

**TOWNSHIP OF DENNIS
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2017**

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TOWNSHIP OF DENNIS

PART I

REPORT ON AUDIT OF

FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2017



FORD - SCOTT

& ASSOCIATES, L.L.C.

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Committee
Township of Dennis
County of Cape May, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Township of Dennis, as of December 31, 2017 and 2016, the related statement of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township'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 basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Township of Dennis on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Township of Dennis as of December 31, 2017 and 2016, or changes in financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2017 and 2016, the regulatory basis statements of operations for the year then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2017 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dennis’ basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 on our consideration of the Township of Dennis' 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 Township of Dennis' internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 15, 2018

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**EXHIBIT - A
CURRENT FUND**

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 4,587,484.11	4,686,188.29
Cash - Change	800.00	800.00
Total Cash	<u>4,588,284.11</u>	<u>4,686,988.29</u>
Other Receivables:		
Due from State:		
Chapter 20 P.L. 1971	3,712.71	2,380.47
Total Other Receivables	<u>3,712.71</u>	<u>2,380.47</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	284,434.41	336,503.55
Tax Title and Other Liens	227,701.80	203,221.71
Property Acquired for Taxes - at Assessed Valuation	641,155.00	641,155.00
Interfund Receivable:		
TTL Redemption Fund	65.75	-
Other Trust	8,763.14	-
Animal Control Trust Fund	12,283.10	14,283.10
Total Receivables and Other Assets	<u>1,174,403.20</u>	<u>1,195,163.36</u>
Deferred Charges:		
Special Emergency Appropriation	80,000.00	155,000.00
Emergency Appropriation	15,000.00	-
Overexpenditure of Appropriation	1,376.00	-
Total Deferred Charges	<u>96,376.00</u>	<u>155,000.00</u>
Total Regular Fund	<u>5,862,776.02</u>	<u>6,039,532.12</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	12,210.06	10,093.32
Due from Current Fund	142,292.11	127,785.95
Total Federal and State Grant Fund	<u>154,502.17</u>	<u>137,879.27</u>
Total Current Fund	<u>\$ 6,017,278.19</u>	<u>6,177,411.39</u>

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2017</u>	<u>2016</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 281,204.63	203,698.35
Reserve for Encumbrances/Accounts Payable	132,287.78	181,345.56
Prepaid Taxes	530,602.51	355,945.35
Overpaid Taxes	18,856.62	22,957.64
Local School Tax Payable	1,409,266.91	1,267,506.65
County Added Tax Payable	7,794.20	6,430.00
Due to State:		
Marriage Licenses	200.00	100.00
Interfund Payable:		
General Capital Fund	783,994.33	1,519,971.69
Trust - Other	65,429.87	56,477.60
Federal and State Grant Fund	142,292.11	127,785.95
Other:		
Reserve for Tax Map Revisions	8,272.60	8,272.60
	<u>3,380,201.56</u>	<u>3,750,491.39</u>
Emergency Note Payable	70,000.00	140,000.00
Reserve for Receivables and Other Assets	1,174,403.20	1,195,163.36
Fund Balance	<u>1,238,171.26</u>	<u>953,877.37</u>
Total Regular Fund	<u>5,862,776.02</u>	<u>6,039,532.12</u>
Federal and State Grant Fund:		
Unappropriated Reserves	18,025.34	8,617.33
Appropriated Reserves	126,832.83	121,867.94
Encumbrances Payable	<u>9,644.00</u>	<u>7,394.00</u>
Total Federal and State Grant Fund	<u>154,502.17</u>	<u>137,879.27</u>
Total Current Fund	<u>\$ 6,017,278.19</u>	<u>6,177,411.39</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2017	2016
Revenue and Other Income Realized		
Fund Balance	\$ 425,000.00	425,000.00
Miscellaneous Revenue Anticipated	1,978,653.89	1,966,273.94
Receipts from Delinquent Taxes and Tax Title Liens	347,356.17	315,350.25
Receipts from Current Taxes	14,543,789.06	14,036,216.53
Non Budget Revenue	110,622.59	93,010.34
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	267,024.15	185,395.00
Interfund Returned	2,049.94	-
Total Income	17,674,495.80	17,021,246.06
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	1,227,550.00	1,233,658.00
Other Expenses	2,280,757.00	2,172,081.00
Deferred Charges & Statutory Expenditures	240,677.00	247,744.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	41,889.56	36,730.77
Capital Improvements	10,000.00	10,000.00
Debt Service	262,246.11	261,449.04
Deferred Charges	75,000.00	76,775.00
Local District School Tax	9,683,533.00	9,398,460.00
County Tax	2,330,863.41	2,262,613.15
Special District Taxes	819,433.00	793,289.00
Prior Year Senior Citizens Disallowed	750.00	2,348.39
Interfund Created	8,878.83	-
Total Expenditures	16,981,577.91	16,495,148.35
Excess in Revenue	692,917.89	526,097.71

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2017	2016
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	16,376.00	-
Total Adjustments	16,376.00	-
Statutory Excess to Fund Balance	709,293.89	526,097.71
Fund Balance January 1	953,877.37	852,779.66
	1,663,171.26	1,378,877.37
Decreased by:		
Utilization as Anticipated Revenue	425,000.00	425,000.00
Fund Balance December 31	\$ 1,238,171.26	953,877.37

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 425,000.00		-
Total Fund Balance Anticipated	425,000.00	-	-
Miscellaneous Revenues:			
Section A: Local Revenues			
Interest and Costs on Taxes	58,000.00		6,073.12
Recreation Summer Program	35,000.00		8,280.00
Lease of Township Property	57,000.00		3,019.20
Cable Franchise Fee	25,000.00		7,705.01
Total Section A: Local Revenues	175,000.00	-	25,077.33
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	1,514,157.00		-
Garden State Preservation Trust Fund	129,366.00		-
Total Section B: State Aid Without Offsetting Appropriations	1,643,523.00	-	-
Total Section A: Local Revenues	175,000.00	-	25,077.33
Total Section B: State Aid Without Offsetting Appropriations	1,643,523.00	-	-
Total Fund Balance Anticipated	425,000.00	-	-
Total Fund Balance Anticipated	425,000.00	-	-

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Recycling Tonnage Grant	8,927.18		-
Municipal Alliance on Alcoholism and Drug Abuse	7,344.00		-
Clean Communities		22,173.88	-
Alcohol Education & Rehabilitation Fund		1,608.50	-
Total Section F: Special Items - Public and Private Programs	16,271.18	23,782.38	-
Section G: Other Special Items			
Reserve to Pay Debt Service	95,000.00		-
Total Section G: Other Special Items	95,000.00	-	-
Total Miscellaneous Revenues:	1,929,794.18	23,782.38	25,077.33
Receipts from Delinquent Taxes	290,000.00		57,356.17
Amount to be Raised by Taxes for Support of Municipal Budget	1,967,741.97		255,588.65
Local Tax for Municipal Purposes	1,967,741.97		255,588.65
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,612,536.15	23,782.38	338,022.15
Budget Totals			
Non- Budget Revenues:			
Other Non- Budget Revenues:	-		110,622.59
\$	4,612,536.15	23,782.38	448,644.74

