehicle Maintenance:				
Other Expenses	281	1,681	1,536	145
Recycling:				
Other Expenses	3,830	3,830	-	3,830
Gypsy Moth Program:				
Other Expenses	90	90	-	90
Board of Health:				
Other Expenses	3,707	3,707	71	3,636
Animal Control:				
Other Expenses	100	100	-	100
Environmental Commission:				
Salaries and Wages	1	1	-	1
Other Expenses	85	85	17	68
Recreation Services and Programs:				
Other Expenses	1,250	1,250	158	1,092
Maintenance of Parks:				
Other Expenses	1	187	186	1
Office of Local Historian:				
Other Expenses	500	500	-	500
Interest on Tax Appeals:				
Other Expenses	100	100	-	100
Utilities:				
Gasoline and Diesel Fuel	3,645	3,645	-	3,645
Electricity	1,925	1,925	334	1,591
Telephone	2,270	2,270	885	1,385
Street Lighting	1,310	1,310	424	886
Heating Oil	8,575	8,575	-	8,575

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES (Continued)
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Balance 12/31/14	Balance After Transfer	Expended	Balance Lapsed
Municipal Court:				
Salaries and Wages	\$ 1,172	\$ 1,172	\$ -	\$ 1,172
Other Expenses	349	349	-	349
Public Defender:				
Salaries and Wages	245	245	-	245
Contingent	100	100	-	100
Contribution to:				
Social Security System	7,763	7,763	97	7,666
Unemployment/Disability Insurance	168	168	168	-
Defined Contribution Retirement Plan	11	36	29	7
Fair Share Housing Plan:				
Other Expenses	8	202	202	-
911 Coordinator:				
Other Expenses	10	10	-	10
	<u>\$ 145,249</u>	<u>\$ 145,249</u>	<u>\$ 19,084</u>	<u>\$ 126,165</u>
<u>Ref.</u>	A		A-4	A-1

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF ACCOUNTS PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2014	A		\$ 2,793
Decreased by:			
Disbursements	A-4	\$ 1,680	
Balances Canceled	A-1	<u>1,113</u>	
			<u>2,793</u>
Balance December 31, 2015	A		<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Ref.</u>		
Balance December 31, 2014	A	\$	15,810
Increased by:			
Current Year Budget Charges	A-3		<u>7,679</u>
			23,489
Decreased by:			
Disbursements	A-4	\$	11,105
Balance Lapsed to Fund Balance	A-1		<u>4,705</u>
			15,810
Balance December 31, 2015	A	\$	<u><u>7,679</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY FOR
VETERANS' AND SENIOR CITIZENS' DEDUCTIONS**

	<u>Ref.</u>		
Balance December 31, 2014	A	\$	1,350
Increased by:			
Receipts	A-4		<u>30,500</u>
			31,850
Decreased by:			
Veterans' Deductions Per Tax Billings		\$	26,000
Senior Citizens' Deductions Per Tax Billings			6,000
Deductions Allowed by Tax Collector:			
Veterans'			<u>500</u>
	A-6		32,500
Less: Prior Year's Senior Citizens' Deductions Disallowed by Tax Collector:	A-1; A-6		<u>2,000</u>
			30,500
Balance December 31, 2015	A	\$	<u><u>1,350</u></u>

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 143,459
Increased by:		
Collection of Subsequent Year's Taxes	A-4	116,233
		<u>259,692</u>
Decreased by:		
Applied to Current Year Taxes Receivable	A-6	143,459
		<u>143,459</u>
Balance December 31, 2015	A	<u><u>\$ 116,233</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF TAX OVERPAYMENTS**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 5,294
Increased by:		
State Tax Board Appeals and Other Prior Year Adjustments	A-1	\$ 6,247
Overpayments Received	A-4	12,589
		<u>18,836</u>
		24,130
Decreased by:		
Refunded	A-4	17,174
Applied to Taxes Receivable	A-6	2,081
		<u>19,255</u>
Balance December 31, 2015	A	<u><u>\$ 4,875</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL TAX PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2014		
School Tax Payable	A	\$ 864,702
School Tax Deferred (25.00%)		<u>1,376,652</u>
		\$ 2,241,354
Increased by:		
Levy-School Year July 1, 2015 to June 30, 2016	A-6	<u>5,618,171</u>
		7,859,525
Decreased by:		
Disbursements	A-4	<u>5,575,857</u>
Balance December 31, 2015		
School Tax Payable	A	766,762
School Tax Deferred (27.00%)		<u>1,516,906</u>
		<u>\$ 2,283,668</u>
<u>Current Year Liability for Local High School Tax</u>		
Tax Paid		\$ 5,575,857
Add: Tax Payable December 31, 2015		<u>766,762</u>
		6,342,619
Less: Tax Payable December 31, 2014		<u>864,702</u>
Amount Charged to Operations	A-1	<u>\$ 5,477,917</u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2014			
School Tax Payable	A	\$ 932,757	
School Tax Deferred (25.00%)		<u>932,757</u>	\$ 1,865,514
Increased by:			
Levy-School Year July 1, 2015 to June 30, 2016	A-6		<u>3,731,391</u>
			5,596,905
Decreased by:			
Disbursements	A-4		<u>3,731,211</u>
Balance December 31, 2015			
School Tax Payable	A	858,218	
School Tax Deferred (27.00%)		<u>1,007,476</u>	<u>\$ 1,865,694</u>
<u>Current Year Liability for Regional High School Tax</u>			
Tax Paid			\$ 3,731,211
Add: Tax Payable December 31, 2015			<u>858,218</u>
			4,589,429
Less: Tax Payable December 31, 2014			<u>932,757</u>
Amount Charged to Operations	A-1		<u>\$ 3,656,672</u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 10,079
Increased by:		
Current Year Levy:		
County Taxes		\$ 1,917,287
County Library Tax		191,943
County Open Space Tax		186,672
County Share of Added & Omitted Taxes		<u>9,969</u>
	A-1;A-6	<u>2,305,871</u>
		<u>2,315,950</u>
Decreased by:		
Disbursements	A-4	<u>2,305,981</u>
Balance December 31, 2015	A	<u><u>\$ 9,969</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF DUE TO OUTSIDE LIEN HOLDERS**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 166
Increased by:		
Receipts	A-4	<u>98,359</u>
		98,525
Decreased by:		
Disbursements	A-4	<u>98,359</u>
Balance December 31, 2015	A	<u><u>\$ 166</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR PREPARATION
OF A MASTER PLAN**

	<u>Ref.</u>	
Balance December 31, 2014	A	<u>\$ 9,600</u>
Balance December 31, 2015	A	<u><u>\$ 9,600</u></u>

