

**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

**DECEMBER 31, 2018**



**TOWNSHIP OF KINGWOOD  
COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2018**

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Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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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 Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Township of Kingwood, in the County of Hunterdon, State of New Jersey (the Municipality) as of December 31, 2018 and 2017, and the related Comparative Statement of Operations and Changes in Fund Balance for the years then ended, and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis for the fiscal year ended December 31, 2018, and the related Notes to the Financial Statements which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division). 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.

### Opinions

#### Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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 to meet the requirements of the Divisions. 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 Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* 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 the Municipality as of December 31, 2018 and 2017, or the results of its operations and changes in fund balance for the years then ended.

#### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to previously present fairly, in all material respects, the Comparative Balance Sheet - Regulatory Basis and the Comparative Statement of General Fixed Assets - Regulatory Basis of the various funds and account group of the Municipality as of December 31, 2018 and 2017, and the results of operations and changes in fund balance of such funds for the years then ended and the related Statement of Revenues - Regulatory Basis, Statement of Expenditures - Regulatory Basis, except for the budgetary information included, which was not audited, for the year ended December 31, 2018 in conformity with accounting principles and practices prescribed by the Division, as described in Note 1.

### Other Matters

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The supplemental statements and schedules presented for the various funds, as listed in the Table of Contents, are presented for purposes of additional analysis as required by the Division and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the Division through the State of New Jersey's OMB

Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* and is also not a required part of the financial statements.

The supplementary schedules presented for the various funds and the Schedules of Expenditures of Federal and State and Local Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental statements and schedules described in the previous paragraph are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional schedules as listed in the Table of Contents have not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2019 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.



**BKC, CPAs, PC**



William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

October 11, 2019  
Flemington, New Jersey



## **FINANCIAL STATEMENTS - REGULATORY BASIS**

**TOWNSHIP OF KINGWOOD**  
**Comparative Balance Sheet - Regulatory Basis**  
**Current Fund**  
**December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets			
Regular fund			
Cash - treasurer	A-4	\$ 2,975,464	\$ 3,187,829
Receivables with full reserves			
Delinquent property taxes receivable	A-7	320,247	361,398
Tax title liens receivable	A-8	63,257	108,513
Property acquired for taxes	A-9	405,000	30,000
Revenue accounts receivable	A-10	1,966	1,739
Due from other trust funds	A-11	6	-
Due from animal control fund	A-12	-	34
		<u>790,476</u>	<u>501,684</u>
Deferred charges			
Special emergency authorization	A-14	<u>26,000</u>	<u>-</u>
Total regular fund		<u>3,791,940</u>	<u>3,689,513</u>
Federal and state grant fund			
Cash	A-4	4,929	24,309
Grants receivable	A-15	<u>70,825</u>	<u>41,807</u>
Total federal and state grant fund		<u>75,754</u>	<u>66,116</u>
Total assets		<u><u>\$ 3,867,694</u></u>	<u><u>\$ 3,755,629</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**Current Fund**  
**December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-16	\$ 226,640	\$ 171,192
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-6	1,344	1,344
Due to other trust funds	A-11	-	1,116
Reserve for encumbrances	A-17	13,030	41,424
Prepaid taxes	A-18	113,788	508,539
Tax overpayments	A-19	3,746	3,991
Local school tax payable	A-20	911,215	953,488
Regional high school taxes payable	A-21	761,522	757,660
County tax payable	A-22	9,002	3,221
Due to outside agencies and other third parties	A-23	-	980
Reserve for preparation of a master plan	A-24	3,695	9,600
Reserve for preparation of a digitized tax map	A-25	18,303	-
Accounts payable	A-26	-	8,381
Due to open space, recreation, and			
Farmland and historic preservation trust fund	A-27	185,312	264
		<u>2,247,597</u>	<u>2,461,200</u>
Reserve for receivables	A	790,476	501,684
Fund balance	A-1	753,867	726,629
Total regular fund		<u>3,791,940</u>	<u>3,689,513</u>
Federal and state grant fund			
Reserve for encumbrances	A-28	4,513	-
Appropriated reserves for grants	A-29	71,241	56,819
Unappropriated reserves for grants	A-30	-	9,297
Total federal and state grant fund		<u>75,754</u>	<u>66,116</u>
Total liabilities, reserves and fund balance		<u><u>\$ 3,867,694</u></u>	<u><u>\$ 3,755,629</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Statement of Operations and Change**  
**In Fund Balance - Regulatory Basis**  
**Current Fund**  
**For the Years Ended December 31,**

	Ref.	2018	2017
Revenues and other income realized			
Fund balance utilized	A-2	\$ 624,430	\$ 572,300
Receipts from current taxes	A-2	13,790,124	13,128,560
Receipts from delinquent taxes	A-2	365,406	335,190
Miscellaneous revenue anticipated	A-2	630,210	579,712
Non-budget revenue	A-2	48,377	36,122
Other credits to income			
Interfund returns - net	A-2	28	-
Unexpended balance of appropriation reserves	A-16	121,944	182,458
Reserve for encumbrances canceled		-	3,769
Tax overpayments canceled		-	2,593
Total income		<u>15,580,519</u>	<u>14,840,704</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	930,674	929,254
Other expenses	A-3	1,077,619	972,621
Capital improvements	A-3	275,100	120,100
Debt service	A-3	195,311	196,952
Deferred charges and statutory expenditures	A-3	176,520	179,680
Local district school taxes	A-20	5,850,588	5,627,961
Regional high school taxes	A-21	3,902,029	3,688,976
County taxes	A-22	2,350,946	2,257,943
County share of added taxes	A-22	9,002	3,221
Municipal open space tax	A-27	185,312	184,864
Other debits to income			
Interfund advances - net		-	25
Prior year Senior Citizen's deduction disallowed	A-6	1,750	500
Prior year refund - county tax board appeals		-	1,056
Total expenditures		<u>14,954,851</u>	<u>14,163,153</u>
Excess in revenue		625,668	677,551

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Statement of Operations and Change**  
**In Fund Balance - Regulatory Basis**  
**Current Fund**  
**For the Years Ended December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Adjustment to income before fund balance			
Expenditures included above which are by statute deferred charges to budgets of succeeding years	A-14	\$ 26,000	\$ -
Regulatory excess to fund balance		651,668	677,551
Balance January 1,	A	726,629	621,378
		1,378,297	1,298,929
Decreased by			
Utilized as anticipated revenue	A-2	624,430	572,300
Balance December 31,	A	\$ 753,867	\$ 726,629

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Revenues - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 624,430	\$ -	\$ 624,430	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-10	12,000	-	12,750	750
Fees and permits	A-10	20,000	-	8,147	(11,853)
Fines and costs					
Municipal court	A-10	20,000	-	19,237	(763)
Shared municipal court costs	A-10	22,700	-	23,774	1,074
Interest and cost on taxes	A-10	67,000	-	66,887	(113)
Energy receipts tax	A-10	286,184	-	289,807	3,623
Garden State preservation trust fund	A-10	42,461	-	42,461	-
Uniform construction code fees	A-10	52,000	-	99,057	47,057
Cable TV franchise fee	A-10	11,023	-	11,730	707
NJ DEP clean communities program	A-15	-	17,063	17,063	-
Historical commission grant	A-15	-	30,000	30,000	-
Recycling tonnage grant	A-15	9,297	-	9,297	-
Total miscellaneous revenues	A-1	542,665	47,063	630,210	40,482
Receipts from delinquent taxes	A-1;A-2	350,901	-	365,406	14,505
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,630,570	-	1,860,271	229,701
Budget totals		3,148,566	47,063	3,480,317	\$ 284,688
Non-budget revenues	A-1;A-2	-	-	48,377	
		<u>\$ 3,148,566</u>	<u>\$ 47,063</u>	<u>\$ 3,528,694</u>	
	<u>Ref.</u>	A-3	A-3		

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Revenues - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	<u>Ref.</u>			
Analysis of realized revenues				
Allocation of current tax collections				
Tax collections	A-1;A-7			\$ 13,790,124
Allocated to				
Local district school taxes	A-7			5,942,872
Regional high school taxes	A-7			4,008,021
County taxes	A-7			2,359,948
Municipal open space tax	A-7			185,312
				<u>12,496,153</u>
Balance for support of municipal budget appropriations				1,293,971
Add: appropriation - reserve for uncollected taxes	A-3			<u>566,300</u>
Realized for support of municipal budget	A-2			<u><u>\$ 1,860,271</u></u>
Analysis of receipts from delinquent taxes				
Taxes receivable	A-7			\$ 353,113
Tax title liens receivable	A-8			<u>12,293</u>
Total delinquent tax collections	A-2			<u><u>\$ 365,406</u></u>
Interest on investments and deposits analysis				
Current fund	A-4			\$ 30,604
Other trusts fund	A-11			264
General capital fund	A-13			<u>513</u>
Total interest on investments and deposits	A-2			<u><u>\$ 31,381</u></u>
				Increase
	<u>Ref.</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>(Decrease)</u>
Interfund advances and returns analysis				
Due from other trust fund	A-11	\$ 6	\$ -	\$ 6
Due from animal control fund	A-12	<u>-</u>	<u>34</u>	<u>(34)</u>
		<u>\$ 6</u>	<u>\$ 34</u>	<u>\$ (28)</u>
	<u>Ref.</u>			A-1

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Revenues - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	<u>Ref.</u>	
Analysis of realized revenues (continued)		
Analysis of non-budget revenue		
Interest on investments and deposits	A-2	\$ 31,381
Treasurer		
Miscellaneous		915
NJ administrative fees		
Senior Citizen's & Veteran's deduction		485
Homestead rebate deduction		359
Photocopies		13
Solar renewable energy certificate fees		11,298
Old outstanding checks canceled		<u>2,643</u>
	A-4	<u>15,713</u>
Account balances canceled		
Other trust fund balance canceled	A-11	1,117
Due to outside lienholders balance canceled	A-23	<u>166</u>
		<u>1,283</u>
	A-2	<u>\$ 48,377</u>

See accompanying notes to the financial statements.