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Mayor and Committee	\$ 58,500.00	58,500.00	57,947.65	552.35	-
Salaries and Wages	6,000.00	6,000.00	4,429.57	1,343.84	-
Other Expenses					
Administrator		15,000.00	9,010.35	1,730.77	4,258.88
Salaries and Wages					
Township Clerk		102,500.00	93,131.39	50.00	9,318.61
Salaries and Wages	25,000.00	25,000.00	19,851.56	4,694.81	453.63
Other Expenses					
Financial Administration					
Salaries and Wages	81,000.00	81,000.00	80,810.65	189.35	-
Other Expenses	19,500.00	19,500.00	11,353.36	5,887.75	2,258.89
Audit Services					
Other Expenses	29,500.00	29,500.00	29,500.00	-	-
Assessment of Taxes					
Salaries and Wages	112,000.00	112,000.00	88,892.78	23,107.22	-
Other Expenses	19,000.00	19,000.00	17,098.30	1,820.26	81.44
Collection of Taxes					
Salaries and Wages	65,000.00	70,000.00	68,535.75	1,464.25	-
Other Expenses	15,150.00	15,150.00	14,495.71	125.00	529.29
Liquidation of Tax Title Liens					
Other Expenses	10,000.00	10,000.00	6,108.52	3,891.48	(0.00)
Legal Services					
Other Expenses	65,000.00	65,000.00	59,304.29	1,736.00	3,959.71
Engineering Services					
Other Expenses	38,000.00	38,000.00	37,816.25	183.75	-
State and Federal Aid Coordinator					
Other Expenses	12,000.00	12,000.00	980.00	3,020.00	8,000.00
MUNICIPAL COURT					
Other Expenses	115,000.00	115,000.00	115,000.00	-	-
LAND USE ADMINISTRATION					
Planning and Zoning					
Salaries and Wages	20,000.00	22,000.00	20,954.29	1,045.71	-
Other Expenses	10,000.00	10,000.00	7,491.39	700.00	1,808.61

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved		
INSURANCE							
General Liability	85,000.00	130,500.00	54,316.65		76,183.35	-	
Workers Compensation Insurance	140,000.00	140,000.00	96,341.51		43,658.49	-	
Employee Group Health	580,000.00	580,000.00	554,607.47	1,175.00	24,217.53	-	
PUBLIC SAFETY							
Emergency Management Services							
Salaries and Wages	10,000.00	10,000.00	9,280.00		720.00	-	
Other Expenses	3,000.00	3,000.00	761.06	156.00	2,082.94	-	
Central Dispatch							
Other Expenses	126,900.00	126,900.00	126,809.40		90.60	-	
First Aid Organizations-Contributions	105,000.00	105,000.00	105,000.00		-	-	
Supplemental Fire Services							
Fire District Payment	2,481.00	2,481.00	2,481.00		-	-	
PUBLIC WORKS							
Department of Public Works							
Salaries and Wages	435,000.00	435,000.00	407,296.37	4,961.86	22,741.77	-	
Other Expenses	110,000.00	110,000.00	92,843.85	17,156.15	-	(0.00)	
Public Buildings and Grounds							
Other Expenses	42,750.00	46,750.00	31,756.40	12,898.44	2,095.16	-	
Gypsy Moth Program							
Other Expenses	100.00	100.00			100.00	-	
Solid Waste Collection							
Other Expenses	177,000.00	177,000.00	178,376.00			(1,376.00)	
HEALTH AND WELFARE							
Board of Health							
Other Expenses	2,000.00	2,000.00	844.40	475.00	680.60	-	
Dog Regulation							
Other Expenses	35,000.00	35,000.00	32,704.50		2,295.50	-	
Environmental Commission							
Other Expenses	1,000.00	1,000.00	233.80	610.00	156.20	-	
Code Enforcement Officer							
Salaries and Wages	12,500.00	12,500.00	12,015.00	239.30	245.70	-	
Other Expenses	1,000.00	1,000.00	609.49	140.00	250.51	-	

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
PARK AND RECREATION						
Recreation						
Salaries and Wages	191,000.00	191,000.00	186,590.47		4,409.53	-
Other Expenses	50,000.00	50,000.00	34,026.38	15,973.62	-	0.00
Parks and Playgrounds						
Salaries and Wages	75,000.00	75,000.00	70,828.52	1,800.76	2,370.72	-
Other Expenses	35,000.00	35,000.00	26,309.70	8,690.30	-	-
Municipal Alliance Committee						
Salaries and Wages	4,700.00	4,700.00	3,141.77		1,558.23	-
Senior Center						
Salaries and Wages	37,750.00	38,250.00	38,088.74		161.26	-
Other Expenses	10,000.00	10,000.00	3,238.40	6,761.60	-	(0.00)
History Center & Cultural Heritage						
Salaries and Wages	100.00	100.00			100.00	-
Other Expenses	3,000.00	3,000.00	2,159.77	70.00	770.23	-
UNCLASSIFIED						
Special Events	20,000.00	20,000.00	16,627.64	100.00	3,272.36	-
Sick and Terminal Leave	5,000.00	13,000.00	12,507.64		492.36	-
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	75,000.00	75,000.00	53,656.86	7,290.09	14,053.05	-
Telephone	27,500.00	27,500.00	21,520.51	1,875.00	4,104.49	-
Gas (Propane)	35,000.00	5,000.00	(550.00)	5,000.00	550.00	-
Telecommunications Costs	1,000.00	1,000.00	850.70		149.30	-
Gasoline and Diesel Fuel	50,000.00	15,000.00	10,000.00		5,000.00	-
Landfill Disposal Costs	200,000.00	200,000.00	179,660.78	20,332.00	7.22	-
TOTAL OPERATIONS WITHIN "CAPS"	3,491,931.00	3,506,931.00	3,107,646.59	129,587.78	271,072.63	(1,376.00)
Contingent	-				-	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	3,491,931.00	3,506,931.00	3,107,646.59	129,587.78	271,072.63	(1,376.00)
Detail:						
Salaries and Wages	1,205,050.00	1,227,550.00	1,146,523.73	8,782.69	72,243.58	-
Other Expenses	2,286,881.00	2,279,381.00	1,961,122.86	120,805.09	198,829.05	(1,376.00)