**TOWNSHIP OF KINGWOOD
CURRENT FUND
SCHEDULE OF PREPAID REVENUE**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -
Increased by:		
Receipts	A-4	<u>5,694</u>
Balance December 31, 2015	A	<u><u>\$ 5,694</u></u>

**TOWNSHIP OF KINGWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS**

Grant Period	Grant	Balance 12/31/2014	Transferred from Budget	Paid or Charged	Balance 12/31/2015
01/01/13 to 06/30/14	Clean Communities Program	\$ 1,023	\$ -	\$ 1,023	\$ -
01/01/14 to 06/30/15	Clean Communities Program	15,120	-	12,926	2,194
01/01/15 to 06/30/16	Clean Communities Program	-	18,364	-	18,364
01/01/12 to 12/31/13	Recycling Tonnage Grant	1,933	-	1,933	-
01/01/13 to 12/31/14	Recycling Tonnage Grant	8,084	-	8,084	-
01/01/14 to 12/31/15	Recycling Tonnage Grant	-	9,619	8,005	1,614
01/01/15 to 12/31/16	Statewide Insurance Grant	-	913	913	-
07/01/07 to 06/30/08	ANJEC Smart Growth Planning Program- Matching Funds	24	-	-	24
01/01/14 to 12/31/14	NJ Department of Environmental Protection- Recreation Trails Program	23,978	-	19,731	4,247
01/01/15 to 12/31/16	Washington Crossing Audubon Society-Polly Holden Conservation End	-	3,420	1,409	2,011
03/11/15 to 03/11/18	FEMA Hazard Mitigation Grant Program	45,000	8,438	31,700	21,738
		<u>\$ 95,162</u>	<u>\$ 40,754</u>	<u>\$ 85,724</u>	<u>\$ 50,192</u>
	Ref.	A	A-3	Below	A
Disbursements	A-4			\$ 77,024	
Reserve for Encumbrances	A-31			8,700	
				<u>\$ 85,724</u>	

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES
FOR STATE GRANTS**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ 9,619
Decreased by:		
Current Year Budget Anticipated Revenue	A-2	<u>9,619</u>
Balance December 31, 2015	A	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF DUE TO REGULAR FUND**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -
Increased by:		
Receipts	A-4	<u>19,469</u>
Balance December 31, 2015	A	<u><u>\$ 19,469</u></u>

**TOWNSHIP OF KINGWOOD
FEDERAL AND STATE GRANT FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Ref.</u>	
Balance December 31, 2014	A	\$ -
Increased by:		
Appropriated Reserves for Grants Charges	A-28	<u>8,700</u>
Balance December 31, 2015	A	<u><u>\$ 8,700</u></u>

TOWNSHIP OF KINGWOOD

COUNTY OF HUNTERDON

2015

TRUST FUND

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF CASH-TREASURER**

	Ref.	Animal Control Fund	Other Trust Fund
Balance December 31, 2014	B	\$ 5,045	\$ 1,456,295
Increased by Receipts:			
Animal Control Reserve	B-3	\$ 12,350	
Due to Current Fund-Animal Control Fund	B-4	5	
Due to State of New Jersey	B-5	1,666	
Due to Current Fund-Other Trust Fund	B-6		\$ 197,100
Recycling Trust	B-9		628
COAH Development Fees	B-10		19,199
Developers' Deposits	B-11		511
Unemployment Compensation	B-12		1,441
Special Deposits	B-13		440
Open Space Preservation	B-14		1,069
Recreation Commission	B-15		32,418
Planning Board Escrow	B-16		21,700
Board of Adjustment Escrow	B-17		40,534
Payroll Withholdings Payable	B-18		1,050,251
Board of Health	B-19		12,850
Tax Sale Premium	B-20		7,000
Due to Outside Agencies	B-22		3,525
		<u>14,021</u>	<u>1,388,666</u>
		19,066	2,844,961
Decreased by Disbursements:			
Animal Control Fund	B-3	12,604	
Due to Current Fund-Animal Control Fund	B-4	6	
Due to State of New Jersey	B-5	1,666	
Due to Current Fund-Other Trust Fund	B-6		30,358
Reserve for Encumbrances	B-8	1,290	8,541
COAH Development Fees	B-10		14,000
Special Deposits	B-13		600
Open Space Preservation	B-14		169,000
Recreation Commission	B-15		38,657
Planning Board Escrow	B-16		10,677
Board of Adjustment Escrow	B-17		39,305
Payroll Withholdings Payable	B-18		1,023,624
Board of Health	B-19		10,075
Tax Sale Premium	B-20		4,900
Due to Outside Agencies	B-22		1,450
Reserve for Self Insurance Escrow	B-23		11,053
Snow Removal Trust	B-24		6,389
		<u>15,566</u>	<u>1,368,629</u>
Balance December 31, 2015	B; B-2	<u>\$ 3,500</u>	<u>\$ 1,476,332</u>

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF CASH AND RECONCILIATION-TREASURER PER N.J.S. 40A:5-5**

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2015	B-1	\$ 3,500	\$ 1,476,332
Increased by:			
Receipts		5,086	71,792
		<u>8,586</u>	<u>1,548,124</u>
Decreased by:			
Disbursements		-	65,411
		<u>-</u>	<u>65,411</u>
Balance January 31, 2016		<u>\$ 8,586</u>	<u>\$ 1,482,713</u>
 <u>Cash Reconciliation January 31, 2016</u>			
Balance per Statement:			
Fulton Bank of New Jersey		\$ 8,589	\$ 1,382,452
Unity Bank		-	102,158
		<u>8,589</u>	<u>1,484,610</u>
Add: Deposits in Transit		-	214
		<u>8,589</u>	<u>1,484,824</u>
Less: Outstanding Checks		3	2,111
		<u>3</u>	<u>2,111</u>
Book Balance		<u>\$ 8,586</u>	<u>\$ 1,482,713</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 3,752
Increased by Receipts:		
Animal Control Fees	B-1	12,350
		<u>16,102</u>
Decreased by:		
Expenditures	B-1	12,604
		<u>12,604</u>
Balance December 31, 2015	B	<u>\$ 3,498</u>
<u>Animal Control Fees</u>		
2013		\$ 12,563
2014		<u>11,924</u>
Maximum Allowable Reserve		<u>\$ 24,487</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF DUE TO CURRENT FUND-ANIMAL CONTROL FUND**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 6
Increased by:		
Interest on Investments	B-1	5
		<u>11</u>
Decreased by:		
Disbursements	B-1	6
		<u>6</u>
Balance December 31, 2015	B	<u>\$ 5</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF DUE FROM STATE OF NEW JERSEY**

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	3
Increased by:			
State Fees Remitted	B-1		<u>1,666</u>
			1,669
Decreased by:			
State Fees Collected	B-1		<u>1,666</u>
Balance December 31, 2015	B	<u>\$</u>	<u>3</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF DUE FROM CURRENT FUND-OTHER TRUST FUND**

