

**Comprehensive Annual
Financial Report**

of the

Township of Dennis Board of Education

Dennis Township, New Jersey

For the Fiscal Year Ended June 30, 2016

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Introductory Section

DENNIS TOWNSHIP



MARK B. MILLER
Superintendent

601 Hagan Road
Cape May Court House, NJ 08210
(609) 861-2821, EXT 116
Fax: (609) 861-1833
mmiller@dtschools.org

SCHOOL DISTRICT

November 28, 2016

Honorable President and
Members of the Board of Education
Dennis Township School District
County of Cape May, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Township of Dennis Board of Education for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections as follows:

- The Introductory Section includes a Table of Contents, Transmittal Letter, the District's Organization Chart and a list of principal officials;
- The Financial Section begins with the Independent Auditor's Report and includes the Management Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996, OMB Circular Uniform Guidance and NJ OMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Township of Dennis Board of Education is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Township of Dennis Board of Education and its school constitutes the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include regular, vocational, as well as special education for handicapped youngsters. The District completed the 2015-2016 fiscal year with a June enrollment of 544 students, which is 14 students above the previous year's enrollment. The following details the changes in the student enrollment of the District over the last five years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-16	544	2.64%
2014-15	530	-7.34%
2013-14	572	-3.54%
2012-13	593	-3.73%
2011-12	616	-0.65%

2. ECONOMIC CONDITION AND OUTLOOK:

The Dennis Township area has seen slight residential growth as well as a little commercial or industrial growth. Any proposed commercial/industrial properties may provide tax base growth; however, current regulatory restrictions limit the size, scope and timing of any such initiatives to stabilize tax rates. Existing property owners will continue to bear a higher portion of the school costs while the short-term status of the United States and New Jersey economy remains uncertain. Due to economic and budgetary concerns, the State of New Jersey has stabilized state aid for school districts, has again "delayed" the final state aid payments and introduced new legislation in an effort to limit school spending. This has and will continue to shift an additional cost burden to the local taxpayers. The District will continue to seek new sources of revenue and focus on cost containment.

3. MAJOR INITIATIVES:

Students continued to score above the state and national averages on most standardized tests. The local planning objectives were met at all levels. The objectives continue to challenge all students. Curriculum continues to be written and revised on the new State revision calendar. This calendar fits the implementation schedule of the New Jersey Core Curriculum Content Standards as well as the national Common Core Standards. Technology continues to expand in the area of web based programs to expand instructional and administrative capabilities. Integrated technology and other content area curricula can be found at all levels (K-8). Professional development for staff is implemented yearly in conjunction with the 100-hour initiative required by the New Jersey Department of Education.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance the District also is responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements," Note 1.

7. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9. INDEPENDENT AUDIT:

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ford, Scott & Associates, L.L.C. was selected by the Board's Audit Committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related State Treasury Circular Letter NJ OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGMENTS:

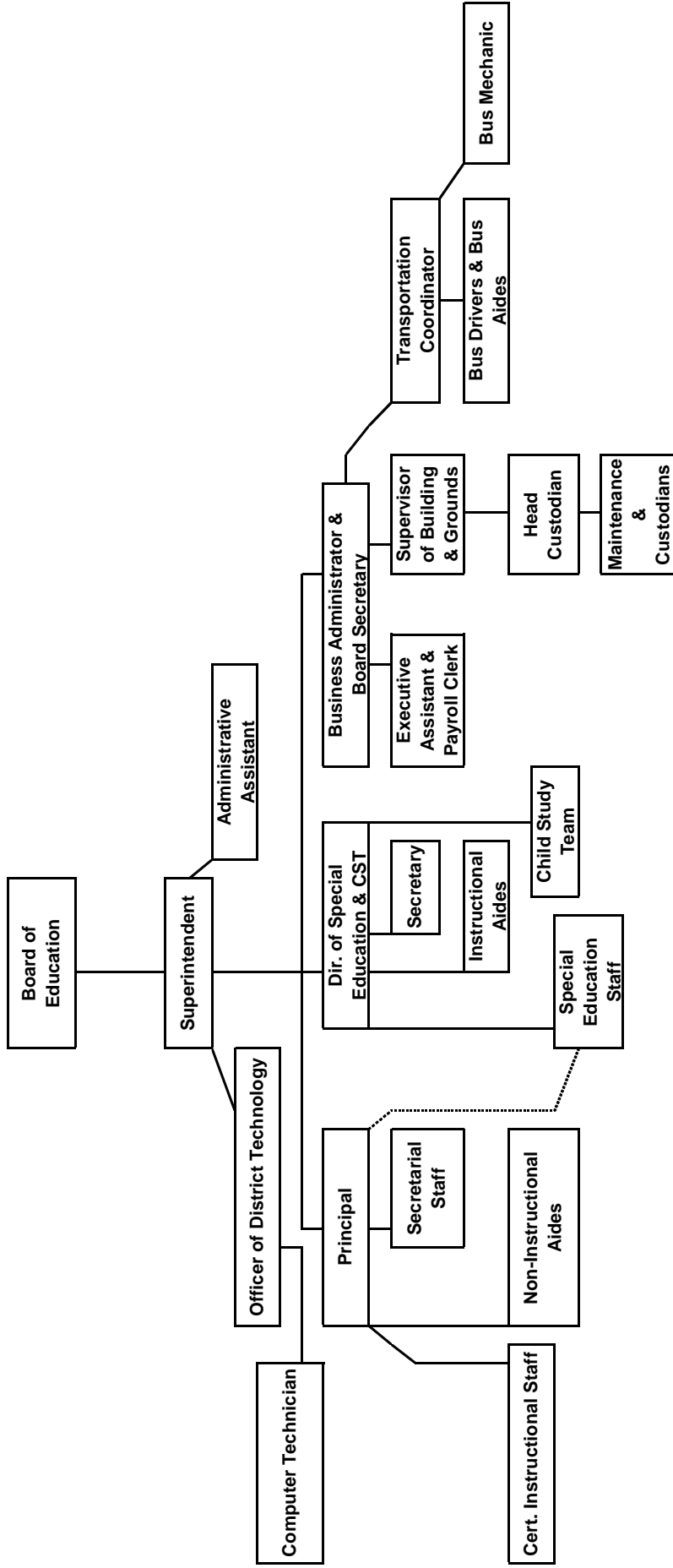
We would like to express our appreciation to the members of the Township of Dennis Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the public school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Mark Miller
Superintendent

Paige Sharp-Rumaker
Business Administrator/
Board Secretary

POLICY



**TOWNSHIP OF DENNIS BOARD OF EDUCATION
COUNTY OF CAPE MAY, NEW JERSEY
ROSTER OF OFFICIALS
JUNE 30, 2016**

Members of the Board of Education

Term Expires

Renee Pettit	2018
Dawn McDaniel	2016
Jennifer Hand	2018
Tara Leith	2016
Nichol Hoff	2017
Jamie Burrows	2017
Jeffrey Trout	2018
Patricia Ziolkowski	2016
Mark Gabriel	2016

Other Officials

Mark B. Miller, Superintendent

Paige Sharp-Rumaker, Business Administrator

Kelly Brazelton, Treasurer

William Donio, Solicitor

**TOWNSHIP OF DENNIS BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

AUDIT FIRM

Ford, Scott & Associates, L.L.C.
Certified Public Accountants
1535 Haven Avenue
Ocean City, NJ 08226-0538

ATTORNEY

William Donio
Cooper Levensen
1125 Atlantic Ave.
Atlantic City, NJ 08401

OFFICIAL DEPOSITORY

Sturdy Savings and Loan
1224 Route 47
Dennisville, NJ 08214

INSURANCE

N.J. School Boards Insurance Group
450 Veterans Drive
Burlington, NJ 08016

Conner Strong
PO Box 358
Bridgeton, NJ 08302

Utica National Insurance
PO Box 6532
Utica, NY 13504

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Financial Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Township of Dennis School District
County of Cape May

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Dennis School District, County of Cape May, State of New Jersey, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Dennis School District, County of Cape May, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Dennis School District's basic financial statements. The introductory section, combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining statements, and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, and statistical information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB Circular 15-08, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016 on our consideration of the Township of Dennis School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Dennis School District's 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
Licensed Public School Accountant
No. 767

November 28, 2016

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Required Supplementary Information – Part I

**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED**

The discussion and analysis of Dennis Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased \$941,027.85, which represents an 18 percent increase from 2015.
- General revenues accounted for \$14,401,293.00 in revenue or 75 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$4,705,140.78 or 25 percent of total revenues of \$19,106,433.78.
- Cash and cash equivalents increased by \$664,816.65, receivables decreased by \$5,769.64, inventory decreased by \$750.07, capital assets decreased by \$489,984.00 and deferred outflows of resources increased by \$241,612.52. The increase in deferred outflows of resources is due to the implementation of GASB 68.
- The School District had \$18,164,819.93 in expenses; \$4,705,140.78 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and state aid) of \$14,401,293.00 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$16,259,143.79 in revenues and \$15,333,240.98 in expenditures. The General Fund's fund balance increased \$925,902.81 over 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Dennis Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Changes in Net Position provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School district's most significant funds with all other non-major funds presented in total in one column. In the case of Dennis Township School District, the General Fund is by far the most significant fund.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Changes in Net Position

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District, as a whole looks at all financial transactions and ask the question, "How did we do financially during 2016?" The Statement of Net Position and the Statement of Changes in Net Position answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those positions. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district have improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Changes in Net Position, the School District is divided into two distinct kinds of activities:

- Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Community Education enterprise funds are reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Enterprise Funds

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2016 and 2015.

**Table 1
Net Position**

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 2,712,484.21	2,042,647.99
Capital Assets	<u>10,571,368.00</u>	<u>11,061,352.00</u>
Total Assets	<u>13,283,852.21</u>	<u>13,103,999.99</u>
Deferred Outflows of Resources		
Loss on Refunding Bonds	97,889.29	116,425.77
Deferred Outflows Related to Pensions	<u>539,475.00</u>	<u>279,326.00</u>
Total Deferred Outflows of Resources	637,364.29	395,751.77
Liabilities		
Long-Term Liabilities	7,452,212.63	7,786,133.44
Other Liabilities	<u>71,713.72</u>	<u>332,604.02</u>
Total Liabilities	<u>7,523,926.35</u>	<u>8,118,737.46</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>304,317.00</u>	<u>229,069.00</u>
Net Position		
Net Investment in Capital Assets	7,628,431.65	7,414,149.47
Restricted	2,478,057.37	1,776,139.43
Unrestricted	<u>(4,013,515.87)</u>	<u>(4,038,343.60)</u>
Total Net Position	<u>\$ 6,092,973.15</u>	<u>5,151,945.30</u>

The District's combined net position was \$6,092,973.15 on June 30, 2016. This was an increase of 18 percent from the prior year.

**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Table 2 shows changes in net position for fiscal years 2016 and 2015.

	2016	2015
Revenues		
Program Revenues:		
Charges for Services	\$ 1,369,357.99	1,357,696.37
Operating Grants and Contributions	3,335,782.79	2,916,062.57
General Revenues:		
Property Taxes	9,239,286.00	9,258,899.00
Grants and Entitlements	5,137,206.47	5,164,580.82
Other	24,800.53	150,289.60
 Total Revenues	 19,106,433.78	 18,847,528.36
Program Expenses		
Instruction	8,740,110.37	8,484,407.68
Support Services:		
Tuition	3,633,607.78	3,607,841.06
Related Services - Pupils and Instructional Staff	2,043,176.61	1,883,001.88
General Administration, School Administration, Central Operations and Maintenance of Facilities	893,225.24	881,813.78
Pupil Transportation	1,507,863.67	1,464,028.86
Interest on Debt	988,213.18	1,040,595.80
Food Service	105,630.24	117,062.42
Community Education Program	178,792.05	172,503.58
Loss on Disposal of Assets	74,200.79	60,199.81
Total Expenses	586.00	-
Total Expenses	18,165,405.93	17,711,454.87
Increase(Decrease) in Net Position	\$ 941,027.85	1,136,073.49

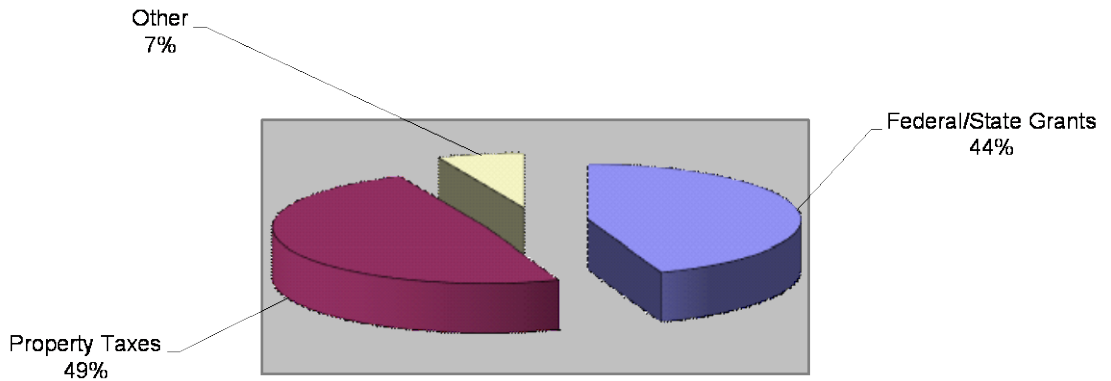
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**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Governmental Activities

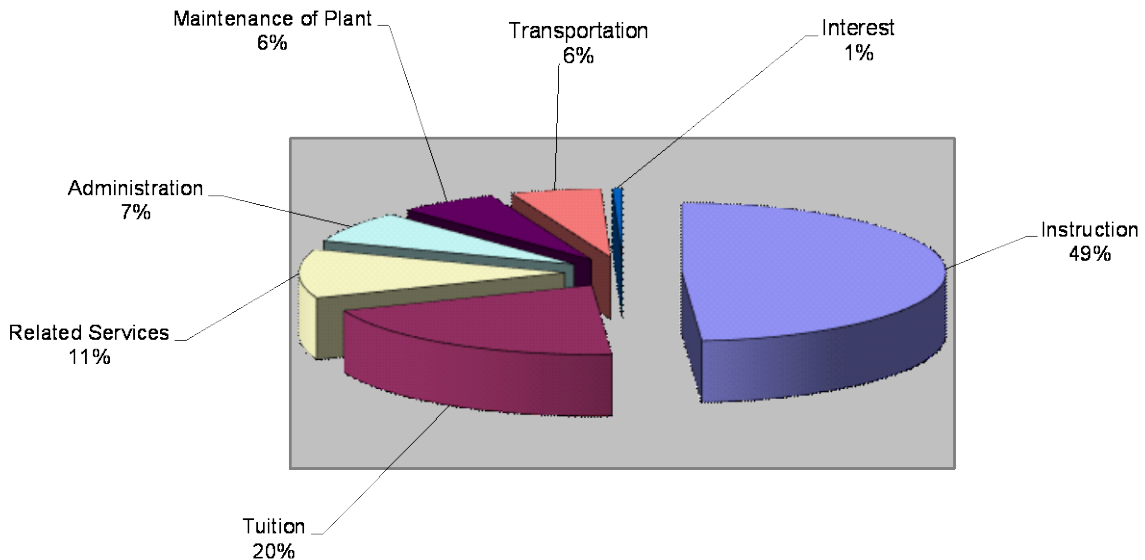
Property taxes made up 49 percent of revenues for governmental activities for the Dennis Township School District for fiscal year 2016. The District's total revenues were \$18,165,405.93 for the year ended June 30, 2016. Federal, state, and local grants accounted for another 44 percent of revenue.