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None	-				-
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	131,077.00	131,077.00	131,077.00		-
Social Security System (O.A.S.I.)	100,000.00	100,000.00	88,411.96	2,500.00	9,088.04
Unemployment Compensation Insurance	9,500.00	9,500.00	8,356.04	200.00	943.96
Defined Contribution Retirement Program	100.00	100.00			100.00
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	<u>240,677.00</u>	<u>240,677.00</u>	<u>227,845.00</u>	<u>2,700.00</u>	<u>10,132.00</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>3,732,608.00</u>	<u>3,747,608.00</u>	<u>3,335,491.59</u>	<u>132,287.78</u>	<u>281,204.63</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Public and Private Programs Off-Set by Revenues					
Municipal Alliance - County Share	7,344.00	7,344.00	7,344.00		-
Municipal Alliance - Local Share	1,836.00	1,836.00	1,836.00		-
Recycling Tonnage Grant	8,927.18	8,927.18	8,927.18		-
Clean Communities		22,173.88	22,173.88		-
Alcohol Education & Rehabilitation Fund		1,608.50	1,608.50		-
Total Public and Private Programs Off-Set by Revenues	<u>18,107.18</u>	<u>41,889.56</u>	<u>41,889.56</u>		-
Total Operations - Excluded from "CAPS"	18,107.18	41,889.56	41,889.56		-
Detail:					
Salaries and Wages					
Other Expenses	18,107.18	41,889.56	41,889.56		-
(C) Capital Improvements					
Capital Improvement Fund	10,000.00	10,000.00	10,000.00		-
Total Capital Improvements	<u>10,000.00</u>	<u>10,000.00</u>	<u>10,000.00</u>		-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
(D) Debt Service					
Payment of Bond Principal	215,000.00	215,000.00	215,000.00	-	-
Interest on Bonds	46,450.00	46,450.00	45,850.00	-	600.00
Interest on Notes	2,000.00	2,000.00	1,396.11	-	603.89
Total Debt Service	<u>263,450.00</u>	<u>263,450.00</u>	<u>262,246.11</u>	<u>-</u>	<u>1,203.89</u>
(E) Deferred Charges					
Special Emergency Authorization - 5 Years	75,000.00	75,000.00	75,000.00	-	-
Total Deferred Charges	<u>75,000.00</u>	<u>75,000.00</u>	<u>75,000.00</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	366,557.18	390,339.56	389,135.67	-	1,203.89
SUBTOTAL GENERAL APPROPRIATIONS	<u>4,099,165.18</u>	<u>4,137,947.56</u>	<u>3,724,627.26</u>	<u>132,287.78</u>	<u>(172.11)</u>
(M) Reserve for Uncollected Taxes	513,370.97	513,370.97	513,370.97	-	-
TOTAL GENERAL APPROPRIATIONS	<u>\$ 4,612,536.15</u>	<u>4,651,318.53</u>	<u>4,237,998.23</u>	<u>281,204.63</u>	<u>(172.11)</u>
Budget		4,612,536.15		Cancelled	1,203.89
Appropriations by 40A:4-87		23,782.38		Overexpended	(1,376.00)
Emergency		15,000.00			<u>(172.11)</u>
		<u>4,651,318.53</u>			
Reserve for Uncollected Taxes		513,370.97			
Federal and State Grants		41,889.56			
Deferred Charges		75,000.00			
Capital Improvement Fund		10,000.00			
Due from Dog		2,000.00			
Disbursements		3,595,737.70			
		<u>4,237,998.23</u>			

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

**EXHIBIT - B
TRUST FUND**

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2017	2016
<u>Assets</u>		
<u>Animal Control Fund</u>		
Cash and Investments	\$ 13,277.92	25,557.48
	13,277.92	25,557.48
<u>Other Funds</u>		
Cash and Investments	464,192.87	419,456.70
Due from Current Fund	65,429.87	65,290.68
	529,622.74	484,747.38
	\$ 542,900.66	510,304.86

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2017	2016
<u>Liabilities, Reserves and Fund Balance</u>		
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	\$ 994.82	11,274.38
Due to Current Fund	12,283.10	14,283.10
	13,277.92	25,557.48
<u>Other Funds</u>		
Due to Current Fund	8,828.89	8,813.08
Due to State of New Jersey	1,722.00	2,981.00
Reserve for Construction Code	98,112.08	75,338.23
Deposits for Tax Title Lien Certificates	149,600.00	80,500.00
Reserve for Small Cities Escrow	26,399.35	26,399.35
Reserve for Flexible Spending Account	674.67	674.34
Reserve for Payroll	37,178.00	43,905.10
Reserve for Planning Board Escrows	205,639.61	244,450.55
Reserve for Municipal Alliance	1,468.14	1,685.73
	529,622.74	484,747.38
	\$ 542,900.66	510,304.86

EXHIBIT - C
GENERAL CAPITAL FUND

**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Deferred Charges to Future Taxation -		
Funded	\$ 1,975,000.00	2,190,000.00
Unfunded	237,500.00	-
Grants Receivable	49,947.86	472,102.52
Interfunds and Receivables:		
Due from Current Fund	783,994.33	1,519,971.69
	<u>3,046,442.19</u>	<u>4,182,074.21</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	246,751.59	249,069.00
Bonds Payable	1,975,000.00	2,190,000.00
Improvement Authorizations:		
Funded	565,355.93	1,409,745.54
Unfunded	23,575.00	-
Reserve for Debt Service	-	95,000.00
Capital Improvement Fund	212,801.00	215,301.00
Fund Balance	22,958.67	22,958.67
	<u>\$ 3,046,442.19</u>	<u>4,182,074.21</u>

There were bonds and notes authorized but not issued at December 31,

2016	-
2017	237,500.00

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2017	2016
Beginning Balance January 1	\$ 22,958.67	22,958.67
Increased by:		
None	-	-
Decreased by:		
None	-	-
Ending Balance December 31	\$ 22,958.67	22,958.67

EXHIBIT - G
GENERAL FIXED ASSETS ACCOUNT GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2017</u>	<u>2016</u>
General Fixed Assets:		
Land	\$ 270,563.00	270,563.00
Buildings	2,202,628.01	2,098,998.71
Machinery and Equipment	<u>1,797,630.57</u>	<u>2,008,088.62</u>
Total General Fixed Assets	<u><u>4,270,821.58</u></u>	<u><u>4,377,650.33</u></u>
Investment in General Fixed Assets	\$ <u><u>4,270,821.58</u></u>	<u><u>4,377,650.33</u></u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Township of Dennis include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Township of Dennis, as required by N.J.S. 40A:5-5.

The Township of Dennis is a mainland community located in the County of Cape May, State of New Jersey. The population according to the 2010 census is 6,467.

The Township of Dennis is incorporated and operates under a Mayor and Committee form of government. The Mayor is the chief executive officer of the Township and is appointed by Township Committee.

Component units are legally separate organizations for which the township is financially accountable. The township is financially accountable for an organization if the township appoints a voting majority of the organization's governing board and (1) the township is able to significantly influence the programs or services performed or provided by the organization; or (2) the township is legally entitled to or can otherwise access the organization's resources; the township is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the township in that the township approves the budget, the issuance of debt or the levying of taxes. The Township of Dennis has component units consisting of three fire districts as defined by Governmental Accounting Standards Board (GASB).

B. Description of Funds

The accounting policies of the Township of Dennis conform to the accounting principles applicable to municipalities which have been prescribed by the 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 the respect to public funds. Under this method of accounting, the Township of Dennis accounts for its financial transactions through the following separate funds:

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

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Revenues -- are recorded as 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 township budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Township's Current Fund, such amounts are not recorded as revenue until collected. Other amounts that are due to the township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis. The Township charges appropriations in their annual budget and transfers these funds to a dedicated trust fund for Sick Pay.

Foreclosed Property -- 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 by returning the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to municipal use, it will be capitalized in the General Fixed Assets Account Group. GAAP requires property to be recorded at the market value at the time of acquisition.

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

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

General Fixed Assets -- The Township has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized.

No depreciation has been provided for in the financial statements.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Expenditures for construction in progress are recorded in the Capital fund until such time as the construction is completed and put into operation.

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Township of Dennis to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the Township of Dennis to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the township's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

F. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement, which is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations". This statement is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the Township's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities". This statement is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the Township's financial reporting.