	<u>Ref.</u>			
Balance December 31, 2014	B	\$		1,706
Increased by:				
Disbursements	B-1	\$	30,358	
Current Year Open Space Tax Levy	B-14		184,294	
Current Year Budget Appropriations:				
Self Insurance Escrow	B-23		11,840	
Accumulated Absences Trust	B-25		<u>100</u>	
				<u>226,592</u>
				228,298
Decreased by:				
Interest on Investments	B-1		51	
Receipts	B-1		197,049	
Health Insurance Payroll Withholding Transferred to Current Fund as a Budget Refund	B-18		<u>30,632</u>	
				<u>227,732</u>
Balance December 31, 2015	B	<u>\$</u>		<u>566</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF DUE FROM GENERAL CAPITAL FUND
(NOT APPLICABLE TO THIS REPORT)**

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Ref.</u>		
Balance December 31, 2014			
Animal Control Fund	B	\$ 1,290	
Other Trust Fund	B	<u>12,185</u>	
			\$ 13,475
Increased by:			
Other Trust Funds Encumbered:			
Recreation Commission	B-15	143	
Planning Board Escrow	B-16	434	
Board of Health	B-19	<u>1,500</u>	
			<u>2,077</u>
			15,552
Decreased by:			
Disbursements	B-1		<u>9,831</u>
Balance December 31, 2015	B		<u><u>\$ 5,721</u></u>

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR RECYCLING TRUST**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 7,409
Increased by:		
Deposits Received	B-1	<u>628</u>
Balance December 31, 2015	B	<u>\$ 8,037</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR COAH DEVELOPMENT FEES**

	<u>Ref.</u>		
Balance December 31, 2014	B		\$ 82,048
Increased by:			
Interest	B-1	\$ 135	
Deposits	B-1	<u>19,064</u>	
			<u>19,199</u>
			101,247
Decreased by:			
Disbursements	B-1		<u>14,000</u>
Balance December 31, 2015	B		<u><u>\$ 87,247</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR DEVELOPERS' DEPOSITS**

	<u>Ref.</u>		
Balance December 31, 2014	B		\$ 275,720
Increased by:			
Interest Retained in Trust	B-1		<u>511</u>
Balance December 31, 2015	B		<u><u>\$ 276,231</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR UNEMPLOYMENT COMPENSATION**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 14,595
Increased by:		
Interest Earned		\$ 23
Employee Withholdings:		
Receipts		<u>1,418</u>
	B-1	<u>1,441</u>
Balance December 31, 2015	B	<u><u>\$ 16,036</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR SPECIAL DEPOSITS**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 4,000
Increased by:		
Deposits Received	B-1	<u>440</u>
		4,440
Decreased by:		
Disbursements	B-1	<u>600</u>
Balance December 31, 2015	B	<u><u>\$ 3,840</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR OPEN SPACE PRESERVATION**

	<u>Ref.</u>		
Balance December 31, 2014	B		\$ 842,822
Increased by:			
Current Year Open Space Tax Levy	B-6	\$ 184,294	
Interest on Investments	B-1	<u>1,069</u>	
			<u>185,363</u>
			1,028,185
Decreased by:			
Disbursements	B-1		<u>169,000</u>
Balance December 31, 2015	B		<u><u>\$ 859,185</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION COMMISSION**

	<u>Ref.</u>		
Balance December 31, 2014	B		\$ 21,905
Increased by:			
Deposits Received	B-1		<u>32,418</u>
			54,323
Decreased by:			
Disbursements	B-1	\$ 38,657	
Funds Encumbered	B-8	<u>143</u>	
			<u>38,800</u>
Balance December 31, 2015	B		<u><u>\$ 15,523</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR PLANNING BOARD ESCROW**

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	62,139
Increased by:			
Deposits Received	B-1		<u>21,700</u>
			83,839
Decreased by:			
Disbursements	B-1	\$	10,677
Funds Encumbered	B-8		<u>434</u>
			11,111
Balance December 31, 2015	B	\$	<u><u>72,728</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR BOARD OF ADJUSTMENT ESCROW**

	<u>Ref.</u>		
Balance December 31, 2014	B	\$	6,281
Increased by:			
Deposits Received	B-1		<u>40,534</u>
			46,815
Decreased by:			
Disbursements	B-1		<u>39,305</u>
Balance December 31, 2015	B	\$	<u><u>7,510</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF PAYROLL WITHHOLDINGS PAYABLE**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 9,548
Increased by:		
Employee Withholdings	B-1	<u>1,050,251</u>
		1,059,799
Decreased by:		
Disbursements	B-1	\$ 1,023,624
Employee Withholdings Due to Current Fund-Health Insurance	B-6	<u>30,632</u>
		<u>1,054,256</u>
Balance December 31, 2015	B	<u><u>\$ 5,543</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR BOARD OF HEALTH**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 32,596
Increased by:		
Deposits Received	B-1	<u>12,850</u>
		45,446
Decreased by:		
Disbursements	B-1	\$ 10,075
Funds Encumbered	B-8	<u>1,500</u>
		<u>11,575</u>
Balance December 31, 2015	B	<u><u>\$ 33,871</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 32,200
Increased by:		
Premiums Received	B-1	<u>7,000</u>
		39,200
Decreased by:		
Disbursements	B-1	<u>4,900</u>
Balance December 31, 2015	B	<u><u>\$ 34,300</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR SECURITY DEPOSITS**

	<u>Ref.</u>	
Balance December 31, 2014	B	<u>\$ 6,100</u>
Balance December 31, 2015	B	<u><u>\$ 6,100</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR FEES DUE TO OUTSIDE AGENCIES**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 5,225
Increased by:		
Receipts	B-1	<u>3,525</u>
		8,750
Decreased by:		
Fees Disbursed	B-1	<u>1,450</u>
Balance December 31, 2015	B	<u><u>\$ 7,300</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF SELF INSURANCE ESCROW**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 22,711
Increased by:		
Transferred from Current Fund:		
Current Year Budget Appropriation	B-6	<u>11,840</u>
		34,551
Decreased by:		
Disbursements	B-1	<u>11,053</u>
Balance December 31, 2015	B	<u><u>\$ 23,498</u></u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR SNOW REMOVAL TRUST**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 19,000
Decreased by:		
Disbursements	B-1	<u>6,389</u>
Balance December 31, 2015	B	<u>\$ 12,611</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR ACCUMULATED ABSENCES TRUST**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 400
Increased by:		
Transferred from Current Fund:		
Current Year Budget Appropriation	B-6	<u>100</u>
Balance December 31, 2015	B	<u>\$ 500</u>