Sources of Revenue for 2016



The total cost of all program and services was \$17,911,827.09. Instruction comprises 49 percent of District expenses.

Expenses for 2016



**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Business-Type Activities

Revenues for the District's business-type activities (food service program and the Community Education program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$17,076.53 and Community Education expenses exceeded revenues by \$7,257.13.
- Charges for food services represent \$72,644.87 of revenue. This represents amounts paid by patrons for daily food service. Charges for Community Education represent \$66,943.66 of revenue. This represents amounts paid by patrons for daycare services.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$89,070.65.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>
Instruction	\$ 8,792,825.37	5,837,541.27	8,484,407.68	5,818,709.38
Support Services:				
Tuition	3,580,892.78	3,580,892.78	3,607,841.06	3,607,841.06
Pupils and Instructional Staff	2,043,176.61	1,480,576.05	1,883,001.88	1,428,628.09
General & School Administration	893,225.24	835,989.38	881,813.78	825,241.94
Business Operation & Maint of Facilities	1,507,863.67	1,411,226.25	1,464,028.86	1,390,557.64
Pupil Transportation	988,213.18	183,489.52	1,040,595.80	261,591.68
Interest and Fiscal Charges	105,630.24	105,630.24	117,062.42	117,062.42
Total Expenses	<u>\$ 17,911,827.09</u>	<u>13,435,345.49</u>	<u>17,478,751.48</u>	<u>13,449,632.21</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Tuition is predominately made up of charges from the Township of Middle School District for Dennis Township's 9 – 12 Grade students.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$17,254,279.50 expenditures were \$16,321,441.92. The increase in fund balance for the year was \$932,837.58.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2016, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Local Sources	\$ 9,398,643.89	54%	(125,976.34)	-1%
State Sources	7,444,413.99	43%	139,364.94	2%
Federal Sources	411,221.62	2%	(19,175.40)	-4%
Total	<u>\$ 17,254,279.50</u>	<u>100%</u>	<u>(5,786.80)</u>	<u>-0.03%</u>

The following schedule represents a summary of general fund, special revenue fund, capital projects and debt service fund expenditures for the fiscal year ended June 30, 2016, and the percentage of increases and decreases in relation to prior year amounts.

Expenditures	Amount	Percent of Total	Increase (Decrease) from 2015	Percent of Increase (Decrease)
Current expense:				
Instruction	\$ 4,957,615.62	30%	176,690.34	4%
Undistributed expenditures	10,647,159.66	65%	(33,741.77)	0%
Capital Outlay	181,235.38	1%	(262,954.06)	-59%
Debt Service	535,431.26	3%	(20,237.50)	-4%
Total	<u>\$ 16,321,441.92</u>	<u>100%</u>	<u>(140,242.99)</u>	<u>-1%</u>

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**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. There were no material modifications noted from the original adopted budget.

Capital Assets

At the end of the fiscal year 2016, the School District had \$10,571,368.00 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2016	2015
Land	\$ 518,653.00	518,653.00
Building and Building Improvements	8,933,773.00	9,338,171.00
Machinery and Equipment	1,118,942.00	1,204,528.00
Total	\$ 10,571,368.00	11,061,352.00

Overall capital assets decreased \$489,984.00 from fiscal year 2015 to fiscal year 2016. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$3,341,877.63 of outstanding debt. Of this amount, \$320,322.31 is for compensated absences; \$671,555.32 for various capital leases; \$2,350,000.00 of serial bonds for school construction.

**Table 5
Bonded Outstanding Debt at June 30,**

	2016	2015
2010 Refunding Issue	\$ 2,350,000.00	2,795,000.00
Total	\$ 2,350,000.00	2,795,000.00

At June 30, 2016, the School District was within its legal debt margin.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
UNAUDITED (CONTINUED)**

For the Future

The Dennis Township School District is in good financial condition presently. A major concern is the continued cost increases and essentially flat state aid, which increases reliance on local property taxes.

Contacting the School District's Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mark Miller, Superintendent or Paige Sharp-Rumaker, Interim Business Administrator at Dennis Township School District, 601 Hagan Road, Cape May Court House, New Jersey 08210.

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Basic Financial Statements

DISTRICT – WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of changes in net position display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business – type activities of the District.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,501,288.03	58,321.98	2,559,610.01
Receivables, Net	125,377.72	21,141.64	146,519.36
Inventory		6,347.93	6,347.93
Internal Balances	6.91		6.91
Capital Assets:			
Land and Land Improvements	518,653.00		518,653.00
Capital Assets being Depreciated, net	10,013,060.00	39,655.00	10,052,715.00
Total Assets	<u>13,158,385.66</u>	<u>125,466.55</u>	<u>13,283,852.21</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	539,475.00		539,475.00
Loss on Refunding Bonds	97,889.29		97,889.29
Total Deferred Outflows of Resources	<u>637,364.29</u>	<u>-</u>	<u>637,364.29</u>
LIABILITIES			
Accounts Payable	17,112.54	4,645.42	21,757.96
Intergovernmental Payable	4,001.44		4,001.44
Unearned Revenue	24,424.37	2,259.63	26,684.00
Accrued Interest	19,270.32		19,270.32
Noncurrent Liabilities:			
Due Within One Year	670,214.23		670,214.23
Due Beyond One Year	2,671,663.40		2,671,663.40
Net Pension Liability	4,110,335.00		4,110,335.00
Total Liabilities	<u>7,517,021.30</u>	<u>6,905.05</u>	<u>7,523,926.35</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>304,317.00</u>		<u>304,317.00</u>
NET POSITION			
Net Investment in Capital Assets	7,588,776.65	39,655.00	7,628,431.65
Restricted for:			
Other Purposes	2,478,057.37		2,478,057.37
Unrestricted	(4,092,422.37)	78,906.50	(4,013,515.87)
Total Net Position	<u>\$ 5,974,411.65</u>	<u>118,561.50</u>	<u>6,092,973.15</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Statement of Changes in Net Position
For the Year Ended June 30, 2016

Function/Programs	Expenses	Indirect Expense Allocation	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:								
Instruction:								
Regular	\$ 3,663,384.61	1,086,554.82	81,153.26	1,113,450.62		(3,555,335.55)	(3,555,335.55)	
Special Education	2,487,918.15	781,615.47	441,644.00	1,146,208.21		(1,681,681.41)	(1,681,681.41)	
Other Special Instruction	534,460.34	186,176.98		172,828.01		(547,809.31)	(547,809.31)	
Support Services:								
Tuition	3,580,892.78					(3,580,892.78)	(3,580,892.78)	
Student & Instruction Related Services	1,595,736.18	447,440.43		562,600.56		(1,480,576.05)	(1,480,576.05)	
General Administrative Services	415,992.87	56,327.65		20,711.60		(451,608.92)	(451,608.92)	
School Administrative Services	321,572.65	99,332.07		36,524.26		(384,380.46)	(384,380.46)	
Plant Operation and Maintenance	916,772.83	167,159.61		61,464.35		(1,022,468.09)	(1,022,468.09)	
Pupil Transportation	722,366.44	265,846.74	706,972.20	97,751.46		(183,489.52)	(183,489.52)	
Central And Technical Services	328,273.88	95,657.35		35,173.07		(388,758.16)	(388,758.16)	
Unallocated Benefits	3,186,111.12	(3,186,111.12)				-	-	
Charter Schools	52,715.00					(52,715.00)	(52,715.00)	
Interest on Long-Term Debt	105,630.24					(105,630.24)	(105,630.24)	
Total Governmental Activities	<u>17,911,827.09</u>	<u>-</u>	<u>1,229,769.46</u>	<u>3,246,712.14</u>	<u>-</u>	<u>(13,435,345.49)</u>	<u>(13,435,345.49)</u>	
Business-Type Activities:								
Food Service	178,792.05		72,644.87	89,070.65		(17,076.53)	(17,076.53)	
Community Education	74,200.79		66,943.66			(7,257.13)	(7,257.13)	
Total Business-Type Activities	<u>252,992.84</u>	<u>-</u>	<u>139,588.53</u>	<u>89,070.65</u>	<u>-</u>	<u>(24,333.66)</u>	<u>(24,333.66)</u>	
Total Primary Government	<u>\$ 18,164,819.93</u>	<u>-</u>	<u>1,369,357.99</u>	<u>3,335,782.79</u>	<u>-</u>	<u>(13,435,345.49)</u>	<u>(13,459,679.15)</u>	
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes, Net					\$	8,703,854.00	8,703,854.00	
Taxes Levied for Debt Service						535,432.00	535,432.00	
Federal and State Aid not Restricted						5,137,206.47	5,137,206.47	
Miscellaneous Income						16,785.43	16,785.43	
Transfers						(6,934.03)	(6,934.03)	
Extraordinary Items:								
Loss on Disposal of Assets						(586.00)	(586.00)	
Total General Revenues, Special Items, Extraordinary Items and Transfers						<u>14,385,757.87</u>	<u>14,400,707.00</u>	
Change in Net Position						<u>950,412.38</u>	<u>941,027.85</u>	
Net Position - Beginning						<u>5,023,999.27</u>	<u>5,151,945.30</u>	
Net Position - Ending					\$	<u>5,974,411.65</u>	<u>6,092,973.15</u>	

The accompanying Notes to Financial Statements are an integral part of this statement

FUND FINANCIAL STATEMENTS

The individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 2,501,286.66		1.37	2,501,288.03
Due from Other Funds	21,479.82			21,479.82
Receivables from Other Governments	81,155.98	42,218.80		123,374.78
Other	2,002.94			2,002.94
Total Assets	<u>2,605,925.40</u>	<u>42,218.80</u>	<u>1.37</u>	<u>2,648,145.57</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	17,112.54			17,112.54
Intergovernmental Payable		4,001.44		4,001.44
Interfund Payable		21,472.91		21,472.91
Unearned Revenue	7,679.92	16,744.45		24,424.37
Total Liabilities	<u>24,792.46</u>	<u>42,218.80</u>	<u>-</u>	<u>67,011.26</u>
Fund Balances:				
Restricted for:				
Excess Surplus	331,160.29			331,160.29
Excess Surplus - Designated				
Subsequent Year	760,413.00			760,413.00
Debt Service Fund			1.37	1.37
Committed to:				
Capital Reserve Account	480,234.08			480,234.08
Maintenance Reserve Account	375,000.00			375,000.00
Assigned to:				
Capital Reserve Designated by BOE for Subsequent Expenditures	531,250.00			531,250.00
Unassigned, Reported in:				
General Fund	103,075.57			103,075.57
Total Fund Balances	<u>2,581,132.94</u>	<u>-</u>	<u>1.37</u>	<u>2,581,134.31</u>
Total Liabilities and Fund Balances	<u>\$ 2,605,925.40</u>	<u>42,218.80</u>	<u>1.37</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not resources and therefore are not reported in the funds. The cost of the assets is \$20,650,827.00 and the accumulated depreciation is \$10,119,114.00	10,531,713.00
Interest on long-term debt in the statement of activities is accrued, regardless of when due.	(19,270.32)
Deferred amount on refunding and premiums on bonds are reported in the governmental fund as expenditures in the year the bonds are issued but are amortized over the life on the bonds on the statement of activities.	97,889.29
Pension Liabilities Net of Deferred Outflows & Inflows	(3,875,177.00)
Long - term liabilities, including bonds and capital leases payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(3,341,877.63)
Net position of governmental activities	<u>\$ 5,974,411.65</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources:				
Local Tax Levy	\$ 8,703,854.00		535,432.00	9,239,286.00
Tuition from Individuals	81,153.26			81,153.26
Transportation Fees	61,419.20			61,419.20
Interest on Capital Reserve	80.52			80.52
Miscellaneous	16,704.91			16,704.91
Total Local Sources	8,863,211.89	-	535,432.00	9,398,643.89
State Sources	7,362,709.43	81,704.56		7,444,413.99
Federal Sources	33,222.47	377,999.15		411,221.62
Total Revenues	<u>16,259,143.79</u>	<u>459,703.71</u>	<u>535,432.00</u>	<u>17,254,279.50</u>
EXPENDITURES				
Current:				
Regular Instruction	2,714,200.48			2,714,200.48
Special Education Instruction	1,484,654.10	361,964.29		1,846,618.39
Other Special Instruction	396,796.75			396,796.75
Support Services and Undistributed Costs:				
Tuition	3,580,892.78			3,580,892.78
Student & Instruction Related Serv.	1,097,493.42	86,617.37		1,184,110.79
General Administrative Services	302,380.56			302,380.56
School Administrative Services	234,051.82			234,051.82
Plant Operation and Maintenance	918,030.19			918,030.19
Pupil Transportation	949,968.99			949,968.99
Central and Technical Services	238,898.41			238,898.41
Unallocated Employee Benefits	3,186,111.12			3,186,111.12
Transfer to Charter School	52,715.00			52,715.00
Capital Outlay	170,113.33	11,122.05		181,235.38
Debt Service:				
Principal			445,000.00	445,000.00
Interest and Other Charges			90,431.26	90,431.26
Total Expenditures	<u>15,326,306.95</u>	<u>459,703.71</u>	<u>535,431.26</u>	<u>16,321,441.92</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>932,836.84</u>	<u>-</u>	<u>0.74</u>	<u>932,837.58</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,934.03)			(6,934.03)
Total Other Financing Sources and Uses	<u>(6,934.03)</u>	<u>-</u>	<u>-</u>	<u>(6,934.03)</u>
Net Changes in Fund Balance	925,902.81	-	0.74	925,903.55
Fund Balance - July 1	1,655,230.13	-	0.63	1,655,230.76
Fund Balance - June 30	<u>\$ 2,581,132.94</u>	<u>-</u>	<u>1.37</u>	<u>2,581,134.31</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
June 30, 2016