In March 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 85, "Omnibus 2017". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In May 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 86, "Certain Debt Extinguishment Issues". This statement is effective for fiscal periods beginning after June 15, 2017, will not have any effect on the Township's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases". This statement is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the Township's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2017 and 2016 statutory budgets included a reserve for uncollected taxes in the amount of \$513,370.97 and \$501,378.45. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2017 and 2016 statutory budgets was \$425,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by the Township Committee. The following significant budget transfers were approved in the 2017 and 2016 calendar years:

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
<u>Current Fund:</u>		
Engineering Services		
Other Expenses	\$	15,000.00
Insurance		
General Liability	45,500.00	
Workers Compensation Insurance		(32,500.00)
Utility Expenses and Bulk Purchases		
Gas (Propane)	(30,000.00)	
Gasoline and Diesel Fuel	(35,000.00)	

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2017 and 2016, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2017</u>	<u>2016</u>
Clean Communities Program	\$ 22,173.88	\$ 26,100.34
Alcohol Education and Rehabilitation	1,608.50	1,450.43

The township may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years.

In 2013, the township approved two special emergency appropriations for \$315,000.00 and \$35,000.00. The \$315,000.00 emergency was for a revaluation in the township and the \$35,000.00 emergency was for tax map revisions. In 2014, the township approved a special emergency appropriation for \$25,000.00. This emergency was for tax map revisions additional. The unfunded balance as of December 31, 2017 for the townships special emergencies was \$80,000.00.

As of December 31, 2017, the Township has one emergency appropriation; \$15,000.00 for an emergency appropriation for Administrator Salaries and Wages approved September 8, 2017. The Township has raised this emergency authorization in the 2018 budget.

NOTE 3: INVESTMENTS

Pursuant to the Enabling Act, the funds of the Township may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the Township may approve. It invests pooled monies from various State and non-State agencies in primarily short-term investments.

As of December 31, 2017 and 2016, the Township did not have any investments.

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the Township can invest in any one issuer.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring 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 fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2017, \$53,168.85 of the government's bank balance of \$5,519,980.17 was exposed to custodial credit risk. As of December 31, 2016, \$59,131.87 of the government's bank balance of \$5,249,719.20 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2017 and 2016:

	Balance 12/31/2015	Additions	Retirements	Balance 12/31/2016
Land	\$ 270,563.00			270,563.00
Building	2,098,998.71			2,098,998.71
Machinery and Equipment	1,928,553.04	79,535.58		2,008,088.62
	<u>\$ 4,298,114.75</u>	<u>79,535.58</u>	<u>-</u>	<u>4,377,650.33</u>

	Balance 12/31/2016	Additions	Adjustments/ Retirements	Balance 12/31/2017
Land	\$ 270,563.00			270,563.00
Building	2,098,998.71	104,729.30	(1,100.00)	2,202,628.01
Machinery and Equipment	2,008,088.62	31,672.95	(242,131.00)	1,797,630.57
	<u>\$ 4,377,650.33</u>	<u>136,402.25</u>	<u>(243,231.00)</u>	<u>4,270,821.58</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 6: LONG TERM DEBT

Long-term debt as of December 31, 2017 and 2016 consisted of the following:

	Balance 12/31/15	Issued	Retired	Balance 12/31/16	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 111,337.07	7,008.60		118,345.67	10,966.49
General Capital Fund:					
Bonds Payable	2,400,000.00		210,000.00	2,190,000.00	215,000.00
Total long-term liabilities	<u>\$ 2,511,337.07</u>	<u>7,008.60</u>	<u>210,000.00</u>	<u>2,308,345.67</u>	<u>225,966.49</u>
	Balance 12/31/16	Issued	Retired	Balance 12/31/17	Amounts Due Within One Year
Other liabilities:					
Compensated					
Absences Payable	\$ 118,345.67		21,877.77	96,467.90	13,023.33
General Capital Fund					
Bonds Payable	2,190,000.00		215,000.00	1,975,000.00	215,000.00
Total long-term liabilities	<u>\$ 2,308,345.67</u>	<u>-</u>	<u>236,877.77</u>	<u>2,071,467.90</u>	<u>228,023.33</u>

Description of Bonds and Loans Payable

At December 31, 2017, bonds payable in the General Capital Fund consisted of the following individual issues:

\$2,400,000.00 General Improvement Bonds dated October 6, 2015, due in annual installments beginning October 1, 2016 through October 1, 2025, bearing interest at various rates from 2.000% to 2.375% per annum. The balance remaining as of December 31, 2017, is \$1,975,000.00.

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

Year Ending December 31	General Capital Fund	
	Principal	Interest
2018	\$ 215,000.00	41,550.00
2019	225,000.00	37,250.00
2020	235,000.00	32,750.00
2021	240,000.00	28,050.00
2022	250,000.00	23,250.00
2023-2025	810,000.00	37,625.00
	<u>\$ 1,975,000.00</u>	<u>200,475.00</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

<u>Summary of Municipal Debt</u>	<u>Year 2017</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 1,975,000.00	\$ 2,190,000.00	2,400,000.00
Total Issued	<u>1,975,000.00</u>	<u>2,190,000.00</u>	<u>2,400,000.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	237,500.00	-	1,775.00
Total Authorized But Not Issued	<u>237,500.00</u>	<u>-</u>	<u>1,775.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 2,212,500.00</u>	<u>\$ 2,190,000.00</u>	<u>2,401,775.00</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.250%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 1,910,000.00	1,910,000.00	-
General Debt	2,212,500.00		2,212,500.00
	<u>\$ 4,122,500.00</u>	<u>1,910,000.00</u>	<u>2,212,500.00</u>

Net Debt \$2,212,500.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$885,473,292.33 = 0.250%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 30,991,565.00
Net Debt	(2,212,500.00)
Remaining Borrowing Power	<u>\$ 33,204,065.00</u>

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2017 and 2016, which were appropriated and included as anticipated revenue in their respective funds for the year ending December 31, 2018 and 2017 were as follows:

		<u>2018</u>	<u>2017</u>
Current Fund	\$	594,050.00	425,000.00

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 8: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2017, the following deferred charges are shown on the balance sheets of the various funds:

	Balance December 31, 2017	2018 Budget Appropriation	Balance to Succeeding
Current fund:			
Special Emergency Appropriation	\$ 80,000.00	80,000.00	-
	<u>80,000.00</u>	<u>80,000.00</u>	<u>-</u>

NOTE 9: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2017	12/31/2016
Balance of Tax	\$ 5,059,266.91	\$ 4,917,506.65
Deferred	3,650,000.00	3,650,000.00
Tax Payable	<u>\$ 1,409,266.91</u>	<u>1,267,506.65</u>

NOTE 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance 12/31/17	Balance 12/31/16
Prepaid Taxes	\$ 530,602.51	\$ 355,945.35
Cash Liability for Taxes Collected in Advance	<u>\$ 530,602.51</u>	<u>355,945.35</u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 11: PENSION FUNDS

Description of Plans

Substantially all of the township's employees participate in the Public Employees' Retirement System (PERS) cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43: 15c-1 et seq. Currently there are no individuals enrolled in DCRP.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.2% through June 30, 2017 and 7.34% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 13.37% of covered payroll. The Township's contributions to PERS for the years ended December 31, 2017, 2016, and 2015 were \$131,077.00, \$136,144.00, and \$129,007.00.

The total payroll for the year ended December 31, 2017 and 2016 was \$1,156,892.47 and \$1,173,587.20. Payroll covered by PERS was \$990,020.00 and \$1,015,071.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) operates and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2017:

Public Employees' Retirement System

The Township has a liability of \$3,410,723.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Township's proportion of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the Township's proportion would be 0.01465187780%, which would be a decrease of 0.70% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Township would have recognized pension expense of \$159,928.00. At December 31, 2017, the Township would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 80,311	
Changes of assumptions	687,143	(684,624)
Changes in proportion	17,098	(277,267)
Net difference between projected and actual earnings on pension plan investments	23,225	
Total	<u>\$ 807,777</u>	<u>(961,891)</u>

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

<u>Year ended June 30,</u>		
2018	\$	(122,609)
2019		(178,133)
2020		(105,810)
2021		141,462
2022		110,976
Total	<u>\$</u>	<u>(154,114)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. 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 inflations. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. 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 3.58% as of June 30, 2017, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Township's proportionate share of the net pension liability calculated using the discount rate of 5.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00%) or 1-percentage point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Township's proportionate share of the net pension liability	\$ 4,092,044	3,410,723	\$ 2,843,833

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

NOTE 13: ACCRUED SICK AND VACATION BENEFITS

The Township has permitted employees to accrue unused vacation, personal and sick time. It is the Township's policy that upon township committee approval unused vacation time may be carried forward into the next succeeding year only. Personal days must be taken during the current calendar year. Any unused personal time may not be carried forward into the next succeeding year. Employees will be paid for earned but unused sick days upon retirement at a maximum of \$12,000.00. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$96,467.90 in 2017 and \$118,345.67 in 2016. 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. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The township does not accrue the liability.

NOTE 14: ECONOMIC DEPENDENCY

The Township of Dennis has a major source of revenue from the State of New Jersey in the form of the Energy Receipts Tax and Garden State Trust. For 2017, the Township received \$1,643,523.00, which represents approximately 36% of budgeted revenues. Any significant reduction in this State aid would have a negative impact on the Township, specifically in the form of a significant effect on the local tax levy. The Township utilizes State Police protection. Any change in this would have a negative impact on the Township.

NOTE 15: RISK MANAGEMENT

The Township 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 Township maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2017 and 2016 the township did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The township is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The township is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The township has a general liability limit of \$50,000 under JIF, which increases to \$1,000,000 under MEL.

NOTE 16: POST-RETIREMENT BENEFITS

Plan Description The Township contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The 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.

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at to <http://www.state.nj.us/treasury/pensions/shbp.htm>

Funding Policy Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Township on a monthly basis. The Township funds these benefits on a pay-as-you-go basis and, therefore, does not record accrued expenses related to these benefits. The Township's contributions to SHBP for the years ended December 31, 2017, 2016, and 2015, were \$158,422.53, \$146,829.16 and \$82,327.66, respectively, which equaled the required contributions each year. There were approximately 11 retired participants eligible at December 31, 2017.

NOTE 17: DEFERRED COMPENSATION

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to full time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

Amounts deferred under Section 457 plans must be trust in trust for the exclusive benefit pf participating employees and not be accessible by the Township or its creditors. Since the Township does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Township's financial statements. The plan administrator is Nationwide.

NOTE 18: CONTINGENT LIABILITIES

From time to time, the Township is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Township's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 19: INTERFUND BALANCES

During the most current calendar year ended December 31, 2017, the following interfunds were included on the balance sheets of the various funds of the Township of Dennis:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Animal Control Fund	\$ 12,283.10	
Other Trusts	8,828.89	65,429.87
General Capital Fund		783,994.33
Grant Fund		142,292.11
Grant Fund:		
Current Fund	142,292.11	
Trust Fund:		
Current Fund - Other Trusts	65,429.87	8,828.89
Current Fund - Animal Control		12,283.10
General Capital Fund:		
Current Fund	783,994.33	
	<u>\$ 1,012,828.30</u>	<u>1,012,828.30</u>

The interfund receivables and payables above resulted from collections and payments made by certain funds on behalf of other funds. During the year 2018, the Township expects to liquidate such interfunds, depending upon the availability of cash flow.

NOTE 20: SUBSEQUENT EVENTS

The Township has evaluated subsequent events through June 15, 2018, the date which the financial statements were available to be issued. The following event was identified:

Subsequent to December 31, the Township of Dennis authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
General Capital:		
Bonds and Notes:		
Various General Capital Improvements	Introduced: April 10, 2018	
	Adopted: April 24, 2018	\$ 3,546,473.00
		<u>\$ 3,546,473.00</u>

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

To the Honorable Mayor and
Members of the Township Committee
Township of Dennis
571 Petersburg Road
Dennisville, NJ 08214

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Township of Dennis' basic financial statements, and have issued our report thereon dated June 15, 2018, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township of Dennis' 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 Township of Dennis' internal control. Accordingly, we do not express an opinion on the effectiveness of the Township of Dennis' internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 15, 2018

TOWNSHIP OF DENNIS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2017

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an “Other Comprehensive Basis of Accounting”.**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **NO**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

In accordance with Government Auditing Standards, our audit disclosed one finding relating to the financial statements – regulatory basis that are required to be reported. These findings are listed in the Findings and Recommendations. We have also issued a Management Letter.

MANAGEMENT RESPONSES

Finding #2017-1 The Township will review their procedures for determining post-retirement benefits and paying health benefit invoices in 2018.

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is required for 2017.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2016	\$	4,686,188.29
Increased by Receipts:		
Tax Collector		15,069,001.92
Revenue Accounts Receivable		1,779,527.21
Miscellaneous Revenue		107,422.76
Due from State - Veterans and Senior Citizens		75,124.40
Marriage License Fees Due to State		875.00
Emergency Note Payable		70,000.00
Due from Federal and State Grant Fund		47,344.83
Due from General Capital		423,133.06
Due from Other Trusts		108,973.50
Due from TTL Redemption		49.94
Due from Animal Control		17,833.30
		17,699,285.92
		22,385,474.21
Decreased by Disbursements:		
Current Year Appropriation		3,595,737.70
Prior Year Appropriations		118,019.76
County Taxes		2,329,499.21
Local District School Taxes		9,541,772.74
Special District Taxes		819,433.00
Refund of Tax Overpayments		17,299.99
Due State For Marriage Licenses		775.00
Due to General Capital		1,074,110.42
Due to Animal Control		17,833.30
Due to Federal and State Grant Fund		34,674.67
Due to Other Trusts		108,834.31
Emergency Note Payable		140,000.00
		17,797,990.10
Balance December 31, 2017	\$	4,587,484.11

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

Year	Balance Dec. 31, 2016	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2017
				2016	2017			
Arrears \$	-							
2016	336,503.55			1,261.40	(1,261.40)		13,163.63	-
	336,503.55			323,644.75	(304.83)		13,163.63	-
				324,906.15	(1,566.23)		13,163.63	-
2017	-	14,864,748.02	3,993.70	355,945.35	14,187,843.71	9,144.67	31,373.58	284,434.41
	\$	14,864,748.02	3,993.70	355,945.35	14,512,749.86	7,578.44	44,537.21	284,434.41

Analysis of Current Year Tax Levy

Tax Yield:	
General Property Tax	14,045,315.02
Special District Taxes	819,433.00
Added Taxes (54:4-63.1 et. Seq.)	3,993.70
	<u>14,868,741.72</u>
Tax Levy:	
General County Taxes	1,940,788.82
County Library Taxes	293,408.09
County Open Space Taxes	88,872.30
County Health Taxes	-
County Added and Omitted Taxes	7,794.20
Total County Taxes	<u>2,330,863.41</u>
Local School District Tax	9,683,533.00
Additional Local School District Tax	-
Special District Tax	819,433.00
Local Tax for Municipal Purposes	1,967,741.97
Add: Additional Tax Levied	<u>67,170.34</u>
	<u>2,034,912.31</u>
	<u>14,868,741.72</u>

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2016		\$ 203,221.71
Increased by:		
Transfers from Taxes Receivable	44,537.21	
Adjustment	303.59	
Interest and Costs Accrued by Sale		
June 7, 2017	2,089.31	
	<hr/>	<hr/>
		46,930.11
		250,151.82
Decreased by:		
Collections	22,450.02	
	<hr/>	<hr/>
		22,450.02
Balance December 31, 2017		\$ <u><u>227,701.80</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2016	Accrued in 2017	Collected by		Balance Dec. 31, 2017
			Collector	Treasurer	
Interest and Costs on Taxes	-	64,073.12	64,073.12		-
Energy Receipts Tax	-	1,514,157.00		1,514,157.00	-
Garden State Preservation Trust Fund	-	129,366.00		129,366.00	-
Recreation Summer Program	-	43,280.00		43,280.00	-
Lease of Township Property	-	60,019.20		60,019.20	-
Cable Franchise Fees	-	32,705.01		32,705.01	-
Reserve to Pay Debt Service	-	95,000.00		95,000.00	-
Miscellaneous Revenue Not Anticipated	-	110,622.59	3,134.08		-
	-	<u>2,049,222.92</u>	<u>67,207.20</u>	<u>1,982,015.72</u>	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
Township Clerk					
Salaries and Wages	5,023.05	5,023.05	775.87	4,247.18	-
Other Expenses	6,970.51	6,970.51	3,773.72	3,196.79	-
Financial Administration					
Salaries and Wages	796.67	796.67	93.66	703.01	-
Other Expenses	6,964.19	6,964.19	3,540.53	3,423.66	-
Assessment of Taxes					
Other Expenses	3,344.99	3,344.99	2,860.42	464.57	-
Legal Services					
Other Expenses	7,281.40	7,281.40	5,975.00	1,306.40	-
Engineering Services					
Other Expenses	29,000.00	29,000.00	25,170.00	3,830.00	-
LAND USE ADMINISTRATION					
Planning and Zoning					
Other Expenses	3,890.44	3,890.44	1,100.00	2,790.44	-
Code Enforcement Officer					
Salaries and Wages	4,133.25	4,133.25	287.16	3,846.09	-
Other Expenses	222.36	222.36	64.23	158.13	-
INSURANCE					
General Liability	12,856.36	12,856.36	1,250.00	11,606.36	-
PUBLIC SAFETY					
Emergency Management Services					
Other Expenses	406.40	406.40	64.76	341.64	-

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2016	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
PUBLIC WORKS					
Department of Public Works					
Salaries and Wages	19,947.64	19,947.64	7,280.06	12,667.58	-
Other Expenses	12,331.32	12,331.32	7,658.62	4,672.70	-
Solid Waste Collection					
Other Expenses	204.00	204.00	204.00	-	-
Public Buildings and Grounds					
Other Expenses	26,657.23	26,657.23	9,168.06	17,489.17	-
HEALTH AND WELFARE					
Dog Regulation					
Other Expenses	885.00	885.00	275.00	610.00	-
PARK AND RECREATION					
Recreation					
Salaries and Wages	10,357.90	10,357.90	52.00	10,305.90	-
Other Expenses	9,232.11	9,232.11	8,797.12	434.99	-
Senior Center					
Other Expenses	3,409.16	3,409.16	130.11	3,279.05	-
Parks and Playgrounds					
Salaries and Wages	4,415.65	4,415.65	1,782.10	2,633.55	-
Other Expenses	5,408.29	5,408.29	3,414.33	1,993.96	-
UNCLASSIFIED					
Special Events	11,271.94	11,271.94	205.20	11,066.74	-
UTILITY EXPENSES AND BULK PURCHASES					
Electricity	6,274.08	6,274.08	(126.69)	6,400.77	-
Telephone	8,293.82	8,293.82	1,764.40	6,529.42	-
Gas (Propane)	45,500.00	45,500.00	17,741.27	27,758.73	-
Telecommunications Costs	490.32	490.32	72.12	418.20	-
Landfill Disposal Costs	33,239.89	33,239.89	14,626.71	18,613.18	-
All Other Accounts - No Change	106,235.94	106,235.94		106,235.94	-
	\$ 385,043.91	385,043.91	118,019.76	267,024.15	-

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2016			
School Tax Payable	\$	1,267,506.65	
School Tax Deferred		<u>3,650,000.00</u>	
	\$		<u>4,917,506.65</u>
Increased by:			
Levy - School Year July 1, 2017 to June 30, 2018			<u>9,683,533.00</u>
			14,601,039.65
Decreased by:			
Payments			<u>9,541,772.74</u>
Balance December 31, 2017			
School Tax Payable		1,409,266.91	
School Tax Deferred		<u>3,650,000.00</u>	
			<u>5,059,266.91</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			9,541,772.74
Tax Payable Ending			<u>1,409,266.91</u>
			10,951,039.65
Less: Tax Payable Beginning			<u>1,267,506.65</u>
Amount charged to Current Year Operations	\$		<u><u>9,683,533.00</u></u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

Purpose	Balance Dec. 31, 2016	Transferred From 2017 Revenues	Received	Balance Dec. 31, 2017
FEDERAL GRANTS:				
None	-			-
Total Federal	-		-	-
STATE GRANTS:				
Municipal Alliance	10,093.32	7,344.00	5,227.26	12,210.06
Clean Communities	-	22,173.88	22,173.88	-
Alcohol Education & Rehab Fund	-	1,608.50	1,608.50	-
Recycling Tonnage Grant	-	8,927.18	8,927.18	-
Total State	10,093.32	40,053.56	37,936.82	12,210.06
LOCAL GRANTS:				
None	-			-
Total Local	-		-	-
	10,093.32	40,053.56	37,936.82	12,210.06

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2016	2017	Balance
	Appropriated	Appropriations	Dec. 31, 2017
	Reserve for		
	Encumbrances		
		Disbursed	Encumbrances
FEDERAL GRANTS:			
Emergency Management Grant	\$ 16,183.04		16,183.04
Total Federal	<u>16,183.04</u>	<u>-</u>	<u>16,183.04</u>
STATE GRANTS:			
Clean Communities	29,364.26	22,173.88	22,311.71
Alcohol Education & Rehab Fund	7,618.31	1,608.50	9,226.81
Recycling Tonnage Grant	29,326.41	8,927.18	38,253.59
Municipal Alliance	16,417.19	9,180.00	17,898.95
Municipal Stormwater	8,579.00	6,948.24	8,579.00
Total State	<u>91,305.17</u>	<u>41,889.56</u>	<u>96,270.06</u>
LOCAL GRANTS:			
County of Cape May MUA - 2012	94.96		94.96
County of Cape May MUA - 2014	14,284.77		14,284.77
Total Local	<u>14,379.73</u>	<u>-</u>	<u>14,379.73</u>
Total	<u>\$ 121,867.94</u>	<u>41,889.56</u>	<u>126,832.83</u>
		<u>34,674.67</u>	<u>9,644.00</u>

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

Purpose	Balance Dec. 31, 2016	Transferred To 2017 Appropriations	Received	Balance Dec. 31, 2017
FEDERAL GRANTS:				
None	\$ -			-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
STATE GRANTS:				
Recycling Tonnage Grant	8,617.33		9,408.01	18,025.34
Total State	<u>8,617.33</u>	<u>-</u>	<u>9,408.01</u>	<u>18,025.34</u>
	<u>\$ 8,617.33</u>	<u>-</u>	<u>9,408.01</u>	<u>18,025.34</u>

TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER

Balance December 31, 2016	\$	25,557.48
Increased By Receipts:		
Dog Licenses Fees Collected - Township Share	4,250.20	
Dog Licenses Fees Collected - State Share	883.80	
Late Fees	355.00	
Postage Fees	27.00	
Kennel Fees	25.00	
Interest Earned	12.74	
		5,553.74
		31,111.22
Decreased By Disbursements:		
Paid to State of New Jersey	883.80	
Animal Control Expenditures	16,949.50	
		17,833.30
Balance December 31, 2017	\$	13,277.92

TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER

Balance December 31, 2016	\$	419,456.70
Increased By Receipts:		
Due from Current	65.75	
Due to State of NJ (DCA Training Fees)	9,562.00	
Construction Code Office	111,323.07	
Municipal Alliance Receipts	2.07	
Escrow Deposits	49,096.66	
Tax Title Lien Redemptions	274,581.98	
Payroll	1,516,206.85	
Flexible Spending	0.33	
		1,960,838.71
		2,380,295.41
Decreased By Disbursements:		
Due to Current	86,814.35	
Due to State of NJ (DCA Training Fees)	10,821.00	
Construction Code Office	1,924.00	
Refund of Escrow Deposits	87,907.60	
Refund of Tax Title Lien Redemptions	205,481.98	
Municipal Alliance	219.66	
Payroll	1,522,933.95	
		1,916,102.54
Balance December 31, 2017	\$	464,192.87

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

Balance December 31, 2016		\$ 11,274.38
Increased By:		
Dog Licenses Fees Collected - Township Share	4,250.20	
Late Fees	355.00	
Postage Fees	27.00	
Kennel Fees	25.00	
Interest Earned	12.74	
		4,669.94
		15,944.32
Decreased By Disbursements:		
Animal Control Expenditures	14,949.50	
		14,949.50
Balance December 31, 2017		\$ 994.82

License and Other Fees Collected	<u>Year</u>	
	2016	4,798.31
	2015	6,397.50
	\$	11,195.81

TRUST FUND
SCHEDULE OF DUE TO (FROM) CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2016	\$	14,283.10
Increased By:		
Animal Control Expenditures		2,000.00
		2,000.00
		16,283.10
Decreased By:		
None		-
		-
Balance December 31, 2017	\$	12,283.10

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2016		Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2017
			Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
\$	22,958.67									22,958.67
Fund Balance	215,301.00									212,801.00
Capital Improvements Fund	249,069.00									246,751.59
Encumbrances Payable	(1,519,971.69)		650,977.36							(783,994.33)
Due from Current Fund	(400,000.00)		387,095.00							(12,905.00)
Grants Receivable - Ord 15-03	(72,102.52)		35,059.66							(37,042.86)
Grants Receivable - Ord 15-05	95,000.00									-
Reserve to Pay Debt Service							95,000.00			-
Improvement Authorizations:										
00-08 Various Improvements	31,641.72						31,641.72			-
06-10 Various Improvements	56,693.30						20,543.30			8,158.12
07-11 Various Improvements	31,358.07						19,400.00			11,958.07
12-11 Various Improvements	44,808.93						44,808.93			-
13-05 Various Improvements	16,755.29			978.40			3,985.22			2,978.47
15-03 Various Improvements	95,273.50						274,407.50			9,975.00
15-05B Various Improvements	14,203.89						9,329.60		229,109.00	4,874.29
15-05C Various Improvements	250,000.00						125,860.00			124,140.00
15-05D Reconstruction of Academy and Fidler Roads	160,049.24						2,331.00			157,718.24
15-05E Reconstruction and/or Repaving of Various Roads	423,964.20						216,611.03			137,687.39
15-05F Various Improvements	181,669.00						137,832.79			1,940.00
15-05G Various Improvements	79,485.00						99,445.00			-
16-02 Various Improvements	9,500.00						7,500.00		19,960.00	2,000.00
16-04 Various Improvements	14,343.40						41,896.21			14,343.40
17-01 Acquisition of an Ambulance	-						107,328.00			14,343.40
17-04 Acquisition of Various Pieces of Equipment	-						119,097.00		5,750.00	(101,578.00)
17-08 Various Improvements	-						50,000.00		6,750.00	(112,347.00)
17-09 Various Improvements	-						8,181.00		50,000.00	-
									97,763.95	89,582.95
			1,073,132.02		978.40		1,074,110.42		761,084.54	-
\$	(0.00)									-

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2016		\$ 215,301.00
Increased by:		
Current Fund Budget Appropriations	10,000.00	
	<u> </u>	<u>10,000.00</u>
		225,301.00
Decreased by:		
Improvement Authorizations Funded	12,500.00	
	<u> </u>	<u>12,500.00</u>
Balance December 31, 2017		\$ <u><u>212,801.00</u></u>