**TOWNSHIP OF KINGWOOD
TRUST FUND
SCHEDULE OF RESERVE FOR GREEN TEAM FUND TRUST**

	<u>Ref.</u>	
Balance December 31, 2014	B	\$ 1,117
Balance December 31, 2015	B	<u>\$ 1,117</u>

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON
2015
GENERAL CAPITAL FUND**

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CASH-TREASURER**

	<u>Ref.</u>		
Balance December 31, 2014	C		\$ 385,163
Increased by Receipts:			
Premium Received on Sale of Notes	C-1	\$ 4,894	
Old Outstanding Checks Canceled	C-1	1	
County Grants Receivable	C-5	500,000	
Due to Current Fund	C-6	4,019	
State Grants Receivable	C-7	590,000	
Bond Anticipation Note Proceeds	C-19	725,000	
Current Fund Budget Appropriations			
Capital Improvement Fund	C-11	80,000	
Purchase of Municipal Equipment	C-14	30,000	
Municipal Building Renovations	C-16	100	
	C-4	<u>1,934,014</u>	
			<u>2,319,177</u>
Decreased by Disbursements:			
Improvement Authorizations	C-10	1,724,206	
Reserve for Encumbrances	C-12	29,250	
Reserve for Preliminary Plan Expenses	C-15	4,070	
Accrued Interest on Bonds	C-17	2,774	
	C-4	<u>1,760,300</u>	
Balance December 31, 2015	C; C-3		<u><u>\$ 558,877</u></u>

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CASH AND RECONCILIATION-TREASURER PER N.J.S. 40A:5-5**

	<u>Ref.</u>	
Balance December 31, 2015	C-2	\$ 558,877
Increased by:		
Receipts		<u>392</u>
Balance January 31, 2016		<u>\$ 559,269</u>
 <u>Cash Reconciliation January 31, 2016</u>		
Balance Per Statement:		
Fulton Bank of New Jersey		<u>\$ 559,269</u>
Book Balance		<u>\$ 559,269</u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CASH ACTIVITY**

<u>Ordinance Number</u>	<u>Balance 12/31/14</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Transfers (From) To</u>	<u>Balance 12/31/15</u>
Capital Fund Balance	\$ 58,965	\$ 4,895	\$ -	\$ 236	\$ 64,096
Capital Improvement Fund	246,982	80,000	-	(122,000)	204,982
Due to Current Fund	-	4,019	-	-	4,019
Accrued Interest on Bonds	2,774	-	2,774	-	-
Reserve for:					
Encumbrances	35,072	-	29,250	116,573	122,395
Contributions from Developers	10,000	-	-	-	10,000
Preliminary Plan Expenses	10,000	-	4,070	-	5,930
Municipal Equipment Purchases	15	30,000	-	-	30,015
Municipal Building Renovations	15,273	100	-	(15,000)	373
Excess Bond Anticipation					
Note Proceeds	236	-	-	(236)	-
Improvement Authorizations:					
14-22-07 Reconstruction of					
Oak Grove Road	(10,285)	-	-	-	(10,285)
15-12-08 Open Space	79,397	-	-	-	79,397
16-01-10 Installation of Solar Panels	(72,894)	-	-	-	(72,894)
16-09-10 Tumble Falls Road	(6,015)	-	-	-	(6,015)
16-18-11 Spring Hill Road					
Section II	3,867	-	-	-	3,867
17-12-13 Equipment for Office of					
Emergency Management	2,416	-	-	-	2,416
18-05-14 Acquisition of Block 12 Lot 25		1,090,000	1,085,814	-	4,186
18-08-14 Tractor and 2 Flail Mowers	3,706	-	-	-	3,706
18-09-14 Lean-To Structure Attached					
to the Existing Salt Shed	5,654	-	200	-	5,454
18-06-15 Resurfacing of Roads	-	-	70,000	70,000	-
18-08-15 Acquisition of Various Road					
Maintenance Equipment	-	633,000	529,322	(64,153)	39,525
18-09-15 Municipal Building Renovations	-	92,000	31,310	5,978	66,668
18-10-15 Resurfacing of Roads	-	-	7,560	8,602	1,042
	<u>\$ 385,163</u>	<u>\$ 1,934,014</u>	<u>\$ 1,760,300</u>	<u>-</u>	<u>\$558,877</u>
<u>Ref.</u>	C	C-2	C-2		C

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF COUNTY GRANTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 500,000
Decreased by:		
Receipts	C-2	<u>500,000</u>
Balance December 31, 2015	C	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE TO CURRENT FUND**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ -
Increased by:		
Receipts	C-2	<u>4,019</u>
Balance December 31, 2015	C	<u><u>\$ 4,019</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF STATE GRANTS RECEIVABLE**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 601,119
Decreased by:		
Receipts	C-2	<u>590,000</u>
Balance December 31, 2015	C	<u>\$ 11,119</u>
Detail of State Grants Receivable December 31, 2015:		
NJ D.O.T. Aid for Spring Hill Road II		<u>\$ 11,119</u>
Balance December 31, 2015		<u>\$ 11,119</u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-FUNDED**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 2,583,000
Decreased by:		
Current Year Budget Appropriation to Pay Bonds	C-18	<u>195,000</u>
Balance December 31, 2015	C	<u>\$ 2,388,000</u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED**

Improvement Description	Balance 12/31/2014	Current Year Authorizations	Unexpended Balances Canceled	Appropriation to Pay Down Notes	Transferred to Deferred Taxation- Funded	Balance 12/31/2015	Analysis of Balance December 31, 2015		
							Expenditures	Excess Bond Anticipation Notes	Bond Anticipation Notes
Construction of a New Municipal Garage	\$ 45,950	\$ -	\$ -	\$ 45,950	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition of Real Property	26,314	-	-	26,314	-	-	-	-	-
Reconstruction of Oak Grove Road	10,285	-	-	-	-	10,285	10,285	-	-
Acquisition and Preservation of Open Space									
Installation of Solar Panels	72,894	-	-	-	-	72,894	72,894	-	-
Reconstruction of Tumble Falls Road	6,015	-	-	-	-	6,015	6,015	-	-
Acquisition of Various Road Maintenance Equipment	-	\$ 633,000	-	-	-	633,000	-	-	\$ 633,000
Renovations to the Municipal Building	-	92,000	-	-	-	92,000	-	-	92,000
	<u>\$ 161,458</u>	<u>\$ 725,000</u>	<u>\$ -</u>	<u>\$ 72,264</u>	<u>\$ -</u>	<u>\$ 814,194</u>	<u>\$ 89,194</u>	<u>\$ -</u>	<u>\$ 725,000</u>
<u>Ref.</u>	C	C-10; C-20		C-19		C	C-4		C-19