**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited Appropriations		Expended by			
	Budget					
	Budget	After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
Operations within CAPS						
General government						
Mayor and committee						
Salaries and wages	\$ 8,600	\$ 8,600	\$ 8,600	\$ -	\$ -	\$ -
Other expenses	1,890	1,890	1,162	728	-	-
Municipal clerk						
Salaries and wages	130,880	130,880	126,613	4,267	-	-
Other expenses	25,750	23,750	12,818	10,932	-	-
Elections	4,500	4,500	2,771	1,729	-	-
Codification and revisions of ordinances	3,000	5,000	2,937	2,063	-	-
Financial administration						
Salaries and wages	51,941	45,741	42,923	2,818	-	-
Other expenses	14,530	14,530	11,167	3,363	-	-
Audit services	24,000	24,000	24,000	-	-	-
Revenue administration						
Salaries and wages	33,895	33,895	33,263	632	-	-
Other expenses	9,000	9,000	5,685	3,315	-	-
Assessment of taxes						
Salaries and wages	38,295	38,295	38,295	-	-	-
Other expenses	6,000	6,000	4,812	1,188	-	-
Maintenance of tax map	3,500	3,500	-	3,500	-	-
Digitization of the tax map	-	26,000	26,000	-	-	-
Agriculture advisory committee						
Salaries and wages	2,631	2,631	2,429	202	-	-
Other expenses	250	250	250	-	-	-
Legal services and costs						
Other expenses	60,000	60,000	51,871	8,129	-	-
Municipal prosecutor						
Other expenses	12,283	12,283	12,258	25	-	-
Engineering services and costs						
Other expenses	11,000	11,000	7,517	3,483	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited					
	Appropriations		Expended by			
		Budget				
	Budget	After	Paid or		Balance	Over-
		Modification	Charged	Reserved	Canceled	Expended
Operations within CAPS (cont'd)						
Land use administration						
Planning board						
Salaries and wages	\$ 22,617	\$ 22,617	\$ 22,617	\$ -	\$ -	\$ -
Other expenses	35,000	32,775	21,038	11,737	-	-
Zoning official						
Salaries and wages	11,938	11,938	10,101	1,837	-	-
Other expenses	350	350	350	-	-	-
Zoning board						
Salaries and wages	7,174	7,174	7,173	1	-	-
Other expenses	4,000	4,000	3,540	460	-	-
Environmental commission						
Salaries and wages	2,631	2,631	2,428	203	-	-
Other expenses	1,200	1,200	906	294	-	-
Industrial commission						
Other expenses	100	100	-	100	-	-
Recycling program						
Other expenses	7,000	7,000	1,754	5,246	-	-
Gypsy moth program						
Other expenses	90	90	-	90	-	-
Insurance						
Dental insurance	13,000	13,000	10,400	2,600	-	-
General liability	68,687	68,687	68,687	-	-	-
Workers compensation	29,514	29,514	29,514	-	-	-
Employee group health	113,250	113,250	108,002	5,248	-	-
Public safety						
Aid to volunteer fire						
companies	70,000	70,000	70,000	-	-	-
Aid to first aid						
organizations	40,000	40,000	40,000	-	-	-
Office of emergency						
management						
Salaries and wages	5,538	5,538	5,538	-	-	-
Other expenses	4,000	4,000	1,586	2,414	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited					
	Appropriations		Expended by			
		Budget				
		After	Paid or		Balance	Over-
	Budget	Modification	Charged	Reserved	Canceled	Expended
Operations within CAPS (cont'd)						
Public works						
Road repairs and maintenance						
Salaries and wages	\$ 460,000	\$ 438,500	\$ 386,155	\$ 52,345	\$ -	\$ -
Other expenses	150,000	150,000	142,567	7,433	-	-
Snow removal						
Salaries and wages	28,000	28,000	28,000	-	-	-
Other expenses	40,000	40,000	40,000	-	-	-
Solid waste collection						
Other expenses	5,100	5,100	4,980	120	-	-
Building and grounds						
Salaries and wages	11,916	11,916	11,916	-	-	-
Other expenses	38,720	38,720	20,942	17,778	-	-
Vehicle maintenance						
Other expenses	35,000	56,500	53,974	2,526	-	-
Health and human services						
Board of health						
Salaries and wages	7,866	7,866	7,782	84	-	-
Other expenses	5,000	5,000	856	4,144	-	-
Animal control						
Other expenses	4,600	4,600	-	4,600	-	-
Parks and recreation						
Recreation services and programs						
Other expenses	4,000	3,500	257	3,243	-	-
Maintenance of parks						
Salaries and wages	10,104	10,104	9,326	778	-	-
Other expenses	7,500	8,000	7,949	51	-	-
Uniform construction code						
Construction officials						
Salaries and wages	55,334	55,334	54,475	859	-	-
Other expenses	7,500	7,500	976	6,524	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited		Expended by			
	Appropriations					
	Budget	Budget	Paid or		Balance	Over-
		After	Charged	Reserved	Canceled	Expended
	Budget	Modification				
Operations within CAPS (cont'd)						
Unclassified						
Office of local historian						
Other expenses	\$ 500	\$ 500	\$ -	\$ 500	\$ -	\$ -
Interest on tax appeals						
RS 54:3-27	100	100	-	100	-	-
Utilities						
Gasoline and diesel fuel	30,000	30,000	29,169	831	-	-
Electricity	15,500	15,500	11,128	4,372	-	-
Telephone	15,250	15,250	13,190	2,060	-	-
Street lighting	7,250	7,250	5,259	1,991	-	-
Heating fuel oil	15,000	15,000	4,411	10,589	-	-
Natural gas	10,000	10,000	8,453	1,547	-	-
Municipal court						
Salaries and wages	57,862	64,062	58,014	6,048	-	-
Other expenses	3,500	3,500	2,678	822	-	-
Public defender						
Salaries and wages	3,581	3,581	3,581	-	-	-
Total operations within "CAPS"	1,907,217	1,930,992	1,725,043	205,949	-	-
Contingent	100	100	-	100	-	-
Total operations including contingent within "CAPS"	1,907,317	1,931,092	1,725,043	206,049	-	-
Detail						
Salaries and wages	950,803	929,303	859,229	70,074	-	-
Other expenses (including contingent)	956,514	1,001,789	865,814	135,975	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited					
	Appropriations		Expended by			
		Budget				
	Budget	After	Paid or	Reserved	Balance	Over-
		Modification	Charged		Canceled	Expended
Statutory expenditures						
Contribution to						
Public employees						
retirement system	\$ 95,770	\$ 95,770	\$ 95,770	\$ -	\$ -	\$ -
Social Security						
system (OASI)	76,000	76,000	66,742	9,258	-	-
State unemployment						
compensation	1,000	1,000	493	507	-	-
Defined contribution						
retirement program	3,750	3,750	1,133	2,617	-	-
Total deferred charges and						
statutory expenditures -						
Municipal within CAPS	176,520	176,520	164,138	12,382	-	-
Vacation reserve	100	100	-	100	-	-
Total general appropriations						
for municipal purposes						
within CAPS	2,083,937	2,107,712	1,889,181	218,531	-	-
Operations excluded from CAPS						
Fair share housing plan						
Salaries and wages	1,146	1,371	1,332	39	-	-
Other expenses	5,000	7,000	30	6,970	-	-
911 coordinator						
Other expenses	10	10	-	10	-	-
LOSAP contribution	4,360	4,360	3,270	1,090	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited Appropriations		Expended by			
	Budget					
	Budget	After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
Operations excluded from CAPS (continued)						
Public and private programs offset by revenues						
Historical commission grant						
Other expenses	\$ -	\$ 30,000	\$ 30,000	\$ -	\$ -	\$ -
Clean communities program						
Other expenses	-	17,063	17,063	-	-	-
Recycling tonnage grant						
Other expenses	9,297	9,297	9,297			
Matching funds for grants	8,000	8,000	8,000	-	-	-
Total operations excluded from CAPS	27,813	77,101	68,992	8,109	-	-
Detail						
Salaries and wages	1,146	1,371	1,332	39	-	-
Other expenses	26,667	75,730	67,660	8,070	-	-
Capital improvements - excluded from CAPS						
Capital improvement fund	235,000	235,000	235,000	-	-	-
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	275,100	275,100	275,100	-	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Municipal debt service excluded from CAPS						
Payment of bond principal	\$ 105,000	\$ 105,000	\$ 105,000	\$ -	\$ -	\$ -
Payment of bond anticipation notes	72,500	72,500	72,500	-	-	-
Interest on bonds	8,520	8,520	8,415	-	105	-
Interest on notes	9,396	9,396	9,396	-	-	-
Total debt service excluded from CAPS	195,416	195,416	195,311	-	105	-
Total general approp, for municipal purposes excluded from CAPS	498,329	547,617	539,403	8,109	105	-
Subtotal general appropriations	2,582,266	2,655,329	2,428,584	226,640	105	-
Reserve for uncollected taxes	566,300	566,300	566,300	-	-	-
Total general appropriations	\$ 3,148,566	\$ 3,221,629	\$ 2,994,884	\$ 226,640	\$ 105	\$ -
<u>Ref.</u>	A-2	A-3	A-1;A-3	A;A-1		

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2018**

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 2,107,784
Reserve for uncollected taxes	A-2	566,300
Reserve for encumbrances	A-17	13,030
Due to general capital fund	A-13	265,100
Special emergency authorization	A-25	26,000
Appropriated reserve for grants	A-29	56,360
		<u>3,034,574</u>
Less		
Appropriation refunds	A-4	39,690
	A-3	<u>\$ 2,994,884</u>
Appropriations		
Budget	A-2	\$ 3,148,566
Added by N.J.S.A. 40A:4-55	A-14	26,000
Added by N.J.S.A. 40A:4-87	A-2	47,063
	A-3	<u>\$ 3,221,629</u>

See accompanying notes to the financial statements.



**TOWNSHIP OF KINGWOOD**  
**Comparative Balance Sheet - Regulatory Basis**  
**Trust Fund**  
**December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Assets			
Animal control fund			
Cash	B-1	\$ 7,130	\$ 9,018
Other trust fund			
Cash and other bank deposits	B-1	740,442	714,944
Due from current fund	B-7	-	1,116
		<u>740,442</u>	<u>716,060</u>
Open space, recreation, and farmland and historic preservation trust fund			
Cash	B-1	705,839	879,902
Due from current fund	B-8	185,312	264
		<u>891,151</u>	<u>880,166</u>
Total assets		<u><u>\$ 1,638,723</u></u>	<u><u>\$ 1,605,244</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Balance Sheet - Regulatory Basis (continued)**  
**Trust Fund**  
**December 31,**

	Ref.	2018	2017
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 7,098	\$ 8,929
Due to current fund	B-4	-	34
Due to State of New Jersey	B-5	32	10
Reserve for encumbrances	B-6	-	45
		<u>7,130</u>	<u>9,018</u>
Other trust fund			
Due to current fund	B-7	6	-
Reserve for encumbrances	B-9	6,985	18,019
Reserve for recycling trust	B-10	9,794	8,591
Reserve for COAH development fees	B-11	151,580	106,645
Reserve for developer's deposits	B-12	291,459	290,566
Reserve for unemployment compensation	B-13	19,658	19,008
Reserve for special deposits	B-14	5,426	4,444
Reserve for recreation commission	B-15	21,752	19,900
Reserve for planning board escrow	B-16	68,193	67,760
Reserve for board of adjustment escrow	B-17	4,409	4,702
Payroll withholdings payable	B-18	6,492	5,567
Reserve for board of health	B-19	36,959	35,459
Reserve for tax sale premium	B-20	26,300	51,300
Reserve for security deposits and aquifer/ hydrogeological escrow	B-21	3,111	5,429
Reserve for fees due to outside agencies	B-22	7,350	6,200
Reserve for self insurance escrow	B-23	16,448	19,098
Reserve for snow removal trust	B-24	63,920	51,655
Reserve for accumulated absences trust	B-25	600	600
Reserve for green team fund trust	B-26	-	1,117
		<u>740,442</u>	<u>716,060</u>
Open space, recreation, and farmland and historic preservation trust fund			
Reserve for open space	B-27	891,151	880,166
Total liabilities and reserves		<u>\$ 1,638,723</u>	<u>\$ 1,605,244</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Balance Sheet - Regulatory Basis**  
**General Capital Fund**  
**December 31,**

	Ref.	2018	2017
Assets			
Cash	C-2	\$ 457,014	\$ 341,779
State grants receivable	C-6	325,000	325,000
Deferred charges to future taxation			
Funded	C-7	1,783,000	1,988,000
Unfunded	C-8	596,694	669,194
Total assets		<u>\$ 3,161,708</u>	<u>\$ 3,323,973</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-17	\$ 1,783,000	\$ 1,988,000
Bond anticipation notes payable	C-18	507,500	580,000
Improvement authorizations			
Funded	C-9	402,196	442,518
Unfunded	C-9	71,784	71,784
Capital improvement fund	C-10	195,199	106,034
Reserves for			
Encumbrances	C-11	99,007	-
Contributions from developers	C-12	10,000	10,000
Purchase of municipal equipment	C-13	-	36,915
Preliminary plan expenses			
Ridge road section I	C-14	1,656	16,000
New municipal building	C-15	18,394	-
Municipal building renovations	C-16	823	573
Fund balance	C-1	72,149	72,149
Total liabilities, reserves and fund balance		<u>\$ 3,161,708</u>	<u>\$ 3,323,973</u>
Bonds and notes authorized but not issued	C-19	<u>\$ 89,194</u>	<u>\$ 89,194</u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Statement of Fund Balance - Regulatory Basis**  
**General Capital Fund**  
**For the Year Ended December 31,**

	<u>Ref.</u>	<u>2018</u>	<u>2017</u>
Balance - January 1	C	<u>\$ 72,149</u>	<u>\$ 72,149</u>
Balance - December 31	C	<u><u>\$ 72,149</u></u>	<u><u>\$ 72,149</u></u>

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Comparative Statement of General Fixed Assets - Regulatory Basis**  
**General Fixed Assets Account Group**  
**For the Year Ended December 31,**

	<u>2018</u>	<u>2017</u>
General fixed assets		
Land	\$ 3,930,288	\$ 3,930,288
Land improvements	70,362	70,362
Building and building improvements	2,918,291	2,912,966
Machinery and equipment	442,201	442,201
Vehicles	1,096,812	1,050,423
Construction in progress	<u>12,983</u>	<u>-</u>
	<u><u>\$ 8,470,937</u></u>	<u><u>\$ 8,406,240</u></u>
Investment in general fixed assets	<u><u>\$ 8,470,937</u></u>	<u><u>\$ 8,406,240</u></u>

See accompanying notes to the financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

## **TOWNSHIP OF KINGWOOD**

### **Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

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.A. 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. There are currently no component units of the Municipality as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Numbers 39, 61 and 80.

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 (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**

Note 1 - Summary of significant accounting policies (continued)

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 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 10<sup>th</sup> and adopt no later than March 20<sup>th</sup> 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**

Note 1 - Summary of significant accounting policies (continued)

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 31 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.

*Property Acquired for Taxes/Foreclosed Property* - is recorded in the current fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the general fixed assets account group. If such property is converted to a municipal use, it will be recorded in the general fixed assets account group.

*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.

*Interfund Transactions* - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

*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 accounting principles generally accepted in the United States of America, 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.

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.