Total Net Change in Fund Balance - Governmental Funds (from B-2)	\$	925,903.55
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	(604,781.00)	
Loss on Disposal of Fixed Assets	(586.00)	
Capital Outlay	126,253.00	(479,114.00)
<p>Proceeds from debt issues are a financing source in the governmental funds. They are not a revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.</p>		
Capital Leases		-
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long - term liabilities in the statement of net assets and is not reported in the statement of activities.</p>		
Bonds		445,000.00
Capital Lease Payments		274,465.16
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the difference in the treatment of the long-term debt related items.</p>		
Amortization of Deferred Amount on Refunding (Loss)	(18,536.48)	(18,536.48)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of of employee contributions is reported as pension expense.</p>		
District pension contributions - PERS		
Cost of benefits earned net of employee contributions	(224,609.00)	(224,609.00)
<p>In the statement of activities, certain operating expenses, e.g., compensated absences (vacations and sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		23,965.65
<p>In the statement of activities, interest on long - term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is a deduction in the reconciliation.</p>		
		3,337.50
Change in Net Position of Governmental Activities	\$	950,412.38

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-Type Activities - Enterprise Fund		Totals
	Major Fund Food Service	Non Major Fund Community Education	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 1,411.40	56,910.58	58,321.98
Accounts Receivable	20,748.52	393.12	21,141.64
Inventories	6,347.93		6,347.93
Total Current Assets	<u>28,507.85</u>	<u>57,303.70</u>	<u>85,811.55</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	219,105.00		219,105.00
Less: Accumulated Depreciation	<u>(179,450.00)</u>		<u>(179,450.00)</u>
Total Noncurrent Assets	<u>39,655.00</u>	<u>-</u>	<u>39,655.00</u>
 Total Assets	 <u>68,162.85</u>	 <u>57,303.70</u>	 <u>125,466.55</u>
LIABILITIES			
Current Liabilities:			
Unearned Revenue	2,259.63		2,259.63
Accounts Payable	4,645.42		4,645.42
Total Current Liabilities	<u>6,905.05</u>	<u>-</u>	<u>6,905.05</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt	39,655.00	-	39,655.00
Unrestricted	21,602.80	57,303.70	78,906.50
Total Net Position	<u>\$ 61,257.80</u>	<u>57,303.70</u>	<u>118,561.50</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Major Fund	Non Major Fund	Totals
	Food Service	Community Education	
Operating Revenues:			
Charges for Services:			
Sales	\$ 72,644.87		72,644.87
Miscellaneous			-
Program Fees		66,943.66	66,943.66
Total Operating Revenue	<u>72,644.87</u>	<u>66,943.66</u>	<u>139,588.53</u>
Operating Expenses:			
Cost of Sales	73,839.63	10,826.01	84,665.64
Salaries and Benefits	68,473.42	62,092.74	130,566.16
Management Fee	14,500.00		14,500.00
General Supplies	4,174.97	720.04	4,895.01
Miscellaneous	6,934.03	562.00	7,496.03
Depreciation	10,870.00		10,870.00
Total Operating Expenses	<u>178,792.05</u>	<u>74,200.79</u>	<u>252,992.84</u>
Operating Income (Loss)	(106,147.18)	(7,257.13)	(113,404.31)
Nonoperating Revenues (Expenses):			
State Sources:			
State School Lunch Program	1,630.67		1,630.67
Federal Sources:			
National School Lunch Program	58,640.35		58,640.35
National School Breakfast Program	13,186.10		13,186.10
Food Distribution Program	15,613.53		15,613.53
NutriServe Guarantee	7,991.00		7,991.00
Interest and Investment Income	8.34	15.76	24.10
Total Nonoperating Revenues (Expenses)	<u>97,069.99</u>	<u>15.76</u>	<u>97,085.75</u>
Income (Loss) before Contributions & Transfers	(9,077.19)	(7,241.37)	(16,318.56)
Transfers In (Out)	<u>6,934.03</u>	-	<u>6,934.03</u>
Changes in Net Position	(2,143.16)	(7,241.37)	(9,384.53)
Total Net Position - Beginning	<u>63,400.96</u>	<u>64,545.07</u>	<u>127,946.03</u>
Total Net Position - Ending	<u>\$ 61,257.80</u>	<u>57,303.70</u>	<u>118,561.50</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Proprietary Funds
Statement of Cash Flows
June 30, 2016

	Business-Type Activities - Enterprise Fund		
	Major Fund	Non Major Fund	Totals
	Food Service	Community Education	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 73,232.54	72,047.43	145,279.97
Payments to Employees	(72,413.48)	(62,092.74)	(134,506.22)
Payments for Management Fee	(14,154.84)		(14,154.84)
Payments for Suppliers	(81,762.29)	(11,546.05)	(93,308.34)
Payments for Miscellaneous		(562.00)	(562.00)
Net Cash Provided by (Used for) Operating Activities	<u>(95,098.07)</u>	<u>(2,153.36)</u>	<u>(97,251.43)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	1,552.07		1,552.07
Federal Sources	65,663.64		65,663.64
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>67,215.71</u>	<u>-</u>	<u>67,215.71</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
None			-
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest and Dividends	8.34	15.76	24.10
Net Cash Provided by (Used for) Investing Activities	<u>8.34</u>	<u>15.76</u>	<u>24.10</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(27,874.02)	(2,137.60)	(30,011.62)
Balance - Beginning of Year	29,285.42	59,048.18	88,333.60
Balance - End of Year	<u>1,411.40</u>	<u>56,910.58</u>	<u>58,321.98</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(106,147.18)	(7,257.13)	(113,404.31)
Adjustments to Reconcile Operating Income(Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Net Amortization	10,870.00		10,870.00
(Increase) Decrease in Accounts Receivable	306.87	5,103.77	5,410.64
Increase (Decrease) in Unearned Revenue	280.80		280.80
Decrease in Inventories	750.07		750.07
(Decrease) Increase in Accounts Payable	(23,706.19)		(23,706.19)
Transfer In	6,934.03		6,934.03
Commodities	15,613.53		15,613.53
Total Adjustments	<u>11,049.11</u>	<u>5,103.77</u>	<u>16,152.88</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (95,098.07)</u>	<u>(2,153.36)</u>	<u>(97,251.43)</u>

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Fiduciary Funds
Statement of Net Position
June 30, 2016

	Private Purpose Scholarship Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 10,568.97	41,916.57
Total Assets	10,568.97	41,916.57
LIABILITIES		
Payable to Student Groups		40,333.68
Payroll Deductions & Withholding		1,575.98
Interfund Payable		6.91
Total Liabilities	-	41,916.57
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes		
Reserved for Scholarships	\$ 10,568.97	
	10,568.97	

The accompanying Notes to Financial Statements are an integral part of this statement

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
June 30, 2016

		Private Purpose Scholarship Fund
		Fund
ADDITIONS		
Contributions:		
None	\$	-
Total Contributions		-
Investment Earnings:		
Interest		3.57
Net Investment Earnings		3.57
Total Additions		3.57
DEDUCTIONS		
Scholarship Awards		100.00
Total Deductions		100.00
Changes in Net Position		(96.43)
Net Position - Beginning of the Year		10,665.40
Net Position - End of the Year	\$	10,568.97

The accompanying Notes to Financial Statements are an integral part of this statement

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Dennis Township District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education (Board) of Dennis Township School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. REPORTING ENTITY:

The Dennis Township School District is a Type II district located in the County of Cape May, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The District operates a primary, elementary and middle school located in Dennis Township. Students in grades 9-12 attend Middle Township High School on a tuition basis. The Dennis Township School District had an enrollment at June 30, 2016 of 537 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name);
- the District holds the corporate powers of the organization;
- the District appoints a voting majority of the organization's board;
- the District is able to impose its will on the organization;
- the organization has the potential to impose a financial benefit/burden on the District;
- there is a fiscal dependency by the organization on the District;

Based on the aforementioned criteria, the District has no component units.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS:

The District's basic financial statements include both government-wide statements (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's general, special revenue and debt service activities are classified as governmental activities. The District's food service and community service programs are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

The government-wide Statement of Changes in Net Position reports both the gross and net cost of each of the District's functions and business-type activities (food service and community education). The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Changes in Net Position reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (regular instruction, vocational programs, student & instruction related services, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, interest income, etc.).

- a. The District does allocate indirect costs such as depreciation expense, compensated absences, On-behalf TPAF Pension Contributions, and Reimbursed TPAF Social Security Contributions.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

C. BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements. The State of New Jersey Department of Education has mandated that all New Jersey School Districts must report all governmental funds as major, regardless of the fund meeting the GASB definition of a major fund. However, the criteria are applied to proprietary funds.

The following fund types are used by the District:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District.

- a. **General fund** is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special revenue** funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is specifically used to account for state and federal grant monies that have been allocated to the District.
- c. **Debt service** funds are used to account for the accumulation of resources for, and the payment of, principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Fund Balances – Governmental Funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

Unassigned – includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

The details of the fund balances are included in the Governmental Funds Balance Sheet. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

2. Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District:

- a. **Enterprise funds** are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designated to recover similar costs. The District operates a food service fund to provide a child nutrition program and a community education fund for the students of the district.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

3. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position, which are reported using accounting principles similar to proprietary funds.

The District's fiduciary funds are presented in the fiduciary fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

All funds internal activity is eliminated when carried to the Government-wide statements.

D. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. FINANCIAL STATEMENT AMOUNTS

1. Cash and Cash Equivalents:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

2. Investments:

Investments, including deferred compensation and pension funds, are stated at fair value, (quoted market price or the best available estimate). Interest earned on investments in the Capital Projects Fund is recognized as a reserve to pay future debt service or transferred to the general fund. At June 30, 2016, the District had no investments.

3. Inventories

Inventories in the general fund consist of expendable supplies held for the District's use and are carried at cost using the first-in, first-out method. Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2016 the District did not have inventory in the general fund and had the following inventory in the enterprise fund:

Food & Supplies	\$ 3,663.18
Commodities	<u>2,684.75</u>
	<u><u>\$ 6,347.93</u></u>

The value of Federal donated commodities is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

4. Capital Assets:

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	20-50 years
Machinery and equipment	5-10 years
Improvements	10-20 years
Infrastructure Assets	50-65 years

Infrastructure assets include roads, parking lots, underground pipe, etc. The District includes all infrastructure assets as depreciable assets in the financial statements.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

5. Revenues:

Substantially all governmental fund revenues are accrued. Property taxes are susceptible to accrual under New Jersey State Statutes a municipality is required to remit to its school district the entire balance of taxes in the amount certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measureable and available. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as non operating revenue. In respect to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient. Program revenues, including tuition revenue are reported as reductions to expenses in the statement of activities.

6. Expenditures:

Expenses are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

7. Compensated absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event this is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as both an expenditure and a fund liability in the fund that will pay for the compensated absences. The remainder of the compensated absences liability is reported in the District-wide Financial Statements as a Governmental Activity.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

8. Interfund Activity:

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provide, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related costs as reimbursement. All other interfund transactions are treated as transfer. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

9. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and, as long as the District budget is within State mandated CAPS, there is no public vote on the budget. If the budget exceeds State mandated CAPS, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23-2(g). Transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and under certain circumstances require approval by the County Superintendent of Schools.

Significant transfers approved by the Board of Education during the fiscal year were as follows:

Reg Prg-Instruction	
Grades 1 - 5 Salaries - Teachers	(50,517.72)
Grades 6 - 8 Salaries - Teachers	(63,000.00)
Undistributed-Instruction	
Tuition-LEA-Regular	84,658.31
Tuition-Cnty SSD,D/S	(225,941.36)
Tuition-Priv-in NJ	75,965.44
Undistributed-Child Study Team	
Purch Prof/Educ Srv	44,249.67
Undistributed-Unallocated Benefits	
Health Benefits	75,840.26
Other Employee Benefits	(35,308.19)
Unused Sick Payments	35,911.19
Transfer to Food Service Fund - Board Contribution	(30,000.00)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

10. Tuition Receivable

Tuition charges were established by the Board of Education based on estimated costs.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

11. Tuition Payable

Tuition charges for the fiscal year 2015/16 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

12. Use of Estimates

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

13. Allocation of Costs

In the government-wide statement of activities, the District has allocated unallocated benefits to various programs based on the budgetary expenditures by program.

14. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and Public Employee Retirement System (PERS) and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the TPAF and PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. RECENT ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement is effective for fiscal periods beginning after June 30, 2016 establishes new accounting and financial reporting requirements for OPEB plans. It is anticipated that this statement will not have any effect on the District's financial reporting.

