

**TOWNSHIP OF KINGWOOD**  
**COUNTY OF HUNTERDON**  
**REPORT OF AUDIT**  
**DECEMBER 31, 2019**



**TOWNSHIP OF KINGWOOD  
COUNTY OF HUNTERDON**

**REPORT OF AUDIT**

**For the Year Ended December 31, 2019**

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Certified Public Accountants, PC  
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## **Independent Auditors' Report**

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

### Report on the Financial Statements

We have audited the accompanying 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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 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 17, 2020 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.



**BKC, CPAs, PC**



William M. Colantano  
Certified Public Accountant  
Registered Municipal Accountant

June 17, 2020  
Flemington, New Jersey



## **FINANCIAL STATEMENTS - REGULATORY BASIS**

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets			
Regular fund			
Cash - Treasurer	A-4	\$ 2,712,051	\$ 2,975,464
Receivables with full reserves			
Delinquent property taxes receivable	A-7	364,357	320,247
Tax title liens receivable	A-8	38,290	63,257
Property acquired for taxes	A-9	405,000	405,000
Revenue accounts receivable	A-10	3,110	1,966
Due from other trust funds	A-11	-	6
		<u>810,757</u>	<u>790,476</u>
Deferred charges			
Special emergency authorization	A-14	<u>20,800</u>	<u>26,000</u>
Total regular fund		<u>3,543,608</u>	<u>3,791,940</u>
Federal and state grant fund			
Cash	A-4	12,377	4,929
Grants receivable	A-15	47,738	70,825
Due from current fund	A-27	<u>6,252</u>	<u>-</u>
Total federal and state grant fund		<u>66,367</u>	<u>75,754</u>
Total assets		<u><u>\$ 3,609,975</u></u>	<u><u>\$ 3,867,694</u></u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Liabilities, reserves and fund balance			
Regular fund			
Appropriation reserves	A-3;A-16	\$ 190,907	\$ 226,640
Due to State of NJ Veteran's & Senior			
Citizen's deductions	A-6	1,344	1,344
Reserve for encumbrances	A-17	95,509	13,030
Prepaid taxes	A-18	124,661	113,788
Tax overpayments	A-19	6,112	3,746
Local school tax payable	A-20	838,653	911,215
Regional high school taxes payable	A-21	684,728	761,522
County tax payable	A-22	12,655	9,002
Reserve for preparation of a master plan	A-24	3,695	3,695
Reserve for preparation of a digitized tax map	A-25	-	18,303
Due to open space, recreation, and			
Farmland and historic preservation trust fund	A-26	1,014	185,312
Due to grant fund	A-12	6,252	-
		<u>1,965,530</u>	<u>2,247,597</u>
Reserve for receivables	A	810,757	790,476
Fund balance	A-1	767,321	753,867
Total regular fund		<u>3,543,608</u>	<u>3,791,940</u>
Federal and state grant fund			
Reserve for encumbrances	A-28	-	4,513
Appropriated reserves for grants	A-29	44,921	71,241
Unappropriated reserves for grants	A-30	21,446	-
Total federal and state grant fund		<u>66,367</u>	<u>75,754</u>
Total liabilities, reserves and fund balance		<u>\$ 3,609,975</u>	<u>\$ 3,867,694</u>

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Revenues and other income realized			
Fund balance utilized	A-2	\$ 652,500	\$ 624,430
Receipts from current taxes	A-2	13,942,054	13,790,124
Receipts from delinquent taxes	A-2	368,516	365,406
Miscellaneous revenue anticipated	A-2	616,690	630,210
Non-budget revenue	A-2	99,272	48,377
Other credits to income			
Interfund returns - net	A-2	6	28
Unexpended balance of appropriation reserves	A-16	146,708	121,944
Total income		<u>15,825,746</u>	<u>15,580,519</u>
Expenditures			
Budget and emergency appropriations			
Operations			
Salaries and wages	A-3	920,825	930,674
Other expenses	A-3	1,097,088	1,077,619
Capital improvements	A-3	410,100	275,100
Debt service	A-3	197,964	195,311
Deferred charges and statutory expenditures	A-3	202,217	176,520
Local district school taxes	A-20	5,926,453	5,850,588
Regional high school taxes	A-21	3,883,587	3,902,029
County taxes	A-22	2,321,983	2,350,946
County share of added taxes	A-22	12,655	9,002
Municipal open space tax	A-26	186,170	185,312
Other debits to income			
Prior year Senior Citizen's deduction disallowed	A-6	750	1,750
Total expenditures		<u>15,159,792</u>	<u>14,954,851</u>
Excess in revenue		665,954 -	625,668
Adjustment to income before fund balance			
Expenditures included above which are by statute			
deferred charges to budgets of succeeding years		-	26,000
Regulatory excess to fund balance		665,954	651,668
Balance January 1,	A	<u>753,867</u>	<u>726,629</u>
		1,419,821	1,378,297
Decreased by			
Utilized as anticipated revenue	A-2	<u>652,500</u>	<u>624,430</u>
Balance December 31,	A	<u><u>\$ 767,321</u></u>	<u><u>\$ 753,867</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, 2019**

	Ref.	Unaudited Anticipated		Realized	Excess or Deficit
		Budget	N.J.S.A. 40:4-87		
Fund balance anticipated	A-1	\$ 652,500	\$ -	\$ 652,500	\$ -
Miscellaneous revenues					
Licenses					
Alcoholic beverage	A-10	12,000	-	12,550	550
Fees and permits	A-10	8,000	-	15,577	7,577
Fines and costs					
Municipal court	A-10	19,000	-	33,311	14,311
Shared municipal court costs	A-10	22,700	-	22,775	75
Interest and cost on taxes	A-10	66,000	-	77,633	11,633
Energy receipts tax	A-10	289,807	-	289,807	-
Garden State preservation trust fund	A-10	42,461	-	42,461	-
Uniform construction code fees	A-10	75,000	-	87,676	12,676
Cable TV franchise fee	A-10	12,024	-	12,024	-
NJ DEP Clean Communities Program	A-15	-	19,049	19,049	-
Delaware River greenway partnership project	A-15	-	1,827	1,827	-
Sustainable Jersey small grants program	A-15	-	2,000	2,000	-
Total miscellaneous revenues	A-1	546,992	22,876	616,690	46,822
Receipts from delinquent taxes	A-1;A-2	355,977	-	368,516	12,539
Property tax for support of municipal budget appropriations					
Local tax for municipal purposes	A-2	1,816,150	-	2,024,193	208,043
Budget totals		3,371,619	22,876	3,661,899	\$ 267,404
Non-budget revenues	A-1;A-2	-	-	99,272	
		<u>\$ 3,371,619</u>	<u>\$ 22,876</u>	<u>\$ 3,761,171</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, 2019**

	<u>Ref.</u>	
Analysis of realized revenues		
Allocation of current tax collections		
Tax collections	A-1;A-7	\$ 13,942,054
Allocated to		
Local district school taxes	A-7	6,050,612
Regional high school taxes	A-7	3,912,741
County taxes	A-7	2,334,638
Municipal open space tax	A-7	186,170
		<u>12,484,161</u>
Balance for support of municipal budget appropriations		1,457,893
Add: appropriation - reserve for uncollected taxes	A-3	566,300
Realized for support of municipal budget	A-2	<u>\$ 2,024,193</u>
Analysis of receipts from delinquent taxes		
Taxes receivable	A-7	\$ 317,693
Tax title liens receivable	A-8	50,823
Total delinquent tax collections	A-2	<u>\$ 368,516</u>

	<u>Ref.</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>Increase (Decrease)</u>
Interfund advances and returns analysis				
Due from other trust fund	A-11	\$ -	\$ 6	\$ (6)
		<u>\$ -</u>	<u>\$ 6</u>	<u>\$ (6)</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, 2019**

	<u>Ref.</u>		
Analysis of realized revenues (continued)			
Analysis of non-budget revenue			
Interest on investments and deposits			
Receipts	A-4	\$ 56,914	
Due from other trusts	A-11	<u>261</u>	
	A-2		\$ 57,175
 Treasurer			
Miscellaneous		3,836	
NJ administrative fees			
Senior Citizen's & Veteran's deduction		480	
Homestead rebate deduction		347	
Bond forfeiture		20,000	
Solar renewable energy certificate fees		1,768	
Sale of municipal assets		<u>15,666</u>	
	A-4		<u>42,097</u>
	A-2		<u><u>\$ 99,272</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, 2019**

	Unaudited		Expended by			
	Appropriations					
		Budget				
	Budget	After	Paid or	Reserved	Balance	Over-
		Modification	Charged		Canceled	Expended
Operations within CAPS						
General government						
Mayor and committee						
Salaries and wages	\$ 8,800	\$ 8,800	\$ 8,794	\$ 6	\$ -	\$ -
Other expenses	1,890	1,890	921	969	-	-
Municipal clerk						
Salaries and wages	134,000	134,000	133,825	175	-	-
Other expenses	35,750	28,803	24,576	4,227	-	-
Elections	5,000	5,000	2,749	2,251	-	-
Codification and revisions of ordinances	3,500	3,500	2,464	1,036	-	-
Financial administration						
Salaries and wages	47,145	47,145	41,789	5,356	-	-
Other expenses	14,530	14,530	10,843	3,687	-	-
Audit services	24,700	24,700	24,700	-	-	-
Revenue administration						
Salaries and wages	35,658	35,658	34,658	1,000	-	-
Other expenses	11,170	11,170	8,053	3,117	-	-
Assessment of taxes						
Salaries and wages	39,160	39,160	39,156	4	-	-
Other expenses	3,830	3,830	2,628	1,202	-	-
Maintenance of tax map	3,500	3,500	-	3,500	-	-
Agriculture advisory committee						
Salaries and wages	2,690	2,690	2,690	-	-	-
Other expenses	250	250	242	8	-	-
Legal services and costs						
Other expenses	60,000	60,000	49,679	10,321	-	-
Municipal prosecutor						
Other expenses	10,800	10,800	2,700	8,100	-	-
Engineering services and costs						
Other expenses	11,000	11,000	9,135	1,865	-	-

See accompanying notes to the financial statements.