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, "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.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

4. Foreclosed Property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
5. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
6. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
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.
10. Losses arising from tax appeals and other contingencies are not recorded until paid.
11. Financial Reporting Model - These statements are not presented on the requirements as Promulgated by GASB, *Accounting and Financial Reporting for Pensions - An Amendment of GASB*. 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 rather than reported.

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

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 2 - Deposits and investments (continued)

State requirements for deposits and investments (continued)

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

The cash management plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under the provisions of the act.

Custodial credit risk - deposits

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

As of December 31, 2018 and 2017, the Municipality's bank and investment balances of \$4,980,963 and \$5,253,142, respectively, were exposed to custodial credit risk as follows:

	<u>2018</u>	<u>2017</u>
Insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 353,443	\$ 352,979
Uninsured and collateralized with securities held by pledging financial institutions	4,627,493	4,900,163
Total	<u>\$ 4,980,936</u>	<u>\$ 5,253,142</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

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.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

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.

Summary of municipal debt for the last 3 years

	2018	2017
Issued		
General bonds	\$ 1,783,000	\$ 1,988,000
Notes	507,500	580,000
Authorized but not issued		
General		
Bonds and notes	89,194	89,194
Net bonds and notes issued and authorized but not issued	<u>\$ 2,379,694</u>	<u>\$ 2,657,194</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 0.39%.

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 1,105,000	\$ 1,105,000	\$ -
Regional school district debt	138,212	138,212	-
General debt	2,379,694	-	2,379,694
	<u>\$ 3,622,906</u>	<u>\$ 1,243,212</u>	<u>\$ 2,379,694</u>

Net debt \$2,379,694 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$613,050,115 equals 0.39%.

Borrowing power under N.J.S.A. 40A:2-6 as amended

3 1/2% of equalized valuation basis (municipal)	\$ 21,456,754
Net debt	<u>2,379,694</u>
Remaining borrowing power	<u>\$ 19,077,060</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 4 - Long-term debt (continued)

Changes in long-term debt

During the years ended December 31, 2018 and 2017, the following changes occurred in long-term debt.

	Balance 01/01/17	Additions	Reductions	Balance 12/31/17
Issued debt				
General				
Bonds	\$ 2,193,000	\$ -	\$ 205,000	\$ 1,988,000
Notes	652,500	-	72,500	580,000
Authorized but not issued debt				
General				
Bonds and notes	89,194	-	-	89,194
Total	<u>\$ 2,934,694</u>	<u>\$ -</u>	<u>\$ 277,500</u>	<u>\$ 2,657,194</u>
	Balance 01/01/18	Additions	Reductions	Balance 12/31/18
Issued debt				
General				
Bonds	\$ 1,988,000	\$ -	\$ 205,000	\$ 1,783,000
Notes	580,000	-	72,500	507,500
Authorized but not issued debt				
General				
Bonds and notes	89,194	-	-	89,194
Total	<u>\$ 2,657,194</u>	<u>\$ -</u>	<u>\$ 277,500</u>	<u>\$ 2,379,694</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 4 - Long-term debt (continued)

Changes in long-term debt (continued)

General Obligation Bonds - General obligation bonds at December 31, 2018 and 2017, with their outstanding balances are comprised of the following individual issues:

	<u>2018</u>	<u>2017</u>
\$1,263,000 - 2004 general obligation bonds due in annual installments of \$60,000 to \$108,000 beginning September 1, 2005 through September 1, 2019, interest at 3.70% to 4.00%.	\$ 108,000	\$ 213,000
\$2,375,000 - 2011 general obligation bonds due in annual installments of \$100,000 to \$200,000 beginning February 1, 2012 through February 1, 2027, interest at 2.00% to 4.00%.	1,675,000	1,775,000
Total	<u>\$ 1,783,000</u>	<u>\$ 1,988,000</u>

Schedule of annual debt service for principal and interest for outstanding bonds

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 208,000	\$ 63,320	\$ 271,320
2020	200,000	54,500	254,500
2021	200,000	48,250	248,250
2022	200,000	41,500	241,500
2023	200,000	34,500	234,500
2024 - 2027	775,000	60,500	835,500
Total	<u>\$ 1,783,000</u>	<u>\$ 302,570</u>	<u>\$ 2,085,570</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2018 in the amount of \$507,500 and outstanding bond anticipation notes at December 31, 2017 in the amount of \$580,000. The note for December 31, 2018 has a term from September 20, 2018 to September 20, 2019 with an interest rate of 2.59% payable at maturity. The note for December 31, 2017 has a term from September 21, 2017 to September 21, 2018, with an interest rate of 1.62% payable at maturity. Principal and interest on the notes are paid from the current fund budget. The notes were issued in the amount of \$443,100 for Ordinance #18-08-15 Acquisition of Road Maintenance Equipment and in the amount of \$64,400 for Ordinance #18-09-15 Renovations to the Municipal Building for December 31, 2018. The notes were issued in the amount of \$506,400 for Ordinance #18-08-15 Acquisition of Road Maintenance Equipment and in the amount of \$73,600 for Ordinance #18-09-15 Renovations to the Municipal Building for December 31, 2017.



**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

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:

	Local District School Tax		Regional High School Tax	
	Balance 12/31/18	Balance 12/31/17	Balance 12/31/18	Balance 12/31/17
Balance of tax	\$ 2,753,505	\$ 2,703,494	\$ 2,004,009	\$ 1,894,155
Deferred	1,842,290	1,750,006	1,242,487	1,136,495
Tax payable (prepaid)	<u>\$ 911,215</u>	<u>\$ 953,488</u>	<u>\$ 761,522</u>	<u>\$ 757,660</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:

	Balance 12/31/18	Balance 12/31/17
Prepaid taxes	\$ 113,788	\$ 508,539
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 113,788</u>	<u>\$ 508,539</u>

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)  
Public employees' 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/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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

The following represents the Membership Tiers for PERS:

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**

Note 8 - Pensions (continued)  
Public employees' retirement system (continued)  
Allocation methodology

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 for each group as of June 30, 2018, are based on the ratio of each employer's contributions to the total employer contributions of the group for the State fiscal year ended June 30, 2018.

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 non-contributory group insurance benefits is based on actual claims paid. For State Fiscal Year 2018, the State's pension contribution was less than the actuarial determined amount.

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

The contribution rate was 7.34% effective July 1, 2017 and will increase annually on July 1st until eventually reaching 7.50% of base salary effective July 1, 2018.

The Municipality's contractually required contribution rate for the year ended December 31, 2018 was 14.07% of the Municipality's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The Municipality contributed \$95,770 and \$98,930 for the years ending December 31, 2018 and 2017, respectively.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Public employees' retirement system (continued)

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 December 31, 2018 and 2017 are as follows:

	2018	2017
Total pension liability	\$ 4,675,688	\$ 4,636,812
Plan fiduciary net position	2,506,032	2,230,304
Net pension liability	<u>\$ 2,169,656</u>	<u>\$ 2,406,508</u>

Plan fiduciary net position as a percentage of the total pension liability	53.60%	48.10%
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Actuarial assumptions

The collective total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation	2.25%
Salary increases (based on age)	
Through 2026	1.65% - 4.15%
Thereafter	2.65% - 5.15%
Investment rate of return	7.00%

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For state employees, mortality tables are set back four years for males and females. For local employees, mortality tables are set back two years for males and seven years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back one year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back three years for males and set forward one year for females).

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)  
Public employees' retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Actuarial assumptions

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
Risk mitigation strategies	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
High yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)  
Public employees' retirement system (continued)  
Collective net pension liability and actuarial information (continued)  
Discount rate

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018, 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 rate in the most recent state fiscal year.

The state employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plans fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the Municipality's proportionate share of the collective net pension liability of as of December 31, 2018 and 2017 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

<u>Municipality's Proportionate Share of The Net Pension Liability</u>	<u>2018</u>
At current discount rate (5.66%)	\$ 2,169,656
At a 1% lower rate (4.66%)	2,728,094
At a 1% higher rate (6.66%)	1,701,164
 <u>Municipality's Proportionate Share of The Net Pension Liability</u>	 <u>2017</u>
At current discount rate (5.00%)	\$ 2,406,508
At a 1% lower rate (4.00%)	2,985,436
At a 1% higher rate (6.00%)	1,924,189

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Public employees' retirement system (continued)

Collective deferred outflows of resources and deferred inflows of resources

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

At December 31, 2018, 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	\$ 41,376	\$ 11,187
Changes of assumptions	357,523	693,741
Net difference between projected and actual earnings on pension plan investments	-	20,351
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	164,939	118,889
Total	<u>\$ 563,838</u>	<u>\$ 844,168</u>

At December 31, 2017, 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	\$ 56,665	\$ -
Changes of assumptions	484,828	483,051
Net difference between projected and actual earnings on pension plan investments	16,387	-
Changes in proportion and differences between Municipal contributions and proportionate share of contributions	55,236	155,528
Total	<u>\$ 613,116</u>	<u>\$ 638,579</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Collective net pension liability and actuarial information (continued)

Collective deferred outflows of resources and deferred inflows of resources

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 December 31, 2018 and 2017:

<u>December 31, 2018</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 60,400	\$ -	\$ 19,024	\$ 41,376
Changes of assumptions	516,785	-	159,262	357,523
Deferred inflows of resources				
Differences between expected and actual experience	1	(13,604)	(2,416)	(11,187)
Differences between projected and actual earnings on pension plan investments	17,467	(50,985)	(13,167)	(20,351)
Changes of assumptions	(514,891)	(357,233)	(178,383)	(693,741)
Net changes in deferred outflows (inflows) of resources	<u>\$ 79,762</u>	<u>\$ (421,822)</u>	<u>\$ (15,680)</u>	<u>\$ (326,380)</u>
 <u>December 31, 2017</u>	 <u>Beginning Balance</u>	 <u>Increases</u>	 <u>Decreases</u>	 <u>Ending Balance</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 56,940	\$ 17,573	\$ 17,848	\$ 56,665
Changes of assumptions	634,241	-	149,413	484,828
Differences between projected and actual earnings on pension plan investments	116,750	(103,149)	(2,786)	16,387
Deferred inflows of resources				
Changes of assumptions	-	(590,875)	(107,824)	(483,051)
Net changes in deferred outflows (inflows) of resources	<u>\$ 807,931</u>	<u>\$ (676,451)</u>	<u>\$ 56,651</u>	<u>\$ 74,829</u>



**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Collective net pension liability and actuarial information (continued)

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

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:

December 31, 2018		December 31, 2017	
<u>Year Ending June 30,</u>		<u>Year Ending June 30,</u>	
2019	\$ 15,059	2018	\$ 56,652
2020	(20,849)	2019	85,489
2021	(149,503)	2020	51,802
2022	(129,591)	2021	(68,896)
2023	(41,496)	2022	(50,218)
Total	<u>\$ (326,380)</u>	Total	<u>\$ 74,829</u>

Pension expense

The components of allocable pension expense, which exclude pension expense related to specific liabilities of individual employers, for the Municipality for the year ending December 31, 2018 and 2017 are as follows:

	2018	2017
Service cost	\$ 102,413	\$ 112,246
Interest on total pension liability	246,204	203,686
Member contributions	(58,809)	(53,394)
Administrative expense	1,629	1,397
Expected investment return net of investment expense	(154,576)	(145,430)
Pension expense related to specific liabilities of individual employers	(906)	(1,579)
Amortization of assumptions in changes or inputs	16,608	17,848
Amortization of expected versus actual experience	(19,121)	41,590
Amortization of projected versus actual investment earnings on pension plan investments	(13,167)	(2,787)
Pension expense	<u>\$ 120,275</u>	<u>\$ 173,577</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 8 - Pensions (continued)

Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15:c-1 et seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides retirement benefits for eligible employees and their beneficiaries. Individuals covered under DCRP are employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established maximum compensation limits; employees enrolled in PFRS after May 21, 2010, who earn salary in excess of established maximum compensation limits; employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary for Tier 3 enrollment but who earn salary of at least \$5,000.00 annually; and employees otherwise eligible to enroll in PERS after May 21, 2010, who do not work the minimum number of hours per week required for Tiers 4 or 5 enrollment, but who earn salary of at least \$5,000.00 annually. For the year ended December 31, 2018 and 2017, the Municipality contributed \$1,113 and \$2,295, respectively. The program administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program website: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).

Vesting and benefit provisions

All members who become eligible for DCRP are immediately vested. Benefits include a defined contribution retirement plan distribution that can be received in a lump-sum or in portions upon retirement, life insurance coverage, and long-term disability coverage.