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 is effective for fiscal periods beginning after June 30, 2017. Although not determinable, the impact of this statement on the net position of the entity is anticipated to be significant.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosure". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans". This statement is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements". This statement is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No.73". This statement is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting, however will affect the disclosure of pension related items.

NOTE 2 – 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 district'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 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$113,390.37 of the government's bank balance of \$3,000,639.96 was exposed to custodial credit risk.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2016, consisted of accounts (other services) and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government Wide Financial Statements
State Aid	\$ 37,387.50	37,649.55
Federal Aid	52,663.49	64,559.17
Other	35,326.73	44,310.64
Gross Receivables	125,377.72	146,519.36
Less: Allowance for Uncollectibles		
Total Receivables, Net	\$ 125,377.72	146,519.36

NOTE 4 – INTERFUND TRANSFERS AND BALANCES

The following interfund balances remained on the fund financial statements at June 30, 2016:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 21,479.82	
Special Revenue Fund		21,472.91
Agency Fund		6.91
Total	\$ 21,479.82	21,479.82

The general fund receivable is comprised of two interfunds. The first interfund is due from the Special Revenue Fund for \$21,472.91 which is a result of the general funds loan to cover the special revenue funds cash deficit. The second interfund is due from the Agency Fund for \$6.91 which is result of payroll interest not turned over to the general fund by June 30th.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 518,653.00		-	518,653.00
Total capital assets not being depreciated	<u>518,653.00</u>	<u>-</u>	<u>-</u>	<u>518,653.00</u>
Capital assets being depreciated:				
Buildings and building improvements	16,181,696.00			16,181,696.00
Equipment	3,833,598.00	126,253.00	9,373.00	3,950,478.00
Total capital assets being depreciated at historical cost	<u>20,015,294.00</u>	<u>126,253.00</u>	<u>9,373.00</u>	<u>20,132,174.00</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,843,525.00)	(404,398.00)		(7,247,923.00)
Equipment	(2,679,595.00)	(200,383.00)	(8,787.00)	(2,871,191.00)
Total capital assets being depreciated, net of accumulated depreciation	<u>10,492,174.00</u>	<u>(478,528.00)</u>	<u>586.00</u>	<u>10,013,060.00</u>
Governmental activity capital assets, net	<u><u>11,010,827.00</u></u>	<u><u>(478,528.00)</u></u>	<u><u>586.00</u></u>	<u><u>10,531,713.00</u></u>
Business-type activities:				
Capital assets being depreciated:				
Equipment	219,105.00			219,105.00
Less accumulated depreciation	(168,580.00)	(10,870.00)		(179,450.00)
Enterprise Fund capital assets, net	<u><u>\$ 50,525.00</u></u>	<u><u>(10,870.00)</u></u>	<u><u>-</u></u>	<u><u>39,655.00</u></u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 237,311.00
Special Instruction	161,456.00
Other Special Instruction	34,693.00
Student & Instruction Related Services	103,531.00
Gen Administration Services	26,438.00
School Administrative Services	20,464.00
Business and Other Support Services	20,888.00
	<u><u>\$ 604,781.00</u></u>

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 6 – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Issues or Additions	Payments or Expenditures	Balance June 30, 2016	Amounts Due Within One Year
Compensated Absences	\$ 344,287.96		23,965.65	320,322.31	
Capital Leases	946,020.48		274,465.16	671,555.32	230,214.23
Bonds Payable	2,795,000.00		445,000.00	2,350,000.00	440,000.00
Net Pension Liability	3,700,825.00	1,150,574.00	741,064.00	4,110,335.00	
	<u>\$ 7,786,133.44</u>	<u>1,150,574.00</u>	<u>1,484,494.81</u>	<u>7,452,212.63</u>	<u>670,214.23</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Description of Bonds Payable

At June 30, 2016, bonds payable consisted of the following issues:

\$4,750,000 Refunding Bonds dated April 29, 2010, due in annual installments through April 1, 2022, bearing interest rates from 2.00% to 3.625%. The balance remaining as of June 30, 2016 is \$2,350,000.00.

On April 29, 2010, the District issued \$4,750,000 in Refunding School Bonds to advance refund \$4,476,000 of outstanding 2002 school bonds with an average interest rate of 3.14%. The net proceeds of \$4,673,861.33, including a premium on the bonds of \$10,124.20 and net of payments of \$18,905.00 in underwriting fees and \$67,357.87 of issuance costs were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for part of future debt service payments until the call date (April 1, 2011) at which time the escrow will have sufficient funds to pay the principal of the 2002 bonds, when due.

Debt service requirements on serial bonds payable at June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$ 440,000.00	77,081.26	517,081.26
2018	435,000.00	63,881.26	498,881.26
2019	430,000.00	50,287.50	480,287.50
2020	420,000.00	36,312.50	456,312.50
2021	415,000.00	22,137.50	437,137.50
2022	210,000.00	7,612.50	217,612.50
	<u>\$ 2,350,000.00</u>	<u>257,312.52</u>	<u>2,607,312.52</u>

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 7 – PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the reports can be accessed on the internet at www.state.nj.us/treasury/pensions/annrpts.shtml

Teachers' Pension and Annuity Fund (TPAF)

The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey 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 or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 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 N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are required to be transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period. The School District had employees enrolled in the Defined Contribution Retirement Program (DCRP) during the fiscal year ended June 30, 2016.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The School District's contributions to TPAF for the years ending June 30, 2016, 2015, and 2014 were \$379,676.00, \$262,929.00, and \$236,197.00, respectively, and paid by the State of New Jersey on behalf of the board, equal to the required contributions for each year. The School District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014 were \$164,078.00, \$169,568.00, and \$155,801.00, respectively, equal to the required contributions for each year.

During the fiscal years ended June 30, 2016, 2015, and 2014, the State of New Jersey contributed \$452,089.00, \$417,400.00, and \$387,276.00, respectively, to the TPAF for post-retirement medical benefits on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$339,763.43, \$338,057.05, and \$353,546.20, during the same fiscal years for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts, which are not required to be budgeted, have been included in the financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Standards.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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) and the Police and Firemen's Retirement System (PFRS) operate 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 $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

- 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; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES 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, special retirement under the PFRS, 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. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three-year average annual compensation instead of the last year's salary. 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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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 8 – PUBLIC EMPLOYEES RETIREMENT SYSTEM

At June 30, 2016, the District reported a liability of \$4,110,335.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the District's proportion was 0.0183104770%, which was an increase of 0.00146% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$219,078.00. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expensed and actual experience	\$ 98,058	
Changes of assumptions	441,417	
Net difference between projected and actual earnings on pension plan investments		66,086
Changes in proportion and differences between District contributions and proportionate share of contributions		238,231
District contributions subsequent to the measurement date	157,421	
Total	\$ 696,896	304,317

\$157,421.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended June 30,	
2017	\$	43,959
2018		43,959
2019		43,959
2020		65,987
2021		37,294
Total	\$	235,158

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Actuarial Assumptions

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

Inflation rate	3.04%
Salary increases:	
2012-2021	2.15% - 4.40% (based on age)
Thereafter	3.15% - 5.40% (based on age)
Investment rate of return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of former members with adjustments for mortality improvements from the base year of 2012 based on Projections Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

In accordance with State statute, the long-term expected rate of return on plan investments (7.9% at June 30, 2015) 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 inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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

Discount Rate

The discount rate used to measure the total pension liability was 4.90% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of 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 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	1% Decrease (3.90%)	Current Discount Rate (4.90%)	1% Increase (5.90%)
District's proportionate share of the net pension liability	\$ 4,958,939	4,110,335	3,400,053

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

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 9 – TEACHERS PENSIONS AND ANNUITY FUND (TPAF)

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	-
State's proportionate share of the net position liability associated with the District		30,738,273
Total	\$	30,738,273

The net pension liability was measured as of June 30, 2015 and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.00%, which was no change from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,876,848.00 and revenue of \$1,615,480.00 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to TPAF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expended and actual experience	\$ 156,222	9,260
Changes of assumptions	3,501,667	
Net difference between projected and actual earnings on pension plan investments		260,362
Changes in proportion and differences between District contributions and proportionate share of contributions		3,137,979
District contributions subsequent to the measurement date	261,368	
Total	\$ 3,919,257	3,407,601

\$261,368.00 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date (June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Year ended June 30,		
2017	\$	29,402
2018		29,402
2019		29,402
2020		45,041
2021		38,120
Thereafter		78,921
Total	<u>\$</u>	<u>250,288</u>

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

Inflation Rate	2.50%	
Salary increases		
2012-2021		Varies based on experience
Thereafter		Varies based on experience
Investment rate of return	7.90%	

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate with adjustments for mortality improvements based on Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) 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-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return.
US Cash	5.00%	53.00%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign Developed Equity	12.00%	6.22%
Emerging market equities	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - Multi Strategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

Discount rate. The discount rate used to measure the total pension liability was 4.13% as of June 30, 2015. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.90%, and a municipal bond rate of 3.80% as of June 30, 2015, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of employers' 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 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 4.13% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net pension liability	\$ -	-	-

**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

Pension plan fiduciary net position.

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

NOTE 10 – POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c. 62. Funding of post-retirement medical changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

NOTE 11 – DEFERRED COMPENSATION

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Syracusa Insurance
Lincoln Investment Planning, Inc.
Prudential Insurance Co.
Ameriprise
Equitable

NOTE 12 – COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years as long as it does not violate Title 18A. Upon retirement employees shall be paid by the District for unused sick leave in accordance with the District's agreements with the various employee unions.

**DENNIS TOWNSHIP SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2016
 (CONTINUED)**

The liability for vested compensated absences for the governmental fund types is recorded in current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is not considered material to the applicable funds total liabilities, and therefore is not shown separately from the long-term liability of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2016, there was no liability for compensated absences in the Food Service Enterprise Fund.

NOTE 13 – MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account was established by the Dennis Township Board of Education for the accumulation of funds for use as required maintenance expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	\$	175,000.00
Deposits:		
June Transfer		200,000.00

Ending balance, June 30, 2016	\$	375,000.00

NOTE 14 – CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Dennis Township Board of Education by inclusion of \$200,000.00 in the original 1999-2000 annual capital outlay budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. A capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at on of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$ 511,403.56
Deposits:		
Interest earnings	80.52	
June Transfer	500,000.00	
		500,080.52
Withdrawals		
None	-	
Total withdrawals		-
Ending balance, June 30, 2016		\$ 1,011,484.08

NOTE 15 – RISK MANAGEMENT

The District 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 District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 16 – CAPITAL LEASE PAYABLE

The District is leasing buses and technology equipment totaling \$1,563,090.08. The following is a schedule of the future minimum lease payments under these capital leases and the net minimum lease payments at June 30, 2016:

Fiscal Year Ending June 30	Total
2017	243,491.43
2018	227,129.14
2019	227,129.14
Total minimum lease payments	697,749.71
Less amount representing interest	26,194.39
Present value of lease payments	\$ 671,555.32

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**DENNIS TOWNSHIP SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)**

NOTE 17 – COMMITMENTS

The District does not have encumbrance policy for the fiscal year end to determine significant encumbrances. All encumbrances are classified as either Assigned Fund Balance in the General Fund. Significant encumbrances at June 30th are as follows:

Fund	Amount
General Fund Encumbered Orders	\$ 356,455.00
	\$ 356,455.00

NOTE 18 – FUND BALANCE APPROPRIATED

General Fund – Of the \$2,581,132.94 General Fund fund balance, at June 30, 2016, \$356,455.00 is reserved for encumbrances, but not reflected as committed on the balance sheet since the unassigned balance would be negative; \$1,091,573.29 is reserved as excess surplus in accordance with NJSA 18A:7F-7 (\$760,413.00 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017), \$1,011,484.08 has been reserved in the Capital Reserve Account; \$375,000.00 has been reserved in the Maintenance Reserve Account; and \$103,075.57 is classified and Unassigned, after adjusting for the encumbrance amount of \$356,455.00.

NOTE 19 – CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount of budgeted fund balance in their subsequent years' budget. The excess fund balance generated in June 30, 2016 is \$331,160.29.

NOTE 20 – LITIGATION

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

NOTE 21 – SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2016 through November 28, 2016, the date that the financial statements were available to be issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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Required Supplementary Information – Part II

Budgetary Comparison Schedules

TOWNSHIP OF DENNIS SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 8,703,854.00		8,703,854.00	8,703,854.00	-
Tuition from Individuals	52,900.00		52,900.00	81,153.26	28,253.26
Transportation Fees from Individuals	2,652.00		2,652.00	3,978.60	1,326.60
Transportation Fees from other LEA's	34,000.00		34,000.00	57,440.60	23,440.60
Interest Earned on Capital Reserve Funds	125.00		125.00	80.52	(44.48)
Unrestricted Miscellaneous Revenues	36,544.00		36,544.00	16,704.91	(19,839.09)
Total Local Sources	<u>8,830,075.00</u>	<u>-</u>	<u>8,830,075.00</u>	<u>8,863,211.89</u>	<u>33,136.89</u>
State Sources:					
Extraordinary Aid			-	16,920.00	16,920.00
Categorical Special Education Aid	441,644.00		441,644.00	441,644.00	-
Equalization Aid	1,063,893.00		1,063,893.00	1,063,893.00	-
Categorical Security Aid	81,178.00		81,178.00	81,178.00	-
Adjustment Aid	3,819,316.00		3,819,316.00	3,819,316.00	-
Addl Adjustment Aid	99,244.00		99,244.00	99,244.00	-
PARCC Readiness Aid	6,880.00		6,880.00	6,880.00	-
Per Pupil Growth Aid	6,880.00		6,880.00	6,880.00	-
Categorical Transportation Aid	641,970.00		641,970.00	641,970.00	-
NonPublic Transportation Aid			-	3,583.00	3,583.00
TPAF Post Retirement Pension (On-Behalf - Non-Budgeted)			-	452,089.00	452,089.00
TPAF Pension (On-Behalf - Non-Budgeted)			-	379,676.00	379,676.00
TPAF Social Security (Reimbursed- Non-Budgeted)			-	339,763.43	339,763.43
Total State Sources	<u>6,161,005.00</u>	<u>-</u>	<u>6,161,005.00</u>	<u>7,353,036.43</u>	<u>1,192,031.43</u>
Federal Sources:					
Medicaid Reimbursement	11,711.00		11,711.00	33,222.47	21,511.47
Total Federal Sources	<u>11,711.00</u>	<u>-</u>	<u>11,711.00</u>	<u>33,222.47</u>	<u>21,511.47</u>
Total Revenues	<u>15,002,791.00</u>	<u>-</u>	<u>15,002,791.00</u>	<u>16,249,470.79</u>	<u>1,246,679.79</u>
EXPENDITURES:					
CURRENT EXPENSE					
REGULAR PROGRAMS - INSTRUCTION					
Preschool- Salaries of Teachers	46,465.00	315.09	46,780.09	46,777.78	2.31
Kindergarten- Salaries of Teachers	211,568.00	16,772.62	228,340.62	225,405.90	2,934.72
Grades 1 - 5 Salaries of Teachers	1,242,293.00	(50,517.72)	1,191,775.28	1,152,482.76	39,292.52
Grades 6 - 8 Salaries of Teachers	932,376.00	(63,000.00)	869,376.00	815,295.94	54,080.06
Regular Programs - Home Instruction					
Salaries of Teachers	3,200.00	3,462.31	6,662.31	6,662.31	-
Purchased Technical Services		6,535.38	6,535.38	4,774.42	1,760.96
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	20,800.00	1,161.20	21,961.20	21,756.20	205.00
Purchased Technical Services	1,900.00	6,151.40	8,051.40	8,051.40	-
Other Purchased Services (400-500 series)	975.00	(688.20)	286.80	178.07	108.73
General Supplies	334,937.71	15,143.45	350,081.16	315,283.28	34,797.88
Textbooks	135,000.00	(13,467.85)	121,532.15	117,532.42	3,999.73
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>2,929,514.71</u>	<u>(78,132.32)</u>	<u>2,851,382.39</u>	<u>2,714,200.48</u>	<u>137,181.91</u>
SPECIAL EDUCATION - INSTRUCTION					
Multiple Disabilities					
Salaries of Teachers	156,358.00	(505.77)	155,852.23	155,213.00	639.23
Other Salaries for Instruction	31,775.00	600.00	32,375.00	31,790.00	585.00
General Supplies	4,287.79	(600.00)	3,687.79	3,224.43	463.36
Total Multiple Disabilities	<u>192,420.79</u>	<u>(505.77)</u>	<u>191,915.02</u>	<u>190,227.43</u>	<u>1,687.59</u>
Resource Room/Resource Center					
Salaries of Teachers	827,616.00	28,696.27	856,312.27	856,312.27	-
Other Salaries for Instruction	341,660.00	(23,820.20)	317,839.80	317,839.80	-
Purchased Professional-Educational Services	5,500.00	(4,404.91)	1,095.09	1,064.40	30.69
General Supplies	5,132.12	34.61	5,166.73	5,166.73	-
Total Resource Room/Resource Center	<u>1,179,908.12</u>	<u>505.77</u>	<u>1,180,413.89</u>	<u>1,180,383.20</u>	<u>30.69</u>
PreSchool Disabilities - Part-Time					
General Supplies	233.01		233.01	233.01	-
Total PreSchool Disabilities - Part-Time	<u>233.01</u>	<u>-</u>	<u>233.01</u>	<u>233.01</u>	<u>-</u>

TOWNSHIP OF DENNIS SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
PreSchool Disabilities - Full-Time					
Salaries of Teachers	83,343.00	180.02	83,523.02	83,481.40	41.62
Other Salaries for Instruction	30,119.00	(99.97)	30,019.03	30,017.03	2.00
Other Purchased Services (400-500 series)		656.00	656.00		656.00
General Supplies	2,100.00	(736.05)	1,363.95	312.03	1,051.92
Total PreSchool Disabilities - Full-Time	115,562.00	-	115,562.00	113,810.46	1,751.54
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,488,123.92	0.00	1,488,123.92	1,484,654.10	3,469.82
Basic Skills/Remedial - Instruction					
Salaries of Teachers	379,396.00	(8,371.64)	371,024.36	345,637.31	25,387.05
Purchased Professional-Educational Services		371.64	371.64	371.64	-
General Supplies	7,500.00	(300.00)	7,200.00	1,774.17	5,425.83
Total Basic Skills/Remedial - Instruction	386,896.00	(8,300.00)	378,596.00	347,783.12	30,812.88
School-Spon. Cocurricular Activities - Instruction					
Salaries	24,900.00	(24.77)	24,875.23	24,875.23	-
General Supplies		1,962.00	1,962.00	1,724.00	238.00
Total School-Spon. Cocurricular Activities - Inst.	24,900.00	1,937.23	26,837.23	26,599.23	238.00
School-Sponsored Athletics - Instruction					
Salaries	19,570.00		19,570.00	18,165.79	1,404.21
Purchased Services (300-500 series)	3,500.00		3,500.00	2,367.00	1,133.00
Supplies and Materials	700.00	1,118.83	1,818.83	1,673.61	145.22
Other Objects	5,000.00	(3,056.06)	1,943.94	208.00	1,735.94
Total School-Sponsored Athletics - Instruction	28,770.00	(1,937.23)	26,832.77	22,414.40	4,418.37
Community Services - Inst.					
Salaries	1,000.00		1,000.00	-	1,000.00
Total Community Services - Instruction	1,000.00	-	1,000.00	-	1,000.00
TOTAL INSTRUCTION	4,859,204.63	(86,432.32)	4,772,772.31	4,595,651.33	177,120.98
UNDISTRIBUTED EXPENDITURES					
Undistributed Expenditures - Instruction					
Tuition to Other LEAs Within the State - Regular	1,535,054.00	84,658.31	1,619,712.31	1,619,712.31	-
Tuition to Other LEAs Within the State - Special	99,860.00		99,860.00	99,860.00	-
Tuition to County Voc. School Dist. - Regular	933,830.00		933,830.00	933,830.00	-
Tuition to County Voc. School Dist. - Special	386,158.00		386,158.00	385,958.00	200.00
Tuition to CSSD & Regional Day Schools	653,000.00	(225,941.36)	427,058.64	309,605.03	117,453.61
Tuition to Private Schools for the Disabled W/ State	155,962.00	75,965.44	231,927.44	231,927.44	-
Total Undistributed Expenditures - Instruction	3,763,864.00	(65,317.61)	3,698,546.39	3,580,892.78	117,653.61
Undistributed Expend. - Attendance & Social Work					
Other Purchased Services (400-500 series)	75.00		75.00	37.82	37.18
Total Undistributed Expend. - Attendance & Social Work	75.00	-	75.00	37.82	37.18
Undistributed Expend. - Health Services					
Salaries	140,434.00	-	140,434.00	138,884.00	1,550.00
Purchased Professional and Technical Services	6,100.00		6,100.00	5,262.50	837.50
Supplies & Materials	11,867.20		11,867.20	9,867.59	1,999.61
Total Undistributed Expend. - Health Services	158,401.20	-	158,401.20	154,014.09	4,387.11
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	116,159.00		116,159.00	101,873.17	14,285.83
Purchased Professional - Educational Services	4,100.00		4,100.00	4,100.00	-
Supplies & Materials	2,239.94		2,239.94	1,196.07	1,043.87
Total Undist. Expend. - Other Support Services	122,498.94	-	122,498.94	107,169.24	15,329.70
Undist. Expend.- Guidance					
Salaries of Other Professional Staff	117,663.00	90.42	117,753.42	117,753.42	-
Supplies and Materials	620.00	(90.42)	529.58	481.99	47.59
Total Undist. Expend. - Other Support Serv.- Reg	118,283.00	-	118,283.00	118,235.41	47.59

TOWNSHIP OF DENNIS SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Child Study Teams					
Salaries of Other Professional Staff	342,879.00	10,182.65	353,061.65	341,777.74	11,283.91
Salaries of Secretarial and Clerical Assistants	87,855.00	(934.24)	86,920.76	83,770.82	3,149.94
Purchased Professional - Education Services	101,800.00	44,249.67	146,049.67	133,011.26	13,038.41
Other Purchased Professional and Tech. Services	5,000.00	1,304.14	6,304.14	4,302.78	2,001.36
Miscel. Purchs Serv.	900.00	500.00	1,400.00	1,125.35	274.65
Supplies & Materials	6,268.13	1,114.97	7,383.10	7,383.10	-
Other Objects	1,400.00	15.13	1,415.13	1,124.90	290.23
Total Undist. Expend. - Child Study Teams	546,102.13	56,432.32	602,534.45	572,495.95	30,038.50
Undist. Expend. - Improvement of Inst. Services					
Salaries of Supervisor of Instruction	20,796.00		20,796.00	20,250.03	545.97
Salaries of Secretarial and Clerical Assistants	3,124.00		3,124.00	2,862.86	261.14
Total Undist. Expend. - Improvement of Inst. Serv.	23,920.00	-	23,920.00	23,112.89	807.11
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	53,963.00	9,999.49	63,962.49	63,847.49	115.00
Salary of Technology Coordinator	62,427.00	(9,999.49)	52,427.51	50,004.77	2,422.74
Purchased Professional and Technical Services	1,700.00		1,700.00		1,700.00
Supplies & Materials	11,000.00		11,000.00	5,419.90	5,580.10
Total Undistributed Expenditures - Educational Media Services - School Library	129,090.00	-	129,090.00	119,272.16	9,817.84
Undist. Expend. - Instructional Staff Training					
Purchased Professional - Education Services	1,000.00		1,000.00		1,000.00
Other Purchased Services (400-500 series)	12,000.00	(500.00)	11,500.00	3,123.31	8,376.69
Travel		500.00	500.00	32.55	467.45
Total Undistributed Expenditures - Instructional Staff Training Services	13,000.00	-	13,000.00	3,155.86	9,844.14
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	143,553.00	2,806.22	146,359.22	117,594.22	28,765.00
Legal Services	55,000.00	(5,012.50)	49,987.50	47,728.16	2,259.34
Audit Fees	22,000.00	(2,000.00)	20,000.00	20,000.00	-
Architect/Engineer Services		9,500.00	9,500.00	9,500.00	-
Other Purchased Professional Services	21,000.00	(14,487.50)	6,512.50	6,512.50	-
Insurance		10,000.00	10,000.00	10,000.00	-
Communications/Telephone	92,000.00	(5,760.53)	86,239.47	62,217.24	24,022.23
BOE Other Purchased Services	3,000.00	(1,138.65)	1,861.35	1,861.35	-
Miscel. Purchs Serv.	6,200.00	7,307.00	13,507.00	507.00	13,000.00
General Supplies	5,000.00		5,000.00	3,537.91	1,462.09
BOE In-house Training/Meeting Supplies	2,000.00	200.00	2,200.00	1,778.25	421.75
Miscellaneous Expenditures	12,800.00	(100.00)	12,700.00	12,457.97	242.03
BOE Membership Dues & Fees	10,000.00	(1,314.04)	8,685.96	8,685.96	-
Total Undistributed Expenditures - Support Services - General Administration	372,553.00	-	372,553.00	302,380.56	70,172.44
Undist. Expend. - Supp. Serv. - School Admin.					
Salaries of Principals/Assistant Principals/Prog Dir	138,383.00	(6,464.40)	131,918.60	131,918.60	-
Salaries of Secretarial and Clerical Assistants	80,926.00	(3,803.13)	77,122.87	75,455.16	1,667.71
Other Purchased Services (400-500 series)	25,200.00	(6,490.46)	18,709.54	15,231.82	3,477.72
Supplies & Materials	9,000.00	1,471.34	10,471.34	10,471.34	-
Other Objects	1,000.00	(25.10)	974.90	974.90	-
Total Undistributed Expenditures - Support Services - School Administration	254,509.00	(15,311.75)	239,197.25	234,051.82	5,145.43
Undistributed Expenditures - Central Services					
Salaries	156,000.00	15,160.88	171,160.88	171,160.88	-
Purchased Professional Services	17,750.00	1,081.62	18,831.62	17,595.69	1,235.93
Miscellaneous Purchased Services (400-500 series)	9,000.00		9,000.00	8,043.19	956.81
Supplies & Materials	11,891.22	(810.00)	11,081.22	10,582.72	498.50
Interest on Current Loans	100.00		100.00		100.00
Miscellaneous Expenditures	5,000.00	(450.00)	4,550.00	2,974.68	1,575.32
Total Undistributed Expenditures - Central Services	199,741.22	14,982.50	214,723.72	210,357.16	4,366.56
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	22,827.00	5,714.25	28,541.25	28,541.25	-
Purchased Professional Services	5,000.00	(5,000.00)	-	-	-
Other Purchased Services (400-500 series)	385.00	(385.00)	-	-	-
Total Undistributed Expenditures - Admin. Info. Tech.	28,212.00	329.25	28,541.25	28,541.25	-

TOWNSHIP OF DENNIS SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Required Maint. For School Fac.					
Salaries	151,180.00	-	151,180.00	114,227.42	36,952.58
Cleaning, Repair and Maintenance Service	150,073.20	(740.00)	149,333.20	113,594.76	35,738.44
General Supplies	26,632.00		26,632.00	24,491.30	2,140.70
Other Objects	1,000.00	740.00	1,740.00	1,543.00	197.00
Total Undistributed Expenditures - Allowable Maintenance for School Facilities	<u>328,885.20</u>	<u>-</u>	<u>328,885.20</u>	<u>253,856.48</u>	<u>75,028.72</u>
Undist. Expend. - Custodial Services					
Salaries	249,584.00	(1,115.91)	248,468.09	199,095.88	49,372.21
Salaries of Non-Instructional Aides	35,560.00	92.80	35,652.80	35,652.80	-
Purchased Professional and Technical Services	36,000.00	(1,721.60)	34,278.40	29,584.83	4,693.57
Cleaning, Repair and Maintenance Service	74,475.00		74,475.00	34,475.18	39,999.82
Insurance	73,290.00	(4,866.89)	68,423.11	68,423.11	-
Miscellaneous Purchased Services	1,000.00	1,721.60	2,721.60	2,690.43	31.17
General Supplies	69,165.80	(4,622.71)	64,543.09	43,820.59	20,722.50
Energy (Natural Gas)	55,000.00	(377.29)	54,622.71	24,222.09	30,400.62
Energy (Electricity)	200,000.00		200,000.00	185,578.25	14,421.75
Energy (Oil)	130,000.00		130,000.00	30,982.48	99,017.52
Other Objects	300.00		300.00	174.00	126.00
Total Undistributed Expenditures - Custodial Services	<u>924,374.80</u>	<u>(10,890.00)</u>	<u>913,484.80</u>	<u>654,699.64</u>	<u>258,785.16</u>
Undist. Expend. - Care/Upkeep Grounds					
General Supplies		5,000.00	5,000.00	3,886.15	1,113.85
Total Undistributed Expenditures - Care/Upkeep Grounds	-	<u>5,000.00</u>	<u>5,000.00</u>	<u>3,886.15</u>	<u>1,113.85</u>
Undist. Expend. - Security					
General Supplies		5,890.00	5,890.00	5,587.92	302.08
Total Undistributed Expenditures - Security	-	<u>5,890.00</u>	<u>5,890.00</u>	<u>5,587.92</u>	<u>302.08</u>
Total Undistributed Expenditures					
Operations and Maintenance of Plant	1,253,260.00	-	1,253,260.00	918,030.19	335,229.81
Undist. Expend. - Student Transportation Serv.					
Sal. Of Non-Instructional Aides	85,593.00	(4,780.26)	80,812.74	80,647.40	165.34
Sal.- Pup. Trans. (Bet. Home & School) - Reg.	344,560.00	(5,219.74)	339,340.26	339,340.26	-
Sal.- Pup. Trans. (Bet. Home & School) - Spc. Ed.	85,000.00		85,000.00	67,601.43	17,398.57
Sal.- Pup. Trans. (Other than Bet. Home & School)	25,000.00	8,164.50	33,164.50	15,553.82	17,610.68
Sal.- Pup. Trans. Nonpublic	51,809.00	425.00	52,234.00	51,860.54	373.46
Other Purchased Professional and Tech. Services	6,200.00	1,410.50	7,610.50	7,610.50	-
Cleaning, Repair and Maintenance Service	21,930.00		21,930.00	16,126.94	5,803.06
Rental Payments - School Buses	1,500.00	(1,276.90)	223.10	223.10	-
Lease Purchase Payments - School Buses	190,726.00		190,726.00	190,725.10	0.90
Contr. Serv. - Aid in Lieu of Pymts-Nonpub Sch	13,260.00		13,260.00	6,305.64	6,954.36
Contr. Serv. - (Oth. Than Bet Home & Sch)- Vend	10,000.00		10,000.00	8,800.00	1,200.00
Contr. Serv. - (Bet. Home & School) - Joint Agrmnts	8,000.00	1,276.90	9,276.90	9,276.90	-
Contr. Serv. - (Special Ed. Students) - Joint Agrm.	3,000.00		3,000.00	3,000.00	-
Contr. Serv. - (Special Students) - ESCs & CTAS	27,100.00	6,668.68	33,768.68	33,768.68	-
Misc. Purchased Service - Transportation	35,700.00	(6,668.68)	29,031.32	18,659.00	10,372.32
General Supplies	179,000.00		179,000.00	97,943.82	81,056.18
Other Objects	4,000.00		4,000.00	2,748.96	1,251.04
Total Undistributed Expenditures - Student Transportation Services	<u>1,092,378.00</u>	<u>-</u>	<u>1,092,378.00</u>	<u>949,968.99</u>	<u>142,409.01</u>
Unallocated Benefits - Employee Benefits					
Social Security Contribution	145,000.00	18,851.09	163,851.09	163,079.89	771.20
Other Retirement Contributions - PERS	187,432.00	(8,574.90)	178,857.10	174,117.50	4,739.60
Unemployment Compensation	44,720.00		44,720.00	36,343.97	8,376.03
Workmen's Compensation	95,675.00	(10,276.19)	85,398.81	85,398.81	-
Health Benefits	1,592,720.00	75,840.26	1,668,560.26	1,540,544.39	128,015.87
Tuition Reimbursement	20,000.00	(11,125.65)	8,874.35	1,746.00	7,128.35
Other Employee Benefits	60,249.13	(35,308.19)	24,940.94	13,352.13	11,588.81
Unused Sick Payments		35,911.19	35,911.19		35,911.19
Total Unallocated Benefits	<u>2,145,796.13</u>	<u>65,317.61</u>	<u>2,211,113.74</u>	<u>2,014,582.69</u>	<u>196,531.05</u>
On-Behalf Contributions					
On-Behalf TPAF Post Retirement Pension (non-bud)			-	452,089.00	(452,089.00)
On-Behalf TPAF Pension Contribution (non-bud)			-	379,676.00	(379,676.00)
Reimbursed TPAF Social Security Cont.(non-bud)			-	339,763.43	(339,763.43)
Total On-Behalf Contributions	-	-	-	<u>1,171,528.43</u>	<u>(1,171,528.43)</u>
Total Personal Services - Employee Benefits	<u>2,145,796.13</u>	<u>65,317.61</u>	<u>2,211,113.74</u>	<u>3,186,111.12</u>	<u>(974,997.38)</u>
TOTAL UNDISTRIBUTED EXPENDITURES	<u>10,221,683.62</u>	<u>56,432.32</u>	<u>10,278,115.94</u>	<u>10,507,827.29</u>	<u>(229,711.35)</u>

TOWNSHIP OF DENNIS SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	15,080,888.25	(30,000.00)	15,050,888.25	15,103,478.62	(52,590.37)
CAPITAL OUTLAY					
Interest Deposited to Capital Reserve	125.00		125.00		125.00
Equipment:					
Custodial Services	19,400.00		19,400.00	5,534.64	13,865.36
Undist. Expend. - Student Transportation	102,003.90		102,003.90	102,003.90	-
Total Equipment	121,403.90	-	121,403.90	107,538.54	13,865.36
Facilities Acquisition and Construction Services					
Construction Services	147,755.60		147,755.60	14,667.79	133,087.81
Assessment for Debt Service on SDA Funding	47,907.00		47,907.00	47,907.00	-
Total Facilities Acquisition and Construction Services	195,662.60	-	195,662.60	62,574.79	133,087.81
Assets Acquired Under Capital Lease (non-budget)					
Undistributed Expenditures:					
Equipment:					
None			-		-
Total Assets Acquired Under Capital Lease (non-budget)	-	-	-	-	-
TOTAL CAPITAL OUTLAY	317,191.50	-	317,191.50	170,113.33	147,078.17
SPECIAL SCHOOLS					
None	-	-	-		-
TOTAL SPECIAL SCHOOLS	-	-	-	-	-
Transfer of Funds to Charter Schools	92,955.00		92,955.00	52,715.00	40,240.00
TOTAL EXPENDITURES	15,491,034.75	(30,000.00)	15,461,034.75	15,326,306.95	134,727.80
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(488,243.75)	30,000.00	(458,243.75)	923,163.84	1,111,951.99
Other Financing Sources:					
Operating Transfer Out:					
Transfer to Food Service Fund - Board Contribution		(30,000.00)	(30,000.00)	(6,934.03)	23,065.97
Total Other Financing Sources	-	(30,000.00)	(30,000.00)	(6,934.03)	23,065.97
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(488,243.75)	0.00	(488,243.75)	916,229.81	1,135,017.96
Fund Balance July 1	2,221,881.13		2,221,881.13	2,221,881.13	-
Fund Balance June 30	\$ 1,733,637.38	0.00	1,733,637.38	3,138,110.94	1,135,017.96
Recapitulation:					
Restricted Fund Balance:					
Excess Surplus - Current Year				\$ 331,160.29	
Excess Surplus - Designated for Subsequent Year's Expenditures				760,413.00	
Committed Fund Balance:					
Capital Reserve				480,234.08	
Maintenance Reserve				375,000.00	
Assigned Fund Balance:					
Other Purposes				356,455.00	
Capital Reserve Designated for Subsequent Year's Expenditures				531,250.00	
Unassigned Fund Balance				303,598.57	
				3,138,110.94	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				556,978.00	
Fund Balance per Governmental Funds (GAAP)				\$ 2,581,132.94	

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
REVENUES:					
State Sources	\$ 86,085.00	(4,314.00)	81,771.00	81,704.56	(66.44)
Federal Sources	297,263.00	66,853.00	364,116.00	349,424.80	(14,691.20)
Total Revenues	383,348.00	62,539.00	445,887.00	431,129.36	(14,757.64)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	343,148.00	(200,790.00)	142,358.00	134,637.73	7,720.27
Other Purchased Services (400-500 series)		198,298.00	198,298.00	198,298.00	-
Supplies & Materials		10,844.00	10,844.00	10,777.56	66.44
Textbooks	6,173.00	222.00	6,395.00	6,395.00	-
Total Instruction	349,321.00	8,574.00	357,895.00	350,108.29	7,786.71
Support Services:					
Salaries of Other Professional Staff	29,727.00	(16,638.00)	13,089.00	13,089.00	-
Personal Services - Employee Benefits		18,749.00	18,749.00	18,749.00	-
Purchased Professional Technical Services		25,492.00	25,492.00	19,047.81	6,444.19
Other Purchased Services (400-500 series)		17,670.00	17,670.00	17,143.26	526.74
Supplies & Materials	4,300.00	(1,388.00)	2,912.00	2,912.00	-
Total Support Services	34,027.00	43,885.00	77,912.00	70,941.07	6,970.93

See Accompanying Auditor's Report

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance with Under/(Over) Final Budget to Actual
EXPENDITURES(cont'd):					
Health Services:					
Salaries of Other Professional Staff	\$ -	10,080.00	10,080.00	10,080.00	-
Total Health Services	-	10,080.00	10,080.00	10,080.00	-
Facilities Acquisitions and Construction Services:					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisitions and Const. Services:	-	-	-	-	-
Transfer to Charter Schools	-	-	-	-	-
Other Financing Sources (Uses)					
None	-	-	-	-	-
Total Outflows	383,348.00	62,539.00	445,887.00	431,129.36	14,757.64
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-

See Accompanying Auditor's Report

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Notes to the Required Supplementary Information

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Notes to the Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2016

Note A - Explanation of Differences Between Budgetary Inflows and Outflows GAAP Revenue and Expenditures

		General Fund		Special Revenue Fund
Sources / inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	\$ 16,249,470.79	[C-2]	431,129.36
Difference - budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Current Year				(16,744.45)
Prior Year				45,318.80
Final State Aid payment was delayed until July 2015 is recorded as GAAP revenue but is not recognized as budgetary revenue.		566,651.00		
Final State Aid payment was delayed until July 2016 is recorded as budgetary revenue but is not recognized under GAAP.		(556,978.00)		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	16,259,143.79	[B-2]	459,703.71
Uses / outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	15,326,306.95	[C-2]	431,129.36
Difference - budget to GAAP:				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP financial reporting purposes.				
Current Year				(16,744.45)
Prior Year				45,318.80
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balance - governmental funds.	[B-2]	\$ 15,326,306.95	[B-2]	459,703.71

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Required Supplementary Information – Part III

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employee Retirement System
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.0183104777%	0.0197664788%	0.0198192499%
District's proportionate of the net pension liability (asset)	\$ 4,110,335.00	\$ 3,700,825.00	\$ 3,787,852.00
District's covered payroll	\$ 1,235,780.00	\$ 1,218,004.00	\$ 1,355,748.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	332.61%	303.84%	279.39%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%	48.72%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of District Contributions
Public Employee Retirement System
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 157,421.00	\$ 162,952.00	\$ 149,334.00
Contributions in relation to the contractually required contribution	<u>\$ 157,421.00</u>	<u>\$ 162,952.00</u>	<u>\$ 149,334.00</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,235,780.00	\$ 1,218,004.00	\$ 1,355,748.00
Contributions as a percentage of covered-employee payroll	12.74%	13.38%	11.01%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period.
However, information is only currently available for three years.
Additional years will be presented as they become available.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Three Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%
District's proportionate of the net pension liability (asset)	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>30,738,273.00</u>	<u>29,841,141.00</u>	<u>27,766,875.00</u>
Total	<u>\$ 30,738,273.00</u>	<u>\$ 29,841,141.00</u>	<u>\$ 27,766,875.00</u>
District's covered payroll	\$ 4,566,930.00	\$ 4,797,445.00	\$ 4,894,418.00
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%	33.76%

Source: GASB 68 report on Public Employees' Retirement System; District records

Note: This schedule is required by GASB 68 to show information for a 10 year period. However, information is only currently available for three years. Additional years will be presented as they become available.

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Other Supplementary Information

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Title I Part A	Title IIA	IDEA Part B	IDEA Preschool	Nonpublic Textbooks	Nonpublic Technology
REVENUES:						
State Sources	\$ 98,888.56	30,478.40	216,391.84	3,666.00	6,395.00	2,912.00
Federal Sources	98,888.56	30,478.40	216,391.84	3,666.00	6,395.00	2,912.00
Total Revenues						
EXPENDITURES:						
Instruction:						
Salaries of Teachers	71,453.73	3,745.00	10,432.00			
Other Purchased Services (400-500 series)			194,914.00	3,384.00		
Supplies & Materials	2,923.00		4,839.00	282.00		
Textbooks					6,395.00	
Total Instruction	74,376.73	3,745.00	210,185.00	3,666.00	6,395.00	-
Support Services:						
Salaries of Other Professional Staff			2,512.00			
Personal Services - Employee Benefits	14,604.00	780.00	3,365.00			
Purchased Professional Technical Services	9,907.83	9,139.98				
Other Purchased Services (400-500 series)		16,813.42	329.84			
Supplies & Materials						2,912.00
Total Support Services	24,511.83	26,733.40	6,206.84	-	-	2,912.00
Health Services:						
Salaries of Other Professional Staff						
Total Health Services	-	-	-	-	-	-
Facilities Acquisitions and Construction Services:						
Instructional Equipment						
Total Facilities Acquisitions and Const. Services:						
Transfer to Charter Schools						
Other Financing Sources (Uses)						
None						
Total Outflows	98,888.56	30,478.40	216,391.84	3,666.00	6,395.00	2,912.00
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See Accompanying Auditor's Report

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Year Ended June 30, 2016

	Nonpublic Speech	Nonpublic Nursing	Nonpublic Basic Skills	Nonpublic Supplemental Instruction	Nonpublic Security	Nonpublic Examination & Classification	Totals 2016
REVENUES:							
State Sources	\$ 8,361.00	10,080.00	28,765.00	11,881.00	2,733.56	10,577.00	81,704.56
Federal Sources	8,361.00	10,080.00	28,765.00	11,881.00	2,733.56	10,577.00	349,424.80
Total Revenues							431,129.36
EXPENDITURES:							
Instruction:							
Salaries of Teachers	8,361.00		28,765.00	11,881.00			134,637.73
Other Purchased Services (400-500 series)					2,733.56		198,298.00
Supplies & Materials							10,777.56
Textbooks							6,395.00
Total Instruction	8,361.00	-	28,765.00	11,881.00	2,733.56	-	350,108.29
Support Services:							
Salaries of Other Professional Staff						10,577.00	13,089.00
Personal Services - Employee Benefits							18,749.00
Purchased Professional Technical Services							19,047.81
Other Purchased Services (400-500 series)							17,143.26
Supplies & Materials							2,912.00
Total Support Services	-	-	-	-	-	10,577.00	70,941.07
Health Services:							
Salaries of Other Professional Staff		10,080.00					10,080.00
Total Health Services	-	10,080.00	-	-	-	-	10,080.00
Facilities Acquisitions and Construction Services:							
Instructional Equipment							
Total Facilities Acquisitions and Const. Services:	-	-	-	-	-	-	-
Transfer to Charter Schools							
Other Financing Sources (Uses)							
None							
Total Outflows	8,361.00	10,080.00	28,765.00	11,881.00	2,733.56	10,577.00	431,129.36
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	-	-	-	-	-	-

FIDUCIARY FUNDS DETAIL STATEMENTS

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Unemployment Compensation Fund - This Trust Fund is an expendable trust fund and limits expenses set aside for this purpose in current and prior budgets and contributions from employee withholding in prior years.

Agency funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Fiduciary Net Position
June 30, 2016

	<u>Scholarship Funds</u>	<u>Agency Funds</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>10,568.97</u>	\$ <u>41,916.57</u>	<u>52,485.54</u>
Total Assets	<u>10,568.97</u>	<u>41,916.57</u>	<u>52,485.54</u>
LIABILITIES			
Payable to Student Groups		40,333.68	40,333.68
Payroll Deductions & Withholding		1,575.98	1,575.98
Interfund Payable		<u>6.91</u>	<u>6.91</u>
Total Liabilities	<u>-</u>	<u>41,916.57</u>	<u>41,916.57</u>
NET POSITION			
Reserve for Scholarships	\$ <u>10,568.97</u>		<u>10,568.97</u>
Total Net Position			<u>10,568.97</u>
 Total Liabilities and Net Position			 <u>52,485.54</u>

See Accompanying Auditor's Report

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position
June 30, 2016

	Scholarship Funds	Totals
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
None	\$ -	-
Total Contributions	<u>-</u>	<u>-</u>
Investments Earnings:		
Interest	3.57	3.57
Net Investment Earnings	<u>3.57</u>	<u>3.57</u>
Total Additions	<u>3.57</u>	<u>3.57</u>
Deductions		
Scholarship Awards	<u>100.00</u>	<u>100.00</u>
Total Deductions	<u>100.00</u>	<u>100.00</u>
Change in Net Position	(96.43)	(96.43)
Net Position - Beginning of the Year	<u>10,665.40</u>	<u>10,665.40</u>
Net Position - End of the Year	<u>\$ 10,568.97</u>	<u>10,568.97</u>

See Accompanying Auditor's Report

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Student Activity Agency Fund
Schedule of Receipts and Disbursements
June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
ELEMENTARY SCHOOLS				
Eighth Grade Activities	\$ 932.66	40,099.92	40,288.95	743.63
Other	44,348.42	46,000.59	50,758.96	39,590.05
Total Assets	<u>\$ 45,281.08</u>	<u>86,100.51</u>	<u>91,047.91</u>	<u>40,333.68</u>

**TOWNSHIP OF DENNIS SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
June 30, 2016**

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Cash and Cash Equivalents	\$ 229.33	7,642,543.00	7,641,189.44	1,582.89
Total Assets	<u>229.33</u>	<u>7,642,543.00</u>	<u>7,641,189.44</u>	<u>1,582.89</u>
LIABILITIES:				
Payroll Deductions & Withholding	224.68	7,642,474.83	7,641,123.53	1,575.98
Interfund Payable	4.65	68.17	65.91	6.91
Total Liabilities	<u>\$ 229.33</u>	<u>7,642,543.00</u>	<u>7,641,189.44</u>	<u>1,582.89</u>

LONG-TERM DEBT SCHEDULES

The long-term debt schedules are used to reflect the outstanding principal balance of the general long-term liabilities of the school district. This includes serial bonds outstanding, the outstanding principal balance on capital leases.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of General Serial Bonds
As of June 30, 2016

Improvement Description	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding 6/30/2016					Balance June 30, 2015	Increased	Decreased	Balance June 30, 2016
			Date	Amount	Interest Rate	Balance June 30, 2015	Increased				
2010 Refunding	4/29/2010	\$ 4,750,000.00	4/1/2017	\$ 440,000.00	3.000%	\$ 2,795,000.00			445,000.00	2,350,000.00	
			4/1/2018	435,000.00	3.125%						
			4/1/2019	430,000.00	3.250%						
			4/1/2020	420,000.00	3.375%						
			4/1/2021	415,000.00	3.500%						
			4/1/2022	210,000.00	3.625%						
						\$	<u>2,795,000.00</u>	<u>-</u>	<u>445,000.00</u>	<u>2,350,000.00</u>	

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of Obligations Under Capital Lease
As of June 30, 2016

Description	Amount of Original Issue	Balance June 30, 2015	Issued Current Year	Retired Current Year	Balance June 30, 2016
2012 - One 54 Passenger Bus	74,149.37	\$ 31,141.67		15,312.81	15,828.86
2013 - Eight 54 Passenger Buses	698,720.00	387,500.32		93,238.72	294,261.60
2013 - Two 54 & One 50 Passenger Bus	298,437.00	204,286.92		49,907.00	154,379.92
2014 - Technology Equip.	146,598.30	48,862.29		48,862.29	-
2015 - School Buses, Security Camera System and Technology Equipment	345,185.41	274,229.28		67,144.34	207,084.94
		<u>\$ 946,020.48</u>	<u>-</u>	<u>274,465.16</u>	<u>671,555.32</u>

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 535,432.00		535,432.00	535,432.00	-
Total - Local Sources	<u>535,432.00</u>	<u>-</u>	<u>535,432.00</u>	<u>535,432.00</u>	<u>-</u>
Total Revenues	<u>535,432.00</u>	<u>-</u>	<u>535,432.00</u>	<u>535,432.00</u>	<u>-</u>
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	90,432.00		90,432.00	90,431.26	0.74
Redemption of Principal	<u>445,000.00</u>		<u>445,000.00</u>	<u>445,000.00</u>	<u>-</u>
Total Regular Debt Service	<u>535,432.00</u>	<u>-</u>	<u>535,432.00</u>	<u>535,431.26</u>	<u>0.74</u>
Total Expenditures	<u>535,432.00</u>	<u>-</u>	<u>535,432.00</u>	<u>535,431.26</u>	<u>0.74</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.74</u>	<u>(0.74)</u>
Fund Balance, July 1	0.63		0.63	0.63	-
Fund Balance, June 30	<u>\$ 0.63</u>	<u>-</u>	<u>0.63</u>	<u>1.37</u>	<u>(0.74)</u>

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Statistical Section

Exhibit J-1

Dennis Township BOE
 Net Position by Component,
 Last Ten Fiscal Years
(Unaudited)
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012 *	2013	2014 *	2015	2016
Governmental activities										
Net invested in capital assets, net of related debt \$	7,124,710.46	6,744,794.25	6,791,720.83	6,857,067.15	7,577,047.87	7,329,474.90	7,300,013.50	7,303,157.69	7,363,624.47	7,588,776.65
Restricted	541,095.24	396,257.50	327,498.93	261,283.78	577,752.75	632,088.54	190,505.16	715,708.50	1,776,139.43	2,478,057.37
Unrestricted	(222,450.88)	(248,532.65)	(496,828.09)	(503,718.49)	(564,031.96)	(578,480.96)	(377,222.24)	(4,118,986.74)	(4,115,764.63)	(4,092,422.37)
Total governmental activities net position	7,443,354.82	6,892,519.10	6,622,391.68	6,614,632.45	7,590,768.76	7,383,082.48	7,113,296.42	3,899,879.45	5,023,999.27	5,974,411.65
Business-type activities										
Invested in capital assets, net of related debt	5,500.00	6,888.00	4,914.00	6,210.00	106,469.00	92,036.00	77,603.00	63,173.00	50,525.00	39,655.00
Restricted	49,174.86	59,519.47	51,595.84	54,796.62	42,073.27	88,376.67	62,989.82	52,819.36	77,421.03	78,906.50
Unrestricted	54,674.86	66,407.47	56,509.84	61,006.62	148,542.27	180,412.67	140,592.82	115,992.36	127,946.03	118,561.50
Total business-type activities net position	109,349.72	126,814.94	112,919.68	121,012.64	257,124.54	260,825.34	258,176.64	229,984.66	255,892.06	236,023.00
District-wide										
Invested in capital assets, net of related debt	7,130,210.46	6,751,682.25	6,796,634.83	6,863,277.15	7,683,516.87	7,421,510.90	7,377,616.50	7,366,330.69	7,414,149.47	7,628,431.65
Restricted	541,095.24	396,257.50	327,498.93	261,283.78	577,752.75	632,088.54	190,505.16	715,708.50	1,776,139.43	2,478,057.37
Unrestricted	(173,276.02)	(189,013.18)	(445,232.24)	(448,921.86)	(521,958.59)	(480,104.29)	(314,232.42)	(4,066,187.38)	(4,038,343.60)	(4,013,515.87)
Total district net position	7,495,029.68	6,956,926.57	6,678,901.52	6,675,639.07	7,739,311.03	7,963,495.15	7,283,689.24	4,015,871.81	5,151,945.30	6,092,973.15

* as restated

Source: CAFR Schedule A-1

Exhibit J-2

Dennis Township BOE
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
Instruction:										
Regular	4,155,739.72	4,499,603.02	4,208,142.41	4,356,352.75	4,384,879.55	4,653,965.17	4,446,565.65	4,195,635.27	4,758,421.83	4,749,939.43
Special education	2,168,841.80	2,501,233.84	2,447,134.57	2,630,366.28	2,385,735.94	2,203,939.14	2,475,803.27	2,463,983.06	3,043,771.16	3,269,533.62
Other special education	216,688.61	205,497.73	292,662.24	402,367.82	361,946.52	513,744.34	483,815.07	687,737.50	682,214.67	720,637.32
Support Services:										
Tuition	4,188,697.39	4,336,612.33	4,440,651.05	4,282,788.94	4,317,962.24	4,314,462.20	4,417,078.42	3,803,743.62	3,516,058.06	3,580,892.78
Student & instruction related services	1,486,831.68	1,563,559.32	1,529,250.20	1,705,948.37	1,544,564.04	1,626,632.02	1,667,295.45	1,525,452.99	1,883,001.88	2,043,176.61
General and business administrative services	445,676.53	507,946.64	399,645.45	408,973.39	414,823.80	402,729.00	504,564.47	517,361.61	544,741.80	472,320.52
School administrative services	475,823.37	433,742.00	511,022.73	538,056.50	365,593.50	471,608.19	421,012.86	342,943.77	337,071.98	420,904.72
Plant operations and maintenance	977,175.63	1,119,192.38	1,110,005.78	1,042,299.80	1,026,266.78	1,037,693.38	1,453,346.50	1,095,341.08	1,111,792.72	1,083,932.44
Pupil transportation	947,300.85	987,517.54	951,943.29	1,060,844.00	1,114,798.82	1,233,972.93	997,205.38	1,170,368.86	1,040,595.80	988,213.18
Central and Technical Services	305,178.39	343,199.41	349,994.30	329,911.44	257,729.67	339,275.03	342,835.75	336,808.43	352,236.14	423,931.23
Business and other support services										
Capital Outlay	9,557.00	9,557.00	8,979.34	9,621.34	24,925.00	32,013.00	47,907.00	42,491.00	91,783.00	52,715.00
Charter Schools	7,200.00	5,600.00					43,309.00			
Amortization of Debt Issue Costs	300,566.00	279,342.00	261,594.50	227,857.00	129,532.52	120,728.76	129,398.44	130,500.86	117,062.42	105,630.24
Interest on long-term debt										
Total governmental activities expenses	15,685,276.97	16,792,653.21	16,511,225.86	16,995,407.63	16,278,357.38	16,950,963.16	17,450,137.26	16,312,448.07	17,478,751.48	17,911,827.09