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ordinance Number	Improvement Description	Amount	Balance December 31, 2014		2015 Authorizations	Paid or Charged	Balances Canceled	Balance December 31, 2015		
			Funded	Unfunded				Funded	Unfunded	
15-12-08	Acquisition and Preservation of Open Space	\$ 1,500,000	\$ 79,397	\$ -	\$ -	\$ -	\$ -	\$ 79,397	\$ -	
16-18-11	Reconstruction of Spring Hill Road Section II	160,000	14,986	-	-	-	-	14,986	-	
17-12-13	Purchase and Equipment for Office of Emergency Management	20,000	2,416	-	-	-	-	2,416	-	
18-05-14	Acquisition of Block 12 Lot 25	1,090,000	1,090,000	-	-	1,085,814	-	4,186	-	
18-08-14	Purchase of Tractor and 2 Flail Mowers	130,000	3,706	-	-	-	-	3,706	-	
18-09-14	Construction of a Lean-To Structure Attached to the Existing Salt Shed	35,000	5,654	-	-	200	-	5,454	-	
18-06-15	Resurfacing of Roads	70,000	-	-	70,000	70,000	-	-	-	
18-08-15	Acquisition of Various Road Maintenance Equipment	665,000	-	-	665,000	625,475	-	-	39,525	
18-09-15	Renovations to the Municipal Building	115,000	-	-	115,000	48,332	-	-	66,668	
18-10-15	Resurfacing of Roads	12,000	-	-	12,000	10,958	-	1,042	-	
			<u>\$ 1,196,159</u>	<u>\$ -</u>	<u>\$ 862,000</u>	<u>\$ 1,840,779</u>	<u>\$ -</u>	<u>\$ 111,187</u>	<u>\$ 106,193</u>	
		<u>Ref.</u>	C	C	Below	Below		C	C	
	Deferred Charges to Future Taxation-Unfunded	C-9			\$ 725,000					
	Capital Improvement Fund	C-11			122,000					
	Reserve for Municipal Building Renovations	C-16			15,000					
					<u>\$ 862,000</u>					
	<u>Detail of Paid or Charged</u>									
	Disbursements	C-2				\$ 1,724,206				
	Encumbrances Charged	C-12				116,573				
						<u>\$ 1,840,779</u>				

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 246,982
Increased by:		
Current Year Budget Appropriation	C-2	<u>80,000</u>
		326,982
Decreased by:		
Appropriated to Finance:		
Improvement Authorizations	C-10	<u>122,000</u>
Balance December 31, 2015	C	<u><u>\$ 204,982</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR ENCUMBRANCES**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 35,072
Increased by:		
Current Year Encumbrances Charged	C-10	<u>116,573</u>
		151,645
Decreased by:		
Disbursements	C-2	<u>29,250</u>
Balance December 31, 2015	C	<u><u>\$ 122,395</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR CONTRIBUTIONS
FROM DEVELOPERS**

	<u>Ref.</u>	
Balance December 31, 2014	C	<u>\$ 10,000</u>
Balance December 31, 2015	C	<u><u>\$ 10,000</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PURCHASE
OF MUNICIPAL EQUIPMENT**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 15
Increased by:		
Current Year Budget Appropriation	C-2	<u>30,000</u>
Balance December 31, 2015	C	<u><u>\$ 30,015</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR PRELIMINARY PLAN EXPENSES**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 10,000
Decreased by:		
Disbursements	C-2	<u>4,070</u>
Balance December 31, 2015	C	<u><u>\$ 5,930</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR MUNICIPAL
BUILDING RENOVATIONS**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 15,273
Increased by:		
Current Year Budget Appropriation	C-2	<u>100</u>
		15,373
Decreased by:		
Appropriated to Finance Improvement Authorizations	C-10	<u>15,000</u>
Balance December 31, 2015	C	<u><u>\$ 373</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS**

	<u>Ref.</u>	
Balance December 31, 2014	C	\$ 2,774
Decreased by:		
Anticipated as Revenue in Current Year Budget	C-2	<u>2,774</u>
Balance December 31, 2015	C	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE**

Purpose	Original Issue		Maturities of Bonds Outstanding December 31, 2015		Interest Rate	Balance 12/31/2014	Increased	Decreased	Balance 12/31/2015	
	Date	Amount	Date	Amount						
General Improvements	09/01/04	\$ 1,263,000	09/01/16	\$ 95,000	3.75%	\$ -	\$ -	\$ -	\$ -	
			09/01/17	105,000	3.80%	-	-	-	-	
			09/01/18	105,000	3.90%	-	-	-	-	
			09/01/19	108,000	4.00%	508,000	-	95,000	413,000	
General Improvements	06/29/11	2,375,000	02/01/16	100,000	2.00%	-	-	-	-	
			02/01/17	100,000	2.50%	-	-	-	-	
			02/01/18-							
			02/01/19	100,000	3.00%	-	-	-	-	
			02/01/20	200,000						
			02/01/21	200,000	3.25%	-	-	-	-	
			02/01/22-							
			02/01/23	200,000	3.50%	-	-	-	-	
			02/01/24-							
			02/01/26	200,000	4.00%	-	-	-	-	
02/01/27	175,000			2,075,000		100,000	1,975,000			
					<u>\$ 2,583,000</u>	<u>\$ -</u>	<u>\$ 195,000</u>	<u>\$ 2,388,000</u>		
				Ref.	C		C-8	C		

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Ordinance Number	Purpose	Date of		Current Note Maturity	Interest Rate	Balance 12/31/2014	Increased	Decreased	Balance 12/31/2015
		Original Note Issue	Current Note Issue						
12-18-04	Acquisition of Real Property	03/18/05	06/25/14	06/25/15	1.179%	\$ 26,314	\$ -	\$ 26,314	\$ -
13-02-05	Construction of a Municipal Garage	03/30/05	06/25/14	06/25/15	1.179%	46,186	-	46,186	-
18-08-15	Acquisition of Various Road Maintenance Equipment	09/23/15	09/23/15	09/23/16	1.50%	-	\$ 633,000	-	633,000
18-09-15	Renovations to the Municipal Building	09/23/15	09/23/15	09/23/16	1.50%	-	92,000	-	92,000
						<u>\$ 72,500</u>	<u>\$ 725,000</u>	<u>\$ 72,500</u>	<u>\$ 725,000</u>
					<u>Ref.</u>	C	Below	Below	C
					New Notes Issued	C-2;C-20	\$ 725,000	\$ -	
					Paid from Budget Appropriation	C-9	-	72,264	
					Excess Notes Issued Adjustment	C-1	-	236	
							<u>\$ 725,000</u>	<u>\$ 72,500</u>	