Note 9 - Postretirement benefits

*Plan Description* - The Municipality contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit postemployment 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 postretirement benefit.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 10 - Accrued sick and vacation benefits

The Township 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 charges to operations or to budgets of prior years. At December 31, 2018 and 2017, the Municipality has estimated the liability to be approximately \$108,276 and \$122,221, 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 but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 11 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2018 and 2017:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
Land	\$ 3,930,288	\$ -	\$ -	\$ 3,930,288
Land improvement	70,362	-	-	70,362
Building & building improvements	2,912,966	5,325	-	2,918,291
Furniture, machinery & equipment	442,201	-	-	442,201
Vehicles	1,050,423	46,389		1,096,812
Construction in progress	-	12,983	-	12,983
Total	<u>\$ 8,406,240</u>	<u>\$ 64,697</u>	<u>\$ -</u>	<u>\$ 8,470,937</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 11 - Fixed assets (continued)

	Balance 12/31/16	Additions	Deletions	Balance 12/31/17
Land	\$ 3,888,498	\$ 41,790	\$ -	\$ 3,930,288
Land improvement	70,362	-	-	70,362
Building & building improvements	2,852,496	60,470	-	2,912,966
Furniture, machinery & equipment	622,869	-	180,668	442,201
Vehicles	1,044,525	5,898	-	1,050,423
Construction in progress	46,518	-	46,518	-
Total	<u>\$ 8,525,268</u>	<u>\$ 108,158</u>	<u>\$ 227,186</u>	<u>\$ 8,406,240</u>

Note 12 - Interfund receivable and payable

The following Interfund balances remained on the various balance sheets of the Municipality as of December 31, 2018 and 2017:

December 31, 2018	Interfund Receivable	Interfund Payable
Current fund		
Other trust fund	\$ 6	\$ -
Open space, recreation, and farmland and historic preservation trust fund	-	185,312
Open space, recreation, and farmland and historic preservation trust fund		
Current fund	185,312	-
Other trust funds		
Current fund	-	6
	<u>\$ 185,318</u>	<u>\$ 185,318</u>

The balance due from the other trust funds to the current fund of \$6 is interest earned due at year-end. The balance due from the current fund to the open space, recreation, farmland and historic preservation trust fund of \$185,312 represents the Municipal open space tax levy and added and omitted taxes that were not transferred to the open space trust fund at year-end.

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 12 - Interfund receivable and payable (continued)

December 31, 2017	Interfund Receivable	Interfund Payable
Current fund		
Animal control fund	\$ 34	\$ -
Open space, recreation, and farmland and historic preservation trust fund	-	264
Other trust funds	-	1,116
Animal control fund		
Current fund	-	34
Open space, recreation, and farmland and Historic preservation trust fund		
Current fund	264	-
Other trust funds		
Current fund	1,116	-
	\$ 1,414	\$ 1,414

The balance due from the animal control fund to the current fund of \$34 is interest earned due at year-end. The balance due from the current fund to the open space, recreation, farmland and historic preservation trust fund of \$264 represents the Municipal open space tax levy on added and omitted taxes that was not transferred to the open space trust fund at year-end. The balance due to the other trust fund from the current fund of \$1,116 represents a trust fund that was received in the current fund.

Note 13 - Contingent liabilities

Litigation

The Municipality is involved with various litigation matters. It is believed that the outcome, or exposure to the Municipality from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Grantor agencies

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

Note 14 - 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.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 14 - Risk management (continued)

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 excess insurance coverage for the current or three prior years.

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 coverages 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

Financial statements for the Statewide Insurance Fund can be obtained by contacting:

Statewide Insurance Fund  
One Sylvan Way, Suite 100  
Parsippany NJ 07054  
1-862-260-2050

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 14 - Risk management (continued)

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:

Year	Interest Earnings	Employee Deposit	Disbursement	Ending Balance
2018	\$ -	\$ 1,449	\$ 799	\$ 19,658
2017	98	1,581	177	19,008
2016	29	1,441	-	17,506

Note 15 - 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 16 - 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 Municipality Council on August 16, 1999 and approved by the voters of the Municipality by referendum at the general election on November 2, 1999. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**

Note 16 - Length of service award program (unaudited) (continued)

All investments are maintained with the Lincoln Financial Group. 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, 2018 and 2017 amounted to \$94,393 and \$99,322; respectively. Contributions by the Municipality for qualified participants were \$3,270 and \$4,360 for 2018 and 2017, respectively.

Note 17 - Union contracts

As of December 31, 2018, the Municipality's employees are organized into one collective bargaining unit which is the Local Union 469 affiliated with the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (the Union). The Union is the exclusive representative for all the members of the public works department excluding all managerial executives, confidential employees, professional employees, police, craftsmen, and supervisors. The term of the union contract was from January 1, 2017 to December 31, 2019.

Note 18 - Fund balances appropriated

For the year ending December 31, 2018, fund balance which was appropriated and included as anticipated revenue is as follows:

Current fund	\$ 652,500
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For the year ending December 31, 2017, fund balance which was appropriated and included as anticipated revenue is as follows:

Current fund	\$ 624,430
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Note 19 - Lease obligations

At December 31, 2018, the Municipality has lease agreements for two operating leases for photocopiers. The future minimum rental payments under the operating lease agreement are as follows:

Year Ending December 31,	
2019	\$ 2,817
2020	2,817
2021	2,428
2022	2,038
Total	\$ 10,100

Note 20 - Subsequent events

The Municipality has evaluated subsequent events through October 11, 2019, which is the date the financial statements were available to be issued and no additional items were noted for disclosures.



## **SUPPLEMENTARY SCHEDULES**

**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**2018**

**CURRENT FUND**

**TOWNSHIP OF KINGWOOD**  
**Schedule of Current Fund Cash - Treasurer**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2017	A	\$ 3,187,829	\$ 24,309
Increased by receipts			
Non-budget revenue	A-2	\$ 15,713	\$ -
Interest on investments and deposits	A-2	30,604	-
Appropriation refunds	A-3	39,690	-
Appropriation reserve refunds	A-16	1,570	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	24,250	-
Taxes receivable	A-7	13,608,479	-
Tax title liens receivable	A-8	12,293	-
Revenue accounts receivable	A-10	573,850	-
Due from other trust funds	A-11	259	-
Due from animal control fund	A-12	34	-
Due to general capital fund	A-13	513	-
Grants receivable	A-15	-	26,045
Prepaid taxes	A-18	112,642	-
Tax overpayments	A-19	10,556	-
Due to outside lien holders	A-23	194,717	-
		<u>14,625,170</u>	<u>26,045</u>
		17,812,999	50,354

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Current Fund Cash - Treasurer (continued)**

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by disbursements			
Current year budget appropriations	A-3	\$ 2,107,784	\$ -
Prior year appropriation reserves	A-16	92,242	-
Due from/to general capital fund	A-13	265,100	-
Tax overpayments refunded	A-19	9,436	-
Local school tax payable	A-20	5,892,861	-
Regional high school tax payable	A-21	3,898,167	-
County taxes payable	A-22	2,354,167	-
Due to outside lien holders	A-23	195,531	-
Reserve for preparation of the master plan	A-24	5,905	-
Reserve for preparation of digitized tax maps	A-25	7,697	-
Accounts payable	A-26	8,381	-
Due to open space , recreation, and farmland and historic preservation trust	A-27	264	-
Appropriated reserves for state grants	A-29	-	45,425
		<u>\$14,837,535</u>	<u>\$ 45,425</u>
Balance - December 31, 2018	A	<u><u>\$ 2,975,464</u></u>	<u><u>\$ 4,929</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Current Fund Cash and Reconciliation - Treasurer**  
**Per N.J.S.A. 40A:5-5**

	<u>Ref.</u>	<u>Regular Fund</u>	<u>Federal and State Grant Fund</u>
Balance - December 31, 2018	A-4	\$ 2,975,464	\$ 4,929
Increased by			
Receipts		8,430,096	6,412
		<u>11,405,560</u>	<u>11,341</u>
Decreased by			
Disbursements		7,346,184	11,341
		<u>7,346,184</u>	<u>11,341</u>
Balance - April 30, 2019		<u>\$ 4,059,376</u>	<u>\$ -</u>
Cash reconciliation - April 30, 2019			
Balance per statement			
TD Bank		\$ 4,059,333	\$ -
Add: deposit-in-transit		3,917	-
		<u>4,063,250</u>	<u>-</u>
Less: outstanding checks		3,874	-
		<u>3,874</u>	<u>-</u>
Book balance		<u>\$ 4,059,376</u>	<u>\$ -</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to State of New Jersey**  
**Veteran's and Senior Citizen's Deductions**

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ 1,344
Increased by			
Receipts	A-4	\$ 24,250	
Prior year Senior Citizen's deductions disallowed by collector	A-1	<u>1,750</u>	
			<u>26,000</u>
			27,344
Decreased by			
Veteran's deductions per tax billings		22,000	
Senior Citizen's deductions per tax billings		<u>4,000</u>	
	A-7		<u>26,000</u>
Balance - December 31, 2018	A		<u><u>\$ 1,344</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy**

Year	Balance 12/31/17	2018 Levy	Added 2018	Collected		Transferred to Tax Title Liens	Veteran's & Senior Citizen's Deductions	Tax Overpayment Applied	Cancellations	Balance 12/31/18
				2017	2018					
2015	\$ 250	\$ -	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
2017	361,148	-	1,750	-	352,863	9,967	-	-	68	-
2018	-	14,172,157	-	508,539	13,255,366	47,502	26,000	219	14,284	320,247
	<u>\$ 361,398</u>	<u>\$ 14,172,157</u>	<u>\$ 1,750</u>	<u>\$ 508,539</u>	<u>\$ 13,608,479</u>	<u>\$ 57,469</u>	<u>\$ 26,000</u>	<u>\$ 219</u>	<u>\$ 14,352</u>	<u>\$ 320,247</u>
<u>Ref.</u>	A	Reserve	Reserve	A-18	A-4	A-8	A-6	A-19	Reserve	A

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Taxes Receivable and Analysis of Property Tax Levy (continued)**

	<u>Ref.</u>		
Analysis of 2018 property tax			
Tax yield			
General purpose tax			\$ 14,127,943
Added and omitted taxes			<u>44,214</u>
	A-7		<u><u>\$ 14,172,157</u></u>
Local district school tax	A-2;A-20		\$ 5,942,872
Regional district school tax	A-2;A-21		4,008,021
County tax			
Regular county tax		\$ 1,969,463	
County library tax		193,392	
County open space tax		188,091	
County share of added and omitted taxes		<u>9,002</u>	
Total county taxes	A-2;A-22		2,359,948
Municipal open space tax		184,600	
Municipal open space share of added and			
Omitted taxes		<u>712</u>	
Total municipal open space tax	A-2;A-27		185,312
Municipal purpose tax	A-2	1,630,570	
Additional tax levied		<u>45,434</u>	
Total municipal purpose tax			<u>1,676,004</u>
Total	A-7		<u><u>\$ 14,172,157</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Tax Title Liens Receivable**

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	108,513
Increased by			
Transferred from taxes receivable	A-7	\$	57,469
Interest and costs on tax sale	Reserve		<u>1,777</u>
			<u>59,246</u>
			167,759
Decreased by			
Receipts	A-2; A-4		12,293
Transferred to foreclosed property	A-9		<u>92,209</u>
			<u>104,502</u>
Balance - December 31, 2018	A	\$	<u><u>63,257</u></u>

A-9

**TOWNSHIP OF KINGWOOD**  
**Schedule of Property Acquired for Taxes at Assessed Valuation**

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	30,000
Increased by			
Transferred from tax title liens	A-8	\$	92,209
Adjustment to assessed valuation	Reserve		<u>282,791</u>
			<u>375,000</u>
Balance - December 31, 2018	A	\$	<u><u>405,000</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Revenue Accounts Receivable**

	<u>Ref.</u>	<u>Balance 12/31/17</u>	<u>Accrued in 2018</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/18</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 12,750	\$ 12,750	\$ -
Fees and permits	A-2	-	8,147	8,147	-
Municipal court	A-2	1,739	19,464	19,237	1,966
Shared municipal court costs	A-2	-	23,774	23,774	-
Interest and cost on taxes	A-2	-	66,887	66,887	-
Energy receipts tax	A-2	-	289,807	289,807	-
Garden State preservation trust fund	A-2	-	42,461	42,461	-
Uniform construction code fees	A-2	-	99,057	99,057	-
Cable TV franchise fee	A-2	-	11,730	11,730	-
		<u>\$ 1,739</u>	<u>\$ 574,077</u>	<u>\$ 573,850</u>	<u>\$ 1,966</u>
	<u>Ref.</u>	<u>A</u>	<u>Reserve</u>	<u>A-4</u>	<u>A</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due from Other Trust Funds**