**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 23,126	\$ 23,126	\$ 23,126	\$ -	\$ -	\$ -
Other expenses	30,000	21,000	16,382	4,618	-	-
Zoning official						
Salaries and wages	12,207	12,207	12,207	-	-	-
Other expenses	400	1,700	1,539	161	-	-
Zoning board						
Salaries and wages	7,335	7,335	7,335	-	-	-
Other expenses	4,000	9,000	8,499	501	-	-
Environmental commission						
Salaries and wages	2,690	2,690	2,690	-	-	-
Other expenses	1,200	1,200	1,016	184	-	-
Industrial commission						
Other expenses	25	25	-	25	-	-
Recycling program						
Other expenses	7,000	7,000	7,000	-	-	-
Gypsy moth program						
Other expenses	90	90	-	90	-	-
Insurance						
Dental insurance	10,000	20,000	20,000	-	-	-
General liability	67,705	67,705	67,705	-	-	-
Workers compensation	28,532	28,532	28,532	-	-	-
Employee group health	123,700	123,700	120,567	3,133	-	-
Public safety						
Aid to volunteer fire companies	75,000	75,000	75,000	-	-	-
Aid to first aid organizations	50,000	50,647	50,647	-	-	-
Office of Emergency Management						
Salaries and wages	5,670	5,670	5,663	7	-	-
Other expenses	4,000	4,000	1,072	2,928	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	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	\$ 430,000	\$ 362,189	\$ 67,811	\$ -	\$ -
Other expenses	155,000	160,000	156,890	3,110	-	-
Snow removal						
Salaries and wages	28,000	28,000	27,933	67	-	-
Other expenses	40,000	40,000	39,999	1	-	-
Solid waste collection						
Other expenses	6,000	6,000	6,000	-	-	-
Building and grounds						
Salaries and wages	12,184	12,184	12,184	-	-	-
Other expenses	48,720	85,720	82,513	3,207	-	-
Vehicle maintenance						
Other expenses	50,000	50,000	43,044	6,956	-	-
Health and human services						
Board of Health						
Salaries and wages	8,100	8,100	8,043	57	-	-
Other expenses	5,000	5,000	567	4,433	-	-
Animal control						
Other expenses	4,600	4,600	4,600	-	-	-
Parks and recreation						
Recreation services and programs						
Other expenses	4,000	3,200	2,584	616	-	-
Maintenance of parks						
Salaries and wages	10,340	10,340	10,331	9	-	-
Other expenses	7,500	8,300	8,232	68	-	-
Uniform construction code						
Construction officials						
Salaries and wages	56,580	56,580	56,318	262	-	-
Other expenses	7,500	16,500	14,237	2,263	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Operations within CAPS (cont'd)						
Unclassified						
Office of local historian						
Other expenses	\$ 500	\$ 500	\$ -	\$ 500	\$ -	\$ -
Interest on tax appeals						
RS 54:3-27	100	100	-	100	-	-
Utilities						
Gasoline and diesel fuel	30,000	25,000	21,459	3,541	-	-
Electricity	15,500	15,500	11,409	4,091	-	-
Telephone	15,250	15,250	12,668	2,582	-	-
Street lighting	7,300	7,300	5,651	1,649	-	-
Heating fuel oil	10,000	10,000	3,966	6,034	-	-
Natural gas	11,000	11,000	8,898	2,102	-	-
Municipal court						
Salaries and wages	52,000	52,000	50,880	1,120	-	-
Other expenses	4,100	4,100	2,638	1,462	-	-
Public defender						
Salaries and wages	3,662	3,662	969	2,693	-	-
Total operations within "CAPS"	1,968,989	1,975,989	1,802,784	173,205	-	-
Contingent	100	100	-	100	-	-
Total operations including contingent within "CAPS"	1,969,089	1,976,089	1,802,784	173,305	-	-
Detail						
Salaries and wages	959,347	919,347	840,780	78,567	-	-
Other expenses (including contingent)	1,009,742	1,056,742	962,004	94,738	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Unaudited Appropriations		Expended by			
	Budget		Paid or Charged	Reserved	Balance Canceled	Over- Expended
	Budget	After Modification				
Statutory expenditures						
Contribution to						
Public employees						
retirement system	\$ 109,732	\$ 109,732	\$ 109,732	\$ -	\$ -	\$ -
Social Security						
system (OASI)	80,000	73,000	64,480	8,520	-	-
State unemployment						
compensation	1,000	1,000	531	469	-	-
Defined contribution						
retirement program	3,000	3,000	1,032	1,968	-	-
Total deferred charges and statutory expenditures -						
Municipal within CAPS	193,732	186,732	175,775	10,957	-	-
Vacation reserve	100	100	100	-	-	-
Total general appropriations for municipal purposes within CAPS	2,162,921	2,162,921	1,978,659	184,262	-	-
Operations excluded from CAPS						
Fair share housing plan						
Salaries and wages	1,478	1,478	1,478	-	-	-
Other expenses	5,000	5,000	-	5,000	-	-
911 coordinator						
Other expenses	10	10	-	10	-	-
LOSAP contribution	4,360	4,360	2,725	1,635	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Unaudited Appropriations		Expended by			
	Budget		Paid or		Balance	Over-
	Budget	After Modification	Charged	Reserved	Canceled	Expended
Operations excluded from CAPS (continued)						
Public and private programs offset by revenues						
Clean communities program						
Other expenses	\$ -	\$ 19,049	\$ 19,049	\$ -	\$ -	\$ -
Delaware River Greenway Partnership grant						
Other expenses	-	1,827	1,827	-	-	-
Sustainable Jersey small grants program						
Other expenses	-	2,000	2,000	-	-	-
Matching funds for grants	8,000	8,000	8,000	-	-	-
Total operations excluded from CAPS	18,848	41,724	35,079	6,645	-	-
Detail						
Salaries and wages	1,478	1,478	1,478	-	-	-
Other expenses	17,370	40,246	33,601	6,645	-	-
Capital improvements - excluded from CAPS						
Capital improvement fund	365,000	365,000	365,000	-	-	-
Purchase of ambulance equipment	10,000	10,000	10,000	-	-	-
Purchase of municipal equipment	30,000	30,000	30,000	-	-	-
Municipal building renovations	100	100	100	-	-	-
Purchase of fire truck	5,000	5,000	5,000	-	-	-
Total capital improvements excluded from CAPS	410,100	410,100	410,100	-	-	-

See accompanying notes to the financial statements.

**TOWNSHIP OF KINGWOOD**  
**Statement of Expenditures - Regulatory Basis (continued)**  
**Current Fund**  
**For the Year Ended December 31, 2019**

	Unaudited Appropriations		Expended by		Balance Canceled	Over- Expended
	Budget	Budget After Modification	Paid or Charged	Reserved		
Municipal debt service excluded from CAPS						
Payment of bond principal	\$ 108,000	\$ 108,000	\$ 108,000	\$ -	\$ -	\$ -
Payment of bond anticipation notes	72,500	72,500	72,500	-	-	-
Interest on bonds	4,320	4,320	4,320	-	-	-
Interest on notes	13,145	13,145	13,144	-	1	-
Total debt service excluded from CAPS	197,965	197,965	197,964	-	1	-
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 Reconstruction of Oak Grove Road	10,285	10,285	10,285	-	-	-
Total deferred charges excluded from CAPS	15,485	15,485	15,485	-	-	-
Total general appropriations, for municipal purposes excluded from CAPS	642,398	665,274	658,628	6,645	1	-
Subtotal general appropriations	2,805,319	2,828,195	2,637,287	190,907	1	-
Reserve for uncollected taxes	566,300	566,300	566,300	-	-	-
Total general appropriations	\$ 3,371,619	\$ 3,394,495	\$ 3,203,587	\$ 190,907	\$ 1	\$ -
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, 2019**

	Ref.	Paid or Charged
Paid or charged		
Cash disbursed	A-4	\$ 2,155,418
Reserve for uncollected taxes	A-2	566,300
Due to general capital fund	A-13	405,385
Special emergency authorization	A-14	5,200
Reserve for encumbrances	A-17	95,509
Appropriated reserve for grants	A-29	22,876
		<u>3,250,688</u>
Less		
Appropriation refunds	A-4	47,101
	A-3	<u>\$ 3,203,587</u>
Appropriations		
Budget	A-2	\$ 3,371,619
Added by N.J.S.A. 40A:4-87	A-2	22,876
	A-3	<u>\$ 3,394,495</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Assets			
Animal control fund			
Cash	B-1	<u>\$ 14,347</u>	<u>\$ 7,130</u>
LOSAP (unaudited)			
Investment	B-1	<u>99,058</u>	<u>94,393</u>
Other trust fund			
Cash and other bank deposits	B-1	<u>830,060</u>	<u>740,442</u>
Open space, recreation, and farmland and historic preservation trust fund			
Cash	B-1	913,693	705,839
Due from current fund	B-7	<u>1,014</u>	<u>185,312</u>
		<u>914,707</u>	<u>891,151</u>
Total assets		<u><u>\$ 1,858,172</u></u>	<u><u>\$ 1,733,116</u></u>

See accompanying notes to the financial statements.



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

	Ref.	2019	2018
Liabilities and reserves			
Animal control fund			
Reserve for animal control fund expenditures	B-3	\$ 13,576	\$ 7,098
Due to State of New Jersey	B-4	85	32
Reserve for encumbrances	B-5	686	-
		<u>14,347</u>	<u>7,130</u>
LOSAP (unaudited)			
Reserve for LOSAP	B-26	<u>99,058</u>	<u>94,393</u>
Other trust fund			
Due to current fund	B-6	-	6
Reserve for encumbrances	B-8	4,976	6,985
Reserve for recycling trust	B-9	10,421	9,794
Reserve for COAH development fees	B-10	183,965	151,580
Reserve for developer's deposits	B-11	269,101	291,459
Reserve for unemployment compensation	B-12	21,294	19,658
Reserve for special deposits	B-13	8,132	5,426
Reserve for recreation commission	B-14	28,675	21,752
Reserve for planning board escrow	B-15	67,124	68,193
Reserve for board of adjustment escrow	B-16	26,063	4,409
Payroll withholdings payable	B-17	4,747	6,492
Reserve for board of health	B-18	36,959	36,959
Reserve for tax sale premium	B-19	48,300	26,300
Reserve for security deposits and aquifer/ hydrogeological escrow	B-20	3,111	3,111
Reserve for fees due to outside agencies	B-21	9,300	7,350
Reserve for self insurance escrow	B-22	25,120	16,448
Reserve for snow removal trust	B-23	82,172	63,920
Reserve for accumulated absences trust	B-24	600	600
		<u>830,060</u>	<u>740,442</u>
Open space, recreation, and farmland and historic preservation trust fund			
Reserve for open space	B-25	<u>914,707</u>	<u>891,151</u>
Total liabilities and reserves		<u>\$ 1,858,172</u>	<u>\$ 1,733,116</u>

See accompanying notes to the financial statements.