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance 12/31/2014	Increased in 2015	Decreased in 2015	Balance 12/31/2015
14-22-07	Reconstruction of Oak Grove Road	\$ 10,285	\$ -	\$ -	\$ 10,285
16-01-10	Installation of Solar Panels	72,894	-	-	72,894
16-09-10	Reconstruction of Tumble Falls Road	6,015	-	-	6,015
18-08-15	Acquisition of Various Road Maintenance Equipment	-	633,000	633,000	-
18-09-15	Renovations to the Municipal Building	-	92,000	92,000	-
		<u>\$ 89,194</u>	<u>\$ 725,000</u>	<u>\$ 725,000</u>	<u>\$ 89,194</u>
	<u>Ref.</u>	C	C-9	C-19	C

TOWNSHIP OF KINGWOOD

PART II

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING**

**SCHEDULES OF FEDERAL AND
STATE FINANCIAL ASSISTANCE**



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

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

To the Honorable Mayor and Members
Township Committee
Township of Kingwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* of the various funds and account group of the Township of Kingwood, in the County of Hunterdon, (the "Municipality") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 22, 2016. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. That report contained an unmodified opinion on the financial statements - *regulatory basis*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 Municipality'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Municipality'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 Municipality'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 Municipality's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

**TOWNSHIP OF KINGWOOD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor	Award Amount	Grant Period		Balance 12/31/14	Receipts	Expended	Balance Canceled	Balance 12/31/15
		From	To					
FEMA Hazard Mitigation Grant Program	\$ 53,438	03/11/15	03/11/18	\$ -	\$ -	\$ 31,700	\$ -	\$ (31,700)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,700</u>	<u>\$ -</u>	<u>\$ (31,700)</u>

SEE INDEPENDENT AUDITORS' REPORT

TOWNSHIP OF KINGWOOD
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

Purpose	Award Amount	Grant Period		Balance 12/31/14	Receipts	Expended	Balance Canceled	Balance 12/31/15
		From	To					
Clean Communities Program	\$ 16,117	01/01/13	12/31/14	\$ 1,023	\$ -	\$ 1,023	\$ -	\$ -
Clean Communities Program	15,120	01/01/14	12/31/15	15,120	-	12,926	-	2,194
Clean Communities Program	18,364	01/01/15	12/31/16	-	18,364	-	-	18,364
Recycling Tonnage Grant	9,189	07/01/12	06/30/14	1,933	-	1,933	-	-
Recycling Tonnage Grant	8,084	07/01/12	06/30/14	8,084	-	8,084	-	-
Recycling Tonnage Grant	9,619	12/15/14	12/15/16	9,619	-	8,005	-	1,614
NJ DOT Aid-Spring Hill Road	90,000	01/01/10	12/31/12	-	-	-	-	-
NJ DOT Aid-Spring Hill Road Section II	160,000	01/01/12	12/31/13	3,867	-	-	-	3,867
NJ DOT Aid-Spring Hill Road Section III	125,000	01/01/15	12/31/17	-	-	-	-	-
NJ DEP Green Acres Program	590,000	01/01/14	12/31/15	-	590,000	590,000	-	-
NJ Department. of Environmental Protection-Recreation Trails Program	23,978	01/01/14	12/31/15	-	-	19,731	-	(19,731)
				<u>\$ 39,646</u>	<u>\$ 608,364</u>	<u>\$ 641,702</u>	<u>\$ -</u>	<u>\$ 6,308</u>

SEE INDEPENDED AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 1: GENERAL

The accompanying Schedules of Federal and State Awards (the "Schedules") includes the federal and state grant activity of the Township of Kingwood, County of Hunterdon (the "Municipality") under programs of the federal and state governments for the year ended December 31, 2015. The information in this Schedule is presented on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is a regulatory basis of accounting other than generally accepted accounting principles. Because the Schedule presents only a selected portion of the operations of the Municipality, it is intended to and do not present the financial position, changes in fund balance or cash flows of the Municipality.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the Schedules agree with the amounts reported in the related state financial reports.

TOWNSHIP OF KINGWOOD
PART III
SCHEDULES OF STATISTICAL DATA
SCHEDULE OF INSURANCE
LIST OF OFFICIALS
GENERAL COMMENTS AND RECOMMENDATIONS

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA**

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA
COMPARATIVE SCHEDULE OF OPERATIONS AND CHANGE IN FUND BALANCE-CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	2015		2014	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	\$ 561,000	3.86	\$ 578,000	4.03
Collection of Current Tax Levy	12,824,680	88.25	12,577,111	87.61
Collection of Delinquent Taxes & Tax Title Liens	402,153	2.77	440,330	3.07
Miscellaneous	<u>743,333</u>	<u>5.12</u>	<u>759,175</u>	<u>5.29</u>
Total Income	<u>14,531,166</u>	<u>100.00</u>	<u>14,354,616</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	2,331,282	16.67	2,256,325	16.34
Local School Taxes	5,477,917	39.16	5,452,406	39.47
Regional School Taxes	3,656,672	26.14	3,657,986	26.48
County Taxes	2,305,871	16.48	2,261,251	16.37
Municipal Open Space Tax	184,294	1.32	183,414	1.33
Other Deductions	<u>31,734</u>	<u>0.23</u>	<u>1,651</u>	<u>0.01</u>
Total Expenditures	<u>13,987,770</u>	<u>100.00</u>	<u>13,813,033</u>	<u>100.00</u>
Excess in Revenue	543,396		541,583	
Adjustment to Income Before Fund Balance:				
Expenditures Included Above Which Are By Statute Deferred Charges to Budget of Succeeding Year:				
Overexpenditures of Budget Appropriation	<u>-</u>		<u>2</u>	
Regulatory Excess to Fund Balance	543,396		541,585	
<u>Fund Balance</u>				
Fund Balance January 1,	<u>640,353</u>		<u>676,768</u>	
Less: Utilization as Anticipated Revenue	<u>1,183,749</u>		<u>1,218,353</u>	
Fund Balance December 31,	<u>\$ 622,749</u>		<u>\$ 640,353</u>	

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)**

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

Year	Municipal Open Space	Municipal	County	Local School	Regional High School	Total Tax Rate
2015	\$ 0.03	\$ 0.22	\$ 0.38	\$ 0.92	\$ 0.61	\$ 2.16
2014	0.03	0.21	0.37	0.91	0.61	2.13
2013	0.03	0.20	0.37	0.91	0.59	2.10
2012	0.03	0.20	0.37	0.91	0.57	2.08
2011	0.03	0.20	0.37	0.89	0.55	2.04
2010	0.03	0.19	0.39	0.90	0.51	2.02
2009	0.03	0.16	0.34	0.75	0.41	1.69
2008	0.03	0.16	0.34	0.74	0.39	1.66
2007	0.03	0.14	0.34	0.72	0.39	1.62
2006	0.03	0.27	0.62	1.37	0.79	3.08

* Revalued/Reassessed

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed Valuations to Estimated Full Cash Valuations
2015	\$ 610,594,460	\$ 618,887,553	98.66%
2014	608,526,753	611,216,103	99.56%
2013	608,429,382	629,713,705	96.62%
2012	606,256,896	639,241,772	94.84%
2011	608,107,112	660,555,194	92.06%
2010	606,143,650	697,511,612	86.90%
2009	706,267,500	704,115,651	100.31%
2008	698,528,149	717,447,587	97.36%
2007	699,110,769	716,228,633	97.61%
2006	351,850,295	615,263,836	57.19%

* Revalued/Reassessed

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in percentage of current collection could be an indication of probable increases in future tax levies.