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

Balance December 31, 2016		\$ 2,190,000.00
Increased by:		
None	-	
		-
		2,190,000.00
Decreased by:		
Serial Bonds Paid	215,000.00	
		215,000.00
Balance December 31, 2017		\$ <u><u>1,975,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2016	2017 Authorizations	Raised in Budget	Balance Dec. 31, 2017	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
17-01	Acquisition of an Ambulance	\$ -	109,250.00		109,250.00		101,578.00	7,672.00
17-04	Acquisition of Various Pieces of Equipment	-	128,250.00		128,250.00		112,347.00	15,903.00
		\$ -	<u>237,500.00</u>	-	<u>237,500.00</u>	-	<u>213,925.00</u>	<u>23,575.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2016		Authorizations			Balance December 31, 2017			
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Re-Appropriated	Paid or Charged	Funded	Unfunded	
00-08	Various Improvements	7/31/2000	1,650,000.00	\$ 31,641.72								
06-10	Various Improvements	5/16/2006	500,000.00	56,693.30				(31,641.72)	27,991.88	8,158.12		
07-11	Various Improvements	8/6/2007	520,300.00	31,358.07				(20,543.30)	19,400.00	11,958.07		
12-11	Various Improvements	12/4/2012	150,300.00	44,808.93				(44,808.93)		-		
13-05	Various Improvements	11/4/2013	190,025.00	16,755.29				(10,770.00)	3,006.82	2,978.47		
15-03	Americans with Disabilities Act Compliance Improvements to Various Township Buildings including, but not limited to, the Senior Center, Recreation Center, Public Works Building and Municipal Building	5/5/2015	500,000.00	95,273.50				(40,000.00)	45,298.50	9,975.00		
15-05B	Acquisition of Various Capital Equipment for the Public Works Department including, but not limited to, a Turf Mower and Plow	7/21/2015	50,000.00	14,203.89					9,329.60	4,874.29		
15-05C	Acquisition of Various Capital Equipment for the Public Works Department including, but not limited to, a Dump Truck, Heavy Duty Fork Lift and Heavy Duty Equipment Lift	7/21/2015	250,000.00	250,000.00					125,860.00	124,140.00		
15-05D	Reconstruction of Academy and Fidler Roads in the Township	7/21/2015	191,000.00	160,049.24					2,331.00	157,718.24		
15-05E	Reconstruction and/or Repaving of Various Township Roads	7/21/2015	560,000.00	423,964.20					286,276.81	137,687.39		
15-05F	Structural Improvements to the Township Municipal Building and Senior Center including, but not limited to, New Roof	7/21/2015	184,000.00	181,669.00					179,729.00	1,940.00		
15-05G	Improvements to Various Recreation Complexes in the Township including, but not limited to, Parking Lot Improvements	7/21/2015	100,000.00	79,485.00					79,485.00	-		
16-02	Various Improvements	5/3/2016	60,000.00	9,500.00					7,500.00	2,000.00		
16-04	Acquisition of Various Pieces of Equipment	9/6/2016	25,000.00	14,343.40						14,343.40		
17-01	Acquisition of an Ambulance	2/14/2017	115,000.00	-			5,750.00		107,328.00			7,672.00
17-04	Acquisition of Various Pieces of Equipment	5/23/2017	135,000.00	-			6,750.00		119,097.00			15,903.00
17-08	Various Improvements	9/26/2017	50,000.00	-				50,000.00	50,000.00			
17-09	Various Improvements	12/26/2017	97,763.95	-				97,763.95	8,181.00	89,582.95		
				\$ 1,409,745.54	-	12,500.00	237,500.00	-	1,070,814.61	565,355.93		23,575.00

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2017		Interest Rate	Balance Dec. 31, 2016	Increased	Decreased	Balance Dec. 31, 2017
			Date	Amount					
Various Capital Improvements	10/6/2015	\$ 2,400,000	10/1/2018	\$ 215,000.00	2.000%	2,190,000.00	-	215,000.00	1,975,000.00
			10/1/2019	225,000.00	2.000%				
			10/1/2020	235,000.00	2.000%				
			10/1/2021	240,000.00	2.000%				
			10/1/2022	250,000.00	2.000%				
			10/1/2023	260,000.00	2.125%				
			10/1/2024	270,000.00	2.250%				
			10/1/2025	280,000.00	2.375%				
						<u>2,190,000.00</u>	<u>-</u>	<u>215,000.00</u>	<u>1,975,000.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number		Balance Dec. 31, 2016	2017 Authorizations	Budget Appropriation	Balance Dec. 31, 2017
17-01	Acquisition of an Ambulance	\$ -	109,250.00		109,250.00
17-04	Acquisition of Various Pieces of Equipment	-	128,250.00		128,250.00
		\$ -	<u>237,500.00</u>	<u>-</u>	<u>237,500.00</u>

TOWNSHIP OF DENNIS

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2017

GENERAL COMMENTS

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 therefore, except as is provided otherwise in this act or specifically by any other law. Due to the Township having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$40,000.

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

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11

The minutes indicate that bids were sought by public advertising for the following items:

Renovate the Municipal Building and Senior Center
Project to Construct a Bicycle Path and Parking Area Adjacent to the Recreation Center

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S. 40A:11-5.

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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 by the Township Committee, of the Township of Dennis, County of Cape May, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first fifteen hundred dollars (\$1,500.00) of taxes becoming delinquent after the due date, eighteen percent (18%) per annum on any amount of taxes in excess of fifteen hundred dollars (\$1,500.00) and if a delinquency is in the excess of ten thousand dollars (\$10,000.00) and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.
2. Effective January 1, 2017, there will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order.
3. Any payments not made in accordance with item two of this resolution shall be charged interest from the due date as set forth in item one of this resolution.
4. The Clerk is hereby authorized and directed to provide a copy of this resolution to the Tax Collector, Township Solicitor, and the Municipal Auditor for the Township of Dennis.
5. This resolution shall take effect immediately.

It appears from an examination of the collector's records that interest was charged in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on June 7, 2017 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number</u>
2017	74
2016	68
2015	76

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

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent taxes and charges as well as current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2017 and 2018 Taxes	25
Delinquent Taxes	10
Total	<u>35</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently Cash Collections</u>	<u>Percentage of Collections</u>
2017 \$	14,868,741.72	14,543,789.06	97.81%
2016	14,399,888.17	14,036,216.53	97.47%
2015	14,151,763.87	13,810,870.27	97.59%
2014	13,989,101.97	13,542,458.33	96.81%
2013	13,852,648.00	13,379,322.88	96.58%

Comparative Schedule of Tax Rate Information

	<u>2017</u>	<u>2016</u>	<u>2015</u> *	<u>2014</u>	<u>2013</u>
Tax Rate	\$ 1.592	1.543	1.519	1.262	1.244
Apportionment of Tax Rate:					
Municipal	0.224	0.214	0.214	0.171	0.171
County	0.266	0.259	0.253	0.203	0.205
Local School	1.102	1.070	1.052	0.888	0.868
Assessed Valuation	878,998,500	879,016,785	878,264,521	1,043,765,777	1,050,683,086
* Revaluation year					

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2017 \$	227,701.80	284,434.41	512,136.21	3.44%
2016	203,221.71	336,503.55	539,725.26	3.75%
2015	203,826.43	292,714.36	496,540.79	3.51%
2014	181,465.44	332,342.81	513,808.25	3.67%
2013	160,898.90	332,798.71	493,697.61	3.56%

Uniform Construction Code

The Township of Dennis' construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

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FINDINGS AND RECOMMENDATIONS

Finding 2017-1:

The Township has been paying for vision insurance for a retired employee who was not eligible to receive post-retirement benefits. The Township has been receiving COBRA payments from the retiree however the period has well extended 18 months.

Criteria:

Retirees must have twenty-five years of service prior to retirement to receive post-retirement benefits from the Township. COBRA coverage is limited to a period of 18 months post-employment.

Condition:

The retiree did not have twenty-five years of service prior to retirement and continued to receive vision benefits from the Township post retirement. The Township received COBRA payments from the retiree for well over the 18-month allowable period.

Cause:

The Township did not thoroughly review health benefit invoices. The Township did not terminate COBRA benefits after the allowable coverage period ended.

Effect:

The Township has been paying post-retirement benefits for an ineligible retired employee.

Recommendation:

That the Township review their procedures for determining post-retirement and COBRA benefits and that monthly health benefit invoices be thoroughly reviewed prior to payment.

Management Response:

The Township will review their procedures for determining post-retirement benefits and paying health benefit invoices in 2018.

In accordance with the Division of Local Government Services Regulations, a corrective action plan must be prepared and filed by the Township Committee in response to comments, if any.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call me.

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello

Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 15, 2018