	<u>Ref.</u>	
Balance - December 31, 2017 (due to)	A	\$ 1,116
Increased by		
Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-top: 1px solid black; width: 50px; text-align: right;">259</div> <div style="width: 50px; text-align: right;">1,375</div> </div>
Decreased by		
Interest on investments	A-2	\$ 264
Balance canceled by governing body resolution	A-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-top: 1px solid black; width: 50px; text-align: right;">1,117</div> <div style="width: 50px; text-align: right;">1,381</div> </div>
Balance - December 31, 2018 (due from)	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px; text-align: right;">\$ 6</div> <div style="width: 50px;"></div> </div>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due From Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 34
Decreased by		
Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-top: 1px solid black; width: 50px; text-align: right;">34</div> <div style="width: 50px;"></div> </div>
Balance - December 31, 2018	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 50px; text-align: right;">\$ -</div> <div style="width: 50px;"></div> </div>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due from General Capital Fund**

	<u>Ref.</u>		
Balance - December 31, 2017	A		\$ -
Increased by			
Interest on investments	A-2	\$ 513	
Disbursements	A-4	<u>265,100</u>	
			<u>265,613</u>
			265,613
Decreased by			
Budget appropriations	A-3	265,100	
Receipts	A-4	<u>513</u>	
			<u>265,613</u>
			265,613
Balance - December 31, 2018	A		<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Deferred Charges N.J.S.A. 40A:4-55 Special Emergency Authorizations**

<u>Date Authorized</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance 12/31/17</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance 12/31/18</u>
06/07/18	Preparation of a digitized tax map	\$ 26,000	\$ 5,200	\$ -	\$ 26,000	\$ -	\$ 26,000
				\$ -	\$ 26,000	\$ -	\$ 26,000
			Ref.	A	A-1; A-3		A

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Grants Receivable**

Grant	Balance 12/31/17	Revenue in 2018	Received	Balance 12/31/18
FEMA Hazard mitigation grant program	\$ 20,825	\$ -	\$ -	\$ 20,825
Statewide insurance safety grant	982	-	982	-
NJ State TDR bank board planning assistance grant	20,000	-	-	20,000
NJ Recycling tonnage grant	-	9,297	9,297	-
NJ Historic trust grant	-	30,000	-	30,000
NJ Historic trust grant - local share	-	8,000	8,000	-
DEP Clean communities program	-	17,063	17,063	-
	<u>\$ 41,807</u>	<u>\$ 64,360</u>	<u>\$ 35,342</u>	<u>\$ 70,825</u>
<u>Ref.</u>	A	Below	Below	A
Current fund revenue	A-2	\$ 56,360		
Matching funds for grants	A-3	8,000		
		<u>\$ 64,360</u>		
Receipts	A-4		\$ 26,045	
Unappropriated reserves applied	A-30		9,297	
			<u>\$ 35,342</u>	

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves**  
**For the Year Ended December 31, 2018**

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Mayor and council					
Other expenses	\$ 477	\$ 477	\$ -	\$ 477	\$ -
Municipal clerk					
Salaries and wages	913	20,628	19,715	913	-
Other expenses	12,361	6,956	2,836	4,120	-
Elections	1,699	1,699	-	1,699	-
Codification of ordinances	2,642	2,642	899	1,743	-
Financial administration					
Salaries and wages	5,031	3,031	343	2,688	-
Other expenses	4,406	2,406	1,299	1,107	-
Revenue administration					
Other expenses	4,216	3,251	-	3,251	-
Assessment of taxes					
Other expenses	1,430	1,430	45	1,385	-
Maintenance of tax map	3,466	3,466	-	3,466	-
Agriculture advisory committee					
Other expenses	107	107	-	107	-
Legal services and costs					
Other expenses	13,802	14,145	10,016	4,129	-
Municipal prosecutor					
Salaries and wages	25	25	-	25	-
Public defender					
Salaries and wages	680	680	-	680	-
Engineering services					
Other expenses	859	859	304	555	-
Planning board					
Other expenses	3,884	11,912	8,365	3,547	-
Zoning official					
Other expenses	350	350	-	350	-
Zoning board					
Other expenses	26	526	463	63	-
Industrial commission					
Other expenses	100	100	-	100	-
Construction official					
Salaries and wages	4,499	2,499	1,105	1,394	-
Other expenses	6,296	3,581	-	3,581	-

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2018**

	<u>Balance 12/31/17</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Office of emergency management					
Other expenses	\$ 4,000	\$ 4,000	\$ 616	\$ 3,384	\$ -
Insurance					
Dental insurance	3,900	3,900	650	3,250	-
Employee group insurance	529	529	(1,425)	1,954	-
Road repair and maintenance					
Salaries and wages	32,348	32,348	18,005	14,343	-
Other expenses	6,775	17,063	12,335	4,728	-
Snow removal					
Salaries and wages	7,083	7,083	173	6,910	-
Solid waste collection					
Other expenses	325	522	-	522	-
Recycling					
Other expenses	104	1,970	1,932	38	-
Gypsy moth program					
Other expenses	90	90	-	90	-
Public buildings and grounds					
Salaries and wages	5	5	-	5	-
Other expenses	5,777	13,464	6,645	6,819	-
Vehicle maintenance					
Other expenses	3,498	5,675	1,248	4,427	-
Board of health					
Other expenses	4,024	4,166	312	3,854	-
Environmental commission					
Other expenses	8	125	75	50	-
Recreation services and programs					
Other expenses	803	881	78	803	-
Maintenance of parks					
Other expenses	-	2,456	1,201	1,255	-
Office of local historian					
Other expenses	337	337	-	337	-
Interest on tax appeals					
Other expenses	100	100	-	100	-

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2018**

	Balance 12/31/17	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Utilities					
Gasoline and diesel fuel	\$ 3,313	\$ 3,313	\$ -	\$ 3,313	\$ -
Electricity	4,623	4,896	1,273	3,623	-
Telephone	2,490	2,596	106	2,490	-
Street lighting	1,747	1,747	497	1,250	-
Fuel oil	5,812	6,084	272	5,812	-
Natural gas	2,643	3,889	1,246	2,643	-
Municipal court					
Salaries and wages	2	2	-	2	-
Other expenses	18	18	-	18	-
Contingent	100	100	-	100	-
Contribution to					
Social Security system	11,239	11,239	-	11,239	-
Unemployment insurance	1,000	1,000	-	1,000	-
Defined contribution					
Retirement program	955	973	43	930	-
Vacation reserve					
Other expenses	100	100	-	100	-
Fair share housing plan					
Salaries and wages	86	86	-	86	-
Other expenses	79	1,079	-	1,079	-
911 Coordinator					
Other expenses	10	10	-	10	-
	<u>\$ 171,192</u>	<u>\$ 212,616</u>	<u>\$ 90,672</u>	<u>\$ 121,944</u>	<u>\$ -</u>

<u>Ref.</u>	A	Below	Below	A-1
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Appropriation reserves	A-16	\$ 171,192
Encumbrances payable	A-17	41,424
		<u>\$ 212,616</u>

Disbursed	A-4	\$ 92,242
Less refunds	A-4	<u>(1,570)</u>
		<u>\$ 90,672</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Encumbrances**

	<u>Ref.</u>		
Balance - December 31, 2017	A	\$	41,424
Increased by			
Current year budget charges	A-3		13,030
			<u>54,454</u>
Decreased by			
Transferred to appropriation reserves	A-16		41,424
			<u>41,424</u>
Balance - December 31, 2018	A	\$	<u><u>13,030</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Prepaid Taxes**

Balance - December 31, 2017	<u>Ref.</u> A		\$ 508,539
Increased by			
Collection of 2019 taxes	A-4	\$ 112,642	
Tax overpayment balance applied	A-19	<u>1,146</u>	
			<u>113,788</u>
			622,327
Decreased by			
Applied to prior year taxes receivable	A-7		<u>508,539</u>
Balance - December 31, 2018	A		<u><u>\$ 113,788</u></u>

A-19

**TOWNSHIP OF KINGWOOD**  
**Schedule of Tax Overpayments**

Balance - December 31, 2017	<u>Ref.</u> A		\$ 3,991
Increased by			
Overpayment received	A-4		<u>10,556</u>
			14,547
Decreased by			
Refunded	A-4	\$ 9,436	
Applied to taxes receivable	A-7	219	
Applied to prepaid taxes	A-18	<u>1,146</u>	
			<u>10,801</u>
Balance - December 31, 2018	A		<u><u>\$ 3,746</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Local School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2017			
School tax payable	A	\$ 953,488	
School tax deferred (30.00%)		<u>1,750,006</u>	
			\$ 2,703,494
Increased by			
Levy - school year July 1, 2018 to June 30, 2019	A-7		<u>5,942,872</u>
			8,646,366
Decreased by			
Disbursements	A-4		<u>5,892,861</u>
Balance - December 31, 2018			
School tax payable	A	911,215	
School tax deferred (31.00%)		<u>1,842,290</u>	
			<u>\$ 2,753,505</u>
2018 Liability for local school tax			
Tax paid			\$ 5,892,861
Add: tax payable December 31, 2018			<u>911,215</u>
			6,804,076
Less: tax payable December 31, 2017			<u>953,488</u>
Amount charged to operations	A-1		<u>\$ 5,850,588</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Regional High School Tax Payable**

	<u>Ref.</u>		
Balance - December 31, 2017			
School tax payable	A	\$ 757,660	
School tax deferred (30.00%)		<u>1,136,495</u>	
			\$ 1,894,155
Increased by			
Levy - school year July 1, 2018 to June 30, 2019	A-7		<u>4,008,021</u>
			5,902,176
Decreased by			
Disbursements	A-4		<u>3,898,167</u>
Balance - December 31, 2018			
School tax payable	A	761,522	
School tax deferred (31.00%)		<u>1,242,487</u>	
			<u>\$ 2,004,009</u>
2018 Liability for regional high school tax			
Tax paid			\$ 3,898,167
Add: tax payable December 31, 2018			<u>761,522</u>
			4,659,689
Less: tax payable December 31, 2017			<u>757,660</u>
Amount charged to operations	A-1		<u>\$ 3,902,029</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of County Taxes Payable**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 3,221
Increased by		
2018 Levy county taxes		
Regular county tax		\$ 1,969,463
County library tax		193,392
County open space tax		188,091
County share of added and omitted taxes		<u>9,002</u>
	A-1;A-7	<u>2,359,948</u>
		2,363,169
Decreased by		
Disbursements	A-4	<u>2,354,167</u>
Balance - December 31, 2018	A	<u><u>\$ 9,002</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to Outside Lien Holders**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 980
Increased by		
Receipts	A-4	<u>194,717</u>
		195,697
Decreased by		
Balance canceled	A-2	\$ 166
Disbursements	A-4	<u>195,531</u>
		<u>195,697</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Preparation of Master Plan**

Balance - December 31, 2017	A	\$ 9,600
Decreased by		
Disbursements	A-4	<u>5,905</u>
Balance - December 31, 2018	A	<u><u>\$ 3,695</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Preparation of Digitized Tax Maps**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ -
Increased by		
Budget appropriation	A-3	<u>26,000</u>
		26,000
Decreased by		
Disbursements	A-4	<u>7,697</u>
Balance - December 31, 2018	A	<u><u>\$ 18,303</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Accounts Payable**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 8,381
Decreased by		
Disbursements	A-4	<u>8,381</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to Open Space, Recreation, and Farmland and Historic**  
**Preservation Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 264
Increased by		
Current year open space tax levy	A-1; A-7	<u>185,312</u>
		185,576
Decreased by		
Disbursements	A-4	<u>264</u>
Balance - December 31, 2018	A	<u><u>\$ 185,312</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Encumbrances (Grant Fund)**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ -
Increased by		
Current year grant charges	A-29	<u>4,513</u>
Balance - December 31, 2018	A	<u><u>\$ 4,513</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriated Reserves for Grants**

Grant	Balance 12/31/17	Transferred from 2018 Budget	Paid or Charged	Balance 12/31/18
ANJEC Smart growth planning program - matching funds	\$ 24	\$ -	\$ -	\$ 24
NJ DEP Recreation trails program	2	-	-	2
Washington Crossing Audubon Society - Polly Holden conservation fund	936	-	-	936
FEMA Hazard mitigation grant program	20,825	-	-	20,825
Clean communities program - 2017	13,149	-	13,149	-
Clean communities program - 2018	-	17,063	8,889	8,174
Recycling tonnage grant 2017	1,154	-	1,154	-
Recycling tonnage grant 2018	-	9,297	8,053	1,244
Statewide insurance safety grant	69	-	69	-
Historical commission grant	-	38,000	-	38,000
NJ State TDR bank board planning assistance grant	20,660	-	18,624	2,036
	<u>\$ 56,819</u>	<u>\$ 64,360</u>	<u>\$ 49,938</u>	<u>\$ 71,241</u>
<u>Ref.</u>	A	Below	Below	A
Appropriated in the current fund	A-3	\$ 56,360		
Local match for grants	A-3	8,000		
		<u>\$ 64,360</u>		
Cash disbursed	A-4		\$ 45,425	
Encumbrances payable	A-28		4,513	
			<u>\$ 49,938</u>	