Year	Tax Levy	Cash Collections	Percentage of Collections
2015	\$ 13,245,902	\$12,824,680	96.82%
2014	13,019,498	12,577,111	96.60%
2013	12,948,202	12,508,826	96.61%
2012	12,635,478	12,203,574	96.58%
2011	12,574,328	12,112,601	96.33%
2010	12,253,395	11,821,890	96.48%
2009	12,016,948	11,452,551	95.30%
2008	11,742,295	11,327,917	96.47%
2007	11,426,531	11,075,341	96.93%
2006	11,482,594	10,736,432	93.50%

Increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal and state aid, should decline without corresponding decreases in budgeted expenditures.

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)**

ASSESSED VALUES DISTRIBUTION

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Total Real Property	Personal Property	Total Assessed Values
2006	\$ 9,344,079	\$ 236,095,900	\$ 1,210,500	\$ 16,010,415	\$ 79,401,598	\$ 8,840,610	\$ 350,903,102	\$ 947,193	\$351,850,295
2007	* 29,392,700	486,985,900	2,262,500	36,682,000	130,626,267	11,539,200	697,488,567	1,622,202	699,110,769
2008	28,977,700	490,067,000	2,262,500	34,335,100	129,820,400	11,539,200	697,001,900	1,526,249	698,528,149
2009	24,913,500	494,471,800	2,262,500	40,870,300	131,988,000	10,401,900	704,908,000	1,359,500	706,267,500
2010	* 19,877,000	421,467,300	2,018,900	34,544,300	117,249,700	9,346,600	604,503,800	1,639,850	606,143,650
2011	19,848,200	422,700,800	1,988,300	35,078,200	117,585,500	9,346,600	606,547,600	1,559,512	608,107,112
2012	20,682,400	417,770,800	1,988,300	34,583,000	120,222,700	9,346,600	604,593,800	1,663,096	606,256,896
2013	20,444,100	420,624,300	1,988,300	34,945,700	119,600,100	9,346,600	606,949,100	1,480,282	608,429,382
2014	18,828,600	422,482,000	1,988,300	34,980,300	119,389,700	9,381,100	607,050,000	1,476,753	608,526,753
2015	22,065,150	421,252,699	1,988,300	34,962,700	119,291,501	9,381,100	608,941,450	1,653,010	610,594,460

* Revalued/Reassessed

DELINQUENT TAXES AND TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last ten years.

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2006	\$ 36,787	\$ 608,212	\$ 644,999	5.62%
2007	56,029	244,576	300,605	2.63%
2008	51,720	368,568	420,288	3.58%
2009	32,820	481,309	514,129	4.28%
2010	40,350	412,244	452,594	3.69%
2011	43,831	439,773	483,604	3.85%
2012	71,681	481,697	553,378	4.38%
2013	91,928	399,524	491,452	3.80%
2014	66,253	407,567	473,820	3.64%
2015	92,670	372,975	465,645	3.52%

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)**

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 30,000
2014	30,000
2013	30,000
2012	30,000
2011	30,000
2010	-
2009	204,000
2008	-
2007	-
2006	21,800

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2015	\$ 622,749	\$ 584,000
	2014	640,353	561,000
	2013	676,768	578,000
	2012	603,853	539,000
	2011	706,142	641,000
	2010	723,577	657,000
	2009	800,824	677,000
	2008	1,007,466	633,715
	2007	762,421	514,778
	2006	674,329	500,000

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)
SCHEDULE OF DEBT INCURRING CAPACITY
FOR THE YEAR ENDED DECEMBER 31, 2015**

Municipality:

1. Equalized Valuations of Real Property (2015, 2014, 2013)	\$	607,172,809
2. Permitted Municipal Debt Limitation (3.5%)		21,251,048
3. Net Debt Issued, Outstanding & Authorized		3,201,958
4. Excess School Borrowing		-
5. Total Charges to Borrowing Margin		3,201,958
6. Remaining Municipal Borrowing Capacity	\$	18,049,090

Local School District:

1. Permitted School District Debt Limitation (3.0%)	\$	18,215,184
2. Debt Issued, Outstanding & Authorized		1,700,000
3. Remaining Local School Borrowing Capacity	\$	16,515,184

GROSS & STATUTORY NET DEBT AS OF DECEMBER 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage of Equalized Valuations
2015	\$ 5,448,176	\$ 3,201,958	0.53%
2014	5,313,241	2,744,458	0.45%
2013	6,019,415	3,152,600	0.50%
2012	6,569,033	3,410,100	0.53%
2011	7,119,316	3,666,427	0.55%
2010	7,702,644	4,078,785	0.59%
2009	7,614,190	3,748,785	0.53%
2008	7,986,349	3,896,285	0.56%
2007	7,249,148	2,936,500	0.45%
2006	6,229,222	1,791,000	0.30%

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2015**

General Purposes:			
Bonds, Notes and Loans Issued and Outstanding:			
Bonds	\$	2,388,000	
Notes		725,000	
Bonds and Notes Authorized but not Issued		<u>89,194</u>	\$ 3,202,194
Local School District:			
Bonds, Notes and Loans Issued and Outstanding:			
Bonds		1,700,000	
Notes		-	
Bonds and Notes Authorized but not Issued		<u>-</u>	1,700,000
Regional School District:			
Bonds		545,982	
Notes		-	
Bonds and Notes Authorized but not Issued		<u>-</u>	545,982
Total Gross Debt			<u>5,448,176</u>
Statutory Deductions:			
Municipal		236	
Local School District		1,700,000	
Regional School District		<u>545,982</u>	2,246,218
Total Net Debt			<u>\$ 3,201,958</u>
Overlapping Debt as of December 31, 2015:			
	Debt	Estimated %	Overlapping
	<u>Outstanding</u>	<u>Applicable</u>	<u>Debt</u>
Local School District Debt	\$ 1,700,000	100.00%	\$ 1,700,000
Regional School District Debt	2,090,000	26.12%	545,982
County Debt	62,494,492	2.91%	<u>1,818,305</u>
Total			<u>\$ 4,064,287</u>