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

	Ref.	2019	2018
Assets			
Cash	C-2	\$ 609,764	\$ 457,014
State grants receivable	C-6	175,000	325,000
Deferred charges to future taxation			
Funded	C-7	1,575,000	1,783,000
Unfunded	C-8	513,909	596,694
Total assets		<u>\$ 2,873,673</u>	<u>\$ 3,161,708</u>
Liabilities, reserves and fund balance			
General serial bonds payable	C-17	\$ 1,575,000	\$ 1,783,000
Bond anticipation notes payable	C-18	435,000	507,500
Improvement authorizations			
Funded	C-9	495,260	402,196
Unfunded	C-9	70,192	71,784
Capital improvement fund	C-10	177,055	195,199
Reserves for			
Encumbrances	C-11	17,935	99,007
Contributions from developers	C-12	10,000	10,000
Purchase of municipal equipment	C-13	93	-
Preliminary plan expenses			
Ridge Road section I	C-14	1,265	1,656
New municipal building	C-15	14,435	18,394
Municipal building renovations	C-16	923	823
Fund balance	C-1	76,515	72,149
Total liabilities, reserves and fund balance		<u>\$ 2,873,673</u>	<u>\$ 3,161,708</u>
Bonds and notes authorized but not issued	C-19	<u>\$ 78,909</u>	<u>\$ 89,194</u>

See accompanying notes to the financial statements.

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

	<u>Ref.</u>	<u>2019</u>	<u>2018</u>
Balance - January 1	C	\$ 72,149	\$ 72,149
Increased by			
Premium on note issue	C-2	<u>4,366</u>	<u>-</u>
Balance - December 31	C	<u>\$ 76,515</u>	<u>\$ 72,149</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>2019</u>	<u>2018</u>
General fixed assets		
Land	\$ 3,930,288	\$ 3,930,288
Land improvements	70,362	70,362
Building and building improvements	2,918,291	2,918,291
Machinery and equipment	546,802	442,201
Vehicles	1,066,489	1,096,812
Construction in progress	<u>20,783</u>	<u>12,983</u>
Investment in general fixed assets	<u><u>\$ 8,553,015</u></u>	<u><u>\$ 8,470,937</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, 2019 and 2018**

Note 1 - Summary of significant accounting policies

Reporting entity

Except as noted below, the Financial Statements - Regulatory Basis of the Township of Kingwood (the Municipality) include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Municipality, as required by N.J.S.A. 40A:5-5. Component units are legally separate organizations for which the Municipality is financially accountable. The Municipality is financially accountable for an organization if the Municipality appoints a voting majority of the organization's governing board and (1) the Municipality is able to significantly influence the programs or services performed or provided by the organization; or (2) the Municipality is legally entitled to or can otherwise access the organization's resources; the Municipality is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Municipality is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Municipality in that the Municipality approves the budget, the issuance of debt or the levying of taxes. There are currently no component units of the Municipality as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement Numbers 39, 61 and 80.

Description of funds and account group

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

Governmental Funds

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

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

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

Account Groups

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting policies (continued)

Basis of accounting

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

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

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

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

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

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

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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 the 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. All other deferred charges are shown as unfunded.



**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

No depreciation has been provided for in the financial statements.

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

Departures from generally accepted accounting principles

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

1. 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. Interfunds - GAAP does not require offsetting reserves for Interfund receivables and resulting revenue recognition when Interfunds are liquidated.
4. Foreclosed Property - GAAP records the value of foreclosed property at the lower of cost or fair market value and would be recorded in the General Fixed Asset Account Group.
5. 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.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 1 - Summary of significant accounting policies (continued)

Departures from generally accepted accounting principles (continued)

7. Capital Funds - GAAP requires separate funds for the recording of capital projects and payment of debt service, while New Jersey requirements incorporates 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.

Note 2 - Deposits and investments

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 2 - Deposits and investments (continued)

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

The cash management plan adopted by the Municipality requires it to deposit funds in public depositories protected from loss under 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, 2019 and 2018, the Municipality's bank balances of \$5,683,419 and \$4,980,936, respectively, were exposed to custodial credit risk as follows:

	2019	2018
Insured by the FDIC	\$ 353,657	\$ 353,443
Uninsured and collateralized with securities held by pledging financial institutions	5,329,762	4,627,493
Total	<u>\$ 5,683,419</u>	<u>\$ 4,980,936</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, 2019 and 2018**

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 0.34%.

	Gross Debt	Deductions	Net Debt
Local school district debt	\$ 900,000	\$ 900,000	\$ -
General debt	2,088,909	-	2,088,909
	<u>\$ 2,988,909</u>	<u>\$ 900,000</u>	<u>\$ 2,088,909</u>

Net debt \$2,088,909 divided by equalized valuation basis per N.J.S.A. 40A:2-2 as amended, \$618,560,381 equals 0.34%.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 4 - Long-term debt (continued)  
Borrowing power under N.J.S.A. 40A:2-6 as amended

3½% of equalized valuation basis (municipal)	\$ 21,649,613
Net debt	<u>2,088,909</u>
Remaining borrowing power	<u>\$ 19,560,704</u>

Changes in long-term debt

During the years ended December 31, 2018 and 2019, the following changes occurred in long-term debt.

	Balance 01/01/18	Additions	Reductions	Balance 12/31/18
Issued debt				
General capital				
Bonds	\$ 1,988,000	\$ -	\$ 205,000	\$ 1,783,000
Notes	580,000	-	72,500	507,500
Authorized but not issued debt				
General capital				
Bonds and notes	89,194	-	-	89,194
Total	<u>\$ 2,657,194</u>	<u>\$ -</u>	<u>\$ 277,500</u>	<u>\$ 2,379,694</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, 2019 and 2018 with their outstanding balances are comprised of the following individual issues:

	2019	2018
\$1,263,000 - 2004 general obligation bonds due in annual installments of \$60,000 to \$108,000 beginning September 1, 2005 through September 1, 2019, interest at 3.70% to 4.00%.	\$ -	\$ 108,000
\$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%.	1,575,000	1,675,000
Total	<u>\$ 1,575,000</u>	<u>\$ 1,783,000</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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>
2020	\$ 200,000	\$ 54,500	\$ 254,500
2021	200,000	48,250	248,250
2022	200,000	41,500	241,500
2023	200,000	34,500	234,500
2024	200,000	27,000	227,000
2025 - 2027	575,000	33,500	608,500
Total	<u>\$ 1,575,000</u>	<u>\$ 239,250</u>	<u>\$ 1,814,250</u>

Note 5 - Short-term debt - bond anticipation notes

The Municipality has outstanding bond anticipation notes at December 31, 2019 in the amount of \$435,000 and outstanding bond anticipation notes at December 31, 2018 in the amount of \$507,500. The note for December 31, 2019 has a term from September 18, 2019 to September 18, 2020 with an interest rate of 3.00% payable at maturity. The note for December 31, 2018 has a term from September 20, 2018 to September 20, 2019, with an interest rate of 2.59% payable at maturity. Principal and interest on the notes are paid from the current fund budget. 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. The notes were issued in the amount of \$443,100 for Ordinance #18-08-15 Acquisition of Road Maintenance Equipment and in the amount of \$64,400 for Ordinance #18-09-15 Renovations to the Municipal Building for December 31, 2018.

Note 6 - Fund balances appropriated

For the year ended December 31, 2019 and 2018, fund balances which were appropriated in the succeeding year's budget and included as anticipated revenue in their own respective funds were as follows:

	<u>2019</u>	<u>2018</u>
Current Fund	<u>\$ 493,912</u>	<u>\$ 652,500</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</u>	<u>Balance</u>	<u>Balance</u>	<u>Balance</u>
	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/18</u>
Balance of tax	\$ 2,805,102	\$ 2,753,505	\$ 1,956,369	\$ 2,004,009
Deferred	1,966,449	1,842,290	1,271,641	1,242,487
Tax payable (prepaid)	<u>\$ 838,653</u>	<u>\$ 911,215</u>	<u>\$ 684,728</u>	<u>\$ 761,522</u>

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

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 12/31/19	Balance 12/31/18
Prepaid taxes	\$ 124,661	\$ 113,788
Less: discount allowed	-	-
Cash liability for taxes collected in advance	<u>\$ 124,661</u>	<u>\$ 113,788</u>

Note 9 - Pensions

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

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

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](http://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, 2019 and 2018**

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, 2019 and 2018**

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 \$89,469 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	0.0091344%	0.0110193%
	0.0091344099%	0.0110193546%
Plan fiduciary net position as a percentage of the total pension liability	56.27%	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, 2019 and 2018**

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, 2019 and 2018**

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%	6.82%
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	8.25%	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, 2019 and 2018**

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%)	2,093,480
At a 1% higher rate (7.28%)	1,289,816

<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, 2019 and 2018**

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, 2019 and 2018**

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
2020	\$ (47,856)	2019	\$ 15,059
2021	(155,245)	2020	(20,849)
2022	(138,624)	2021	(149,503)
2023	(65,091)	2022	(129,591)
2024	(6,684)	2023	(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, 2019 and 2018**

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](http://www.prudential.com/njdcrp).

Vesting and benefit provisions

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

Note 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, 2019 and 2018**

Note 11 - Accrued sick and vacation benefits

The Township has permitted certain employees to accrue unused sick pay which may be taken off as time or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits have not been accrued by charges to operations or to budgets of prior years. At December 31, 2019 and 2018, the Municipality has estimated the liability to be approximately \$88,821 and \$108,276, respectively. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. The policy of not reflecting the accrued benefit in the financial statements is not in agreement with GASB but is in accordance with reporting procedures promulgated by the State of New Jersey.

Note 12 - Fixed assets

The following schedule is a summarization of the changes in general fixed assets for the years ended December 31, 2019 and 2018:

	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>

  

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



**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 13 - Interfunds receivable and payable

The following interfund balances remained on the various balance sheets of the Municipality as of December 31, 2019 and 2018:

December 31, 2019	Interfund Receivable	Interfund Payable
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	-
	\$ 7,266	\$ 7,266

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.

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

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

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 14 - 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 - Contingent liabilities

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, 2019 and 2018**

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

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:

Years	Interest Earnings	Employee Deposit	Disbursements	Ending Balance
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, 2019 and 2018**

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, 2019 and 2018, no account balances were forfeited. The balance in the account on December 31, 2019 and 2018 amounted to \$99,058 and \$94,393, respectively. Contributions by the Municipality for qualified participants were \$2,725 and \$3,270 for 2019 and 2018, respectively.

Note 18 - Union contracts

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

**TOWNSHIP OF KINGWOOD**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2019 and 2018**

Note 19 - Lease obligations

At December 31, 2019, 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>	
2020	\$ 2,882
2021	2,428
2022	2,038
Total	<u>\$ 7,348</u>

Note 20 - Subsequent events

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. The spread of the COVID-19 Coronavirus has resulted in stay-at-home orders issued by the State of New Jersey and the duration of the impact may be only temporary. However, the related financial impact cannot be reasonably estimated at this time.

The Municipality has determined that no material events or transactions other than those noted above, have occurred subsequent to December 31, 2019 and through June 17, 2020 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**

**2019**

**CURRENT FUND**

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

	Ref.	Regular Fund	Federal and State Grant Fund
Balance - December 31, 2018	A	\$ 2,975,464	\$ 4,929
Increased by receipts			
Non-budget revenue	A-2	\$ 42,097	\$ -
Interest on investments and deposits	A-2	56,914	-
Appropriation refunds	A-3	47,101	-
Appropriation reserve refunds	A-16	2,805	-
State of NJ - Veteran's & Senior Citizen's deductions	A-6	24,000	-
Taxes receivable	A-7	14,121,209	-
Tax title liens receivable	A-8	50,823	-
Revenue accounts receivable	A-10	593,814	-
Due from other trust funds	A-11	267	-
Due from/to federal and state grant fund	A-12	6,252	-
Grants receivable	A-15	-	45,963
Prepaid taxes	A-18	124,661	-
Tax overpayments	A-19	10,379	-
Due to outside lien holders	A-23	45,733	-
Unappropriated reserves	A-30	-	21,446
		<u>15,126,055</u>	<u>67,409</u>
		18,101,519	72,338

See independent auditors' report.



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

	Ref.	Regular Fund	Federal and State Grant Fund
Decreased by disbursements			
Current year budget appropriations	A-3	\$ 2,155,418	\$ -
Prior year appropriation reserves	A-16	95,767	-
Due from/to general capital fund	A-13	405,385	-
Tax overpayments refunded	A-19	8,013	-
Local school tax payable	A-20	5,999,015	-
Regional high school tax payable	A-21	3,960,381	-
County taxes payable	A-22	2,330,985	-
Due to outside lien holders	A-23	45,733	-
Reserve for preparation of digitized tax maps	A-25	18,303	-
Due to open space , recreation, and farmland and historic preservation trust	A-26	370,468	-
Due from current fund	A-27	-	6,252
Reserve for encumbrances	A-28	-	4,513
Appropriated reserves for state grants	A-29	-	49,196
		<u>\$ 15,389,468</u>	<u>\$ 59,961</u>
Balance - December 31, 2019	A	<u>\$ 2,712,051</u>	<u>\$ 12,377</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, 2019	A-4	\$ 2,712,051	\$ 12,377
Increased by			
Receipts		7,436,754	10,567
		<u>10,148,805</u>	<u>22,944</u>
Decreased by			
Disbursements		7,301,232	15,492
		<u>7,301,232</u>	<u>15,492</u>
Balance - April 30, 2020		<u>\$ 2,847,573</u>	<u>\$ 7,452</u>
Cash reconciliation - April 30, 2020			
Balance per statement			
TD Bank		\$ 2,846,110	\$ 13,155
Add: deposit-in-transit		6,653	549
Subtotal		<u>2,852,763</u>	<u>13,704</u>
Less: outstanding checks		<u>5,190</u>	<u>6,252</u>
Book balance		<u>\$ 2,847,573</u>	<u>\$ 7,452</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, 2018	A		\$ 1,344
Increased by			
Receipts	A-4	\$ 24,000	
Prior year Senior Citizen's deductions disallowed by tax collector	A-1	<u>750</u>	
			<u>24,750</u>
			<u>26,094</u>
Decreased by			
Veteran's deductions per tax billings		21,000	
Senior Citizen's deductions per tax billings		<u>3,750</u>	
	A-7		<u>24,750</u>
Balance - December 31, 2019	A		<u><u>\$ 1,344</u></u>

See independent auditors' report.

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

Year	Balance 12/31/18	2019 Levy	Added 2019	Collected		Transferred to Tax Title Liens	Veteran's & Senior Citizen's Deductions	Tax Overpayment Applied	Cancellations	Balance 12/31/19
2018	\$ 320,247	\$ -	\$ 750	\$ -	\$ 317,693	\$ 3,304	\$ -	\$ -	\$ -	\$ -
2019	<u>-</u>	<u>14,365,045</u>	<u>-</u>	<u>113,788</u>	<u>13,803,516</u>	<u>22,074</u>	<u>24,750</u>	<u>-</u>	<u>36,560</u>	<u>364,357</u>
<u>Ref.</u>	<u>\$ 320,247</u> A	<u>\$ 14,365,045</u> Reserve	<u>\$ 750</u> Reserve	<u>\$ 113,788</u> A-18	<u>\$ 14,121,209</u> A-4	<u>\$ 25,378</u> A-8	<u>\$ 24,750</u> A-6	<u>\$ -</u>	<u>\$ 36,560</u> Reserve	<u>\$ 364,357</u> A

See independent auditors' report.

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

	<u>Ref.</u>		
Analysis of 2019 property tax			
Tax yield			
General purpose tax			\$ 14,300,550
Added and omitted taxes			<u>64,495</u>
	A-7		<u><u>\$ 14,365,045</u></u>
Local district school tax	A-2;A-20		\$ 6,050,612
Regional district school tax	A-2;A-21		3,912,741
County tax			
Regular county tax		\$ 1,945,198	
County library tax		191,011	
County open space tax		185,774	
County share of added and omitted taxes		<u>12,655</u>	
Total county taxes	A-2;A-22		2,334,638
Municipal open space tax		185,156	
Municipal open space share of added and omitted taxes		<u>1,014</u>	
Total municipal open space tax	A-2;A-26		186,170
Municipal purpose tax	A-2	1,816,150	
Additional tax levied		<u>64,734</u>	
Total municipal purpose tax			<u>1,880,884</u>
Total	A-7		<u><u>\$ 14,365,045</u></u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	A	\$	63,257
Increased by			
Transferred from taxes receivable	A-7	\$	25,378
Interest and costs on tax sale	Reserve		<u>478</u>
			<u>25,856</u>
			89,113
Decreased by			
Receipts	A-2; A-4		<u>50,823</u>
Balance - December 31, 2019	A	\$	<u><u>38,290</u></u>

A-9

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

	<u>Ref.</u>		
Balance - December 31, 2018	A	\$	<u>405,000</u>
Balance - December 31, 2019	A	\$	<u><u>405,000</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	<u>Balance 12/31/18</u>	<u>Accrued in 2019</u>	<u>Collected Treasurer</u>	<u>Balance 12/31/19</u>
Alcoholic beverage licenses	A-2	\$ -	\$ 12,550	\$ 12,550	\$ -
Fees and permits	A-2	-	15,577	15,577	-
Municipal court	A-2	1,966	34,455	33,311	3,110
Shared municipal court costs	A-2	-	22,775	22,775	-
Interest and cost on taxes	A-2	-	77,633	77,633	-
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	-	87,676	87,676	-
Cable TV franchise fee	A-2	-	12,024	12,024	-
		<u>\$ 1,966</u>	<u>\$ 594,958</u>	<u>\$ 593,814</u>	<u>\$ 3,110</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, 2018	A	\$ 6
Increased by		
Interest on investments	A-2	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">261</div> </div>
		267
Decreased by		
Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">267</div> </div>
		267
Balance - December 31, 2019	A	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">\$ -</div> </div>

See independent auditors' report.



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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by Receipts	A-4	<u>6,252</u>
Balance - December 31, 2019	A	<u><u>\$ 6,252</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by Disbursements	A-4	<u>405,385</u>
		405,385
Decreased by Budget appropriations	A-3	<u>405,385</u>
Balance - December 31, 2019	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 12/31/18	Increased	Decreased	Balance 12/31/19
06/07/18	Preparation of a digitized tax map	\$ 26,000	\$ 5,200	\$ 26,000	\$ -	\$ 5,200	\$ 20,800
				\$ 26,000	\$ -	\$ 5,200	\$ 20,800
			Ref.	A		A-3	A

See independent auditors' report.

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

Grant	Balance 12/31/18	Revenue in 2019	Received	Balance 12/31/19
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	30,000	-	24,000	6,000
Delaware River greenway	-	1,827	914	913
Sustainable Jersey small grants program	-	2,000	2,000	-
DEP Clean communities program	-	19,049	19,049	-
	<u>\$ 70,825</u>	<u>\$ 22,876</u>	<u>\$ 45,963</u>	<u>\$ 47,738</u>
<u>Ref.</u>	A	A-2	A-4	A

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Mayor and council					
Other expenses	\$ 728	\$ 728	\$ -	\$ 728	\$ -
Municipal clerk					
Salaries and wages	4,267	4,267	-	4,267	-
Other expenses	10,932	10,401	382	10,019	-
Elections	1,729	1,729	-	1,729	-
Codification of ordinances	2,063	2,063	1,384	679	-
Financial administration					
Salaries and wages	2,818	2,818	-	2,818	-
Other expenses	3,363	3,403	3,148	255	-
Revenue administration					
Salaries and wages	632	632	632	-	-
Other expenses	3,315	3,350	35	3,315	-
Assessment of taxes					
Other expenses	1,188	1,462	274	1,188	-
Maintenance of tax map	3,500	3,500	3,500	-	-
Agriculture advisory committee					
Other expenses	202	202	-	202	-
Legal services and costs					
Other expenses	8,129	8,746	6,097	2,649	-
Municipal prosecutor					
Salaries and wages	25	25	-	25	-
Engineering services					
Other expenses	3,483	3,483	593	2,890	-
Planning board					
Other expenses	11,737	11,793	5,278	6,515	-
Zoning official					
Salaries and wages	1,837	1,837	-	1,837	-
Other expenses	-	75	44	31	-
Zoning board					
Salaries and wages	1	1	-	1	-
Other expenses	460	735	708	27	-
Industrial commission					
Other expenses	100	100	-	100	-
Construction official					
Salaries and wages	859	859	-	859	-
Other expenses	6,524	6,524	-	6,524	-

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Office of emergency management					
Other expenses	\$ 2,414	\$ 2,414	\$ -	\$ 2,414	\$ -
Insurance					
Dental insurance	2,600	2,600	(2,056)	4,656	-
Employee group insurance	5,248	5,248	4,100	1,148	-
Road repair and maintenance					
Salaries and wages	52,345	52,345	37,624	14,721	-
Other expenses	7,433	13,436	7,429	6,007	-
Solid waste collection					
Other expenses	120	421	398	23	-
Recycling					
Other expenses	5,246	5,390	144	5,246	-
Gypsy moth program					
Other expenses	90	90	-	90	-
Public buildings and grounds					
Other expenses	17,778	18,087	3,185	14,902	-
Vehicle maintenance					
Other expenses	2,526	3,529	945	2,584	-
Board of health					
Salaries and wages	84	84	-	84	-
Other expenses	4,144	4,231	517	3,714	-
Environmental commission					
Salaries and wages	203	202	-	202	-
Other expenses	294	294	55	239	-
Recreation services and programs					
Other expenses	3,243	3,243	-	3,243	-
Maintenance of parks					
Salaries and wages	778	778	-	778	-
Other expenses	51	207	190	17	-
Office of local historian					
Other expenses	500	500	-	500	-
Interest on tax appeals					
Other expenses	100	100	-	100	-
Animal Control					
Other expenses	4,600	4,600	4,600	-	-

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Appropriation Reserves (continued)**  
**For the Year Ended December 31, 2019**

	Balance 12/31/18	Balance After Transfer	Expended	Balance Lapsed	Over- Expended
Utilities					
Gasoline and diesel fuel	\$ 831	\$ 1,561	\$ 54	\$ 1,507	\$ -
Electricity	4,372	5,233	874	4,359	-
Telephone	2,060	3,026	968	2,058	-
Street lighting	1,991	1,991	-	1,991	-
Fuel oil	10,589	10,589	-	10,589	-
Natural gas	1,547	3,177	1,629	1,548	-
Municipal court					
Salaries and wages	6,048	6,048	3,094	2,954	-
Other expenses	822	822	-	822	-
Contingent	100	100	-	100	-
Contribution to					
Social Security system	9,258	9,258	167	9,091	-
Unemployment insurance	507	507	-	507	-
Defined contribution retirement program	2,617	2,617	-	2,617	-
Vacation reserve					
Other expenses	100	100	-	100	-
Fair share housing plan					
Salaries and wages	39	39	-	39	-
Other expenses	6,970	6,970	6,970	-	-
911 Coordinator					
Other expenses	10	10	-	10	-
LOSAP contribution	1,090	1,090	-	1,090	-
	<u>\$ 226,640</u>	<u>\$ 239,670</u>	<u>\$ 92,962</u>	<u>\$ 146,708</u>	<u>\$ -</u>

	Ref.	A	Below	Below	A-1
Appropriation reserves	A-16		\$ 226,640		
Encumbrances payable	A-17		13,030		
			<u>\$ 239,670</u>		
Disbursed	A-4			\$ 95,767	
Less refunds	A-4			(2,805)	
				<u>\$ 92,962</u>	

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 13,030
Increased by		
Current year budget charges	A-3	<u>95,509</u> 108,539
Decreased by		
Transferred to appropriation reserves	A-16	<u>13,030</u>
Balance - December 31, 2019	A	<u><u>\$ 95,509</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 113,788
Increased by		
Collection of 2019 taxes	A-4	<u>124,661</u>
		238,449
Decreased by		
Applied to current year taxes receivable	A-7	<u>113,788</u>
Balance - December 31, 2019	A	<u><u>\$ 124,661</u></u>

A-19

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 3,746
Increased by		
Overpayment received	A-4	<u>10,379</u>
		14,125
Decreased by		
Refunded	A-4	<u>8,013</u>
Balance - December 31, 2019	A	<u><u>\$ 6,112</u></u>

See independent auditors' report.



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

	<u>Ref.</u>		
Balance - December 31, 2018			
School tax payable	A	\$ 911,215	
School tax deferred (31.00%)		<u>1,842,290</u>	
			\$ 2,753,505
Increased by			
Levy - school year July 1, 2019 to June 30, 2020	A-7		<u>6,050,612</u>
			8,804,117
Decreased by			
Disbursements	A-4		<u>5,999,015</u>
Balance - December 31, 2019			
School tax payable	A	838,653	
School tax deferred (32.50%)		<u>1,966,449</u>	
			<u>\$ 2,805,102</u>
2019 liability for local school tax			
Tax paid			\$ 5,999,015
Add: tax payable December 31, 2019			<u>838,653</u>
			6,837,668
Less: tax payable December 31, 2018			<u>911,215</u>
Amount charged to operations	A-1		<u>\$ 5,926,453</u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018			
School tax payable	A	\$ 761,522	
School tax deferred (31.00%)		<u>1,242,487</u>	
			\$ 2,004,009
Increased by			
Levy - school year July 1, 2019 to June 30, 2020	A-7		<u>3,912,741</u>
			5,916,750
Decreased by			
Disbursements	A-4		<u>3,960,381</u>
Balance - December 31, 2019			
School tax payable	A	684,728	
School tax deferred (32.50%)		<u>1,271,641</u>	
			<u>\$ 1,956,369</u>
2019 liability for local school tax			
Tax paid			\$ 3,960,381
Add: tax payable December 31, 2019			<u>684,728</u>
			4,645,109
Less: tax payable December 31, 2018			<u>761,522</u>
Amount charged to operations	A-1		<u>\$ 3,883,587</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 9,002
Increased by		
2019 Levy county taxes		
Regular county tax		\$ 1,945,198
County library tax		191,011
County open space tax		185,774
County share of added and omitted taxes		<u>12,655</u>
	A-1;A-7	<u>2,334,638</u>
		2,343,640
Decreased by		
Disbursements	A-4	<u>2,330,985</u>
Balance - December 31, 2019	A	<u><u>\$ 12,655</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-4	<u>45,733</u>
		45,733
Decreased by		
Disbursements	A-4	<u>45,733</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

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

Balance - December 31, 2018	A	<u>\$ 3,695</u>
Balance - December 31, 2019	A	<u><u>\$ 3,695</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 18,303
Decreased by		
Disbursements	A-4	<u>18,303</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 185,312
Increased by		
Current year open space tax levy	A-1; A-7	186,170
		<u>371,482</u>
Decreased by		
Disbursements	A-4	370,468
		<u>370,468</u>
Balance - December 31, 2019	A	<u>\$ 1,014</u>

A-27

**TOWNSHIP OF KINGWOOD**  
**Due from Current Fund**

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Disbursements	A-4	6,252
		<u>6,252</u>
Balance - December 31, 2019	A	<u>\$ 6,252</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ 4,513
Decreased by		
Disbursements	A-4	<u>4,513</u>
Balance - December 31, 2019	A	<u><u>\$ -</u></u>

See independent auditors' report.

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

Grant	Balance 12/31/18	Transferred from 2019 Budget	Paid or Charged	Balance 12/31/19
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 - 2018	8,174	-	8,174	-
Clean communities program - 2019	-	19,049	19,049	-
Recycling tonnage grant 2018	1,244	-	1,244	-
Sustainable Jersey	-	2,000	-	2,000
Delaware River greenway partnership project	-	1,827	1,093	734
Historical commission grant	38,000	-	17,600	20,400
NJ State TDR bank board planning assistance grant	2,036	-	2,036	-
	<u>\$ 71,241</u>	<u>\$ 22,876</u>	<u>\$ 49,196</u>	<u>\$ 44,921</u>
Ref.	A	A-3	A-4	A

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	A	\$ -
Increased by		
Receipts	A-4	<u>21,446</u>
Balance - December 31, 2019	A	<u><u>\$ 21,446</u></u>
Analysis of balance		
Matching funds for grants		\$ 8,000
Recycling tonnage grant - 2018 reserve		6,412
Recycling tonnage grant - 2019 reserve		<u>7,034</u>
		<u><u>\$ 21,446</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**2019**

**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, 2018	B	\$ 7,130	\$ 834,835	\$ 705,839
Increased by receipts				
Animal control fund fees	B-3	\$ 19,904	\$ -	\$ -
Due to State of New Jersey	B-4	1,578	-	-
Due from current fund	B-6; B-7	-	261	370,468
Reserve for				
Recycling trust	B-9	-	627	-
COAH development fees	B-10	-	36,011	-
Developer's deposits	B-11	-	450	-
Unemployment compensation	B-12	-	1,636	-
Special deposits	B-13	-	5,399	-
Recreation commission	B-14	-	39,113	-
Planning board escrow	B-15	-	12,924	-
Board of adjustment escrow	B-16	-	41,513	-
Payroll withholdings payable	B-17	-	1,068,373	-
Board of Health	B-18	-	12,300	-
Tax sale premiums	B-19	-	27,100	-
Security deposits	B-20	-	1	-
Fees due to outside agencies	B-21	-	3,325	-
Self insurance escrow	B-22	-	24,100	-
Snow removal trust	B-23	-	27,000	-
Open space funds	B-25	-	-	11,571
LOSAP	B-26	-	24,782	-
		<u>21,482</u>	<u>1,324,915</u>	<u>382,039</u>
		28,612	2,159,750	1,087,878

See independent auditors' report.

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

		Animal Control		Open Space, Recreation & Farmland and Historic Preservation Trust
	Ref.	Funds	Other Trust Funds	
Decreased by disbursements				
Animal control fund	B-3	\$ 12,741	\$ -	\$ -
Due to State of New Jersey	B-4	1,524	-	-
Due from current fund	B-6	-	267	-
Reserve for				
Encumbrances	B-8	-	2,059	-
COAH development fees	B-10	-	3,626	-
Developer's deposits	B-11	-	22,808	-
Special deposits	B-13	-	2,693	-
Recreation commission	B-14	-	32,190	-
Planning board escrow	B-15	-	13,993	-
Board of adjustment escrow	B-16	-	19,809	-
Payroll withholdings payable	B-17	-	1,070,118	-
Board of Health	B-18	-	12,300	-
Tax sale premium	B-19	-	5,100	-
Security deposits	B-20	-	1	-
Fees due to outside agencies	B-21	-	1,375	-
Self insurance escrow	B-22	-	15,428	-
Snow removal trust	B-23	-	8,748	-
Open space funds	B-25	-	-	174,185
LOSAP	B-26	-	20,117	-
		<u>\$ 14,265</u>	<u>\$ 1,230,632</u>	<u>\$ 174,185</u>
Balance - December 31, 2019	B;B-2	<u>\$ 14,347</u>	<u>\$ 929,118</u>	<u>\$ 913,693</u>
Analysis of other trust funds				
Other trust funds cash			\$ 830,060	
LOSAP investments			<u>99,058</u>	
			<u>\$ 929,118</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, 2019	B-1	\$ 14,347	\$ 830,060	\$ 913,693
Increased by				
Receipts		12,108	446,767	-
		<u>26,455</u>	<u>1,276,827</u>	<u>913,693</u>
Decreased by				
Disbursements		6,592	424,880	228,750
		<u>6,592</u>	<u>424,880</u>	<u>228,750</u>
Balance - April 30, 2020		<u>\$ 19,863</u>	<u>\$ 851,947</u>	<u>\$ 684,943</u>
Cash reconciliation - April 30, 2020				
Balance per statement				
TD Bank		\$ 19,863	\$ 749,049	\$ 684,943
Unity Bank		-	103,657	-
		<u>19,863</u>	<u>852,706</u>	<u>684,943</u>
Add: deposits-in-transit		-	67	-
Subtotal		<u>19,863</u>	<u>852,773</u>	<u>684,943</u>
Less: outstanding checks		<u>-</u>	<u>826</u>	<u>-</u>
Book balance		<u>\$ 19,863</u>	<u>\$ 851,947</u>	<u>\$ 684,943</u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	B	\$	7,098
Increased by receipts			
Current fund budget appropriations		\$	9,200
Animal control fees			<u>10,704</u>
	B-1		<u>19,904</u>
			27,002
Decreased by			
Expenditures	B-1	12,741	
Funds encumbered	B-5	<u>685</u>	
			<u>13,426</u>
Balance - December 31, 2019	B	<u>\$</u>	<u>13,576</u>
Animal control fees for prior two years			
2017		\$	10,967
2018			<u>10,676</u>
Maximum allowable reserve		<u>\$</u>	<u>21,643</u>

B-4

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

	<u>Ref.</u>		
Balance - December 31, 2018	B	\$	32
Increased by			
State fees collected	B-1		<u>1,578</u>
			1,610
Decreased by			
State fees remitted	B-1	\$	1,524
Funds encumbered	B-5		<u>1</u>
			<u>1,525</u>
Balance - December 31, 2019	B	<u>\$</u>	<u>85</u>

See independent auditors' report.

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

	<u>Ref.</u>		
Balance - December 31, 2018	B	\$	-
Increased by			
Charges to reserve for animal control fund	B-3	\$	685
Charges to due to the State of N.J.	B-4		<u>1</u>
Current year encumbrances			<u>686</u>
Balance - December 31, 2019	B	\$	<u><u>686</u></u>

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

	<u>Ref.</u>		
Balance - December 31, 2018	B	\$	6
Increased by			
Interest on investments	B-1		<u>261</u>
			267
Decreased by			
Disbursements	B-1		<u>267</u>
Balance - December 31, 2019	B	\$	<u><u>-</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, 2018	B	\$ 185,312
Increased by		
Current year open space tax levy	B-25	<u>186,170</u> 371,482
Decreased by		
Receipts	B-1	<u>370,468</u>
Balance - December 31, 2019	B	<u><u>\$ 1,014</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 6,985
Increased by		
Funds encumbered		
Planning board escrow	B-16	<u>50</u> 7,035
Decreased by		
Disbursements	B-1	<u>2,059</u>
Balance - December 31, 2019	B	<u><u>\$ 4,976</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 9,794
Increased by		
Deposits received	B-1	<u>627</u>
Balance - December 31, 2019	B	<u><u>\$ 10,421</u></u>

B-10

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

	<u>Ref.</u>		
Balance - December 31, 2018	B		\$ 151,580
Increased by			
Interest		\$ 2,202	
Deposits		<u>33,809</u>	
	B-1		<u>36,011</u>
			187,591
Decreased by			
Disbursements	B-1		<u>3,626</u>
Balance - December 31, 2019	B		<u><u>\$ 183,965</u></u>

See independent auditors' report.



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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 291,459
Increased by		
Interest retained in trust	B-1	450
		<u>291,909</u>
Decreased by		
Disbursements	B-1	22,808
		<u>22,808</u>
Balance - December 31, 2019	B	<u><u>\$ 269,101</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 19,658
Increased by		
Receipts	B-1	1,636
		<u>1,636</u>
Balance - December 31, 2019	B	<u><u>\$ 21,294</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 5,426
Increased by		
Receipts	B-1	<u>5,399</u> 10,825
Decreased by		
Disbursements	B-1	<u>2,693</u>
Balance - December 31, 2019	B	<u><u>\$ 8,132</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 21,752
Increased by		
Deposits received	B-1	<u>39,113</u> 60,865
Decreased by		
Disbursements	B-1	<u>32,190</u>
Balance - December 31, 2019	B	<u><u>\$ 28,675</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 68,193
Increased by		
Deposits received	B-1	<u>12,924</u> 81,117
Decreased by		
Disbursements	B-1	<u>13,993</u>
Balance - December 31, 2019	B	<u><u>\$ 67,124</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 4,409
Increased by		
Deposits received	B-1	<u>41,513</u> 45,922
Decreased by		
Disbursements	B-1	\$ 19,809
Funds encumbered	B-8	<u>50</u> 19,859
Balance - December 31, 2019	B	<u><u>\$ 26,063</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 6,492
Increased by		
Employee withholdings	B-1	<u>1,068,373</u> 1,074,865
Decreased by		
Disbursements	B-1	<u>1,070,118</u>
Balance - December 31, 2019	B	<u><u>\$ 4,747</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 36,959
Increased by		
Deposits received	B-1	<u>12,300</u> 49,259
Decreased by		
Disbursements	B-1	<u>12,300</u>
Balance - December 31, 2019	B	<u><u>\$ 36,959</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 26,300
Increased by		
Receipts	B-1	<u>27,100</u> 53,400
Decreased by		
Disbursements	B-1	<u>5,100</u>
Balance - December 31, 2019	B	<u><u>\$ 48,300</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 3,111
Increased by		
Receipts	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">1</div> <div>3,112</div> </div>
Decreased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">1</div> </div>
Balance - December 31, 2019	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">\$ 3,111</div> </div>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 7,350
Increased by		
Receipts	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">3,325</div> <div>10,675</div> </div>
Decreased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; width: 50px; text-align: right;">1,375</div> </div>
Balance - December 31, 2019	B	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 3px double black; width: 50px; text-align: right;">\$ 9,300</div> </div>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 16,448
Increased by		
Receipts from current fund for current year budget appropriation	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">24,100</div> <hr style="width: 50%; margin-left: 10px;"/> </div>
		40,548
Decreased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">15,428</div> <hr style="width: 50%; margin-left: 10px;"/> </div>
Balance - December 31, 2019	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$ 25,120</div> <hr style="width: 50%; margin-left: 10px;"/> <hr style="width: 50%; margin-left: 10px;"/> </div>

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 63,920
Increased by		
Receipts from current fund for current year budget appropriation	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">27,000</div> <hr style="width: 50%; margin-left: 10px;"/> </div>
		90,920
Decreased by		
Disbursements	B-1	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">8,748</div> <hr style="width: 50%; margin-left: 10px;"/> </div>
Balance - December 31, 2019	B	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right;">\$ 82,172</div> <hr style="width: 50%; margin-left: 10px;"/> <hr style="width: 50%; margin-left: 10px;"/> </div>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ <u>600</u>
Balance - December 31, 2019	B	\$ <u><u>600</u></u>

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

	<u>Ref.</u>		
Balance - December 31, 2018	B		\$ 891,151
Increased by			
Current year open space tax levy	B-7	\$ 186,170	
Proceeds from sale of property due to county	B-1	<u>11,571</u>	
			<u>197,741</u>
			1,088,892
Decreased by			
Disbursements	B-1		<u>174,185</u>
Balance - December 31, 2019	B		\$ <u><u>914,707</u></u>

See independent auditors' report.



**TOWNSHIP OF KINGWOOD**  
**Schedule of Reserve for LOSAP (unaudited)**

	<u>Ref.</u>	
Balance - December 31, 2018	B	\$ 94,393
Increased by		
Municipal Contributions		\$ 2,725
Appreciation of assets		<u>22,057</u>
	B-1	<u>24,782</u>
		119,175
Decreased by		
Service fees		775
Withdrawals		<u>19,342</u>
	B-1	<u>20,117</u>
Balance - December 31, 2019	B	<u><u>\$ 99,058</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**

**COUNTY OF HUNTERDON**

**2019**

**GENERAL CAPITAL FUND**

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

Balance - December 31, 2018	<u>Ref.</u> C		\$ 457,014
Increased by receipts			
Premium on note issue	C-1	\$ 4,366	
Due from current fund	C-5	405,385	
NJ D.O.T. grants received	C-6	150,000	
	C-4		<u>559,751</u>
			1,016,765
Decreased by disbursements			
Improvement authorizations expended	C-9	315,292	
Reserve for encumbrances	C-11	87,359	
Reserve for preliminary plan expenses			
Ridge Road section I	C-14	391	
New municipal building	C-15	3,959	
	C-4		<u>407,001</u>
Balance - December 31, 2019	C; C-3		<u><u>\$ 609,764</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, 2019	<u>Ref.</u> C-2	\$ 609,764
Decreased by Disbursements		<u>16,345</u>
Balance - April 30, 2020		<u><u>\$ 593,419</u></u>
Cash reconciliation - April 30, 2020		
Balance per statement		
TD Bank		<u><u>\$ 593,419</u></u>

See independent auditors' report.

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

Description	Balance 12/31/18	Receipts	Disbursements	Transfers (From) To	Balance 12/31/19
Fund balance	\$ 72,149	\$ 4,366	\$ -	\$ -	\$ 76,515
Capital improvement fund	195,199	-	-	(18,144)	177,055
Due to/from current fund	-	405,385	-	(405,385)	-
Reserve for					
Encumbrances	99,007	-	87,359	6,287	17,935
Contributions from developers	10,000	-	-	-	10,000
Preliminary plan expenses					
New municipal building	18,394	-	3,959	-	14,435
Ridge Road section I	1,656	-	391	-	1,265
Purchase of municipal equipment	-	-	-	93	93
Municipal building renovations	823	-	-	100	923
Improvement authorizations					
Reconstruction of Oak Grove Road	(10,285)	-	-	10,285	-
Acquisition and preservation of open space	79,397	-	-	-	79,397
Equipment for office of emergency management	5,822	-	-	(5,822)	-
Installation of solar panels	(72,894)	-	-	-	(72,894)
Tumble Falls Road	(6,015)	-	-	-	(6,015)
Acquisition of various road maintenance equipment	33,207	-	-	-	33,207
Municipal building renovations	38,577	-	1,592	-	36,985

See independent auditors' report.

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

Description	Balance 12/31/18	Receipts	Disbursements	Transfers (From) To	Balance 12/31/19
Resurfacing of roads	\$ 1,017	\$ -	\$ -	\$ (1,017)	\$ -
One all-terrain vehicle	5,111	-	-	(5,111)	-
Reconstruction of Spring Hill Road section III	(43,866)	-	-	-	(43,866)
Purchase of a cross conveyor spreader	93	-	-	(93)	-
Reconstruction of Ridge Road	21,751	150,000	175,561	43,000	39,190
16x50 addition to existing Morton building at Horseshoe Bend	35	-	-	(35)	-
Painting of house, sealing of windows, & rebuilding of main deck at park house	335	-	-	(335)	-
Purchase of a 2017 F-350 XL 4x4 SD super cab	611	-	-	(611)	-
Purchase of a Case International tractor	6,465	-	149	-	6,316
Installation of flooring at Horseshoe Bend Park	425	-	-	(425)	-
Resurfacing of roads	-	-	70,000	70,000	-
Digitalizing Township records	-	-	58,740	60,000	1,260
Purchase of Mack Granite 42FD MD	-	-	-	215,000	215,000
LED lighting at the municipal building	-	-	-	9,000	9,000
Purchase of toro zero turn mower	-	-	9,250	9,500	250
Purchase of coverall tarp	-	-	-	13,713	13,713
Total	<u>\$ 457,014</u>	<u>\$ 559,751</u>	<u>\$ 407,001</u>	<u>\$ -</u>	<u>\$ 609,764</u>
Ref.	C	C-2	C-2		C

See independent auditors' report.

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

Balance - December 31, 2018	<u>Ref.</u> C	\$ -
Increased by		
Receipts	C-2	<u>405,385</u>
		405,385
Decreased by		
Budget appropriations		
Deferred charges to future taxation - unfunded	C-8	\$ 10,285
Capital improvement fund	C-10	365,000
Reserve for purchase of municipal equipment	C-13	30,000
Reserve for municipal building renovations	C-16	<u>100</u>
		<u>405,385</u>
Balance - December 31, 2019	C	<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 325,000
Decreased by		
Receipts	C-2	<u>150,000</u>
Balance - December 31, 2019	C	<u><u>\$ 175,000</u></u>
Detail of state grants receivable December 31, 2019		
NJ D.O.T. Aid for Spring Hill Road III		\$ 125,000
NJ D.O.T. Aid for Ridge Road Section I		<u>50,000</u>
		<u><u>\$ 175,000</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 1,783,000
Decreased by		
Current year budget appropriation to pay bonds	C-17	<u>208,000</u>
Balance - December 31, 2019	C	<u><u>\$ 1,575,000</u></u>

See independent auditors' report.



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

Improvement Description	Balance 12/31/18	2019 Authorization	2019 Note Payments	Cash Received	Transferred to Deferred Taxation - Funded	Balance 12/31/19	Analysis of Balance 12/31/19		
							Expenditures	Unexpended Improvement Authorizations	Bond Anticipation Notes
Reconstruction of Oak Grove Road	\$ 10,285	\$ -	\$ -	\$ 10,285	\$ -	\$ -	\$ -	\$ -	\$ -
Installation of solar panels	72,894	-	-	-	-	72,894	72,894	-	-
Reconstruction of Tumble Falls Road	6,015	-	-	-	-	6,015	6,015	-	-
Acquisition of various road maintenance equipment	443,100	-	63,300	-	-	379,800	-	-	379,800
Renovations to the municipal building	64,400	-	9,200	-	-	55,200	-	-	55,200
	<u>\$ 596,694</u>	<u>\$ -</u>	<u>\$ 72,500</u>	<u>\$ 10,285</u>	<u>\$ -</u>	<u>\$ 513,909</u>	<u>\$ 78,909</u>	<u>\$ -</u>	<u>\$ 435,000</u>
<u>Ref.</u>	C		C-18	C-5; C-19		C	C-4		C-18

See independent auditors' report.

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

	Ordinance		Balance 12/31/18		2019 Authorization	Paid or Charged	Unexpended	Balance	
	Number	Amount	Funded	Unfunded			Balance Canceled	Funded	Unfunded
Acquisition and preservation of open space	15-12-08	\$ 1,500,000	\$ 79,397	\$ -	\$ -	\$ -	\$ -	\$ 79,397	\$ -
Purchase of equipment for office of emergency mgmt.	17-12-13	20,000	5,822	-	-	-	5,822	-	-
Acquisition of various road maintenance equipment	18-08-15	665,000	-	33,207	-	-	-	-	33,207
Renovations to the municipal building	18-09-15	115,000	-	38,577	-	1,592	-	-	36,985
Resurfacing of roads	18-10-15	12,000	1,017	-	-	-	1,017	-	-
One all terrain vehicle	18-05-16	20,000	5,111	-	-	-	5,111	-	-
Reconstruction of Spring Hill Road section III	18-11-16	165,000	81,134	-	-	-	-	81,134	-
Purchase of a cross convey or spreader	19-03-17	6,100	93	-	-	-	93	-	-
Reconstruction of Ridge Road	19-09-17								
	& 20-06-19	265,000	221,751	-	43,000	175,561	-	89,190	-
Construction of a 16x50 addition to existing Morton building at Horseshoe Bend	19-12-17	15,500	35	-	-	-	35	-	-
Painting of house, sealing of windows, and rebuilding of main deck at park house on Union Road	19-10-17	15,000	335	-	-	-	335	-	-
Purchase of a 2017 F-350 XL 4x4 SD super cab	19-13-17	47,000	611	-	-	-	611	-	-
Resurfacing of roads	19-11-18	70,000	-	-	-	-	-	-	-
Purchase of a Case International tractor	19-13-18	87,000	6,465	-	-	149	-	6,316	-
Installation of flooring at Horseshoe Bend Park	19-14-18	5,750	425	-	-	-	425	-	-
Resurfacing of roads	20-13-19	70,000	-	-	70,000	70,000	-	-	-
Digitalizing Township records	20-14-19	60,000	-	-	60,000	58,740	-	1,260	-
Purchase of Mack Granite 42FD MD	20-17-19	215,000	-	-	215,000	-	-	215,000	-
LED lighting at the municipal building	20-25-19	9,000	-	-	9,000	-	-	9,000	-
Purchase of toro zero turn mower	20-28-19	9,500	-	-	9,500	9,250	-	250	-
Purchase of coverall tarp	20-31-19	20,000	-	-	20,000	6,287	-	13,713	-
			<u>\$ 402,196</u>	<u>\$ 71,784</u>	<u>\$ 426,500</u>	<u>\$ 321,579</u>	<u>\$ 13,449</u>	<u>\$ 495,260</u>	<u>\$ 70,192</u>
	Ref.		C	C	Below	Below	Below	C	C

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Improvement Authorizations (continued)**

Capital improvement fund	C-10	\$ 396,500	
Reserve for purchase of municipal equipment	C-13	<u>30,000</u>	
		<u>\$ 426,500</u>	
Disbursements	C-2		\$ 315,292
Reserve for encumbrances	C-11	<u>6,287</u>	
		<u>\$ 321,579</u>	
Capital improvement fund	C-10		\$ 13,356
Reserve for purchase of municipal equipment	C-13		<u>93</u>
			<u>\$ 13,449</u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 195,199
Increased by		
Current year budget appropriation received	C-5	\$ 365,000
Improvement authorizations canceled	C-9	<u>13,356</u>
		<u>378,356</u>
		573,555
Decreased by		
Appropriated to finance improvement authorizations	C-9	<u>396,500</u>
Balance - December 31, 2019	C	<u><u>\$ 177,055</u></u>

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

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 99,007
Increased by		
Improvement authorization encumbrances charged	C-9	<u>6,287</u>
		105,294
Decreased by		
Disbursements	C-2	<u>87,359</u>
Balance - December 31, 2019	C	<u><u>\$ 17,935</u></u>

See independent auditors' report.

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

	<u>Ref.</u>	
Balance - December 31, 2018	C	\$ 10,000
Balance - December 31, 2019	C	<u>\$ 10,000</u>

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

	<u>Ref.</u>		
Balance - December 31, 2018	C		\$ -
Increased by			
Current year budget appropriation received	C-5	\$ 30,000	
Improvement authorization balance canceled	C-9	<u>93</u>	
			<u>30,093</u>
			30,093
Decreased by			
Appropriated to finance improvement authorizations	C-9		<u>30,000</u>
Balance - December 31, 2019	C		<u>\$ 93</u>

See independent auditors' report.

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

Balance - December 31, 2018	<u>Ref.</u> C	\$ 1,656
Decreased by		
Disbursements	C-2	<u>391</u>
Balance - December 31, 2019	C	<u><u>\$ 1,265</u></u>

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

Balance - December 31, 2018	<u>Ref.</u> C	\$ 18,394
Decreased by		
Disbursements	C-2	<u>3,959</u>
Balance - December 31, 2019	C	<u><u>\$ 14,435</u></u>

See independent auditors' report.

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

Balance - December 31, 2018	<u>Ref.</u> C	\$ 823
Increased by		
Current year budget appropriation received	C-5	<u>100</u>
Balance - December 31, 2019	C	<u><u>\$ 923</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 12/31/18	Increased	Decreased	Balance 12/31/19
			12/31/19						
			Date	Amount					
General improvements	09/01/04	\$ 1,263,000				\$ 108,000	\$ -	\$ 108,000	\$ -
General improvements	06/29/11	2,375,000	02/01/20	\$ 200,000	3.25%	1,675,000	-	100,000	1,575,000
			02/01/21	200,000	3.25%	-	-	-	-
			02/01/22	200,000	3.50%	-	-	-	-
			02/01/23	200,000	3.50%	-	-	-	-
			02/01/24	200,000	4.00%	-	-	-	-
			02/01/25	200,000	4.00%	-	-	-	-
			02/01/26	200,000	4.00%	-	-	-	-
			02/01/27	175,000	4.00%	-	-	-	-
					\$ 1,783,000	\$ -	\$ 208,000	\$ 1,575,000	
				Ref.	C		C-7	C	

See independent auditors' report.



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

Ordinance Number	Improvement Description	Original Note	Date of		Interest Rate	Balance 12/31/18	Increased	Decreased	Balance 12/31/19
			Issue	Maturity					
18-08-15	Acquisition of various road maintenance equipment	09/23/15	09/20/18 09/18/19	09/20/19 09/18/20	2.59% 3.00%	\$ 443,100 -	\$ - 379,800	\$ 443,100 -	\$ - 379,800
18-09-15	Renovations to the municipal building	09/23/15	09/20/18 09/18/19	09/20/19 09/18/20	2.59% 3.00%	64,400 -	- 55,200	64,400 -	- 55,200
						<u>\$ 507,500</u>	<u>\$ 435,000</u>	<u>\$ 507,500</u>	<u>\$ 435,000</u>
					<u>Ref.</u>	C	Below	Below	C
		Notes re-issued			C-18		\$ 435,000	\$ 435,000	
		Paid from budget appropriation			C-8		-	72,500	
							<u>\$ 435,000</u>	<u>\$ 507,500</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 12/31/18</u>	<u>Increased in 2019</u>	<u>Decreased in 2019</u>	<u>Balance 12/31/19</u>
14-22-07	Reconstruction of Oak Grove Road	\$ 10,285	\$ -	\$ 10,285	\$ -
16-01-10	Installation of solar panels	72,894	-	-	72,894
16-09-10	Reconstruction of Tumble Falls Road	<u>6,015</u>	<u>-</u>	<u>-</u>	<u>6,015</u>
		<u>\$ 89,194</u>	<u>\$ -</u>	<u>\$ 10,285</u>	<u>\$ 78,909</u>
	<u>Ref.</u>	<u>C</u>		<u>C-8</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)**

	2019		2018	
	Amount	%	Amount	%
<u>Revenue and other income realized</u>				
Fund balance utilized	\$ 652,500	4.12	\$ 624,430	4.00
Collection of current tax levy	13,942,054	88.10	13,790,124	88.51
Collection of delinquent taxes and tax title liens	368,516	2.33	365,406	2.35
Miscellaneous	862,676	5.45	800,559	5.14
Total income	<u>15,825,746</u>	<u>100.00</u>	<u>15,580,519</u>	<u>100.00</u>
<u>Expenditures</u>				
Budget expenditures				
Municipal purposes	2,828,194	18.66	2,655,224	17.75
Local school taxes	5,926,453	39.09	5,850,588	39.13
Regional school taxes	3,883,587	25.62	3,902,029	26.09
County taxes	2,334,638	15.40	2,359,948	15.78
Municipal open space tax	186,170	1.23	185,312	1.24
Other deductions	750	-	1,750	0.01
Total expenditures	<u>15,159,792</u>	<u>100.00</u>	<u>14,954,851</u>	<u>100.00</u>

See independent auditors' report.

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

	2019		2018	
	Amount	%	Amount	%
Excess in revenue	\$ 665,954		\$ 625,668	
Adjustment to income before fund balance				
Expenditures included above which are by				
statute deferred charges to budgets of				
succeeding years	-		26,000	
Regulatory excess to fund balance	665,954		651,668	
<u>Fund Balance</u>				
Fund balance January 1,	753,867		726,629	
	1,419,821		1,378,297	
Less: utilization as anticipated revenue	652,500		624,430	
Fund balance December 31,	\$ 767,321		\$ 753,867	

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	
2019	\$ 0.32	.2 \$ 0.38	\$ 0.98	\$ 0.63	\$ 2.31
2018	0.30	2 0.38	0.97	0.65	2.30
2017	0.27	0.36	0.95	0.62	2.20
2016	0.26	0.36	0.93	0.63	2.18
2015	0.25	0.38	0.92	0.61	2.16
2014	0.24	0.37	0.91	0.61	2.13
2013	0.23	0.37	0.91	0.59	2.10
2012	0.23	0.37	0.91	0.57	2.08
2011	0.23	0.37	0.89	0.55	2.04
2010	0.22	0.39	0.90	0.51	2.02

**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
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%
2010	606,143,650	697,511,612	86.90%

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
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%
2010	12,253,395	11,821,890	96.48%

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
2010	\$ 19,877,000	\$ 421,467,300	\$ 2,018,900	\$ 34,544,300	\$ 117,249,700	\$ 9,346,600	\$ 1,639,850	\$ 606,143,650
2011	19,848,200	422,700,800	1,988,300	35,078,200	117,585,500	9,346,600	1,559,512	608,107,112
2012	20,682,400	417,770,800	1,988,300	34,583,000	120,222,700	9,346,600	1,663,096	606,256,896
2013	20,444,100	420,624,300	1,988,300	34,945,700	119,600,100	9,346,600	1,480,282	608,429,382
2014	18,828,600	422,482,000	1,988,300	34,980,300	119,389,700	9,381,100	1,476,753	608,526,753
2015	22,065,150	421,252,699	1,988,300	34,962,700	119,291,501	9,381,100	1,653,010	610,594,460
2016	21,949,750	428,026,899	1,988,300	35,012,700	116,273,100	8,921,900	1,544,943	613,717,592
2017	20,706,400	427,194,899	1,988,300	34,962,400	118,941,700	8,921,900	1,545,288	614,260,887
2018	20,700,000	430,839,699	1,947,600	34,962,400	115,988,600	8,921,900	1,545,288	614,905,487
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

**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
2010	\$ 40,350	\$ 412,244	\$ 452,594	3.69%
2011	43,831	439,773	483,604	3.85%
2012	71,681	481,697	553,378	4.38%
2013	91,928	399,524	491,452	3.80%
2014	66,253	407,567	473,820	3.64%
2015	92,670	372,975	465,645	3.52%
2016	93,243	333,175	426,418	3.18%
2017	108,513	361,398	469,911	3.47%
2018	63,257	320,247	383,504	2.71%
2019	38,290	364,357	402,647	2.80%

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
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
2010	-

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	December 31,	Amount	Utilized in Budget of Succeeding Year
Current fund	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
	2010	723,577	657,000

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Debt Incurring Capacity as of December 31, 2019**  
**(Unaudited)**

Municipality

1. Equalized valuations of real property (2019, 2018, 2017)	\$ 618,560,381
2. Permitted municipal debt limitation (3.5% of \$618,560,381)	21,649,613
3. Net debt issued, outstanding and authorized	2,088,909
4. Excess school borrowing	-
5. Total charges to borrowing margin	<u>2,088,909</u>
6. Remaining municipal borrowing capacity	<u><u>\$ 19,560,704</u></u>

Local school district

1. Permitted school district debt limitation (3.0% of \$618,560,381)	\$ 18,556,811
2. Debt issued, outstanding and authorized	<u>900,000</u>
3. Remaining municipal borrowing capacity	<u><u>\$ 17,656,811</u></u>

Gross and statutory net debt as of December 31,

Year	Gross Debt Amount	Statutory Net Debt	
		Amount	Percentage of Equalized Valuations
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%
2010	7,702,644	4,078,785	0.59%

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2019**  
**(Unaudited)**

General purposes			
Bonds, notes and loans issued and outstanding			
Bonds		\$ 1,575,000	
Notes		435,000	
Bonds and notes authorized but not issued		<u>78,909</u>	
			\$ 2,088,909
Local school district			
Bonds, notes and loans issued and outstanding			
Bonds		900,000	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			900,000
Regional school district			
Bonds		-	
Notes		-	
Bonds and notes authorized but not issued		<u>-</u>	
			-
Total gross debt			<u>2,988,909</u>
Statutory deductions			
Municipal		-	
Local school district		900,000	
Regional school district		<u>-</u>	
			<u>900,000</u>
Total net debt			<u><u>\$ 2,088,909</u></u>
Overlapping debt as of December 31, 2019			
	Debt Outstanding	Estimated % Applicable	
Local school district debt	\$ 900,000	100.00%	\$ 900,000
Regional school district debt	-	0.00%	-
County debt	85,870,477	2.86%	<u>2,455,293</u>
Total overlapping debt			<u><u>\$ 3,355,293</u></u>

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Statistical Data**  
**Statement of Indebtedness as of December 31, 2019 (continued)**  
**(Unaudited)**

	Year	Assessed Valuation	Amount
Gross debt			\$ 2,988,909
Per capita (population 2010 census - 3,844)			778
Percent of average equalized valuation basis	2019	\$ 618,560,381	0.48%
Percent of net valuation taxable	2019	617,187,688	0.48%
Net municipal debt			2,088,909
Per capita (population 2010 census - 3,844)			543
Percent of average equalized valuation basis	2019	618,560,381	0.34%
Percent of net valuation taxable	2019	617,187,688	0.34%
Overall debt (gross and overlapping debt)			5,444,202
Per capita (population 2010 census - 3,844)			1,416
Percent of average equalized valuation basis	2019	618,560,381	0.88%
Percent of net valuation taxable	2019	617,187,688	0.88%

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Schedule of Insurance**  
**For the Year Ended December 31, 2019**  
**(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	10,000,000	10,000 to
National Casualty Insurance Company		20,000
Environmental impairment - through ACE Insurance	20,000,000	25,000
Crime policy - through the Fidelity and Deposit Co.		
Tax Collector and Treasurer's Bond	1,000,000	5,000
Employee dishonesty bond	1,000,000	5,000
Faithful performance	1,000,000	5,000
Cyber and technology liability - through Indian Harbor		
Insurance Company	2,000,000	2,500

Adequacy of insurance coverage is the responsibility of the Municipality.

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**

**PART III**

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

**SCHEDULE OF EXPENDITURES OF STATE  
FINANCIAL ASSISTANCE**

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

**SCHEDULE OF FINDINGS AND RESPONSES**

**LIST OF OFFICIALS**

**GENERAL COMMENTS**

**ACKNOWLEDGEMENTS**



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the Division) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group of the Township of Kingwood, in the County of Hunterdon, (the Municipality) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 17, 2020. 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 2019-01 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 17, 2020  
Flemington, New Jersey

**TOWNSHIP OF KINGWOOD**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended December 31, 2019**

Grant Award Program	Project	Award	Grant Period		Balance			Balance	
	Number	Amount	From	To	12/31/18	Receipts	Expended	Returned/	Balance
								(Canceled)	12/31/19
Clean communities program	765-042-4900-004	\$ 17,063	01/01/18	06/30/19	\$ 8,174	\$ -	\$ 8,174	\$ -	\$ -
Clean communities program	765-042-4900-004	19,049	01/01/19	06/30/20	-	19,049	19,049	-	-
Recycling tonnage grant	752-042-4900-001	9,297	12/15/17	6/15/19	1,244	-	1,244	-	-
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	-	-	7,034
NJ Dept. of Transportation Aid -									
Spring Hill Road Section III	480-078-6320	125,000	Ongoing		(83,866)	-	-	-	(83,866)
NJ Dept. of Transportation Aid -									
Ridge Road	480-078-6320	200,000	Ongoing		(249)	150,000	175,561	-	(25,810)
NJ Historic Trust Grant	Not available	30,000	Ongoing		-	24,000	17,600	-	6,400
Delaware River Greenway Program	Not available	1,827	Ongoing		-	914	1,093	-	(179)
Sustainable Jersey Small Grants Program	Not available	2,000	Ongoing		-	2,000	-	-	2,000
NJ State TDR Bank Board									
Planning Assistance Grant	Not available	40,000	01/01/16	12/31/18	(17,964)	-	2,036	-	(20,000)
Total state financial assistance					\$ (92,661)	\$ 209,409	\$ 224,757	\$ -	\$ (108,009)

See independent auditors' report.

**TOWNSHIP OF KINGWOOD**  
**Notes to the Schedules of Expenditures of State Financial Assistance**  
**For the Year Ended December 31, 2019**

Note 1 - General

The accompanying Schedule of Expenditures State Financial Assistance presents the activity of all Federal and State Financial Award Programs of the Township of Kingwood, County of Hunterdon, State of New Jersey (the Municipality) for the year ended December 31, 2019.

Note 2 - Basis of accounting

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

Note 3 - Relationship to the financial statements

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

Fund	State	Total
Grant fund	\$ 49,196	\$ 49,196
General capital fund	175,561	175,561
Total	<u>\$ 224,757</u>	<u>\$ 224,757</u>

See independent auditors' report.

## **TOWNSHIP OF KINGWOOD**

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

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

##### Finding 2019-01

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 has implemented compensating controls and continues to consider risk assessment as it relates to the likelihood of misstatement of financial statement amounts due to error or fraud.

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

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

2018-01 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:

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

\* \* \* \* \*

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

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

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

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

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

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

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

Department of Public Works Equipment	Road Materials
Contracted Services	Snow and Ice Removal Materials
Fuel Oil	Septic Cleaning Services
Information Technology Supplies	Codification Services
Construction Code Office Software	Cooperative Purchasing Services
Clean Energy Program Services	Imaging Services
Road Reconstruction Project	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	Engineer
Township Attorney	Planner
Planning Board Attorney	Historic Preservation Consultant
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 2019 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>
2019	13
2018	17
2017	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