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Unappropriated Reserves for Grants**

	<u>Ref.</u>	
Balance - December 31, 2017	A	\$ 9,297
Decreased by		
Appropriated in the 2018 budget	A-15	<u>9,297</u>
Balance - December 31, 2018	A	<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**2018**

**TRUST FUND**

**TOWNSHIP OF KINGWOOD**  
**Schedule of Trust Fund Cash - Treasurer**

	Ref.	Animal Control Fund	Other Trust Fund	Open Space, Recreation & Farmland and Historic Preservation Trust
Balance - December 31, 2017	B	\$ 9,018	\$ 714,944	\$ 879,902
Increased by receipts				
Animal control fund fees	B-3	\$ 10,676	\$ -	\$ -
Due to State of New Jersey	B-5	1,583	-	-
Due from current fund	B-7; B-8	-	264	264
Reserve for				
Recycling trust	B-10	-	1,203	-
COAH development fees	B-11	-	49,791	-
Developer's deposits	B-12	-	893	-
Unemployment compensation	B-13	-	1,449	-
Special deposits	B-14	-	982	-
Recreation commission	B-15	-	30,529	-
Planning board escrow	B-16	-	17,763	-
Board of adjustment escrow	B-17	-	7,739	-
Payroll withholdings payable	B-18	-	1,082,194	-
Board of health	B-19	-	18,350	-
Fees due to outside agencies	B-22	-	3,275	-
Self insurance escrow	B-23	-	11,205	-
Snow removal trust	B-24	-	12,919	-
Open space funds	B-27	-	-	1,182
		<u>12,259</u>	<u>1,238,556</u>	<u>1,446</u>
		21,277	1,953,500	881,348

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Trust Fund Cash - Treasurer (continued)**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space, Recreation & Farmland and Historic Preservation Trust
Decreased by disbursements				
Animal control fund	B-3	\$ 12,507	\$ -	\$ -
Due to current fund	B-4	34	-	-
Due to State of New Jersey	B-5	1,561	-	-
Due from current fund	B-7	-	259	-
Reserve for				
Encumbrances	B-6; B-9	45	14,760	-
COAH development fees	B-11	-	4,856	-
Unemployment compensation	B-13	-	799	-
Recreation commission	B-15	-	28,362	-
Planning board escrow	B-16	-	13,919	-
Board of adjustment escrow	B-17	-	8,032	-
Payroll withholdings payable	B-18	-	1,081,269	-
Board of health	B-19	-	16,850	-
Tax sale premium	B-20	-	25,000	-
Security deposits	B-21	-	2,318	-
Fees due to outside agencies	B-22	-	2,125	-
Self insurance escrow	B-23	-	13,855	-
Snow removal trust	B-24	-	654	-
Open space funds	B-27	-	-	175,509
		<u>\$ 14,147</u>	<u>\$ 1,213,058</u>	<u>\$ 175,509</u>
Balance - December 31, 2018	B;B-2	<u>\$ 7,130</u>	<u>\$ 740,442</u>	<u>\$ 705,839</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Trust Fund Cash and Reconciliation - Treasurer**  
**Per N.J.S.A. 40A:5-5**

	Ref.	Animal Control Funds	Other Trust Funds	Open Space, Recreation & Farmland and Historic Preservation Trust
Balance - December 31, 2018	B-1	\$ 7,130	\$ 740,442	\$ 705,839
Increased by				
Receipts		16,039	496,737	4,022
		<u>23,169</u>	<u>1,237,179</u>	<u>709,861</u>
Decreased by				
Disbursements		4,807	508,959	132,219
		<u>4,807</u>	<u>508,959</u>	<u>132,219</u>
Balance - April 30, 2019		<u>\$ 18,362</u>	<u>\$ 728,220</u>	<u>\$ 577,642</u>
Cash reconciliation - April 30, 2019				
Balance per statement				
TD Bank		\$ 18,362	\$ 625,559	\$ 577,642
Unity Bank		-	103,443	-
		<u>18,362</u>	<u>729,002</u>	<u>577,642</u>
Add: deposits-in-transit		-	25	-
		<u>18,362</u>	<u>729,027</u>	<u>577,642</u>
Less: outstanding checks		-	807	-
		<u>-</u>	<u>807</u>	<u>-</u>
Book balance		<u>\$ 18,362</u>	<u>\$ 728,220</u>	<u>\$ 577,642</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Animal Control Fund Expenditures**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 8,929
Increased by receipts		
Animal control fees	B-1	<u>10,676</u> 19,605
Decreased by		
Expenditures	B-1	<u>12,507</u>
Balance - December 31, 2018	B	<u>\$ 7,098</u>
Animal control fees for prior two years		
2016		\$ 12,475
2017		<u>15,567</u>
Maximum allowable reserve		<u>\$ 28,042</u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to Current Fund**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 34
Decreased by		
Disbursements	B-1	<u>34</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to State of New Jersey**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 10
Increased by		
State fees collected	B-1	<u>1,583</u>
		1,593
Decreased by		
State fees remitted	B-1	<u>1,561</u>
Balance - December 31, 2018	B	<u><u>\$ 32</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Encumbrances**  
**Animal Control Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 45
Decreased by		
Disbursements	B-1	<u>45</u>
Balance - December 31, 2018	B	<u><u>\$ -</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due from Current Fund**  
**Other Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2017 (due from)	B	\$ 1,116
Increased by		
Disbursements	B-1	<u>259</u>
		1,375
Decreased by		
Interest on investments	B-1	\$ 264
Balance canceled by governing body resolution	B-26	<u>1,117</u>
		<u>1,381</u>
Balance - December 31, 2018 (due to)	B	<u><u>\$ 6</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due from Current Fund**  
**Open Space, Recreation, and Farmland and Historic Preservation Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 264
Increased by		
Current year open space tax levy	B-27	185,312
		<u>185,576</u>
Decreased by		
Receipts	B-1	264
		<u>264</u>
Balance - December 31, 2018	B	<u><u>\$ 185,312</u></u>

B-9

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Encumbrances**  
**Other Trust Fund**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 18,019
Increased by		
Funds encumbered		
Recreation commission	B-15	\$ 315
Planning board escrow	B-16	<u>3,411</u>
		<u>3,726</u>
		21,745
Decreased by		
Disbursements	B-1	<u>14,760</u>
Balance - December 31, 2018	B	<u><u>\$ 6,985</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Recycling Trust**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 8,591
Increased by		
Deposits received	B-1	<u>1,203</u>
Balance - December 31, 2018	B	<u><u>\$ 9,794</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for COAH Development Fees**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 106,645
Increased by		
Interest	B-1	\$ 599
Deposits	B-1	<u>49,192</u>
		<u>49,791</u>
		156,436
Decreased by		
Disbursements	B-1	<u>4,856</u>
Balance - December 31, 2018	B	<u><u>\$ 151,580</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Developers' Deposits**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 290,566
Increased by		
Interest retained in trust	B-1	<u>893</u>
Balance - December 31, 2018	B	<u><u>\$ 291,459</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Unemployment Compensation**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 19,008
Increased by		
Receipts	B-1	<u>1,449</u>
		20,457
Decreased by		
Disbursements	B-1	<u>799</u>
Balance - December 31, 2018	B	<u><u>\$ 19,658</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Special Deposits**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 4,444
Increased by		
Receipts	B-1	<u>982</u>
Balance - December 31, 2018	B	<u><u>\$ 5,426</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Recreation Commission**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 19,900
Increased by		
Deposits received	B-1	<u>30,529</u> 50,429
Decreased by		
Disbursements	B-1	\$ 28,362
Funds encumbered	B-9	<u>315</u> 28,677
Balance - December 31, 2018	B	<u>\$ 21,752</u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Planning Board Escrow**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 67,760
Increased by		
Deposits received	B-1	<u>17,763</u> 85,523
Decreased by		
Disbursements	B-1	\$ 13,919
Funds encumbered	B-9	<u>3,411</u> 17,330
Balance - December 31, 2018	B	<u>\$ 68,193</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Board of Adjustment Escrow**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 4,702
Increased by		
Deposits received	B-1	<u>7,739</u> 12,441
Decreased by		
Disbursements	B-1	<u>8,032</u>
Balance - December 31, 2018	B	<u><u>\$ 4,409</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve For Payroll Withholdings Payable**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 5,567
Increased by		
Employee withholdings	B-1	<u>1,082,194</u> 1,087,761
Decreased by		
Disbursements	B-1	<u>1,081,269</u>
Balance - December 31, 2018	B	<u><u>\$ 6,492</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Board of Health**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 35,459
Increased by		
Deposits received	B-1	<u>18,350</u> 53,809
Decreased by		
Disbursements	B-1	<u>16,850</u> 
Balance - December 31, 2018	B	<u><u>\$ 36,959</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Tax Sale Premiums**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 51,300
Decreased by		
Disbursements	B-1	<u>25,000</u> 
Balance - December 31, 2018	B	<u><u>\$ 26,300</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Security Deposits & Aquifer/Hydrogeological Escrow**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 5,429
Decreased by		
Disbursements	B-1	<u>2,318</u>
Balance - December 31, 2018	B	<u><u>\$ 3,111</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Fees Due to Outside Agencies**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 6,200
Increased by		
Receipts	B-1	<u>3,275</u>
		9,475
Decreased by		
Disbursements	B-1	<u>2,125</u>
Balance - December 31, 2018	B	<u><u>\$ 7,350</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Self Insurance Escrow**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 19,098
Increased by		
Receipts from current fund for		
current year budget appropriation		\$ 11,050
Receipts from current fund for		122
Interest on investments		<u>33</u>
	B-1	<u>11,205</u>
		30,303
Decreased by		
Disbursements	B-1	<u>13,855</u>
Balance - December 31, 2018	B	<u><u>\$ 16,448</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Snow Removal Trust**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 51,655
Increased by		
Receipts from current fund for		
current year budget appropriation		\$ 12,900
Interest on investments		<u>19</u>
	B-1	<u>12,919</u>
		64,574
Decreased by		
Disbursements	B-1	<u>654</u>
Balance - December 31, 2018	B	<u><u>\$ 63,920</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Accumulated Absences Trust**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ <u>600</u>
Balance - December 31, 2018	B	\$ <u><u>600</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Green Team Fund Trust**

	<u>Ref.</u>	
Balance - December 31, 2017	B	\$ 1,117
Decreased by		
Balance canceled by governing body resolution	B-7	<u>1,117</u>
Balance - December 31, 2018	B	\$ <u><u>-</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Open Space Funds**

	<u>Ref.</u>		
Balance - December 31, 2017	B	\$	880,166
Increased by			
Current year open space tax levy	B-8	\$	185,312
Interest on investments	B-1		<u>1,182</u>
			<u>186,494</u>
			<u>1,066,660</u>
Decreased by			
Disbursements	B-1		<u>175,509</u>
Balance - December 31, 2018	B	<u>\$</u>	<u>891,151</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**2018**

**GENERAL CAPITAL FUND**

**TOWNSHIP OF KINGWOOD**  
**Schedule of General Capital Fund Cash - Treasurer**  
**General Capital Fund**

Balance - December 31, 2017	<u>Ref.</u> C		\$ 341,779
Increased by receipts			
Due to current fund	C-5	\$ 265,613	
Reserve for municipal building renovations	C-16	<u>150</u>	
	C-4		<u>265,763</u>
			607,542
Decreased by disbursements			
Due from current fund	C-5	513	
Improvement authorizations expended	C-9	122,537	
Reserve for preliminary plan expenses			
Ridge Road section I	C-14	14,344	
New municipal building	C-15	<u>13,134</u>	
	C-4		<u>150,528</u>
Balance - December 31, 2018	C; C-3		<u><u>\$ 457,014</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of General Capital Fund Cash and Reconciliation - Treasurer**  
**Per N.J.S.A. 40A:5-5**

Balance - December 31, 2018	<u>Ref.</u> C-2	\$ 457,014
Decreased by Disbursements		<u>9,296</u>
Balance - April, 30 2019		<u><u>\$ 447,718</u></u>
Cash reconciliation - April 30 2019		
Balance per statement TD Bank		\$ 447,718
Less: outstanding checks		<u>-</u>
Book balance		<u><u>\$ 447,718</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Cash Activity**

Description	Balance 12/31/17	Receipts	Disbursements	Transfers (From) To	Balance 12/31/18
Fund balance	\$ 72,149	\$ -	\$ -	\$ -	\$ 72,149
Capital improvement fund	106,034	-	-	89,165	195,199
Due to/from current fund	-	265,613	513	(265,100)	-
Reserve for					
Encumbrances	-	-	-	99,007	99,007
Contributions from developers	10,000	-	-	-	10,000
Preliminary plan expenses					
New municipal building	-	-	13,134	31,528	18,394
Ridge Road section I	16,000	-	14,344	-	1,656
Purchase of municipal equipment	36,915	-	-	(36,915)	-
Municipal building renovations	573	150	-	100	823
Improvement authorizations					
Reconstruction of Oak Grove Road	(10,285)	-	-	-	(10,285)
Acquisition and preservation of open space	79,397	-	-	-	79,397
Equipment for office of emergency management	5,822	-	-	-	5,822
Installation of solar panels	(72,894)	-	-	-	(72,894)
Tumble Falls Road	(6,015)	-	-	-	(6,015)
Acquisition of various road maintenance equipment	33,207	-	-	-	33,207
Municipal building renovations	38,577	-	-	-	38,577
Resurfacing of roads	1,017	-	-	-	1,017
One all-terrain vehicle	5,111	-	-	-	5,111
Reconstruction of Spring Hill Road section III	(43,043)	-	823	-	(43,866)
Purchase of a cross conveyor spreader	93	-	-	-	93
Reconstruction of Ridge Road	21,751	-	-	-	21,751
A 16x50 addition to existing Morton building at Horseshoe Bend	35	-	-	-	35
Painting of house, sealing of windows, & rebuilding of main deck at park house	335	-	-	-	335
Purchase of a 2017 F-350 XL 4x4 SD super cab	47,000	-	46,389	-	611
Resurfacing of roads	-	-	70,000	70,000	-
Purchase of a Case International tractor	-	-	-	6,465	6,465
Installation of flooring at Horseshoe Bend Park	-	-	5,325	5,750	425
Total	<u>\$ 341,779</u>	<u>\$ 265,763</u>	<u>\$ 150,528</u>	<u>\$ -</u>	<u>\$ 457,014</u>
Ref.	C	C-2	C-2		C

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Due to Current Fund**

Balance - December 31, 2017	<u>Ref.</u> C		\$ -
Increased by			
Interest earned		\$ 513	
Receipts		<u>265,100</u>	
	C-2		<u>265,613</u>
			265,613
Decreased by			
Disbursements	C-2	513	
Budget appropriations			
Capital improvement fund	C-10	235,000	
Reserve for purchase of municipal equipment	C-13	30,000	
Reserve for municipal building renovations	C-16	<u>100</u>	
			<u>265,613</u>
Balance - December 31, 2018	C		<u><u>\$ -</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of State Grants Receivable**

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 325,000
Balance - December 31, 2018	C	\$ 325,000
Detail of state grants receivable December 31, 2018		
NJ D.O.T. Aid for Spring Hill Road III		\$ 125,000
NJ D.O.T. Aid for Ridge Road		200,000
		<u>\$ 325,000</u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Deferred Charges to Future Taxation - Funded**

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 1,988,000
Decreased by		
Current year budget appropriation to pay bonds	C-17	<u>205,000</u>
Balance - December 31, 2018	C	<u>\$ 1,783,000</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Deferred Charges to Future Taxation - Unfunded**

Improvement Description	Balance 12/31/17	2018 Authorization	2018 Note Payments	Transferred to Deferred Taxation - Funded	Balance 12/31/18	Analysis of Balance 12/31/18		
						Expenditures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Reconstruction of Oak Grove Road	\$ 10,285	\$ -	\$ -	\$ -	\$ 10,285	\$ 10,285	\$ -	\$ -
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	506,400	-	63,300	-	443,100	-	-	443,100
Renovations to the municipal building	73,600	-	9,200	-	64,400	-	-	64,400
	<u>\$ 669,194</u>	<u>\$ -</u>	<u>\$ 72,500</u>	<u>\$ -</u>	<u>\$ 596,694</u>	<u>\$ 89,194</u>	<u>\$ -</u>	<u>\$ 507,500</u>
<u>Ref.</u>	C		C-18		C	C-4; C-19		C-18

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Improvement Authorizations**

	Ordinance		Balance 12/31/17		2018 Authorization	Paid or Charged	Unexpended Balance Canceled	Balance 12/31/18	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Acquisition and preservation of open space	15-12-08	\$1,500,000	\$ 79,397	\$ -	\$ -	\$ -	\$ -	\$ 79,397	\$ -
Purchase of equipment for office of emergency mgmt.	17-12-13	20,000	5,822	-	-	-	-	5,822	-
Acquisition of various road maintenance equipment	18-08-15	665,000	-	33,207	-	-	-	-	33,207
Renovations to the municipal building	18-09-15	115,000	-	38,577	-	-	-	-	38,577
Resurfacing of roads	18-10-15	12,000	1,017	-	-	-	-	1,017	-
One all terrain vehicle	18-05-16	20,000	5,111	-	-	-	-	5,111	-
Reconstruction of Spring Hill Road section III	18-11-16	165,000	81,957	-	-	823	-	81,134	-
Purchase of a cross convey or spreader	19-03-17	6,100	93	-	-	-	-	93	-
Reconstruction of Ridge Road	19-09-17	222,000	221,751	-	-	-	-	221,751	-
Construction of a 16x50 addition to existing Morton building at Horseshoe Bend	19-12-17	15,500	35	-	-	-	-	35	-
Painting of house, sealing of windows, and rebuilding of main deck at park house on Union Road	19-10-17	15,000	335	-	-	-	-	335	-
Purchase of a 2017 F-350 XL 4x4 SD super cab	19-13-17	47,000	47,000	-	-	46,389	-	611	-
Resurfacing of roads	19-11-18	70,000	-	-	70,000	70,000	-	-	-
Purchase of a Case International tractor	19-13-18	87,000	-	-	87,000	80,535	-	6,465	-
Installation of flooring at Horseshoe Bend Park	19-14-18	5,750	-	-	5,750	5,325	-	425	-
			<u>\$ 442,518</u>	<u>\$ 71,784</u>	<u>\$ 162,750</u>	<u>\$ 203,072</u>	<u>\$ -</u>	<u>\$ 402,196</u>	<u>\$ 71,784</u>
	<u>Ref.</u>		C	C	Below	Below		C	C
Capital improvement fund	C-10				\$ 95,835				
Reserve for purchase of municipal equipment	C-13				66,915				
					<u>\$ 162,750</u>				
Disbursements	C-2					\$ 122,537			
Reserve for encumbrances	C-11					80,535			
						<u>\$ 203,072</u>			

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Capital Improvement Fund**

Balance - December 31, 2017	<u>Ref.</u> C		\$ 106,034
Increased by			
Current year budget appropriation received	C-5		<u>235,000</u>
			341,034
Decreased by			
Appropriated to finance improvement authorizations	C-9	\$ 95,835	
Appropriated to finance preliminary plan expenses	C-15	<u>50,000</u>	
			<u>145,835</u>
Balance - December 31, 2018	C		<u><u>\$ 195,199</u></u>

C-11

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Encumbrances**

Balance - December 31, 2017	<u>Ref.</u> C		\$ -
Increased by			
Improvement authorization encumbrances charged	C-9	\$ 80,535	
Preliminary plan expenses encumbrances charged	C-15	<u>18,472</u>	
			<u>99,007</u>
Balance - December 31, 2018	C		<u><u>\$ 99,007</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Contributions from Developers**

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 10,000
Balance - December 31, 2018	C	\$ 10,000

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Purchase of Municipal Equipment**

	<u>Ref.</u>	
Balance - December 31, 2017	C	\$ 36,915
Increased by		
Current year budget appropriation received	C-5	30,000
		<u>66,915</u>
Decreased by		
Appropriated to finance improvement authorizations	C-9	66,915
		<u>66,915</u>
Balance - December 31, 2018	C	\$ -

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Preliminary Plan Expenses**  
**Ridge Road Section I**

Balance - December 31, 2017	<u>Ref.</u> C	\$ 16,000
Decreased by		
Disbursements	C-2	<u>14,344</u>
Balance - December 31, 2018	C	<u><u>\$ 1,656</u></u>

**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Preliminary Plan Expenses**  
**New Municipal Building**

Balance - December 31, 2017	<u>Ref.</u> C	\$ -
Increased by		
Financed by appropriation of capital improvement fund	C-10	<u>50,000</u> 50,000
Decreased by		
Disbursements	C-2	\$ 13,134
Encumbrances	C-11	<u>18,472</u>
		<u>31,606</u>
Balance - December 31, 2018	C	<u><u>\$ 18,394</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for Municipal Building Renovations**

Balance - December 31, 2017	<u>Ref.</u> C		\$	573
Increased by				
Receipts	C-2	\$	150	
Current year budget appropriation received	C-5		<u>100</u>	
				<u>250</u>
Balance - December 31, 2018	C		<u>\$</u>	<u>823</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of General Serial Bonds Payable**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
			12/31/18						
			Date	Amount					
General improvements	09/01/04	\$ 1,263,000	09/01/19	\$ 108,000	4.00%	\$ 213,000	\$ -	\$ 105,000	\$ 108,000
General improvements	06/29/11	2,375,000	02/01/19	100,000	3.00%	1,775,000	-	100,000	1,675,000
			02/01/20	200,000	3.25%	-	-	-	-
			02/01/21	200,000	3.25%	-	-	-	-
			02/01/22	200,000	3.50%	-	-	-	-
			02/01/23	200,000	3.50%	-	-	-	-
			02/01/24	200,000	4.00%	-	-	-	-
			02/01/25	200,000	4.00%	-	-	-	-
			02/01/26	200,000	4.00%	-	-	-	-
			02/01/27	175,000	4.00%	-	-	-	-
					\$ 1,988,000	\$ -	\$ 205,000	\$ 1,783,000	
				Ref.	C		C-7	C	

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Bond Anticipation Notes Payable**

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/17	Increased	Decreased	Balance 12/31/18
			Issue	Maturity					
18-08-15	Acquisition of various road maintenance equipment	09/23/15	09/21/17	09/22/18	1.62%	\$ 506,400	\$ -	\$ 506,400	\$ -
			09/20/18	09/20/19	2.59%	-	443,100	-	443,100
18-09-15	Renovations to the municipal building	09/23/15	09/21/17	09/22/18	1.62%	73,600	-	73,600	-
			09/20/18	09/20/19	2.59%	-	64,400	-	64,400
						<u>\$ 580,000</u>	<u>\$507,500</u>	<u>\$ 580,000</u>	<u>\$ 507,500</u>
					<u>Ref.</u>	<u>C</u>	<u>Below</u>	<u>Below</u>	<u>C</u>
		Notes re-issued			C-18		\$507,500	\$ 507,500	
		Paid from budget appropriation			C-8		-	72,500	
							<u>\$507,500</u>	<u>\$ 580,000</u>	

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Bonds and Notes Authorized but Not Issued**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance 12/31/17</u>	<u>Increased in 2018</u>	<u>Decreased in 2018</u>	<u>Balance 12/31/18</u>
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	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>6,015</u>
		<u>\$ 89,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,194</u>
	<u>Ref.</u>	<u>C; C-8</u>			<u>C; C-8</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**

**PART II**

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

**SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE**

**NOTES TO THE SCHEDULES OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE**

**SCHEDULE OF FINDINGS AND RESPONSES**



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

Honorable Mayor and Members  
of the Township Committee  
Township of Kingwood  
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 regulatory basis financial statements 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, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated October 11, 2019. 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 Regulatory Basis Financial Statements and an emphasis of matter paragraph describing the adoption of a new accounting principle.

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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-01 that we consider to be a significant deficiency.

#### 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*.

#### Response to Findings

The Municipality's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses section of the report. The Municipality's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



**BKC, CPAs, PC**



William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

October 11, 2019  
Flemington, New Jersey

**TOWNSHIP OF KINGWOOD**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2018**

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/17	Receipts	Expended	Balance	Balance 12/31/18
			From	To				Returned/ (Canceled)	
Clean communities program	765-042-4900-004	\$ 17,846	01/01/17	06/30/18	\$ 13,149	\$ -	\$ 13,149	\$ -	\$ -
Clean communities program	765-042-4900-004	17,063	01/01/18	06/30/19	-	17,063	8,889	-	8,174
Recycling tonnage grant	752-042-4900-001	9,619	01/01/17	12/31/18	1,154	-	1,154	-	-
Recycling tonnage grant	752-042-4900-001	9,297	12/15/17	6/15/19	9,297	-	8,053	-	1,244
NJ Dept. of Transportation aid - Spring Hill Road section III	480-078-6320	125,000	On - going		(83,043)	-	823	-	(83,866)
NJ Dept. of Transportation aid - Ridge Road	480-078-6320	200,000	On - going		(249)	-	-	-	(249)
NJ State TDR bank board planning assistance grant	Not available	40,000	01/01/16	12/31/18	660	-	18,624	-	(17,964)
Total state assistance					<u>\$ (59,032)</u>	<u>\$ 17,063</u>	<u>\$ 50,692</u>	<u>\$ -</u>	<u>\$ (92,661)</u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Notes to the Schedules of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2018**

Note 1 - General

The accompanying Schedule of Expenditures State Financial Assistance (the Schedule) presents the activity of all Federal and State Financial Award Programs of the Township of Kingwood, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2018.

Note 2 - Basis of accounting

The accompanying Schedule of State Financial Assistance is presented using the modified accrual basis of accounting as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services, which is described in the Notes to the Financial Statements, Note 1.

Note 3 - Relationship to the financial statements

Amounts reported in the Schedule agree with the amounts reported in the Municipality's financial reports. Expenditures from State Awards are reported in the Municipality's financial statements as follows:

Fund	State	Total
Grant fund	\$ 49,869	\$ 49,869
General capital fund	823	823
Total	<u>\$ 50,692</u>	<u>\$ 50,692</u>

See independent auditors' report.

## **TOWNSHIP OF KINGWOOD**

### **Schedule of Findings and Responses**

#### **General Comments and Recommendations**

##### Finding 2018-01

Criteria: Adequate segregation of duties should be maintained or compensating controls to mitigate risks of fraud and errors.

Condition: Limited number of personnel are responsible for and performing substantially all of the bookkeeping and accounting duties.

Cause: Limited staffing.

Effect: Lack of segregation of duties increases the risk that errors or defalcations, if any were to occur, would not be detected and corrected by employees in the normal course of performing their routine job functions.

Questioned costs: Not applicable.

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

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.

#### **Status of Prior Year's Audit Findings/Recommendations**

A review was performed on prior year recommendations and corrective action was taken on all except for the following:

2017-01 Procedures should be implemented by the Municipality to reduce the risk of errors in connection with a lack of segregation of duties.

**TOWNSHIP OF KINGWOOD**

**PART III**

**ADDITIONAL SCHEDULES**

**STATISTICAL DATA**

**SCHEDULE OF INSURANCE**

**LIST OF OFFICIALS**

**GENERAL COMMENTS**

**ACKNOWLEDGEMENTS**

**TOWNSHIP OF KINGWOOD**

**STATISTICAL DATA**

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Comparative Schedule of Operations and Changes**  
**In Fund Balance - Regulatory Basis**  
**(Unaudited)**

	2018		2017	
	Amount	%	Amount	%
<u>Revenue and Other Income Realized</u>				
Fund balance utilized	\$ 624,430	4.00	\$ 572,300	3.86
Collection of current tax levy	13,790,124	88.51	13,128,560	88.46
Collection of delinquent taxes and tax title liens	365,406	2.35	335,190	2.26
Miscellaneous	800,559	5.14	804,654	5.42
Total income	15,580,519	100.00	14,840,704	100.00
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	2,655,224	17.75	2,398,607	16.93
Local school taxes	5,850,588	39.13	5,627,961	39.73
Regional school taxes	3,902,029	26.09	3,688,976	26.05
County taxes	2,359,948	15.78	2,261,164	15.97
Municipal open space tax	185,312	1.24	184,864	1.31
Other deductions	1,750	0.01	1,581	0.01
Total expenditures	14,954,851	100.00	14,163,153	100.00

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Comparative Schedule of Operations and Changes**  
**In Fund Balance - Regulatory Basis (continued)**  
**(Unaudited)**

	2018		2017	
	Amount	%	Amount	%
Excess in revenue	\$ 625,668		\$ 677,551	
Adjustment to income before fund balance				
Expenditures included above which are by				
statute deferred charges to budgets of				
succeeding years	26,000		-	
Regulatory excess to fund balance	651,668		677,551	
<u>Fund Balance</u>				
Fund balance January 1,	726,629		621,378	
	1,378,297		1,298,929	
Less: utilization as anticipated revenue	624,430		572,300	
Fund balance December 31,	\$ 753,867		\$ 726,629	

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data (continued)**  
**(Unaudited)**

**COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

Year	Apportionment				Total Tax Rate
	Municipal & Open Space	County	Local School	Regional High School	
2018	\$ 0.30	\$ 0.38	\$ 0.97	\$ 0.65	\$ 2.30
2017	0.27	0.36	0.95	0.62	2.20
2016	0.26	0.36	0.93	0.63	2.18
2015	0.25	0.38	0.92	0.61	2.16
2014	0.24	0.37	0.91	0.61	2.13
2013	0.23	0.37	0.91	0.59	2.10
2012	0.23	0.37	0.91	0.57	2.08
2011	0.23	0.37	0.89	0.55	2.04
2010	* 0.22	0.39	0.90	0.51	2.02
2009	0.19	0.34	0.75	0.41	1.69

\* Revalued/Reassessed

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

Year	Net Assessed Valuations	Estimated Full Cash Valuations	Percentage of Net Assessed to Estimated Full Cash Valuations
2018	\$ 614,905,487	\$ 623,130,814	98.68%
2017	614,260,887	611,153,881	100.51%
2016	613,717,592	601,302,608	102.06%
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%

\* Revalued/Reassessed

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data (continued)**  
**(Unaudited)**

**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

Year	Tax Levy	Cash Collections	Percentage of Collections
2018	\$ 14,172,157	\$ 13,790,124	97.30%
2017	13,532,823	13,128,560	97.01%
2016	13,408,591	13,036,971	97.23%
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%

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.

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Statistical Data (continued)**  
**(Unaudited)**

**ASSESSED VALUES DISTRIBUTION**

Year	Vacant Land	Residential	Apartments	Commercial	Farmland	Industrial	Personal Property	Assessed Values
2009	\$ 24,913,500	\$ 494,471,800	\$ 2,262,500	\$ 40,870,300	\$ 131,988,000	\$ 10,401,900	\$ 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	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	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	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	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	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	1,653,010	610,594,460
2016	21,949,750	428,026,899	1,988,300	35,012,700	116,273,100	8,921,900	1,544,943	613,717,592
2017	20,706,400	427,194,899	1,988,300	34,962,400	118,941,700	8,921,900	1,545,288	614,260,887
2018	20,700,000	430,839,699	1,947,600	34,962,400	115,988,600	8,921,900	1,545,288	614,905,487

\* 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
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%
2016	93,243	333,175	426,418	3.18%
2017	108,513	361,398	469,911	3.47%
2018	63,257	320,247	383,504	2.71%

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data (continued)**  
**(Unaudited)**

**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>
2018	\$ 405,000
2017	30,000
2016	30,000
2015	30,000
2014	30,000
2013	30,000
2012	30,000
2011	30,000
2010	-
2009	204,000

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	<u>Fund Balance at Year-End</u>	<u>Utilized in Budget of Succeeding Year</u>
Current fund	2018	\$ 753,867	\$ 652,500
	2017	726,629	624,430
	2016	621,378	572,300
	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

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Debt Incurring Capacity as of December 31, 2018**  
**(Unaudited)**

Municipality

1	Average equalized valuations of real property (2018, 2017, 2016)	\$	613,050,115
2	Permitted municipal debt limitation (3.5% of \$613,050,115)		21,456,754
3	Net debt issued, outstanding and authorized		2,379,694
4	Excess school borrowing		-
5	Total charges to borrowing margin		<u>2,379,694</u>
6	Remaining municipal borrowing capacity	\$	<u><u>19,077,060</u></u>

Local school district

1.	Permitted school district debt limitation (3.0% of \$613,050,115)	\$	18,391,503
2	Debt issued, outstanding and authorized		<u>1,105,000</u>
3	Remaining municipal borrowing capacity	\$	<u><u>17,286,503</u></u>

Gross and statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage of Equalized Valuations
2018	\$ 3,622,906	\$ 2,379,694	0.39%
2017	4,244,515	2,657,194	0.44%
2016	4,857,461	2,934,694	0.48%
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%

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Schedule of Indebtedness as of December 31, 2018**  
**(Unaudited)**

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ 1,783,000	
Notes		507,500	
Bonds and notes authorized but not issued		<u>89,194</u>	\$ 2,379,694
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		1,105,000	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	1,105,000
Regional school district			
Bonds		138,212	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	138,212
Total gross debt			<u>3,622,906</u>
Statutory deductions			
Municipal		-	
Local school district		1,105,000	
Regional school district		<u>138,212</u>	1,243,212
Total net debt			<u>\$ 2,379,694</u>
Overlapping debt as of December 31, 2018			
	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 1,105,000	100.00%	\$ 1,105,000
Regional school district debt	530,000	26.08%	138,212
County debt	83,452,933	2.85%	<u>2,381,731</u>
Total overlapping debt			<u>\$ 3,624,943</u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Schedule of Indebtedness as of December 31, 2018 (continued)**  
**(Unaudited)**

	<u>Year</u>	<u>Assessed Valuation</u>	
Gross debt			\$ 3,622,906
Per capita (population 2010 census - 3,844)			942
Percent of average equalized valuation basis	2018	\$ 613,050,115	0.59%
Percent of net valuation taxable	2018	614,905,487	0.59%
Net municipal debt			2,379,694
Per capita (population 2010 census - 3,844)			619
Percent of average equalized valuation basis	2018	613,050,115	0.39%
Percent of net valuation taxable	2018	614,905,487	0.39%
Overall debt (gross and overlapping debt)			6,004,637
Per capita (population 2010 census - 3,844)			1,562
Percent of average equalized valuation basis	2018	613,050,115	0.98%
Percent of net valuation taxable	2018	614,905,487	0.98%

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Insurance**  
**For the Year Ended December 31, 2018**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Workers Compensation - Statewide Insurance Fund		
Total Benefits	Statutory Limits	
Bodily Injury - Employer's Liability	\$ 2,000,000	\$ -
Disease - Employer's Liability	2,000,000	-
Package Policy - Statewide Insurance Fund		
Property - Buildings and Contents - Fund Limit - Through Lexington Insurance Company	150,000,000	1,000
General Liability Coverage Casualty - Policy Limit	10,000,000	-
Business Auto	10,000,000	-
Boiler and Machinery - Through Chubb Insurance Co.	100,000,000	10,000
Public Officials Liability and Employment Practices - Through National Casualty Insurance Company	10,000,000	10,000 to 20,000
Environmental Impairment - Through ACE Insurance	20,000,000	25,000
Crime Policy - Through the Fidelity and Deposit Co.		
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
Cyber and Technology Liability - Through Indian Harbor Insurance Company	2,000,000	2,500

Adequacy of insurance coverage is the responsibility of the Municipality.

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**List of Officials**

Officials in Office and Surety Bonds

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

<u>Name</u>	<u>Title</u>
Richard Dodds	Mayor
Thomas Ciacciarelli	Deputy Mayor
Maureen Syrnick	Committeeperson

\* \* \* \* \*

<u>Name</u>	<u>Title</u>
Cynthia Keller	Municipal Clerk
Diane Laudenbach	Chief Financial Officer, Tax Collector
David Gill	Tax Assessor
Katrina Campbell	Attorney
Thomas Decker of Van Cleef Engineering Associates	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.

**TOWNSHIP OF KINGWOOD**  
**General Comments**  
**(unaudited)**

Contracts and Agreements Required to be Advertised for N.J.S.A. 40A:11-4

N.J.S.A. 40A:11-4 States, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefor, except as is provided otherwise in this act or specifically by any other law."

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

The minutes indicated that contracts were awarded which included the following items:

Department of Public Works Equipment  
Contracted Services  
Fuel Oil  
Animal Control Services  
Building Repairs

Road Materials  
Snow and Ice Removal Materials  
Telephone System  
Septic Cleaning  
Banking Services

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

Auditor  
Township Attorney  
Planning Board Attorney  
Risk Management Consultant

Engineer  
Planner  
Disclosure Audit Specialist  
Architect

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.

In accordance with N.J.S.A 40A:11-3(c) 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.A. 40A:11-6.



**TOWNSHIP OF KINGWOOD**  
**General Comments**  
**(unaudited)**

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 Township of Kingwood for nonpayment of taxes or assessments on or before the date they would become delinquent, shall be 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 the collector's records that interest was generally collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held in the year 2018 and was complete.

All tax sale certificates were available for inspection.

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>
2018	17
2017	17
2016	16

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**  
**Acknowledgements**

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 Township officials and employees during the course of the examination.

*BKC, CPAs, PC*

**BKC, CPAs, PC**

*William Colantano*

William M. Colantano, Jr.  
Certified Public Accountant  
Registered Municipal Accountant