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
SCHEDULES OF STATISTICAL DATA (CONTINUED)
SCHEDULE OF INDEBTEDNESS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Year</u>	<u>Assessed Valuation</u>		
Gross Debt			\$	5,448,176
Per Capita (Population 2010 Census-3,844)				1,417
Percent of Average Equalized Valuation Basis	2015	\$ 607,172,809		0.90%
Percent of Net Valuation Taxable	2015	\$ 610,594,460		0.89%
 Net Municipal Debt			 \$	 3,201,958
Per Capita (Population 2010 Census-3,844)				833
Percent of Average Equalized Valuation Basis	2015	\$ 607,172,809		0.53%
Percent of Net Valuation Taxable	2015	\$ 610,594,460		0.52%
 Overall Debt (Gross & Overlapping Debt)			 \$	 7,266,481
Per Capita (Population 2010 Census-3,844)				1,890
Percent of Average Equalized Valuation Basis	2015	\$ 607,172,809		1.20%
Percent of Net Valuation Taxable	2015	\$ 610,594,460		1.19%

SEE INDEPENDENT AUDITORS' REPORT

**TOWNSHIP OF KINGWOOD
SCHEDULE OF INSURANCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Worker's Compensation-Statewide Insurance Fund:		
Total Benefits	Statutory Limits	
Other - Empl'yer's Liability	\$ 2,000,000	\$ -
Disease - Empl'yer's Liability	2,000,000	-
Property-Statewide Insurance Fund through Lexington Insurance Company:		
Fund Limit	150,000,000	1,000
Boiler and Machinery-Statewide Insurance Fund through Chubb Insurance Company:		
Fund Limit	100,000,000	10,000
Package-Statewide Insurance Fund:		
General Liability	10,000,000	-
Business Auto	10,000,000	-
Public Officials Liability and Employment Practices-Statewide Insurance Fund through National Casualty Company:		
Fund Limit	10,000,000	10,000/20,000
Environmental Impairment-Statewide Insurance Fund Through ACE Insurance Company:		
Fund Limit	20,000,000	25,000
Crime Policy-Statewide Insurance Fund through the Fidelity and Deposit Companies:		
Tax Collector and Treasurer's Bond	1,000,000	5,000
Employee Dishonesty Bond	1,000,000	5,000
Faithful Performance	1,000,000	5,000

Adequacy of Insurance Coverage is the Responsibility of the Township

**TOWNSHIP OF KINGWOOD
SCHEDULE OF OFFICIALS
(UNAUDITED)**

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>
Philip Lubitz	Mayor
Diane Haywood	Deputy Mayor
Richard Dodds	Committeeman

* * * * *

<u>Name</u>	<u>Title</u>
Mary MacConnell	Municipal Clerk
Diane Laudenbach	Chief Financial Officer, Tax Collector
David Gill	Tax Assessor
Katrina Campbell	Attorney
Andrea Kahn	Bond Attorney
Van Cleef Engineering Assoc	Engineer
David Banisch	Planner

An excess crime bond pool issued by Municipal Excess Liability Joint Insurance Fund covers all Borough employees in the aggregate of \$1,000,000. This replaces the separate surety bonds previously issued by position.

GENERAL COMMENTS AND RECOMMENDATIONS

**TOWNSHIP OF KINGWOOD
GENERAL COMMENTS**

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR N.J.S. 40A:11-4

N.J.S. 40A:11-2 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$17,500 except by contract or agreement."

In accordance with 40A:11-3 © and N.J.A.C. 5:34-5 et seq., the Municipality has appointed a "Qualified Purchasing Agent" which allows the Municipality to increase the bid threshold and to grant the authorization to negotiate contracts below the bid threshold. From our examination of expenditures, it appears that there were no individual payments, contracts or agreements in excess of the current bid threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory bid limit within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Municipality's counsel's opinion should be sought before a commitment is made.

The minutes indicated that contracts were awarded for the following items:

Contracted Services
Road Improvements
Building Renovations
Snow and Ice Control Materials
Public Works Equipment and Vehicles
Animal Control Services
Road Resurfacing Materials
Above Ground Oil Tank

The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

As the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

**TOWNSHIP OF KINGWOOD
GENERAL COMMENTS
(Continued)**

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED that the rate of interest to be charged by the Borough of Lebanon for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be eight percent (8%) on the first \$1,500 and 18% per annum on the balance over \$1,500 provided however that no interest shall be charged if payment of any installment is made within ten days after the date upon which the same became payable. Any installment received after the expiration of the said ten day grace period, shall bear interest from the due date.

In addition to the above interest charges the municipality has authorized, by resolution, to charge additional penalties as follows:

Six percent (6%) penalty on any delinquency exceeding \$10,000 on any given parcel of property and who fails to pay the delinquency prior to the end of the calendar year.

It appears from a test examination of the Collector's records that interest was generally collected in accordance with the foregoing resolution.

DELINQUENT TAXES AND TAX TITLE LIENS

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit. The annual tax sale was held by the Municipality and was complete.

The following comparison is made of the number of tax title liens receivable on December 31, of the last three years:

<u>Year</u>	<u>Number of Liens</u>
2015	15
2014	8
2013	9

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on the taxpaying basis.

**TOWNSHIP OF KINGWOOD
GENERAL COMMENTS
(Continued)**

SIGNIFICANT DEFICIENCIES

2015-01 Segregation of Duties

Condition: An overall lack of segregation of duties in all accounting control processes.

Criteria: Segregation of duties for the recordkeeping and treasury functions would increase the likelihood that misstatement of the financial statement amounts due to error or fraud would be detected within a reasonable period of time.

Cause: The small size of the Municipality's administrative staff.

Effect: Because of the lack of segregation of duties, errors in accounting control processes could be made and not detected by existing control mechanisms in place.

Recommendation: Procedures should be implemented by the Municipality to reduce the risk of errors occurring and going undetected.

Views of Responsible Officials and Planned Corrective Action: (unaudited)

The officials of the Municipality have determined that the Municipality is effectively and efficiently served with a single individual performing these functions. The Municipality has implemented compensating controls and continues to consider risk assessment as it relates to the likelihood of misstatement of financial statement amounts due to error or fraud.

TOWNSHIP OF KINGWOOD

RECOMMENDATIONS

2015-01 Procedures should be implemented by the Municipality to reduce the risk of errors in connection with a lack of segregation of duties.

STATUS OF PRIOR YEAR'S AUDIT FINDINGS/RECOMMENDATIONS

There were no prior year recommendations.

The foregoing conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the financial statements and this report of such conditions does not modify our report dated July 22, 2016.

We would be pleased to confer on questions that might arise with respect to any matter in this report.

We wish to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the examination.

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



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant