

TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON
REPORT OF AUDIT
DECEMBER 31, 2020



**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements - Regulatory Basis	
A. Current Fund	
A Comparative Balance Sheet - Regulatory Basis	4 - 5
A-1 Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	6
A-2 Statement of Revenues - Regulatory Basis	7 - 10
A-3 Statement of Expenditures - Regulatory Basis	11 - 18
B. Trust Fund	
B Comparative Balance Sheet - Regulatory Basis	19 - 20
C. General Capital Fund	
C Comparative Balance Sheet - Regulatory Basis	21
C-1 Comparative Statement of Fund Balance - Regulatory Basis	22
D. General Fixed Assets Account Group	
Comparative Statement of General Fixed Assets - Regulatory Basis	23
Notes to the Financial Statements	24 - 47
Supplementary Schedules	
A. Current Fund	
A-4 Schedule of Current Fund Cash - Treasurer	48 - 49
A-5 Schedule of Current Fund Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	50
A-6 Schedule of Due to State of New Jersey - Veteran's and Senior Citizen's Deductions	51
A-7 Schedule of Taxes Receivable and Analysis of Property Tax Levy	52 - 53
A-8 Schedule of Tax Title Liens Receivable	54
A-9 Schedule of Property Acquired for Taxes at Assessed Valuation	54
A-10 Schedule of Revenue Accounts Receivable	55
A-11 Schedule of Due from Other Trust Funds	56
A-12 Schedule of Due to Federal and State Grant Fund	57
A-13 Schedule of Due from General Capital Fund	57
A-14 Schedule of Deferred Charges N.J.S.A. 40A:4-55 Special Emergency Authorizations	58
A-15 Schedule of Grants Receivable	59

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (continued)	
A. Current Fund (continued)	
A-16 Schedule of Appropriation Reserves	60 - 62
A-17 Schedule of Reserve for Encumbrances	63
A-18 Schedule of Accounts Payable	63
A-19 Schedule of Prepaid Taxes	64
A-20 Schedule of Tax Overpayments	64
A-21 Schedule of Due to Outside Agencies	65
A-22 Schedule of Local School Tax Payable	66
A-23 Schedule of Regional High School Tax Payable	67
A-24 Schedule of County Taxes Payable	68
A-25 Schedule of Due to Outside Lien Holders	68
A-26 Schedule of Reserve for Preparation of Master Plan	69
A-27 Schedule of Due to Open Space, Recreation, and Farmland and Historic Preservation Trust Fund	69
A-28 Schedule of Due from Current Fund (Grant Fund)	70
A-29 Schedule of Reserve for Encumbrances (Grant Fund)	70
A-30 Schedule of Appropriated Reserves for Grants	71
A-31 Schedule of Unappropriated Reserves for Grants	72
B. Trust Fund	
B-1 Schedule of Trust Fund Cash - Treasurer	73 - 74
B-2 Schedule of Trust Fund Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	75
B-3 Schedule of Reserve for Animal Control Fund Expenditures	76
B-4 Schedule of Due from/to State New Jersey - Animal Control Fund	76
B-5 Schedule of Reserve for Encumbrances - Animal Control Fund	77
B-6 Schedule of Due to Current Fund - Other Trust Fund	77
B-7 Schedule of Due from Current Fund - Open Space, Recreation, and Farmland and Historic Preservation Trust Fund	78
B-8 Schedule of Reserve for Encumbrances - Other Trust Fund	78
B-9 Schedule of Reserve for Recycling Trust	79
B-10 Schedule of Reserve for COAH Development Fees	79
B-11 Schedule of Reserve for Developers' Deposits	80
B-12 Schedule of Reserve for Unemployment Compensation	80
B-13 Schedule of Reserve for Special Deposits	81
B-14 Schedule of Reserve for Recreation Commission	82
B-15 Schedule of Reserve for Planning Board Escrow	82
B-16 Schedule of Reserve for Board of Adjustment Escrow	83
B-17 Schedule of Reserve for Payroll Withholdings Payable	83

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Supplementary Schedules (continued)	
B. Trust Fund (continued)	
B-18 Schedule of Reserve for Board of Health	84
B-19 Schedule of Reserve for Tax Sale Premiums	84
B-20 Schedule of Reserve for Security Deposits & Aquifer/Hydrogeological Escrow	85
B-21 Schedule of Reserve for Fees Due to Outside Agencies	85
B-22 Schedule of Reserve for Self-Insurance Escrow	86
B-23 Schedule of Reserve for Snow Removal Trust	86
B-24 Schedule of Reserve for Accumulated Absences Trust	87
B-25 Schedule of Reserve for Open Space Funds	87
B-26 Schedule of Reserve for LOSAP (unaudited)	88
B-27 Schedule of Reserve for Green Acres	88
C. General Capital Fund	
C-2 Schedule of General Capital Fund Cash - Treasurer	89
C-3 Schedule of General Capital Fund Cash and Reconciliation - Treasurer Per N.J.S.A. 40A:5-5	90
C-4 Schedule of Cash Activity	91
C-5 Schedule of Due to Current Fund	92
C-6 Schedule of State Grants Receivable	93
C-7 Schedule of County Grants Receivable	93
C-8 Schedule of Deferred Charges to Future Taxation - Funded	94
C-9 Schedule of Deferred Charges to Future Taxation - Unfunded	95
C-10 Schedule of Improvement Authorizations	96 - 97
C-11 Schedule of Capital Improvement Fund	98
C-12 Schedule of Reserve for Encumbrances	98
C-13 Schedule of Reserve for Contributions from Developers	99
C-14 Schedule of Reserve for Purchase of Municipal Equipment	99
C-15 Schedule of Reserve for Preliminary Plan Expenses - Ridge Road Section I	100
C-16 Schedule of Reserve for Preliminary Plan Expenses - New Municipal Building	100
C-17 Schedule of Reserve for Preliminary Plan Expenses – Warsaw Road	101
C-18 Schedule of Reserve for Preliminary Plan Expenses – Ridge Road Section III	101
C-19 Schedule of Reserve for Municipal Building Renovations	102
C-20 Schedule of Accounts Payable	102
C-21 Schedule of General Serial Bonds Payable	103

**TOWNSHIP OF KINGWOOD
COUNTY OF HUNTERDON**

REPORT OF AUDIT

For the Year Ended December 31, 2020

TABLE OF CONTENTS

Supplementary Schedules (continued)	
General Capital Fund (continued)	
C-22 Schedule of Bond Anticipation Notes Payable	104
C-23 Schedule of Bonds and Notes Authorized but Not Issued	105
Additional Schedules	
Statistical Data (Unaudited)	106 - 113
Schedule of Insurance (Unaudited)	114
Independent Auditor's 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	115 - 116
Schedule 1 Schedule of Expenditures of Federal Financial Assistance	117
Schedule 2 Schedule of Expenditures of State Financial Assistance	118
Notes to Schedules of Expenditures of Federal and State Financial Assistance	119
Schedule of Findings and Responses	120
List of Officials	121
General Comments (Unaudited)	122 - 123
Acknowledgments	124



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

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, 2020 and 2019, 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, 2020, 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, 2020 and 2019, 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, 2020 and 2019, and the results 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, except for the budgetary information included, which was not audited, for the year ended December 31, 2020 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 June 25, 2021 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 solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



BKC, CPAs, PC



William M. Colantano
Certified Public Accountant
Registered Municipal Accountant

June 25, 2021
Flemington, New Jersey

FINANCIAL STATEMENTS - REGULATORY BASIS

TOWNSHIP OF KINGWOOD
Comparative Balance Sheet - Regulatory Basis
Current Fund
December 31, 2020

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Regular fund			
Cash - Treasurer	A-4	\$ 3,372,540	\$ 2,712,051
Receivables with full reserves			
Delinquent property taxes receivable	A-7	408,416	364,357
Tax title liens receivable	A-8	62,478	38,290
Property acquired for taxes	A-9	227,800	405,000
Revenue accounts receivable	A-10	1,535	3,110
Due from other trust funds	A-11	190	-
Due from grant fund	A-12	9,218	-
		<u>709,637</u>	<u>810,757</u>
Deferred charges			
Special emergency authorization	A-14	<u>15,600</u>	<u>20,800</u>
Total regular fund		<u>4,097,777</u>	<u>3,543,608</u>
Federal and state grant fund			
Cash	A-4	-	12,377
Grants receivable	A-15	68,579	47,738
Due from current fund	A-28	-	6,252
Total federal and state grant fund		<u>68,579</u>	<u>66,367</u>
Total assets		<u><u>\$ 4,166,356</u></u>	<u><u>\$ 3,609,975</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Comparative Balance Sheet - Regulatory Basis (continued)
Current Fund
December 31, 2020

	Ref.	2020	2019
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-16	\$ 387,376	\$ 190,907
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-6	1,344	1,344
Reserve for encumbrances	A-17	19,857	95,509
Accounts payable	A-18	35,000	-
Prepaid taxes	A-19	158,263	124,661
Tax overpayments	A-20	13,873	6,112
Local school tax payable	A-22	1,365,174	838,653
Regional high school taxes payable	A-23	701,894	684,728
County tax payable	A-24	10,932	12,655
Reserve for preparation of a master plan	A-26	3,695	3,695
Due to open space, recreation, and			
Farmland and historic preservation trust fund	A-27	3,331	1,014
Due to grant fund	A-12	-	6,252
		2,700,739	1,965,530
Reserve for receivables	A	709,637	810,757
Fund balance	A-1	687,401	767,321
Total regular fund		4,097,777	3,543,608
Federal and state grant fund			
Due to current fund	A-28	9,218	-
Reserve for encumbrances	A-29	4,778	-
Appropriated reserves for grants	A-30	48,583	44,921
Unappropriated reserves for grants	A-31	6,000	21,446
Total federal and state grant fund		68,579	66,367
Total liabilities, reserves and fund balance		\$ 4,166,356	\$ 3,609,975

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, 2020

	Ref.	2020	2019
Revenues and other income realized			
Fund balance utilized	A-2	\$ 493,912	\$ 652,500
Receipts from current taxes	A-2	14,140,088	13,942,054
Receipts from delinquent taxes	A-2	370,737	368,516
Miscellaneous revenue anticipated	A-2	629,474	616,690
Non-budget revenue	A-2	61,076	99,272
Other credits to income			
Interfund returns		-	6
Proceeds from the sale of foreclosed property	A-9	22,500	-
Unexpended balance of appropriation reserves	A-16	199,627	146,708
Tax overpayments cancelled	A-20	810	-
Total income		<u>15,918,224</u>	<u>15,825,746</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	973,545	920,825
Other expenses	A-3	1,068,016	1,097,088
Capital improvements	A-3	512,450	410,100
Debt service	A-3	95,550	197,964
Deferred charges and statutory expenditures	A-3	189,081	202,217
Local district school taxes	A-22	6,170,474	5,926,453
Regional high school taxes	A-23	3,929,075	3,883,587
County taxes	A-24	2,358,538	2,321,983
County share of added taxes	A-24	10,932	12,655
Municipal open space tax	A-27	186,663	186,170
Other debits to income			
Interfunds advanced	A-2	9,408	-
Prior year Senior Citizen's deduction disallowed	A-6	500	750
Total expenditures		<u>15,504,232</u>	<u>15,159,792</u>
Regulatory excess to fund balance		413,992	665,954
Balance January 1,	A	<u>767,321</u>	<u>753,867</u>
		1,181,313	1,419,821
Decreased by			
Utilized as anticipated revenue	A-2	<u>493,912</u>	<u>652,500</u>
Balance December 31,	A	<u><u>\$ 687,401</u></u>	<u><u>\$ 767,321</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 493,912	\$ -	\$ 493,912	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-10	12,000	-	12,800	800
Fees and permits	A-10	10,000	-	16,007	6,007
Fines and costs					
Municipal court	A-10	25,000	-	18,954	(6,046)
Shared municipal court costs	A-10	22,700	-	26,727	4,027
Interest and cost on taxes	A-10	66,000	-	85,823	19,823
Energy receipts tax	A-10	289,807	-	289,807	-
Garden State preservation trust fund	A-10	65,499	-	42,461	(23,038)
Uniform construction code fees	A-10	75,000	-	67,352	(7,648)
Cable TV franchise fee	A-10	12,024	-	12,409	385
Recycling Tonnage Grant - 2019 Reserve	A-15	7,034	-	7,034	-
Recycling Tonnage Grant - 2018 Reserve	A-15	6,412	-	6,412	-
Sustainable Jersey - Nature Conservancy	A-15	2,421	-	2,421	-
DEP Clean communities program	A-15	-	17,439	17,439	-
National conservancy - roots for rivers	A-15	-	2,719	2,719	-
Sustainable Jersey - roots for river					-
reforestation	A-15	-	298	298	-
COVID-19 cares grant	A-15	-	495	495	-
COVID-19 cares grant	A-15	-	495	495	-
LGEF grant	A-15	-	15,625	15,625	-
Hunterdon County COVID-19					
municipal grant program	A-15	-	1,496	1,496	-
Hunterdon County economic					
development program	A-15	-	2,700	2,700	-
Total miscellaneous revenues	A-1	593,897	41,267	629,474	(5,690)

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Revenues - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

		Unaudited Anticipated			
	Ref.	Budget	N.J.S.A. 40:4-87	Realized	Excess or Deficit
Receipts from delinquent taxes	A-1;A-2	\$ 355,966	\$ -	\$ 370,737	\$ 14,771
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,919,900	-	2,050,706	130,806
Budget totals		3,363,675	41,267	3,544,829	\$ 139,887
Non-budget revenues	A-1;A-2	-	-	61,076	
		<u>\$ 3,363,675</u>	<u>\$ 41,267</u>	<u>\$ 3,605,905</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, 2020

	<u>Ref.</u>	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1;A-7	\$ 14,140,088
Allocated to		
Local district school taxes	A-7	6,170,474
Regional high school taxes	A-7	3,929,075
County taxes	A-7	2,369,470
Municipal open space tax	A-7	186,663
		<u>12,655,682</u>
Balance for support of municipal budget appropriations		1,484,406
Add: appropriation - reserve for uncollected taxes	A-3	566,300
Realized for support of municipal budget	A-2	<u>\$ 2,050,706</u>
Analysis of receipts from delinquent taxes		
Taxes receivable	A-7	\$ 351,195
Tax title liens receivable	A-8	19,542
Total delinquent tax collections	A-2	<u>\$ 370,737</u>

	<u>Ref.</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>Increase (Decrease)</u>
Interfund advances and returns analysis				
Due from other trust fund	A-11	\$ 190	\$ -	\$ 190
Due from federal and state grant fund	A-12	<u>9,218</u>	<u>-</u>	<u>9,218</u>
		<u>\$ 9,408</u>	<u>\$ -</u>	<u>\$ 9,408</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, 2020

	<u>Ref.</u>		
Analysis of realized revenues (continued)			
Analysis of non-budget revenue			
Interest on investments and deposits			
Receipts	A-4	\$ 16,572	
Due from other trusts	A-11	<u>190</u>	
			\$ 16,762
 Treasurer			
Miscellaneous		2,197	
NJ administrative fees			
Senior Citizen's & Veteran's deduction		460	
Bond forfeiture		4,440	
Escheat		2,766	
Solar renewable energy certificate fees		8,251	
Sale of municipal assets		<u>18,200</u>	
	A-4		36,314
 Prior year matching funds for grants balance canceled	A-12		<u>8,000</u>
	A-2		<u><u>\$ 61,076</u></u>

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis
Current Fund
For the Year Ended December 31, 2020

	Unaudited					
	Appropriations		Expended by			
		Budget				
	Budget	After	Paid or	Reserved	Balance	Over-
		Modification	Charged		Canceled	Expended
Operations within CAPS						
General government						
Mayor and committee						
Salaries and wages	\$ 9,000	\$ 9,000	\$ 8,970	\$ 30	\$ -	\$ -
Other expenses	1,800	1,800	1,562	238	-	-
Municipal clerk						
Salaries and wages	136,700	136,700	136,151	549	-	-
Other expenses	25,750	25,750	22,598	3,152	-	-
Elections	5,000	5,000	2,641	2,359	-	-
Codification and revisions						
of ordinances	14,250	14,250	4,117	10,133	-	-
Financial administration						
Salaries and wages	49,250	49,250	43,968	5,282	-	-
Other expenses	14,530	18,530	17,425	1,105	-	-
Audit services	25,300	25,300	25,300	-	-	-
Revenue administration						
Salaries and wages	36,500	36,500	36,070	430	-	-
Other expenses	11,170	11,170	8,556	2,614	-	-
Assessment of taxes						
Salaries and wages	39,950	39,950	39,939	11	-	-
Other expenses	3,000	2,000	1,089	911	-	-
Maintenance of tax map	3,500	4,500	4,148	352	-	-
Agriculture advisory						
committee						
Salaries and wages	2,690	2,690	1,295	1,395	-	-
Other expenses	250	350	272	78	-	-
Legal services and costs						
Other expenses	60,000	60,000	41,922	18,078	-	-
Municipal prosecutor						
Other expenses	10,800	10,800	5,400	5,400	-	-
Engineering services						
and costs						
Other expenses	11,500	11,500	5,264	6,236	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited		Expended by			
	Appropriations					
	Budget					
	After		Paid or		Balance	Over-
	Budget	Modification	Charged	Reserved	Canceled	Expended
Operations within CAPS (cont'd)						
Land use administration						
Planning board						
Salaries and wages	\$ 23,600	\$ 23,600	\$ 23,589	\$ 11	\$ -	\$ -
Other expenses	30,000	16,900	7,557	9,343	-	-
Zoning official						
Salaries and wages	12,500	12,500	12,450	50	-	-
Other expenses	400	400	400	-	-	-
Zoning board						
Salaries and wages	7,500	7,500	7,482	18	-	-
Other expenses	4,000	9,000	3,925	5,075	-	-
Environmental commission						
Salaries and wages	2,690	2,690	1,295	1,395	-	-
Other expenses	1,200	1,200	611	589	-	-
Industrial commission						
Other expenses	25	25	-	25	-	-
Recycling program						
Other expenses	2,000	2,000	190	1,810	-	-
Gypsy moth program						
Other expenses	50	50	-	50	-	-
Insurance						
Dental insurance	13,000	13,000	11,700	1,300	-	-
General liability	67,705	67,705	67,705	-	-	-
Workers compensation	28,532	28,532	28,532	-	-	-
Employee group health	118,000	118,000	111,321	6,679	-	-
Public safety						
Aid to volunteer fire companies	75,000	75,000	75,000	-	-	-
Aid to first aid organizations	50,000	50,000	50,000	-	-	-
Office of Emergency Management						
Salaries and wages	5,800	5,800	5,776	24	-	-
Other expenses	4,000	4,000	3,422	578	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	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	\$ 470,000	\$ 470,000	\$ 391,201	\$ 78,799	\$ -	\$ -
Other expenses	155,000	155,000	38,547	116,453	-	-
Snow removal						
Salaries and wages	28,000	28,000	28,000	-	-	-
Other expenses	30,000	30,000	29,878	122	-	-
Solid waste collection						
Other expenses	6,000	6,000	3,673	2,327	-	-
Building and grounds						
Salaries and wages	12,450	12,450	12,428	22	-	-
Other expenses	50,000	51,000	47,247	3,753	-	-
Vehicle maintenance						
Other expenses	50,000	50,000	31,300	18,700	-	-
Health and human services						
Board of Health						
Salaries and wages	8,275	8,275	8,203	72	-	-
Other expenses	2,500	2,500	280	2,220	-	-
Animal control						
Other expenses	4,600	4,600	4,600	-	-	-
Parks and recreation						
Recreation services and programs						
Other expenses	4,000	196	118	78	-	-
Maintenance of parks						
Salaries and wages	10,550	10,550	10,538	12	-	-
Other expenses	8,500	13,304	12,250	1,054	-	-
Uniform construction code						
Construction officials						
Salaries and wages	57,715	57,715	53,106	4,609	-	-
Other expenses	10,000	12,000	11,664	336	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited Appropriations		Expended by			
	Budget		Paid or		Balance	Over-
	Budget	After Modification	Charged	Reserved	Canceled	Expended
Operations within CAPS (cont'd)						
Unclassified						
Office of local historian						
Other expenses	\$ 200	\$ 200	\$ -	\$ 200	\$ -	\$ -
Interest on tax appeals						
RS 54:3-27	100	100	-	100	-	-
Utilities						
Gasoline and diesel fuel	25,000	25,000	7,495	17,505	-	-
Electricity	15,500	15,500	6,891	8,609	-	-
Telephone	15,250	15,250	12,611	2,639	-	-
Street lighting	7,300	7,300	5,452	1,848	-	-
Heating fuel oil	7,500	7,500	2,586	4,914	-	-
Natural gas	11,000	11,000	8,455	2,545	-	-
Municipal court						
Salaries and wages	55,100	55,100	53,111	1,989	-	-
Other expenses	4,100	4,100	1,760	2,340	-	-
Public defender						
Salaries and wages	3,750	3,750	3,715	35	-	-
Total operations within "CAPS"	1,959,332	1,959,332	1,602,751	356,581	-	-
Contingent	100	100	-	100	-	-
Total operations including contingent within "CAPS"	1,959,432	1,959,432	1,602,751	356,681	-	-
Detail						
Salaries and wages	972,020	972,020	877,287	94,733	-	-
Other expenses (including contingent)	987,412	987,412	725,464	261,948	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited Appropriations		Expended by			
		Budget After Modification	Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget					
Statutory expenditures						
Contribution to						
Public employees						
retirement system	\$ 89,596	\$ 89,596	\$ 89,596	\$ -	\$ -	\$ -
Social Security						
system (OASI)	80,000	80,000	63,721	16,279	-	-
State unemployment						
compensation	1,000	1,000	500	500	-	-
Defined contribution						
retirement program	3,000	3,000	1,103	1,897	-	-
Total deferred charges and statutory expenditures - Municipal within CAPS	173,596	173,596	154,920	18,676	-	-
Vacation reserve	100	100	100	-	-	-
Total general appropriations for municipal purposes within CAPS	2,133,128	2,133,128	1,757,771	375,357	-	-
Operations excluded from CAPS						
Fair share housing plan						
Salaries and wages	1,525	1,525	1,508	17	-	-
Other expenses	5,000	5,000	98	4,902	-	-
911 coordinator						
Other expenses	10	10	-	10	-	-
Fire inspection						
Other expenses	6,000	6,000	-	6,000	-	-
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, 2020

	Unaudited Appropriations		Expended by			
	Budget				Balance	Over-
	Budget	After Modification	Paid or Charged	Reserved	Canceled	Expended
Operations excluded from CAPS (continued)						
Public and private programs offset by revenues						
Clean Communities Program	\$ -	\$ 17,439	\$ 17,439	\$ -	\$ -	\$ -
Recycling Tonnage Grant 2019						
Other expenses	7,034	7,034	7,034	-	-	-
Recycling Tonnage Grant 2018						
Other expenses	6,412	6,412	6,412	-	-	-
Sustainable Jersey natural conservancy						
Other expenses	2,421	2,421	2,421	-	-	-
Sustainable Jersey Small Grants Program	-	298	298	-	-	-
COVID-CARES Act Grant	-	15,625	15,625	-	-	-
Hunterdon County Municipal COVID-19 Grant	-	1,496	1,496	-	-	-
Hunterdon County Economic Development Grant	-	2,700	2,700	-	-	-
The Natural Conservancy Watershed Institute	-	2,719	2,719	-	-	-
COVID-19 CARES Grant	-	495	495	-	-	-
COVID-19 CARES Grant	-	495	495	-	-	-
Matching funds for grants	8,000	8,000	8,000	-	-	-
Total operations excluded from CAPS	40,762	82,029	70,010	12,019	-	-
Detail						
Salaries and wages	1,525	1,525	1,508	17	-	-
Other expenses	39,237	80,504	68,502	12,002	-	-

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Statement of Expenditures - Regulatory Basis (continued)
Current Fund
For the Year Ended December 31, 2020

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Capital improvements - excluded from CAPS						
Capital improvement fund	\$ 467,350	\$ 467,350	\$ 467,350	\$ -	\$ -	\$ -
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	-	-	-
Purchase of fire truck	5,000	5,000	5,000	-	-	-
Total capital improvements excluded from CAPS	512,450	512,450	512,450	-	-	-
Municipal debt service excluded from CAPS						
Payment of bond anticipation notes	82,500	82,500	82,500	-	-	-
Interest on notes	13,050	13,050	13,050	-	-	-
Total debt service excluded from CAPS	95,550	95,550	95,550	-	-	-
Deferred charges excluded from CAPS						
Special Emergency Authorizations - 5 Years (N.J.S.A. 40A:4-55)	5,200	5,200	5,200	-	-	-
To future taxation - unfunded Installation of solar panels	4,270	4,270	4,270	-	-	-
Reconstruction of Tumble Falls Road	6,015	6,015	6,015	-	-	-
Total deferred charges excluded from CAPS	15,485	15,485	15,485	-	-	-
Total general appropriations, for municipal purposes excluded from CAPS	664,247	705,514	693,495	12,019	-	-
Subtotal general appropriations	2,797,375	2,838,642	2,451,266	387,376	-	-
Reserve for uncollected taxes	566,300	566,300	566,300	-	-	-
Total general appropriations	\$3,363,675	\$3,404,942	\$3,017,566	\$387,376	\$ -	\$ -

Ref. 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, 2020

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 1,913,886
Reserve for uncollected taxes	A-2	566,300
Due to general capital fund	A-13	507,735
Special emergency authorization	A-14	5,200
Reserve for encumbrances	A-17	18,695
Appropriated reserve for grants	A-30	57,134
		<u>3,068,950</u>
Less		
Appropriation refunds	A-4	51,384
	A-3	<u>\$ 3,017,566</u>
 Appropriations		
Budget	A-2	\$ 3,363,675
Added by N.J.S.A. 40A:4-87	A-2	41,267
	A-3	<u>\$ 3,404,942</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Assets			
Animal control fund			
Cash	B-1	\$ 14,258	\$ 14,347
LOSAP (unaudited)			
Investment	B-1	106,487	99,058
Other trust fund			
Cash and other bank deposits	B-1	920,981	830,060
Open space, recreation, and farmland and historic preservation trust fund			
Cash	B-1	807,895	913,693
Due from current fund	B-7	3,331	1,014
		<u>811,226</u>	<u>914,707</u>
Total assets		<u>\$ 1,852,952</u>	<u>\$ 1,858,172</u>

See accompanying notes to the financial statements.

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

	Ref.	2020	2019
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 13,423	\$ 13,576
Due to State of New Jersey	B-4	85	85
Reserve for encumbrances	B-5	750	686
		<u>14,258</u>	<u>14,347</u>
LOSAP (unaudited)			
Reserve for LOSAP	B-26	<u>106,487</u>	<u>99,058</u>
Other trust fund			
Due to current fund	B-6	190	-
Reserve for encumbrances	B-8	5,890	4,976
Reserve for recycling trust	B-9	8,753	10,421
Reserve for COAH development fees	B-10	220,902	183,965
Reserve for developer's deposits	B-11	270,020	269,101
Reserve for unemployment compensation	B-12	21,531	21,294
Reserve for special deposits	B-13	5,951	8,132
Reserve for recreation commission	B-14	15,650	28,675
Reserve for planning board escrow	B-15	67,123	67,124
Reserve for board of adjustment escrow	B-16	20,054	26,063
Payroll withholdings payable	B-17	4,744	4,747
Reserve for board of health	B-18	41,159	36,959
Reserve for tax sale premium	B-19	89,200	48,300
Reserve for security deposits and aquifer/ hydrogeological escrow	B-20	3,111	3,111
Reserve for fees due to outside agencies	B-21	8,625	9,300
Reserve for self insurance escrow	B-22	28,675	25,120
Reserve for snow removal trust	B-23	108,803	82,172
Reserve for accumulated absences trust	B-24	600	600
		<u>920,981</u>	<u>830,060</u>
Open space, recreation, and farmland and historic preservation trust fund			
Reserve for open space	B-25	<u>811,226</u>	<u>914,707</u>
Total liabilities and reserves		<u>\$ 1,852,952</u>	<u>\$ 1,858,172</u>

See accompanying notes to the financial statements.

TOWNSHIP OF KINGWOOD
Comparative Balance Sheet - Regulatory Basis
General Capital Fund
December 31, 2020

	Ref.	2020	2019
Assets			
Cash	C-2	\$ 1,009,070	\$ 609,764
State grants receivable	C-6	74,987	175,000
Deferred charges to future taxation			
Funded	C-8	1,375,000	1,575,000
Unfunded	C-9	682,624	513,909
Total assets		<u>\$ 3,141,681</u>	<u>\$ 2,873,673</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-21	\$ 1,375,000	\$ 1,575,000
Bond anticipation notes payable	C-22	352,500	435,000
Improvement authorizations			
Funded	C-10	387,556	495,260
Unfunded	C-10	240,387	70,192
Capital improvement fund	C-11	474,068	177,055
Reserves for			
Encumbrances	C-12	204,099	17,935
Contributions from developers	C-13	10,000	10,000
Purchase of municipal equipment	C-14	93	93
Preliminary plan expenses			
Ridge Road section I	C-15	-	1,265
New municipal building	C-16	-	14,435
Warsaw Road	C-17	7,837	-
Municipal building renovations	C-19	1,023	923
Accounts payable	C-20	6,287	-
Fund balance	C-1	82,831	76,515
Total liabilities, reserves and fund balance		<u>\$ 3,141,681</u>	<u>\$ 2,873,673</u>
Bonds and notes authorized but not issued	C-23	<u>\$ 330,124</u>	<u>\$ 78,909</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,

	Ref.	2020	2019
Balance - January 1	C	\$ 76,515	\$ 72,149
Increased by			
Premium on note issue		-	4,366
Canceled improvement authorization	C-10	6,316	-
		<u>6,316</u>	<u>4,366</u>
Balance - December 31	C	<u>\$ 82,831</u>	<u>\$ 76,515</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>2020</u>	<u>2019</u>
General fixed assets		
Land	\$ 4,487,681	\$ 3,930,288
Land improvements	70,362	70,362
Building and building improvements	2,918,291	2,918,291
Machinery and equipment	535,588	546,802
Vehicles	1,006,489	1,066,489
Construction in progress	<u>102,204</u>	<u>20,783</u>
Investment in general fixed assets	<u><u>\$ 9,120,615</u></u>	<u><u>\$ 8,553,015</u></u>

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies

Description of reporting entity

The Township of Kingwood (the Municipality) is located in the County of Hunterdon, State of New Jersey, which was founded by an Act of the New Jersey Legislature on February 21, 1798. The Municipality is governed by a three-member committee, which includes a Mayor.

Component unit

Except as noted below, the Financial Statements - Regulatory Basis of 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 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:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State Grant Funds.

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

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

Account Groups

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

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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

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

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

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

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. The Municipality may choose to foreclose and return the property to the tax rolls.

Interfunds - 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.

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 relating to permanent debt issued are shown as funded. Other deferred charges are shown as unfunded.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting (continued)

General Fixed Assets - in accordance with New Jersey Administrative Code Section 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the State of New Jersey, which differs in certain respects from generally accepted accounting principles, all local units are required to have and maintain a fixed assets accounting and reporting system. In accordance with this administrative code requirement, fixed assets acquired after December 31, 1985 shall be valued on the basis of actual cost; prior to that time, they may be valued at cost or estimated historical cost. The Municipality defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 5 years.

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

No depreciation has been provided for in the financial statements.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Compensated absences - are granted to employees for varying amounts of sick and vacation leave in accordance with the Municipality's personnel policy and bargaining agreements, which permits employees to accumulate unused leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the Municipality for the unused leave.

The liability for compensated absences has not been accrued. Expenditures are recognized as the payments are made.

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. Revenues - GAAP records taxes, utility charges and other revenues as income when levied and there is no reserve for receivables for unpaid balances.
2. Expenditures - GAAP records expenditures when incurred and does not reflect appropriation reserve balances or deferred charges to future taxation.
3. 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.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

4. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
5. Inventories - GAAP requires inventories to be reported on the balance sheet at year-end.
6. Grant Accounting - GAAP requires that grants be recorded within a special revenue fund and revenues are not to be realized until earned.
7. Capital Funds - GAAP requires separate funds for recording capital projects and payment of debt service. New Jersey requires records these transactions within one fund.
8. Compensated absence liabilities for sick and vacation pay and for contributions to state administered pension plans are not recorded until paid.
9. Losses arising from tax appeals and other contingencies are not recorded until paid.
10. Financial Reporting Model - These statements are not presented on the requirements as promulgated by the following GASB Statements which made a dramatic change to the financial reporting requirements of State and Local governments as it relates to reporting for GAAP purposes:

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - Information regarding pension activity is disclosed rather than reported.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - Information regarding postemployment benefits other than pensions are disclosed rather than reported.

GASB Statement No. 84, *Fiduciary Activities* - This statement made dramatic changes to the financial reporting requirements relating to trust funds.

GASB Statement No. 87, *Leases* - Information regarding leases are disclosed rather than reported.

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

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 2 - Deposits and investments

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

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 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, 2020 and 2019, the Municipality's bank balances of \$6,151,560 and \$5,683,419, respectively, were exposed to custodial credit risk as follows:

	2020	2019
Insured by the FDIC	\$ 354,356	\$ 353,657
Uninsured and collateralized with securities held by pledging financial institutions	5,797,204	5,329,762
Total	<u>\$ 6,151,560</u>	<u>\$ 5,683,419</u>

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.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 3 - Tax assessments and property taxes (continued)

Upon the filing of certified adopted budgets by the Municipality, the Municipality's Local School, and the County, the tax rate is determined 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 February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

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

Note 4 - Long-term debt

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

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 0.33%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local school district debt	\$ 685,000	\$ 685,000	\$ -
General debt	2,057,624	-	2,057,624
	<u>\$ 2,742,624</u>	<u>\$ 685,000</u>	<u>\$ 2,057,624</u>

Net debt \$2,057,624 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$623,494,206 equals 0.33%.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 4 - Long-term debt (continued)

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

3½% of equalized valuation basis (municipal)	\$ 21,822,297
Net debt	<u>2,057,624</u>
Remaining borrowing power	<u><u>\$ 19,764,673</u></u>

Changes in long-term debt

During the years ended December 31, 2020 and 2019, the following changes occurred in long-term debt.

	Balance 01/01/20	Additions	Reductions	Balance 12/31/20
Issued debt				
General capital				
Bonds	\$ 1,575,000	\$ -	\$ 200,000	\$ 1,375,000
Notes	435,000	-	82,500	352,500
Authorized but not issued debt				
General capital				
Bonds and notes	78,909	261,500	10,285	330,124
Total	<u>\$ 2,088,909</u>	<u>\$ 261,500</u>	<u>\$ 292,785</u>	<u>\$ 2,057,624</u>

	Balance 01/01/19	Additions	Reductions	Balance 12/31/19
Issued debt				
General capital				
Bonds	\$ 1,783,000	\$ -	\$ 208,000	\$ 1,575,000
Notes	507,500	-	72,500	435,000
Authorized but not issued debt				
General capital				
Bonds and notes	89,194	-	10,285	78,909
Total	<u>\$ 2,379,694</u>	<u>\$ -</u>	<u>\$ 290,785</u>	<u>\$ 2,088,909</u>

General Obligation Bonds - General obligation bonds at December 31, 2020 and 2019 with their outstanding balances are comprised of the following individual issues:

	2020	2019
\$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%.	\$ 1,375,000	\$ 1,575,000
Total	<u><u>\$ 1,375,000</u></u>	<u><u>\$ 1,575,000</u></u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 4 - Long-term debt (continued)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 200,000	\$ 48,250	\$ 248,250
2022	200,000	41,500	241,500
2023	200,000	34,500	234,500
2024	200,000	27,000	227,000
2025	200,000	19,000	219,000
2026 - 2027	375,000	14,500	389,500
Total	<u>\$ 1,375,000</u>	<u>\$ 184,750</u>	<u>\$ 1,559,750</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2020 in the amount of \$352,500 and outstanding bond anticipation notes at December 31, 2019 in the amount of \$435,000. The note for December 31, 2020 has a term from September 16, 2020 to September 16, 2021 with an interest rate of .79% payable at maturity. The note for December 31, 2019 had a term from September 19, 2019 to September 19, 2020, with an interest rate of 3.00% payable at maturity. Principal and interest on the notes are paid from the current fund budget. The notes were issued in the amount of \$308,500 for Ordinance #18-08-15 Acquisition of Road Maintenance Equipment and in the amount of \$44,000 for Ordinance #18-09-15 Renovations to the Municipal Building for December 31, 2020. The notes were issued in the amount of \$379,800 for Ordinance #18-08-15 Acquisition of Road Maintenance Equipment and in the amount of \$55,200 for Ordinance #18-09-15 Renovations to the Municipal Building for December 31, 2019.

Note 6 - Fund balances appropriated

For the year ended December 31, 2020 and 2019, fund balances which are appropriated in the succeeding year's budget and included as anticipated revenue in their own respective funds are as follows:

	<u>2020</u>	<u>2019</u>
Current fund balance appropriated in succeeding year's budget	<u>\$ 421,500</u>	<u>\$ 493,912</u>

Note 7 - School taxes

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

	<u>Local District School Tax</u>		<u>Regional High School Tax</u>	
	<u>Balance 12/31/20</u>	<u>Balance 12/31/19</u>	<u>Balance 12/31/20</u>	<u>Balance 12/31/19</u>
Balance of tax	\$ 3,331,623	\$ 2,805,102	\$ 1,973,535	\$ 1,956,369
Deferred	<u>1,966,449</u>	<u>1,966,449</u>	<u>1,271,641</u>	<u>1,271,641</u>
Tax payable (prepaid)	<u>\$ 1,365,174</u>	<u>\$ 838,653</u>	<u>\$ 701,894</u>	<u>\$ 684,728</u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 8 - 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 12/31/20	Balance 12/31/19
Prepaid taxes	\$ 158,263	\$ 124,661
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 158,263</u>	<u>\$ 124,661</u>

Note 9 - Pensions

Employees, who are eligible for a pension plan, are enrolled in one of the following pension systems:

- (1) The Public Employees' Retirement System
- (2) Defined Contribution Retirement Program

Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for the Municipal's share of net pension liability for the Public Employees' Retirement System.

Public employee's retirement system

Plan description

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

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Plan description (continued)

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

Allocation methodology

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, 2019, are based on the ratio of each employer's contributions to total employer contributions of the group for the State fiscal year ended June 30, 2019.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the state. The state's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For state fiscal year 2019, 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 7.50% of base salary effective July 1, 2018.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Contributions (continued)

The Municipality's contractually required contribution rate for the year ended December 31, 2019 and 2018 was 13.48% and 16.10%, respectively, 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 \$89,496 and \$109,607 respectively for the year ending December 31, 2019 and 2018.

Collective net pension liability and actuarial information

The Municipality's proportionate share of the net pension liability for PERS as of December 31, 2019 and 2018 are as follows:

	2019	2018
Net pension liability	\$ 1,657,332	\$ 2,169,657
Proportionate share	0.0091979%	0.0110193%
Plan fiduciary net position as a percentage of the total pension liability	56.57%	53.60%

Actuarial assumptions

The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

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

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Actuarial assumptions (continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. 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, 2019) 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, 2019 are summarized in the following table:

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
U.S. equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

Discount rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019, 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 based on 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 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, 2019 and 2018 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:

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

<u>Municipality's proportionate share of the net pension liability</u>	<u>2019</u>
At current discount rate (6.28%)	\$ 1,657,332
At a 1% lower rate (5.28%)	2,108,043
At a 1% higher rate (7.28%)	1,298,789

<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

Collective deferred outflows of resources and deferred inflows of resources

At December 31, 2019 and 2018, the Municipality reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>2019</u>		<u>2018</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,747	\$ 7,321	\$ 41,376	\$ 11,187
Changes of assumptions	165,491	575,255	357,523	693,741
Net difference between projected and actual earnings on pension plan investments	-	26,162	-	20,351
Changes in proportion and differences between Municipality contributions and proportionate share of contributions	120,953	415,635	164,939	118,889
Total	<u>\$ 316,191</u>	<u>\$ 1,024,373</u>	<u>\$ 563,838</u>	<u>\$ 844,168</u>

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, 2019 and 2018:

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

<u>December 31, 2019</u>	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 41,376	\$ (11,629)	\$ 29,747
Changes of assumptions	357,523	(192,032)	165,491
Deferred inflows of resources			
Differences between expected and actual experience	(11,187)	3,866	(7,321)
Changes of assumptions	(693,741)	118,486	(575,255)
Differences between projected and actual earnings on pension plan investments	(20,351)	(5,811)	(26,162)
Net changes in deferred outflows (inflows) of resources	<u>\$ (326,380)</u>	<u>\$ (87,120)</u>	<u>\$ (413,500)</u>
 <u>December 31, 2018</u>	 <u>Beginning Balance</u>	 <u>Net Change in Activity</u>	 <u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 56,665	\$ (15,289)	\$ 41,376
Changes of assumptions	484,828	(127,305)	357,523
Differences between projected and actual earnings on pension plan investments	16,387	(16,387)	-
Deferred inflows of resources			
Differences between expected and actual experience	-	(11,187)	(11,187)
Changes of assumptions	(483,051)	(210,690)	(693,741)
Differences between projected and actual earnings on pension plan investments	-	(20,351)	(20,351)
Net changes in deferred outflows (inflows) of resources	<u>\$ 74,829</u>	<u>\$ (401,209)</u>	<u>\$ (326,380)</u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - Pensions (continued)

Public employee's retirement system (continued)

Collective net pension liability and actuarial information (continued)

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

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 occur in future periods for the year ending December 31, 2019 and 2018 as follows:

	2019		2018
2021	\$ (47,856)	2020	\$ 15,059
2022	(155,245)	2021	(20,849)
2023	(138,624)	2022	(149,503)
2024	(65,091)	2023	(129,591)
2025	(6,684)	2024	(41,496)
Total	<u>\$ (413,500)</u>	Total	<u>\$ (326,380)</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, 2019 and 2018 are as follows:

	2019	2018
Service cost	\$ 63,829	\$ 102,413
Interest on total pension liability	189,186	246,204
Member contributions	(43,964)	(58,809)
Administrative expense	1,165	1,629
Expected investment return net of investment expense	(117,388)	(154,576)
Pension expense related to specific liabilities of individual employers	(550)	(906)
Recognition of deferred inflows/outflows of resources		
Amortization of expected versus actual experience	(43,533)	(19,121)
Amortization of assumption changes or inputs	14,243	16,608
Amortization of projected versus actual investment earnings on pension plan investments	13,849	(13,167)
Pension expense	<u>\$ 76,837</u>	<u>\$ 120,275</u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 9 - 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 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 annually. For the year ended December 31, 2019 and 2018, 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.

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 10 - 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
For the Years Ended December 31, 2020 and 2019

Note 11 - Compensated absences

The Municipality has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. At December 31, 2020 and 2019, the Municipality's liability is approximately \$85,815 and \$88,821, respectively.

Note 12 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2020 and 2019:

	Balance 12/31/19	Additions	Deletions	Balance 12/31/20
Land	\$ 3,930,288	\$ 557,393	\$ -	\$ 4,487,681
Land improvements	70,362	-	-	70,362
Building & building improvements	2,918,291	-	-	2,918,291
Furniture, machinery, and equipment	546,802	21,286	32,500	535,588
Vehicles	1,066,489	-	60,000	1,006,489
Construction in progress	20,783	81,421	-	102,204
Total	<u>\$ 8,553,015</u>	<u>\$ 660,100</u>	<u>\$ 92,500</u>	<u>\$ 9,120,615</u>

	Balance 12/31/18	Additions	Deletions	Balance 12/31/19
Land	\$ 3,930,288	\$ -	\$ -	\$ 3,930,288
Land improvements	70,362	-	-	70,362
Building & building improvements	2,918,291	-	-	2,918,291
Furniture, machinery, and equipment	442,201	104,601	-	546,802
Vehicles	1,096,812	-	30,323	1,066,489
Construction in progress	12,983	7,800	-	20,783
Total	<u>\$ 8,470,937</u>	<u>\$ 112,401</u>	<u>\$ 30,323</u>	<u>\$ 8,553,015</u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 13 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2020 and 2019:

<u>December 31, 2020</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current fund		
Federal and state grant fund	\$ 9,218	\$ -
Other trust fund	190	-
Open space, recreation, and farmland and historic preservation trust fund	-	3,331
Federal and state grant fund		
Current fund	-	9,218
Other trust fund		
Current fund	-	190
Open space, recreation, and farmland and historic preservation trust fund		
Current fund	3,331	-
	<u>\$ 12,739</u>	<u>\$ 12,739</u>

The balance due from the other trust funds to the current fund of \$190 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 \$3,331 represents the bank account interest and added and omitted taxes that were not transferred to the open space trust fund at year-end. The balance due from the federal and state grant fund to the current fund of \$9,218 represents a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

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

<u>December 31, 2019</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current fund		
Federal and state grant fund	\$ -	\$ 6,252
Open space, recreation, and farmland and historic preservation trust fund	-	1,014
Federal and state grant fund		
Current fund	6,252	-
Open space, recreation, and farmland and historic preservation trust fund		
Current fund	1,014	-
	<u>\$ 7,266</u>	<u>\$ 7,266</u>

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 13 - Interfunds receivable and payable (continued)

The balance due from the current fund to the federal and state grant fund of \$6,252 represents activity in the current fund affecting the federal and state grant fund. The balance due from the current fund to the open space, recreation, farmland and historic preservation trust fund of \$1,014 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.

Note 14 - Contingent liabilities
Litigation

The Municipality is involved with various litigations matters. The attorneys' letters did not indicate any litigation, claims, or contingent liabilities that are either not covered by the Municipality's insurance carrier or would have a material financial impact on the Municipality.

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 Township expects such amount, if any, to be immaterial.

Note 15 - Economic dependency

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

Note 16 - Risk management

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

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

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 determined by the Fund's actuary. The Commissioner of 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.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 16 - Risk management (continued)

The following coverages are offered by the Fund to 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
<http://www.swfund.com>

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 prior two years:

Years	Interest Earnings	Employee Deposit	Disbursements	Ending Balance
2020	\$ -	\$ 1,446	\$ 1,209	\$ 21,531
2019	-	1,636	-	21,294
2018	-	1,449	799	19,658

Note 17 - 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.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note - 17 Deferred compensation plan (continued)

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.

Length of service award program (unaudited)

During the year 1999, the voters of the Municipality approved the establishment of a Length of Service Award Program (LOSAP) Deferred Compensation Plan. The Program is a defined contribution program covering volunteers in the Township of Kingwood Fire Department and First Aid/Rescue Squad who have performed sufficient services to earn 60 points per calendar year as defined in an ordinance adopted by the Township Committee 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.

All investments are maintained with the Lincoln Financial Group, an authorized provider approved by the Division of Local Government Services in accordance with N.J.A.C. 5:30-14.37 and are retained in the name of the Municipality. According to the Program, all forfeited account balances are to be returned to the Municipality. For the years ending December 31, 2020 and 2019, no account balances were forfeited. The balance in the account on December 31, 2020 and 2019 amounted to \$106,487 and \$99,058, respectively. Contributions by the Municipality for qualified participants were \$3,270 and \$2,725 for 2020 and 2019, respectively.

Note 18 - Union contracts

During 2020, some of the Municipality's employees 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 is from January 1, 2020 to December 31, 2022.

TOWNSHIP OF KINGWOOD
Notes to the Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 19 - Lease obligations

On December 31, 2020, the Municipality has lease agreements for two operating leases for photocopiers. The future minimum rental payments under the operating lease agreement are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 2,662
2022	2,038
Total	<u>\$ 4,700</u>

Note 20 - Risk and uncertainties

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

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

Note 21 - Subsequent events

The Municipality has determined that no material events or transactions have occurred subsequent to December 31, 2020 and through June 25, 2021 the date of the Municipality’s financial statement issuance, which requires additional financial disclosure in the Municipality’s financial statements.

SUPPLEMENTARY SCHEDULES

TOWNSHIP OF KINGWOOD

COUNTY OF HUNTERDON

2020

CURRENT FUND

TOWNSHIP OF KINGWOOD
Schedule of Current Fund Cash - Treasurer

	Ref.	Regular Fund	Federal and State Grant Fund
Balance - December 31, 2019	A	\$ 2,712,051	\$ 12,377
Increased by receipts			
Non-budget revenue	A-2	\$ 36,314	\$ -
Interest on investments and deposits	A-2	16,572	-
Appropriation refunds	A-3	51,384	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	23,000	-
Taxes receivable	A-7	14,340,756	-
Tax title liens receivable	A-8	19,542	-
Property acquired for taxes	A-9	22,500	-
Revenue accounts receivable	A-10	572,340	-
Grants receivable	A-15	-	22,847
Prior year appropriation reserves	A-16	380	-
Prepaid taxes	A-19	158,263	-
Tax overpayments	A-20	33,651	-
Due to outside agencies	A-21	4,386	-
Due to outside lien holders	A-25	39,738	-
Due to open space , recreation, and farmland and historic preservation trust	A-27	1,454	-
Due to current fund	A-28	-	7,470
Unappropriated reserves	A-31	-	8,000
		<u>15,320,280</u>	<u>38,317</u>
		18,032,331	50,694

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	\$ 1,913,886	\$ -
Due to/from the federal and state grant fund	A-12	7,470	-
Prior year appropriation reserves	A-16	52,169	-
Due from/to general capital fund	A-13	507,735	-
Tax overpayments refunded	A-20	22,714	-
Due to outside agencies	A-21	3,224	-
Local school tax payable	A-22	5,643,953	-
Regional high school tax payable	A-23	3,911,909	-
County taxes payable	A-24	2,371,193	-
Due to outside lien holders	A-25	39,738	-
Due to open space , recreation, and farmland and historic preservation trust	A-27	185,800	-
Appropriated reserves for state grants	A-30	-	50,694
		<u>\$14,659,791</u>	<u>\$ 50,694</u>
Balance - December 31, 2020	A	<u><u>\$ 3,372,540</u></u>	<u><u>\$ -</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, 2020	A-4	\$ 3,372,540	\$ -
Increased by			
Receipts		9,691,937	18,978
		<u>13,064,477</u>	<u>18,978</u>
Decreased by			
Disbursements		8,741,828	16,185
		<u>8,741,828</u>	<u>16,185</u>
Balance - April 30, 2021		<u>\$ 4,322,649</u>	<u>\$ 2,793</u>
Cash reconciliation - April 30, 2021			
Balance per statement			
TD Bank		\$ 4,334,483	\$ 2,793
Add: deposit-in-transit		20,035	-
Subtotal		<u>4,354,518</u>	<u>2,793</u>
Less: outstanding checks		<u>31,869</u>	<u>-</u>
Book balance		<u>\$ 4,322,649</u>	<u>\$ 2,793</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, 2019	A		\$ 1,344
Increased by			
Receipts	A-4	\$ 23,000	
Prior year Senior Citizen's deductions disallowed by tax collector	A-1	<u>500</u>	
			<u>23,500</u>
			24,844
Decreased by			
Veteran's deductions per tax billings		20,500	
Senior Citizen's deductions per tax billings		<u>3,750</u>	
		24,250	
Less			
Senior Citizen's deductions disallowed by tax collector		<u>750</u>	
	A-7		<u>23,500</u>
Balance - December 31, 2020	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	2020	Added	Collected		Transferred	Veteran's	Tax	Cancellations	Balance
	12/31/19	Levy	2020	2019	2020	to Tax Title Liens	& Senior Citizen's Deductions	Overpayment Applied		12/31/20
2019	\$ 364,357	\$ -	\$ 500	\$ -	\$ 351,195	\$ 13,662	\$ -	\$ -	\$ -	\$ -
2020	-	14,636,826	-	124,661	13,989,561	27,331	23,500	2,366	60,991	408,416
	<u>\$ 364,357</u>	<u>\$ 14,636,826</u>	<u>\$ 500</u>	<u>\$ 124,661</u>	<u>\$ 14,340,756</u>	<u>\$ 40,993</u>	<u>\$ 23,500</u>	<u>\$ 2,366</u>	<u>\$ 60,991</u>	<u>\$ 408,416</u>
<u>Ref.</u>	A	Reserve	Reserve	A-19	A-4	A-8	A-6	A-20	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 2020 property tax			
Tax yield			
General purpose tax			\$ 14,580,752
Added and omitted taxes			<u>56,074</u>
	A-7		<u><u>\$ 14,636,826</u></u>
Local district school tax	A-2;A-22		\$ 6,170,474
Regional district school tax	A-2;A-23		3,929,075
County tax			
Regular county tax		\$ 1,975,818	
County library tax		194,019	
County open space tax		188,701	
County share of added and omitted taxes		<u>10,932</u>	
Total county taxes	A-2;A-24		2,369,470
Municipal open space tax		185,800	
Municipal open space share of added and omitted taxes		<u>863</u>	
Total municipal open space tax	A-2;A-27		186,663
Municipal purpose tax	A-2	1,919,900	
Additional tax levied		<u>61,244</u>	
Total municipal purpose tax			<u>1,981,144</u>
Total	A-7		<u><u>\$ 14,636,826</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Tax Title Liens Receivable

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	38,290
Increased by			
Transferred from taxes receivable	A-7	\$	40,993
Interest and costs on tax sale	Reserve		<u>2,737</u>
			<u>43,730</u>
			82,020
Decreased by			
Receipts	A-2; A-4		<u>19,542</u>
Balance - December 31, 2020	A	\$	<u><u>62,478</u></u>

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

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	405,000
Decreased by			
Proceeds on sale of property acquired for taxes	A-1; A-4	\$	22,500
Adjustment to assessed valuation	Reserve		<u>154,700</u>
			<u>177,200</u>
Balance - December 31, 2020	A	\$	<u><u>227,800</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Revenue Accounts Receivable

	<u>Ref.</u>	<u>Balance 12/31/19</u>	<u>Accrued in 2020</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/20</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 12,800	\$ 12,800	\$ -
Fees and permits	A-2	-	16,007	16,007	-
Municipal court	A-2	3,110	17,379	18,954	1,535
Shared municipal court costs	A-2	-	26,727	26,727	-
Interest and cost on taxes	A-2	-	85,823	85,823	-
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	-	67,352	67,352	-
Cable TV franchise fee	A-2	-	12,409	12,409	-
		<u>\$ 3,110</u>	<u>\$ 570,765</u>	<u>\$ 572,340</u>	<u>\$ 1,535</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, 2019	A	\$ -
Increased by		
Interest on investments	A-2	<u>190</u>
Balance - December 31, 2020	A	<u><u>\$ 190</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Due to/from Federal and State Grant Fund

	<u>Ref.</u>		
Balance - December 31, 2019 (due to)	A	\$	6,252
Decreased by			
Disbursements	A-4	\$	7,470
Unappropriated local matching fund balance canceled	A-2		<u>8,000</u>
			<u>15,470</u>
Balance - December 31, 2020 (due from)	A	\$	<u><u>9,218</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Due from General Capital Fund

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	-
Increased by			
Disbursements	A-4		<u>507,735</u>
			507,735
Decreased by			
Budget appropriations	A-3		<u>507,735</u>
Balance - December 31, 2020	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

Date Authorized	Purpose	Amount Authorized	1/5 of Amount Authorized	Balance 12/31/19	Increased	Decreased	Balance 12/31/20
06/07/18	Preparation of a digitized tax map	\$ 26,000	\$ 5,200	\$ 20,800	\$ -	\$ 5,200	\$ 15,600
				\$ 20,800	\$ -	\$ 5,200	\$ 15,600
			Ref.	A		A-3	A

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Grants Receivable

Grant	Balance 12/31/19	Revenue in 2020	Received	Balance 12/31/20
FEMA Hazard Mitigation grant program	\$ 20,825	\$ -	\$ -	\$ 20,825
NJ State TDR bank board planning assistance grant	20,000	-	-	20,000
NJ Historic trust grant	6,000	-	-	6,000
Delaware River greenway	913	-	913	-
Sustainable Jersey small grants program	-	2,421	2,000	421
DEP Clean communities program	-	17,439	17,439	-
Recycling tonnage grant - 2019 reserve	-	7,034	7,034	-
Recycling tonnage grant - 2018 reserve	-	6,412	6,412	-
National conservancy - roots for rivers	-	2,719	2,000	719
Sustainable Jersey roots for river reforestation	-	298	-	298
COVID-19 cares grant	-	495	495	-
COVID-19 cares grant	-	495	-	495
LGEF grant	-	15,625	-	15,625
Hunterdon County COVID-19 municipal grant program	-	1,496	-	1,496
Hunterdon County economic development grant	-	2,700	-	2,700
	<u>\$ 47,738</u>	<u>\$ 57,134</u>	<u>\$ 36,293</u>	<u>\$ 68,579</u>
<u>Ref.</u>	A	A-2	Below	A

Receipts	A-4	\$ 22,847
Unappropriated reserve balances applied	A-31	13,446
		<u>\$ 36,293</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Appropriation Reserves
For the Year Ended December 31, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Mayor and council					
Salaries and wages	\$ 6	\$ 6	\$ -	\$ 6	\$ -
Other expenses	969	969	-	969	-
Municipal clerk					
Salaries and wages	175	175	-	175	-
Other expenses	4,227	14,996	1,240	13,756	-
Elections	2,251	2,251	-	2,251	-
Codification of ordinances	1,036	1,036	-	1,036	-
Financial administration					
Salaries and wages	5,356	5,356	-	5,356	-
Other expenses	3,687	3,853	652	3,201	-
Revenue administration					
Salaries and wages	1,000	1,000	-	1,000	-
Other expenses	3,117	3,117	-	3,117	-
Assessment of taxes					
Salaries and wages	4	4	-	4	-
Other expenses	1,202	1,202	-	1,202	-
Maintenance of tax map	3,500	3,500	762	2,738	-
Agriculture advisory committee					
Other expenses	8	124	116	8	-
Legal services and costs					
Other expenses	10,321	10,321	3,535	6,786	-
Municipal prosecutor					
Other expenses	8,100	8,100	-	8,100	-
Engineering services					
Other expenses	1,865	2,365	2,328	37	-
Planning board					
Other expenses	4,618	8,395	1,750	6,645	-
Zoning official					
Other expenses	161	161	-	161	-
Zoning board					
Other expenses	501	2,439	2,385	54	-
Industrial commission					
Other expenses	25	25	-	25	-
Construction official					
Salaries and wages	262	262	-	262	-
Other expenses	2,263	10,261	7,998	2,263	-

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Appropriation Reserves (continued)
For the Year Ended December 31, 2020

	<u>Balance 12/31/19</u>	<u>Balance After Transfer</u>	<u>Expended</u>	<u>Balance Lapsed</u>	<u>Over- Expended</u>
Office of emergency management					
Salaries and wages	\$ 7	\$ 7	\$ -	\$ 7	\$ -
Other expenses	2,928	3,614	477	3,137	-
Insurance					
Employee group insurance	3,133	3,133	-	3,133	-
Road repair and maintenance					
Salaries and wages	67,811	67,811	-	67,811	-
Other expenses	3,110	19,072	16,565	2,507	-
Snow removal					
Salaries and wages	67	67	-	67	-
Other expenses	1	1	-	1	-
Solid waste collection					
Other expenses	-	1,007	405	602	-
Gypsy moth program					
Other expenses	90	90	-	90	-
Public buildings and grounds					
Other expenses	3,207	51,836	43,172	8,664	-
Vehicle maintenance					
Other expenses	6,956	9,632	3,508	6,124	-
Board of health					
Salaries and wages	57	57	-	57	-
Other expenses	4,433	4,459	194	4,265	-
Environmental commission					
Other expenses	184	300	116	184	-
Recreation services and programs					
Other expenses	616	679	358	321	-
Maintenance of parks					
Salaries and wages	9	9	-	9	-
Other expenses	68	481	328	153	-
Office of local historian					
Other expenses	500	500	-	500	-
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, 2020

	Balance 12/31/19	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Utilities					
Gasoline and diesel fuel	\$ 3,541	\$ 3,838	\$ 530	\$ 3,308	\$ -
Electricity	4,091	4,461	370	4,091	-
Telephone	2,582	2,582	-	2,582	-
Street lighting	1,649	1,649	-	1,649	-
Fuel oil	6,034	6,034	-	6,034	-
Natural gas	2,102	2,102	-	2,102	-
Municipal court					
Salaries and wages	1,120	1,120	-	1,120	-
Other expenses	1,462	1,462	-	1,462	-
Public defender					
Salaries and wages	2,693	2,693	-	2,693	-
Contingent	100	100	-	100	-
Contribution to					
Social Security system	8,520	8,520	-	8,520	-
Unemployment insurance	469	469	-	469	-
Defined contribution retirement program	1,968	1,968	-	1,968	-
Fair share housing plan					
Other expenses	5,000	5,000	-	5,000	-
911 Coordinator					
Other expenses	10	10	-	10	-
LOSAP contribution	1,635	1,635	-	1,635	-
	<u>\$ 190,907</u>	<u>\$ 286,416</u>	<u>\$ 86,789</u>	<u>\$ 199,627</u>	<u>\$ -</u>

	<u>Ref.</u>	A	Below	Below	A-1
Appropriation reserves	A-16		\$ 190,907		
Encumbrances payable	A-17		95,509		
			<u>\$ 286,416</u>		
Disbursed	A-4			\$ 52,169	
Accounts payable	A-18			35,000	
Less refunds	A-4			(380)	
				<u>\$ 86,789</u>	

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Encumbrances

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	95,509
Increased by			
Current year budget charges	A-3	\$	18,695
Due to outside agencies	A-21		<u>1,162</u>
			<u>19,857</u>
			115,366
Decreased by			
Transferred to appropriation reserves	A-16		<u>95,509</u>
Balance - December 31, 2020	A	\$	<u><u>19,857</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Accounts Payable

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	-
Increased by			
Encumbrances transferred by council motion	A-16		<u>35,000</u>
Balance - December 31, 2020	A	\$	<u><u>35,000</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Prepaid Taxes

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 124,661
Increased by		
Collection of 2020 taxes	A-4	<u>158,263</u> 282,924
Decreased by		
Applied to current year taxes receivable	A-7	<u>124,661</u>
Balance - December 31, 2020	A	<u><u>\$ 158,263</u></u>

A-20

TOWNSHIP OF KINGWOOD
Schedule of Tax Overpayments

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 6,112
Increased by		
Overpayment received	A-4	<u>33,651</u> 39,763
Decreased by		
Refunded	A-4	\$ 22,714
Applied to taxes receivable	A-7	2,366
Overpayment cancelled	A-1	<u>810</u>
		<u>25,890</u>
Balance - December 31, 2020	A	<u><u>\$ 13,873</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Due to Outside Agencies

Balance - December 31, 2019	<u>Ref.</u> A		\$ -
Increased by			
Receipts	A-4		<u>4,386</u>
			4,386
Decreased by			
Disbursements	A-4	\$ 3,224	
Encumbrances payable	A-17	<u>1,162</u>	
			<u>4,386</u>
Balance - December 31, 2020	A		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Local School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2019			
School tax payable	A	\$ 838,653	
School tax deferred (32.50%)		<u>1,966,449</u>	
			\$ 2,805,102
Increased by			
Levy - school year July 1, 2020 to June 30, 2021	A-7		<u>6,170,474</u>
			8,975,576
Decreased by			
Disbursements	A-4		<u>5,643,953</u>
Balance - December 31, 2020			
School tax payable	A	1,365,174	
School tax deferred (31.87%)		<u>1,966,449</u>	
			<u>\$ 3,331,623</u>
2020 liability for local school tax			
Tax paid			\$ 5,643,953
Add: tax payable December 31, 2020			<u>1,365,174</u>
			7,009,127
Less: tax payable December 31, 2019			<u>838,653</u>
Amount charged to operations	A-1		<u>\$ 6,170,474</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Regional High School Tax Payable

	<u>Ref.</u>		
Balance - December 31, 2019			
School tax payable	A	\$ 684,728	
School tax deferred (32.50%)		<u>1,271,641</u>	
			\$ 1,956,369
Increased by			
Levy - school year July 1, 2020 to June 30, 2021	A-7		<u>3,929,075</u>
			5,885,444
Decreased by			
Disbursements	A-4		<u>3,911,909</u>
Balance - December 31, 2020			
School tax payable	A	701,894	
School tax deferred (32.36%)		<u>1,271,641</u>	
			<u>\$ 1,973,535</u>
2020 liability for local school tax			
Tax paid			\$ 3,911,909
Add: tax payable December 31, 2020			<u>701,894</u>
			4,613,803
Less: tax payable December 31, 2019			<u>684,728</u>
Amount charged to operations	A-1		<u>\$ 3,929,075</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of County Taxes Payable

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ 12,655
Increased by		
2020 Levy county taxes		
Regular county tax		\$ 1,975,818
County library tax		194,019
County open space tax		188,701
County share of added and omitted taxes		<u>10,932</u>
	A-1;A-7	<u>2,369,470</u>
		2,382,125
Decreased by		
Disbursements	A-4	<u>2,371,193</u>
Balance - December 31, 2020	A	<u><u>\$ 10,932</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Due to Outside Lien Holders

	<u>Ref.</u>	
Balance - December 31, 2019	A	\$ -
Increased by		
Receipts	A-4	<u>39,738</u>
		39,738
Decreased by		
Disbursements	A-4	<u>39,738</u>
Balance - December 31, 2020	A	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Preparation of Master Plan

Balance - December 31, 2019	A	\$ 3,695
Balance - December 31, 2020	A	\$ 3,695

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

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$ 1,014	
Increased by			
Current year open space tax levy	A-1; A-7	\$ 186,663	
Interest	A-4	<u>1,454</u>	
			<u>188,117</u>
			189,131
Decreased by			
Disbursements	A-4		<u>185,800</u>
Balance - December 31, 2020	A	\$ 3,331	

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Due from/to Current Fund

	<u>Ref.</u>		
Balance - December 31, 2019 (due from)	A	\$	6,252
Decreased by			
Receipts	A-4	7,470	
Unappropriated reserve balance canceled	A-31	<u>8,000</u>	
			<u>15,470</u>
Balance - December 31, 2020 (due to)	A	<u>\$</u>	<u>9,218</u>

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

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	-
Increased by			
Current year grant charges	A-30	<u>4,778</u>	
Balance - December 31, 2020	A	<u>\$</u>	<u>4,778</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Appropriated Reserves for Grants

Grant	Balance 12/31/19	Transferred from 2020 Budget	Paid or Charged	Balance 12/31/20
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 - 2020	-	17,439	11,993	5,446
Recycling tonnage grant 2017	-	7,034	3,911	3,123
Recycling tonnage grant 2018	-	6,412	-	6,412
Sustainable Jersey	2,000	-	1,212	788
Delaware River greenway partnership project	734	-	-	734
Historical commission grant	20,400	2,000	22,400	-
LGEF grant	-	15,625	10,537	5,088
COVID-19 cares grant	-	495	-	495
COVID-19 cares grant	-	495	-	495
Hunterdon County economic development grant	-	2,700	2,700	-
Sustainable Jersey	-	2,421	-	2,421
National conservancy - roots for rivers	-	2,719	2,719	-
Sustainable Jersey roots for river reforestation	-	298	-	298
Hunterdon County COVID-19 municipal grant program	-	1,496	-	1,496
	<u>\$ 44,921</u>	<u>\$ 59,134</u>	<u>\$ 55,472</u>	<u>\$ 48,583</u>
<u>Ref.</u>	A	Below	Below	A
Appropriated in the current fund	A-3	\$ 57,134		
Local match for grants	A-31	2,000		
		<u>\$ 59,134</u>		
Cash disbursed	A-4		\$ 50,694	
Encumbrances payable	A-29		4,778	
			<u>\$ 55,472</u>	

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Unappropriated Reserves for Grants

	<u>Ref.</u>		
Balance - December 31, 2019	A	\$	21,446
Increased by			
Receipts	A-4		8,000
			<u>29,446</u>
Decreased by			
Appropriated in the 2020 budget	A-15	\$	13,446
Matching funds for grants balance canceled	A-28		8,000
Matching funds for grants balance transferred	A-30		<u>2,000</u>
			<u>23,446</u>
Balance - December 31, 2020	A	\$	<u><u>6,000</u></u>
Analysis of balance			
Matching funds for grants		\$	<u><u>6,000</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD

COUNTY OF HUNTERDON

2020

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, 2019	B	\$ 14,347	\$ 929,118	\$ 913,693
Increased by receipts				
Animal control fund fees	B-3	\$ 16,097	\$ -	\$ -
Due to State of New Jersey	B-4	1,459	-	-
Due to current fund	B-6; B-7	-	190	185,800
Reserve for				
Recycling trust	B-9	-	843	-
COAH development fees	B-10	-	36,937	-
Developer's deposits	B-11	-	919	-
Unemployment compensation	B-12	-	1,446	-
Special deposits	B-13	-	819	-
Recreation commission	B-14	-	9,396	-
Planning board escrow	B-15	-	5,940	-
Board of adjustment escrow	B-16	-	21,706	-
Payroll withholdings payable	B-17	-	1,034,209	-
Board of Health	B-18	-	26,575	-
Tax sale premiums	B-19	-	41,700	-
Fees due to outside agencies	B-21	-	2,950	-
Self insurance escrow	B-22	-	12,265	-
Snow removal trust	B-23	-	36,479	-
LOSAP	B-26	-	19,423	-
Green Acres	B-27	-	4,450	-
		<u>17,556</u>	<u>1,256,247</u>	<u>185,800</u>
		31,903	2,185,365	1,099,493

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	\$ 15,500	\$ -	\$ -
Due to State of New Jersey	B-4	1,459	-	-
Reserve for				
Encumbrances	B-5;B-8	686	1,697	-
Unemployment compensation	B-12		1,209	
Special deposits	B-13	-	3,000	-
Recreation commission	B-14	-	22,321	-
Planning board escrow	B-15	-	5,941	-
Board of adjustment escrow	B-16	-	27,715	-
Payroll withholdings payable	B-17	-	1,034,212	-
Board of Health	B-18	-	22,375	-
Tax sale premium	B-19	-	800	-
Fees due to outside agencies	B-21	-	3,625	-
Self insurance escrow	B-22	-	8,710	-
Snow removal trust	B-23	-	9,848	-
Open space funds	B-25	-	-	291,598
LOSAP	B-26	-	11,994	-
Green Acres	B-27	-	4,450	-
		<u>\$ 17,645</u>	<u>\$ 1,157,897</u>	<u>\$ 291,598</u>
Balance - December 31, 2020	B;B-2	<u>\$ 14,258</u>	<u>\$ 1,027,468</u>	<u>\$ 807,895</u>
Analysis of other trust funds				
Other trust funds cash			\$ 920,981	
LOSAP investments			106,487	
			<u>\$ 1,027,468</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, 2020	B-1	\$ 14,258	\$ 920,981	\$ 807,895
Increased by				
Receipts		6,855	809,901	18,054
		<u>21,113</u>	<u>1,730,882</u>	<u>825,949</u>
Decreased by				
Disbursements		5,708	503,931	240,125
		<u>5,708</u>	<u>503,931</u>	<u>240,125</u>
Balance - April 30, 2021		<u>\$ 15,405</u>	<u>\$ 1,226,951</u>	<u>\$ 585,824</u>
Cash reconciliation - April 30, 2021				
Balance per statement				
TD Bank		\$ 14,487	\$ 1,122,595	\$ 585,824
Unity Bank		-	104,356	-
		<u>14,487</u>	<u>1,226,951</u>	<u>585,824</u>
Add: deposits-in-transit		918	-	-
		<u>918</u>	<u>-</u>	<u>-</u>
Book balance		<u>\$ 15,405</u>	<u>\$ 1,226,951</u>	<u>\$ 585,824</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Animal Control Fund Expenditures

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 13,576
Increased by receipts		
Current fund budget appropriations		\$ 4,600
Animal control fees		<u>11,497</u>
	B-1	<u>16,097</u>
		29,673
Decreased by		
Expenditures	B-1	15,500
Funds encumbered	B-5	<u>750</u>
		<u>16,250</u>
Balance - December 31, 2020	B	<u><u>\$ 13,423</u></u>
Animal control fees for prior two years		
2018		\$ 10,676
2019		<u>10,704</u>
Maximum allowable reserve		<u><u>\$ 21,380</u></u>

B-4

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 85
Increased by		
State fees collected	B-1	<u>1,459</u>
		1,544
Decreased by		
State fees remitted	B-1	<u>1,459</u>
Balance - December 31, 2020	B	<u><u>\$ 85</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Encumbrances
Animal Control Fund

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 686
Increased by		
Charges to reserve for animal control fund	B-3	750
		<u>1,436</u>
Decreased by		
Disbursements	B-1	686
		<u>686</u>
Balance - December 31, 2020	B	<u><u>\$ 750</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Due to Current Fund
Other Trust Fund

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ -
Increased by		
Interest on investments	B-1	190
		<u>190</u>
Balance - December 31, 2020	B	<u><u>\$ 190</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, 2019	B	\$	1,014
Increased by			
Current year open space tax levy		\$	186,663
Interest earned			<u>1,454</u>
	B-25		<u>188,117</u>
			189,131
Decreased by			
Receipts	B-1		<u>185,800</u>
Balance - December 31, 2020	B	\$	<u><u>3,331</u></u>

B-8

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Encumbrances
Other Trust Fund

	<u>Ref.</u>		
Balance - December 31, 2019	B	\$	4,976
Increased by			
Funds encumbered			
Recycling Trust	B-9	\$	2,511
Recreation Commission	B-14		<u>100</u>
			<u>2,611</u>
			7,587
Decreased by			
Disbursements	B-1		<u>1,697</u>
Balance - December 31, 2020	B	\$	<u><u>5,890</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Recycling Trust

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 10,421
Increased by		
Deposits received	B-1	843
		<u>11,264</u>
Decreased by		
Encumbrance payable	B-8	2,511
		<u>2,511</u>
Balance - December 31, 2020	B	<u><u>\$ 8,753</u></u>

B-10

TOWNSHIP OF KINGWOOD
Schedule of Reserve for COAH Development Fees

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 183,965
Increased by		
Interest		\$ 825
Deposits		36,112
	B-1	<u>36,937</u>
Balance - December 31, 2020	B	<u><u>\$ 220,902</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Developers' Deposits

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 269,101
Increased by		
Interest retained in trust	B-1	<u>919</u>
Balance - December 31, 2020	B	<u><u>\$ 270,020</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Unemployment Compensation

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 21,294
Increased by		
Receipts	B-1	<u>1,446</u>
		22,740
Decreased by		
Disbursements	B-1	<u>1,209</u>
Balance - December 31, 2020	B	<u><u>\$ 21,531</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Special Deposits

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 8,132
Increased by		
Receipts	B-1	<div style="text-align: right;">819</div> <hr/> 8,951
Decreased by		
Disbursements	B-1	<div style="text-align: right;">3,000</div> <hr/>
Balance - December 31, 2020	B	<div style="text-align: right;">\$ 5,951</div> <hr/> <hr/>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Recreation Commission

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 28,675
Increased by		
Deposits received	B-1	<u>9,396</u> 38,071
Decreased by		
Disbursements	B-1	\$ 22,321
Encumbrance payable	B-8	<u>100</u> 22,421
Balance - December 31, 2020	B	<u><u>\$ 15,650</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Planning Board Escrow

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 67,124
Increased by		
Deposits received	B-1	<u>5,940</u> 73,064
Decreased by		
Disbursements	B-1	<u>5,941</u>
Balance - December 31, 2020	B	<u><u>\$ 67,123</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Board of Adjustment Escrow

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 26,063
Increased by		
Deposits received	B-1	<u>21,706</u> 47,769
Decreased by		
Disbursements	B-1	<u>27,715</u>
Balance - December 31, 2020	B	<u><u>\$ 20,054</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve For Payroll Withholdings Payable

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 4,747
Increased by		
Employee withholdings and employer expenses	B-1	<u>1,034,209</u> 1,038,956
Decreased by		
Disbursements	B-1	<u>1,034,212</u>
Balance - December 31, 2020	B	<u><u>\$ 4,744</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Board of Health

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 36,959
Increased by		
Deposits received	B-1	<u>26,575</u> 63,534
Decreased by		
Disbursements	B-1	<u>22,375</u>
Balance - December 31, 2020	B	<u><u>\$ 41,159</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Tax Sale Premiums

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 48,300
Increased by		
Receipts	B-1	<u>41,700</u> 90,000
Decreased by		
Disbursements	B-1	<u>800</u>
Balance - December 31, 2020	B	<u><u>\$ 89,200</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 3,111
Balance - December 31, 2020	B	\$ 3,111

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

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 9,300
Increased by		
Receipts	B-1	2,950
		<u>12,250</u>
Decreased by		
Disbursements	B-1	3,625
		<u>8,625</u>
Balance - December 31, 2020	B	\$ 8,625

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Self Insurance Escrow

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 25,120
Increased by		
Receipts from current fund for		
current year budget appropriation	B-1	12,265
		<u>37,385</u>
Decreased by		
Disbursements	B-1	8,710
		<u>8,710</u>
Balance - December 31, 2020	B	<u>\$ 28,675</u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Snow Removal Trust

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 82,172
Increased by		
Receipts from current fund for		
current year budget appropriation	B-1	36,479
		<u>118,651</u>
Decreased by		
Disbursements	B-1	9,848
		<u>9,848</u>
Balance - December 31, 2020	B	<u>\$ 108,803</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Accumulated Absences Trust

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 600
Balance - December 31, 2020	B	\$ 600

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Open Space Funds

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 914,707
Increased by		
Current year open space tax levy		\$ 186,663
Interest earned		1,454
	B-7	188,117
		1,102,824
Decreased by		
Disbursements	B-1	291,598
Balance - December 31, 2020	B	\$ 811,226

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for LOSAP (unaudited)

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ 99,058
Increased by		
Municipal contributions		\$ 3,270
Appreciation of assets		<u>16,153</u>
	B-1	<u>19,423</u>
		118,481
Decreased by		
Service fees		750
Withdrawals		<u>11,244</u>
	B-1	<u>11,994</u>
Balance - December 31, 2020	B	<u><u>\$ 106,487</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Green Acres

	<u>Ref.</u>	
Balance - December 31, 2019	B	\$ -
Increased by		
Municipal Contributions	B-1	<u>4,450</u>
		4,450
Decreased by		
Service fees	B-1	<u>4,450</u>
Balance - December 31, 2020	B	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD

COUNTY OF HUNTERDON

2020

GENERAL CAPITAL FUND

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

Balance - December 31, 2019	<u>Ref.</u> C		\$ 609,764
Increased by receipts			
Due from current fund	C-5	\$ 507,735	
NJ D.O.T. grants received	C-6	378,709	
County of Hunterdon grants received	C-7	<u>278,697</u>	
	C-4		<u>1,165,141</u>
			<u>1,774,905</u>
Decreased by disbursements			
Improvement authorizations expended	C-10	738,024	
Reserve for encumbrances	C-12	11,648	
Reserve for preliminary plan expenses			
Warsaw Road	C-17	9,163	
Ridge Road Section II	C-18	<u>7,000</u>	
	C-4		<u>765,835</u>
Balance - December 31, 2020	C; C-3		<u><u>\$ 1,009,070</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, 2020	<u>Ref.</u> C-2	\$ 1,009,070
Increased by		
Receipts		<u>382,156</u>
		1,391,226
Decreased by		
Disbursements		<u>322,946</u>
Balance - April 30, 2021		<u><u>\$ 1,068,280</u></u>
Cash reconciliation - April 30, 2021		
Balance per statement		
TD Bank		<u><u>\$ 1,068,280</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Cash Activity

Description	Balance 12/31/19	Receipts	Disbursements	Transfers (From) To	Balance 12/31/20
Fund balance	\$ 76,515	\$ -	\$ -	\$ 6,316	\$ 82,831
Capital improvement fund	177,055	-	-	297,013	474,068
Due to/from current fund	-	507,735	-	(507,735)	-
Reserve for					
Encumbrances	17,935	-	11,648	197,812	204,099
Accounts payable	-	-	-	6,287	6,287
Contributions from developers	10,000	-	-	-	10,000
Preliminary plan expenses					
New municipal building	14,435	-	-	(14,435)	-
Ridge Road section I	1,265	-	-	(1,265)	-
Warsaw Road	-	-	9,163	17,000	7,837
Ridge Road section II	-	-	7,000	7,000	-
Purchase of municipal equipment	93	-	-	-	93
Municipal building renovations	923	-	-	100	1,023
Improvement authorizations					
Acquisition and preservation of open space	79,397	-	-	-	79,397
Installation of solar panels	(72,894)	-	-	4,270	(68,624)
Tumble Falls Road	(6,015)	-	-	6,015	-
Acquisition of various road					
maintenance equipment	33,207	-	-	-	33,207
Municipal building renovations	36,985	-	36,985	-	-
Reconstruction of Spring Hill Road Section III	56,147	-	3,515	-	52,632
Reconstruction of Ridge Road	(60,823)	100,013	2,066	-	37,124
Purchase of a Case International tractor	6,316	-	-	(6,316)	-
Digitalizing Township records	1,260	-	1,260	-	-
Purchase of Mack Granite 42FD MD	215,000	-	-	(204,099)	10,901
LED lighting at the municipal building	9,000	-	3,395	-	5,605
Purchase of toro zero turn mower	250	-	-	(250)	-
Purchase of coverall tarp	13,713	-	12,500	(1,213)	-
Digitalizing Township records	-	-	53,090	60,000	6,910
Preliminary expenses - new municipal building	-	-	67,820	13,500	(54,320)
Acquisition of open space	-	557,393	557,393	-	-
Purchase of wide track backhoe	-	-	-	120,000	120,000
Total	<u>\$ 609,764</u>	<u>\$1,165,141</u>	<u>\$ 765,835</u>	<u>\$ -</u>	<u>\$1,009,070</u>
Ref.	C	C-2	C-2		C

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Due to Current Fund

Balance - December 31, 2019	<u>Ref.</u> C		\$ -
Increased by			
Receipts	C-2		<u>507,735</u>
			507,735
Decreased by			
Budget appropriations			
Deferred charges to future taxation - unfunded	C-9	\$ 10,285	
Capital improvement fund	C-11	467,350	
Reserve for purchase of municipal equipment	C-14	30,000	
Reserve for municipal building renovations	C-19	<u>100</u>	
			<u>507,735</u>
Balance - December 31, 2020	C		<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of State Grants Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 175,000
Increased by		
Grant awarded for open space acquisition	C-10	278,696
		<u>453,696</u>
Decreased by		
Receipts	C-2	378,709
		<u>378,709</u>
Balance - December 31, 2020	C	<u><u>\$ 74,987</u></u>
Detail of state grants receivable December 31, 2020		
NJ D.O.T. Aid for Spring Hill Road III		\$ 24,987
NJ D.O.T. Aid for Ridge Road Section I		50,000
		<u><u>\$ 74,987</u></u>

C-7

TOWNSHIP OF KINGWOOD
Schedule of County Grants Receivable

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ -
Increased by		
Grant awarded for open space acquisition	C-10	278,697
		<u>278,697</u>
Decreased by		
Receipts	C-2	278,697
		<u>278,697</u>
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 1,575,000
Decreased by		
Current year budget appropriation to pay bonds	C-21	<u>200,000</u>
Balance - December 31, 2020	C	<u><u>\$ 1,375,000</u></u>

See independent auditors' report.

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

Improvement Description	Balance 12/31/19	2020 Authorization	2020 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/20	Analysis of Balance 12/31/20		
							Expenditures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Installation of solar panels	\$ 72,894	\$ -	\$ -	\$ 4,270	\$ -	\$ 68,624	\$ 68,624	\$ -	\$ -
Reconstruction of Tumble Falls Road	6,015	-	-	6,015	-	-	-	-	-
Acquisition of various road maintenance equipment	379,800	-	71,300	-	-	308,500	-	-	308,500
Renovations to the municipal building	55,200	-	11,200	-	-	44,000	-	-	44,000
Preliminary expenses for new municipal building	-	261,500	-	-	-	261,500	54,320	207,180	-
	<u>\$513,909</u>	<u>\$ 261,500</u>	<u>\$ 82,500</u>	<u>\$10,285</u>	<u>\$ -</u>	<u>\$ 682,624</u>	<u>\$ 122,944</u>	<u>\$ 207,180</u>	<u>\$352,500</u>
<u>Ref.</u>	C	C-10	C-22	C-5; C-23		C	C-4		C-22

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Improvement Authorizations

	Ordinance		Balance 12/31/19		2020 Authorization	Paid or Charged	Unexpended Balance Canceled	Balance 12/31/20	
	Number	Amount	Funded	Unfunded				Funded	Unfunded
Acquisition and preservation of open space	15-12-08	\$ 1,500,000	\$ 79,397	\$ -	\$ -	\$ -	\$ -	\$ 79,397	\$ -
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	-	36,985	-	36,985	-	-	-
Reconstruction of Spring Hill Road section III	18-11-16	165,000	81,134	-	-	3,515	-	77,619	-
Reconstruction of Ridge Road	19-09-17								
	& 20-06-19	265,000	89,190	-	-	2,066	-	87,124	-
Purchase of a Case International tractor	19-13-18	87,000	6,316	-	-	-	6,316	-	-
Digitalizing Township records	20-14-19	60,000	1,260	-	-	1,260	-	-	-
Purchase of Mack Granite 42FD MD	20-17-19	215,000	215,000	-	-	204,099	-	10,901	-
LED lighting at the municipal building	20-25-19	9,000	9,000	-	-	3,395	-	5,605	-
Purchase of toro zero turn mower	20-28-19	9,500	250	-	-	-	250	-	-
Purchase of coverall tarp	20-31-19	20,000	13,713	-	-	12,500	1,213	-	-
Digitalizing township records	20-01-20	60,000	-	-	60,000	53,090	-	6,910	-
Preliminary planning expenses for new municipal building	20-08-20	275,000	-	-	275,000	67,820	-	-	207,180
Acquisition of open space	20-13-20	557,393	-	-	557,393	557,393	-	-	-
Purchase of wide track backhoe	20-19-20	120,000	-	-	120,000	-	-	120,000	-
			<u>\$ 495,260</u>	<u>\$ 70,192</u>	<u>\$ 1,012,393</u>	<u>\$ 942,123</u>	<u>\$ 7,779</u>	<u>\$ 387,556</u>	<u>\$ 240,387</u>
	<u>Ref.</u>		C	C	Below	Below	Below	C	C

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Improvement Authorizations (continued)

State of New Jersey Grant	C-6	\$ 278,696	
County of Hunterdon Grant	C-7	278,697	
Bonds and notes authorized but not issued	C-9	261,500	
Capital improvement fund	C-11	163,500	
Reserve for purchase of municipal equipment	C-14	30,000	
		<u>\$ 1,012,393</u>	
Disbursements	C-2	\$ 738,024	
Reserve for encumbrances	C-12	204,099	
		<u>\$ 942,123</u>	
Fund balance	C-1		\$ 6,316
Capital improvement fund	C-11		1,463
			<u>\$ 7,779</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Capital Improvement Fund

	<u>Ref.</u>		
Balance - December 31, 2019	C		\$ 177,055
Increased by			
Current year budget appropriation received	C-5	\$ 467,350	
Improvement authorizations canceled	C-10	1,463	
Preliminary plan expenses balances canceled			
Ridge Road Section I	C-15	1,265	
New municipal building	C-16	<u>14,435</u>	
			<u>484,513</u>
			661,568
Decreased by			
Appropriated to finance improvement authorizations	C-10	163,500	
Appropriated to finance preliminary planning expenses for			
Warsaw Road	C-17	17,000	
Ridge Road Section III	C-18	<u>7,000</u>	
			<u>187,500</u>
Balance - December 31, 2020	C		<u><u>\$ 474,068</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Encumbrances

	<u>Ref.</u>		
Balance - December 31, 2019	C		\$ 17,935
Increased by			
Improvement authorization encumbrances charged	C-10		<u>204,099</u>
			222,034
Decreased by			
Disbursements	C-2	\$ 11,648	
Accounts payable	C-20	<u>6,287</u>	
			<u>17,935</u>
Balance - December 31, 2020	C		<u><u>\$ 204,099</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Contributions from Developers

	<u>Ref.</u>	
Balance - December 31, 2019	C	<u>\$ 10,000</u>
Balance - December 31, 2020	C	<u><u>\$ 10,000</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Purchase of Municipal Equipment

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 93
Increased by		
Current year budget appropriation received	C-5	<u>30,000</u>
		30,093
Decreased by		
Appropriated to finance improvement authorizations	C-10	<u>30,000</u>
Balance - December 31, 2020	C	<u><u>\$ 93</u></u>

See independent auditors' report.

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

Balance - December 31, 2019	<u>Ref.</u> C	\$ 1,265
Decreased by		
Balance canceled	C-11	<u>1,265</u>
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

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

Balance - December 31, 2019	<u>Ref.</u> C	\$ 14,435
Decreased by		
Balance canceled	C-11	<u>14,435</u>
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Preliminary Plan Expenses
Warsaw Road

Balance - December 31, 2019	<u>Ref.</u> C	\$ -
Increased by		
Transfer from capital improvement fund	C-11	<u>17,000</u>
		17,000
Decreased by		
Disbursements	C-2	<u>9,163</u>
		9,163
Balance - December 31, 2020	C	<u><u>\$ 7,837</u></u>

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

Balance - December 31, 2019	<u>Ref.</u> C	\$ -
Increased by		
Transfer from capital improvement fund	C-11	<u>7,000</u>
		7,000
Decreased by		
Disbursements	C-2	<u>7,000</u>
		7,000
Balance - December 31, 2020	C	<u><u>\$ -</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Reserve for Municipal Building Renovations

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ 923
Increased by		
Current year budget appropriation received	C-5	<u>100</u>
Balance - December 31, 2020	C	<u><u>\$ 1,023</u></u>

TOWNSHIP OF KINGWOOD
Schedule of Accounts Payable

	<u>Ref.</u>	
Balance - December 31, 2019	C	\$ -
Increased by		
Transferred from reserve for encumbrances	C-12	<u>6,287</u>
Balance - December 31, 2020	C	<u><u>\$ 6,287</u></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 12/31/19	Increased	Decreased	Balance 12/31/20
			Date	Amount					
General improvements	06/29/11	\$ 2,375,000	02/01/21	\$ 200,000	3.25%	\$ 1,575,000	\$ -	\$ 200,000	\$ 1,375,000
			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%	-	-	-	-
						<u>\$ 1,575,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 1,375,000</u>
					<u>Ref.</u>	<u>C</u>	<u>C-8</u>	<u>C</u>	

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Bond Anticipation Notes Payable

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/19	Increased	Decreased	Balance 12/31/20
			Issue	Maturity					
18-08-15	Acquisition of various road maintenance equipment	09/23/15	09/18/19 09/16/20	09/18/20 09/16/21	3.00% 0.79%	\$ 379,800 -	\$ - 308,500	\$ 379,800 -	\$ - 308,500
18-09-15	Renovations to the municipal building	09/23/15	09/18/19 09/16/20	09/18/20 09/16/21	3.00% 0.79%	55,200 -	- 44,000	55,200 -	- 44,000
						<u>\$ 435,000</u>	<u>\$ 352,500</u>	<u>\$ 435,000</u>	<u>\$ 352,500</u>
					<u>Ref.</u>	C	Below	Below	C
		Notes re-issued			C-22		\$352,500	\$ 352,500	
		Paid from budget appropriation			C-9		-	82,500	
							<u>\$352,500</u>	<u>\$ 435,000</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 12/31/19</u>	<u>Increased in 2020</u>	<u>Decreased in 2020</u>	<u>Balance 12/31/20</u>
16-01-10	Installation of solar panels	\$ 72,894	\$ -	\$ 4,270	\$ 68,624
16-09-10	Reconstruction of Tumble Falls Road	6,015	-	6,015	-
20-08-20	Preliminary expenses for new municipal building	-	261,500	-	261,500
		<u>\$ 78,909</u>	<u>\$ 261,500</u>	<u>\$ 10,285</u>	<u>\$ 330,124</u>
	<u>Ref.</u>	<u>C</u>	<u>C-9</u>	<u>C-9</u>	<u>C</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD

PART II

ADDITIONAL SCHEDULES

STATISTICAL DATA

SCHEDULE OF INSURANCE

TOWNSHIP OF KINGWOOD
STATISTICAL DATA

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

	2020		2019	
	Amount	%	Amount	%
<u>Revenue and other income realized</u>				
Fund balance utilized	\$ 493,912	3.10	\$ 652,500	4.12
Collection of current tax levy	14,140,088	88.83	13,942,054	88.10
Collection of delinquent taxes and tax title liens	370,737	2.33	368,516	2.33
Miscellaneous	913,487	5.74	862,676	5.45
Total income	15,918,224	100.00	15,825,746	100.00
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	2,838,642	18.31	2,828,194	18.66
Local school taxes	6,170,474	39.80	5,926,453	39.09
Regional school taxes	3,929,075	25.35	3,883,587	25.62
County taxes	2,369,470	15.28	2,334,638	15.40
Municipal open space tax	186,663	1.20	186,170	1.23
Other deductions	9,908	0.06	750	-
Total expenditures	15,504,232	100.00	15,159,792	100.00
Excess in revenue	413,992		665,954	
<u>Fund balance</u>				
Fund balance January 1,	767,321		753,867	
	1,181,313		1,419,821	
Less: utilization as anticipated revenue	493,912		652,500	
Fund balance December 31,	\$ 687,401		\$ 767,321	

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	
2020	\$ 0.34	\$ 0.38	\$ 1.00	\$ 0.64	\$ 2.36
2019	0.32	0.38	0.98	0.63	2.31
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

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
2020	\$ 618,675,995	\$ 626,253,664	98.79%
2019	617,187,688	615,407,488	100.29%
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%

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 of current collection could be an indication of probable increases in future tax levies.

Year	Tax Levy	Cash Collections	Percentage of Collections
2020	\$ 14,636,826	\$ 14,140,088	96.61%
2019	14,365,045	13,942,054	97.06%
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%

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	Total Assessed Values
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
2019	20,041,000	430,083,000	2,009,500	35,339,300	119,247,700	8,921,900	1,545,288	617,187,688
2020	18,674,100	432,643,895	2,009,500	35,389,300	120,986,300	8,972,900	-	618,675,995

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
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%
2019	38,290	364,357	402,647	2.80%
2020	62,478	408,416	470,894	3.22%

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:

Year	Amount
2020	\$ 405,000
2019	405,000
2018	405,000
2017	30,000
2016	30,000
2015	30,000
2014	30,000
2013	30,000
2012	30,000
2011	30,000

COMPARATIVE SCHEDULE OF FUND BALANCES

	December 31,	Amount	Utilized in Budget of Succeeding Year
Current fund	2020	\$ 687,401	\$ 421,500
	2019	767,321	493,912
	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

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Statistical Data
Debt Incurring Capacity as of December 31, 2020
(Unaudited)

Municipality

1. Equalized valuations of real property (2020, 2019, 2018)	\$ 623,494,206
2. Permitted municipal debt limitation (3.5% of \$623,494,206)	21,822,297
3. Net debt issued, outstanding and authorized	2,057,624
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>2,057,624</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 19,764,673</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$623,494,206)	\$ 18,704,826
2. Debt issued, outstanding and authorized	<u>685,000</u>
3. Remaining municipal borrowing capacity	<u><u>\$ 18,019,826</u></u>

Gross and statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage of Equalized Valuations
2020	\$ 2,742,624	\$ 2,057,624	0.33%
2019	2,988,909	2,088,909	0.34%
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%

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Statistical Data
Statement of Indebtedness as of December 31, 2020
(Unaudited)

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ 1,375,000	
Notes		352,500	
Bonds and notes authorized but not issued		<u>330,124</u>	
			\$ 2,057,624
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		685,000	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			685,000
Regional school district			
Bonds, notes and loans issued and outstanding			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			-
Total gross debt			<u>2,742,624</u>
Statutory deductions			
Municipal		-	
Local school district		685,000	
Regional school district		<u>-</u>	
			<u>685,000</u>
Total net debt			<u><u>\$ 2,057,624</u></u>
Overlapping debt as of December 31, 2020			
	Debt	Estimated %	
	<u>Outstanding</u>	<u>Applicable</u>	
Local school district debt	\$ 685,000	100.00%	\$ 685,000
Regional school district debt	-	0.00%	-
County debt	90,647,955	2.87%	<u>2,597,357</u>
Total overlapping debt			<u><u>\$ 3,282,357</u></u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Statistical Data
Statement of Indebtedness as of December 31, 2020 (continued)
(Unaudited)

	Year	Assessed Valuation	Amount
Gross debt			\$ 2,742,624
Per capita (population 2010 census - 3,845)			713
Percent of average equalized valuation basis	2020	\$ 623,494,206	0.44%
Percent of net valuation taxable	2020	618,675,995	0.44%
Net municipal debt			2,057,624
Per capita (population 2010 census - 3,845)			535
Percent of average equalized valuation basis	2020	623,494,206	0.33%
Percent of net valuation taxable	2020	618,675,995	0.33%
Overall debt (gross and overlapping debt)			5,339,981
Per capita (population 2010 census - 3,845)			1,389
Percent of average equalized valuation basis	2020	623,494,206	0.86%
Percent of net valuation taxable	2020	618,675,995	0.86%

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Insurance
For the Year Ended December 31, 2020
(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		10,000 to
National Casualty Insurance Company	10,000,000	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	7,500
Employee dishonesty bond	2,000,000	7,500
Faithful performance	1,000,000	7,500
Cyber and technology liability - through Indian Harbor		
Insurance Company	2,000,000	15,000

Adequacy of insurance coverage is the responsibility of the Municipality.

See independent auditors' report.

TOWNSHIP OF KINGWOOD

PART III

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

**SCHEDULE OF EXPENDITURES OF FEDERAL
FINANCIAL ASSISTANCE**

**SCHEDULE OF EXPENDITURES OF STATE
FINANCIAL ASSISTANCE**

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

SCHEDULE OF FINDINGS AND RESPONSES

LIST OF OFFICIALS

GENERAL COMMENTS

ACKNOWLEDGEMENTS



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

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

Honorable 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, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021. 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.

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 2020-01 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

June 25, 2021
Flemington, New Jersey

TOWNSHIP OF KINGWOOD
Schedule of Expenditures of Federal Financial Assistance
For the Year Ended December 31, 2020

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/19	Receipts	Expended	Balance	Balance 12/31/20	Memo
			From	To				Returned/ (Canceled)		Cumulative Expenditure
COVID-19 CARES act grant	Not available	\$ 495	Ongoing		\$ -	\$ 495	\$ -	\$ -	\$ 495	\$ -
COVID-19 CARES act grant	Not available	15,625	Ongoing		-	-	10,537	-	(10,537)	10,537
COVID-19 CARES act grant	Not available	495	Ongoing		-	-	-	-	-	-
Total federal financial assistance					<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 10,537</u>	<u>\$ -</u>	<u>\$ (10,042)</u>	<u>\$ 10,537</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2020

Grant Award Program	Project Number	Award Amount	Grant Period		Balance 12/31/19	Receipts	Expended	Balance	Balance 12/31/20	Memo
			From	To				Returned/ (Canceled)		Cumulative Expenditure
Clean communities program	765-042-4900-004	\$ 17,439	01/01/20	06/30/21	\$ -	\$ 17,439	\$ 11,993	\$ -	\$ 5,446	\$ 11,993
Recycling tonnage grant	752-042-4900-001	6,412	Ongoing		6,412	-	-	-	6,412	-
Recycling tonnage grant	752-042-4900-001	7,034	Ongoing		7,034	-	3,911	-	3,123	3,911
NJ Dept. of Transportation Aid - Spring Hill Road Section III	480-078-6320	125,000	Ongoing		(83,866)	100,013	3,515	-	12,632	83,866
NJ Dept. of Transportation Aid - Ridge Road	480-078-6320	200,000	Ongoing		(25,810)	-	2,065	-	(27,875)	175,810
NJ Dept. of Environmental Protection Green Acres Program	Not available	278,696	01/01/20	12/31/21	-	278,696	278,696	-	-	278,696
NJ Historic Trust Grant	Not available	30,000	Ongoing		6,400	-	12,400	-	(6,000)	30,000
Delaware River Greenway Program	Not available	1,827	Ongoing		(179)	913	-	-	734	1,093
Sustainable Jersey Small Grants Program	Not available	2,000	Ongoing		2,000	-	1,212	-	788	1,212
NJ State TDR Bank Board Planning Assistance Grant	Not available	40,000	01/01/16	12/31/18	(20,000)	-	-	-	(20,000)	40,000
Sustainable Jersey Small Grants Program	Not available	2,421	Ongoing		-	2,000	-	-	2,000	-
Sustainable Jersey roots for river reforestation	Not available	298	Ongoing		-	-	-	-	-	-
Total state financial assistance					<u>\$ (108,009)</u>	<u>\$ 399,061</u>	<u>\$ 313,792</u>	<u>\$ -</u>	<u>\$ (22,740)</u>	<u>\$ 626,581</u>

See independent auditors' report.

TOWNSHIP OF KINGWOOD
Notes to the Schedules of Expenditures of Federal and State Financial Assistance
For the Year Ended December 31, 2020

Note 1 - General

The accompanying Schedule of Expenditures of Federal Financial Assistance and Schedule of Expenditures of State Financial Assistance (the Schedules) present 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, 2020.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Financial Assistance and State and 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 Schedules agree with the amounts reported in the Municipality's financial reports. Expenditures from federal, state and local awards are reported in the Municipality's financial statements as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
General Capital Fund	\$ -	\$ 284,276	\$ 278,697	\$ 562,973
Grant Fund	10,537	29,516	15,419	55,472
Total	<u>\$ 10,537</u>	<u>\$ 313,792</u>	<u>\$ 294,116</u>	<u>\$ 618,445</u>

Note 4 - Indirect costs

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

See independent auditors' report.

TOWNSHIP OF KINGWOOD

Schedule of Findings and Responses

General Comments and Recommendations

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

Recommendations

Finding 2020-01

Criteria: Adequate segregation of duties should be maintained or compensating controls should be in place 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 added a position during the year ended December 31, 2020 to review reconciliations and supporting documents provided by the Certified Municipal Finance Officer and preparing a reconciliation report. The Municipality 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:

2019-01 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
List of Officials

Officials in Office and Surety Bonds

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

Name	Title
Thomas Ciacciarelli	Mayor
Richard Dodds	Deputy Mayor
Maureen Syrnick	Committeeperson

* * * * *

Name	Title
Cynthia Keller	Municipal Clerk
Diane Laudenbach	Chief Financial Officer, Tax Collector
David Gill	Tax Assessor
Katrina Campbell	Attorney
Engineering & Land Planning Associates Inc.	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
Information Technology Services
Animal Control Services
Digitizing Township Records
Pest Control Services

Road Materials
Snow and Ice Removal Materials
Septic Cleaning Services
Purchase of Tarp for Horseshoe Bend Park
Cooperative Purchasing Services
Environmental Study Services
Appraisal 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
Architect

Engineer
Planner
Risk Management Consultant

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 2020 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>
2020	15
2019	13
2018	17

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



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