**Dennis Township BOE
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)
(Unaudited)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Food service	228,429.59	237,536.73	219,238.80	215,783.50	208,328.43	212,677.07	245,593.64	233,194.40	172,503.56	178,792.05
Community Education	125,336.70	77,344.59	96,029.47	96,029.47	77,307.02	65,671.36	63,863.05	58,521.96	60,189.81	74,200.79
Total business-type activities expenses	353,766.29	314,881.32	311,025.92	311,812.97	285,635.45	278,348.43	309,456.69	291,716.36	232,703.37	252,992.84
Total district expenses	16,039,043.26	17,107,535.39	16,822,631.76	17,307,220.60	16,363,892.83	17,229,511.59	17,593,935.36	16,603,864.45	17,711,464.37	18,164,193.93
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	4,620.00	10,920.00	10,668.00	15,680.00	7,784.00	100,881.00	63,170.60	512,015.19	509,767.25	522,797.26
Pupil transportation	6,570.44	3,100.69	1,229.33	496.61	258.40			702,164.00	889,763.77	706,972.20
Operating grants and contributions	744,733.82	747,784.45	674,194.89	1,126,828.49	628,014.37	2,708,046.77	517,446.62	1,417,629.96	2,829,588.25	3,246,712.14
Total governmental activities program revenues	755,924.26	761,805.14	686,092.22	1,143,005.10	636,056.77	2,808,929.77	580,617.22	2,631,809.15	4,029,119.27	4,476,461.60
Business-type activities:										
Charges for services:										
Food service	169,992.34	155,340.26	141,096.98	134,892.15	119,294.47	151,810.36	112,583.01	98,065.37	77,230.54	72,644.87
Community Education	97,579.88	91,598.97	85,685.91	103,840.01	60,935.09	60,741.22	60,424.14	72,131.64	80,934.81	66,943.66
Operating grants and contributions	59,119.05	74,639.80	74,335.16	77,379.52	78,177.14	97,632.15	96,617.21	96,707.32	86,474.32	89,070.65
Total business-type activities program revenue	326,691.27	321,579.03	301,118.05	316,111.68	258,406.70	310,183.73	269,624.36	266,904.33	244,639.67	228,659.18
Total district program revenue	1,082,615.53	1,083,384.17	987,210.27	1,459,116.78	894,463.47	3,119,113.50	850,241.58	2,898,713.48	4,273,758.94	4,705,140.78
Net (Expense)/Revenue										
Governmental activities	(14,929,352.71)	(16,050,846.07)	(15,825,133.64)	(15,852,402.53)	(15,642,300.61)	(14,142,033.39)	(16,869,520.04)	(13,680,638.92)	(13,449,632.21)	(13,435,345.49)
Business-type activities	(27,075.02)	6,728.71	(10,507.87)	4,298.71	(27,228.75)	31,835.30	(39,832.33)	(24,612.03)	11,936.28	(24,333.66)
Total district-wide net expense	(14,956,427.73)	(16,024,118.36)	(15,835,641.51)	(15,848,103.82)	(15,669,529.36)	(14,110,198.09)	(16,909,352.37)	(13,705,250.95)	(13,437,695.93)	(13,459,679.15)

**Dennis Township BOE
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)
(Unaudited)

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	6,988,071.00	7,268,253.00	7,558,983.00	7,761,341.00	8,071,704.00	8,071,704.00	8,365,273.00	8,532,578.00	8,703,230.00	8,703,854.00
Taxes levied for debt service	536,274.00	551,617.00	543,445.00	532,141.00	533,971.00	618,619.00	579,308.00	579,619.00	555,669.00	535,432.00
Unrestricted grants and contributions	7,462,549.42	7,631,762.21	7,389,336.20	7,445,674.89	7,100,097.53	5,434,504.86	7,404,301.56	5,099,946.64	5,164,580.82	5,137,206.47
Fixed Asset Adjustment	-	(224,028.32)	(4,929.00)	-	816,841.00	-	-	(82,449.00)	-	(696.00)
Miscellaneous income	151,324.50	52,408.46	68,171.02	105,486.41	95,733.39	14,729.25	60,346.24	12,100.08	150,272.21	16,785.43
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	15,159,118.92	15,480,072.35	15,555,006.22	15,844,643.30	16,618,436.92	14,139,847.11	16,409,228.82	14,141,466.72	14,573,762.03	14,385,767.87
Business-type activities:										
Miscellaneous income	3,416.24	5,003.90	610.24	198.07	75.40	35.10	12.48	11.57	17.39	8,015.10
Transfers	-	-	-	-	-	-	-	-	-	6,934.03
Fixed Asset Adjustment	(6,295.00)	-	-	-	114,689.00	-	-	-	-	-
Reduction of Receivable	(2,878.76)	5,003.90	610.24	198.07	114,764.40	35.10	12.48	11.57	17.39	14,949.13
Total business-type activities	15,156,240.16	15,485,076.25	15,555,616.46	15,844,841.37	16,733,201.32	14,139,882.21	16,409,241.30	14,141,508.29	14,573,769.42	14,400,707.00
Changes in Net Position	229,766.21	(550,835.72)	(270,127.42)	(7,759.23)	976,136.31	(2,186.28)	(460,291.22)	460,857.80	1,124,119.82	950,412.38
Governmental activities	(29,953.78)	11,732.61	(9,897.63)	4,496.78	87,535.65	31,870.40	(39,819.85)	(24,600.46)	11,953.67	(9,394.53)
Business-type activities	189,812.43	(559,103.11)	(280,025.05)	(3,262.45)	1,063,671.96	(29,864.12)	(500,111.07)	436,257.34	1,136,073.49	941,027.85
Total district	\$									

Source: CAFR Schedule A-2

Dennis Township BOE
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Exhibit J-3

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted					210,648.45	194,517.12	20,243.71	329,323.19	1,089,735.87	1,091,573.29
Committed					125,467.54	125,622.43	38,693.34	386,385.31	686,403.56	855,234.08
Assigned					177,349.49	311,948.99	131,568.11			531,250.00
Unassigned					(229,389.15)	(261,199.23)	(262,366.89)	(204,044.93)	(120,909.30)	103,075.57
Reserved	545,806.88	396,191.14	322,499.57	236,731.42						
Unreserved	87,108.46	69,474.10	(191,271.26)	(171,839.46)						
Total general fund	632,915.34	465,665.24	131,228.31	63,891.96	284,076.33	370,889.31	(71,881.73)	511,663.57	1,655,230.13	2,581,132.94
All Other Governmental Funds										
Restricted										
Reported in Capital projects fund	67,704.36	67,704.36	67,704.36	67,704.36	13,237.24	19,810.91	0.15	0.39	0.63	1.37
Debt service fund					19,810.67					
Committed										
Assigned					67,704.36					
Unassigned										
Unreserved, reported in:										
Special revenue fund	(1,297.80)	(1,297.80)								
Capital projects fund	13,204.77	13,204.77	13,204.77	13,204.77						
Debt service fund	0.69	0.69	0.19	0.19						
Total all other governmental funds	79,612.02	79,612.02	80,909.32	80,909.32	100,752.27	19,810.91	0.15	0.39	0.63	1.37
\$										

* - FY 2011 was the first year of reporting under GASB 54 - Fund Balance Classifications

Source: CAFR Schedule B-1

Dennis Township BOE
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(Unaudited)

Exhibit J-4

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	\$ 7,525,245.00	7,819,870.00	8,102,428.00	8,293,482.00	8,605,765.00	8,690,613.00	8,944,581.00	9,112,197.00	9,258,899.00	9,239,286.00
Tuition charges	4,620.00	10,920.00	10,668.00	15,690.00	7,784.00	19,600.00	39,142.20	70,371.19	68,123.25	81,153.26
Interest earnings	6,570.44	859.00	1,229.33	496.61	258.40	154.89	44.64	18.26	18.25	80.52
Transportation Fees	27,041.00	3,100.69	31,457.00	37,557.62	34,558.92	12,875.59	24,028.40	53,169.00	42,453.77	61,419.20
Miscellaneous	131,682.20	60,334.33	38,867.31	72,673.79	66,246.47	116,552.36	66,029.67	12,081.82	155,125.96	16,704.91
State sources	7,840,153.19	8,137,181.89	7,652,774.00	7,669,688.80	7,272,806.94	7,494,443.34	7,479,754.99	7,237,860.40	7,305,049.05	7,444,413.99
Federal sources	379,731.35	433,579.90	408,603.80	898,089.58	450,232.96	596,505.34	436,265.14	369,757.20	430,397.02	411,221.62
Total revenue	15,915,043.18	16,465,845.81	16,246,027.44	16,987,648.40	16,437,652.69	16,930,744.52	16,989,846.04	16,855,454.87	17,260,066.30	17,254,279.50
Expenditures										
Instruction:										
Regular instruction	2,887,391.46	3,140,778.18	3,153,513.95	3,141,441.18	3,027,508.03	3,139,042.93	3,047,297.81	2,749,670.99	2,666,257.56	2,714,200.48
Special education instruction	1,589,360.01	1,805,569.49	1,793,846.51	1,988,406.76	1,724,126.41	1,567,362.93	1,696,940.58	1,684,545.83	1,752,401.85	1,846,618.39
Other special education instruction	203,696.05	192,006.64	273,666.00	283,986.55	253,950.33	351,233.15	331,164.71	453,924.51	362,265.87	396,796.75
Support Services:										
Tuition	4,188,697.39	4,336,612.33	4,440,851.05	4,282,788.94	4,292,826.24	4,339,598.20	4,417,078.42	3,803,743.62	3,516,058.06	3,580,892.78
Student & Instruction Related Serv.	1,112,997.05	1,151,721.53	1,153,555.38	1,256,980.63	1,122,518.56	1,146,098.48	1,159,627.40	1,055,485.40	1,096,623.75	1,184,110.79
General Administrative Services	360,976.66	344,224.78	323,884.50	329,069.48	328,742.64	388,157.77	345,785.56	412,916.07	402,555.47	302,380.56
School Administrative Services	341,979.35	357,111.20	372,538.68	384,457.25	259,013.36	279,269.23	288,526.40	235,146.98	231,920.58	234,051.82
Central and Technical Services	222,182.23	247,977.35	259,824.46	240,801.55	196,120.79	242,849.20	234,950.46	230,897.66	237,324.65	238,898.41
Plant operations and maintenance	840,942.29	972,143.48	974,004.37	895,946.84	904,969.19	906,718.41	996,000.05	971,191.80	970,799.65	918,030.19
Pupil transportation	872,832.52	903,772.10	889,410.53	972,769.74	1,043,206.70	1,116,764.86	1,160,310.66	1,070,484.21	986,871.92	949,968.99
Unallocated employee benefits	2,236,144.87	2,531,556.03	2,299,064.80	2,555,691.29	2,365,833.60	2,707,436.37	3,079,194.03	2,913,530.95	3,136,964.35	3,186,111.12
Charter Schools	9,557.00	9,557.00	8,979.34	9,621.34	24,925.00	32,013.00	43,309.00	42,489.00	91,783.00	52,715.00
Capital outlay	119,838.15	445.80	5,000.00	94,613.20	67,665.00	89,509.74	53,134.00	366,698.55	444,189.44	181,235.38
Debt service:										
Principal	350,000.00	355,000.00	365,000.00	370,000.00	451,000.00	485,000.00	475,000.00	465,000.00	455,000.00	445,000.00
Interest and other charges	301,450.00	284,120.00	266,827.50	248,410.00	135,219.52	133,818.76	124,118.76	114,618.76	100,668.76	90,431.26
Total Expenditures	15,638,045.03	16,632,695.91	16,579,667.07	17,054,984.75	16,197,625.37	16,924,873.03	17,462,427.84	16,570,346.33	16,461,684.91	16,321,441.92
Excess (Deficiency) of revenues over (under) expenditures	276,998.15	(166,750.10)	(333,639.63)	(67,336.35)	240,027.32	5,871.49	(462,581.80)	285,108.54	798,381.39	932,837.58
Other Financing Sources (Uses)										
Transfer in	26,200.00					31,159.08		298,437.00	345,185.41	(6,834.03)
Transfer out	(26,200.00)					(31,159.08)		(298,437.00)	(345,185.41)	(6,834.03)
Capital Leases (non-budgeted)										
Total other financing sources (uses)										
Extraordinary Item										
Loss on Sale of Securities										
Net change in fund balances	\$ 276,998.15	(166,750.10)	(333,639.63)	(67,336.35)	240,027.32	5,871.49	(462,581.80)	583,545.54	1,143,566.80	925,903.55
Debt service as a percentage of noncapital expenditures	4.20%	3.84%	3.81%	3.65%	3.63%	3.68%	3.44%	3.58%	3.47%	3.32%

[Source:CAFR Schedule B-2]

Exhibit J-5

Dennis Township BOE
 General Fund Other Local Revenue by Source,
 Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Interest on Investments	Rentals	Miscellaneous	Totals
2007	53,255.45		104,639.49	157,894.94
2008	36,111.18		19,397.97	55,509.15
2009	13,156.59		56,243.76	69,400.35
2010	4,645.12	9,790.00	91,547.90	105,983.02
2011	2,638.14		63,866.73	66,504.87
2012	154.89	10,800.00	105,752.36	116,707.25
2013	589.33	11,340.00	54,100.34	66,029.67
2014	460.55	945.00	10,676.27	12,081.82
2015	850.33		154,275.63	155,125.96
2016	1,305.74		15,479.69	16,785.43

Source: District Records

Exhibit J-6

Dennis Township BOE
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Regular	Q Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less Tax-Exempt Property	Public Utilities	Net Valuation Taxable	Total District School Tax Rate	County Equalized Value
2007	64,571,800	800,446,500	16,270,500	1,549,100	143,388,500	-	-	1,026,226,400	-	2,539,849	1,028,766,249	0.761	928,218,108
2008	64,571,800	815,342,900	16,270,500	1,549,100	143,388,500	-	-	1,041,122,800	-	2,654,571	1,043,777,371	0.777	1,045,215,840
2009	63,040,300	813,938,500	15,189,200	1,468,000	154,133,700	-	-	1,047,769,700	-	2,803,517	1,050,573,217	0.790	1,066,025,688
2010	60,025,300	812,078,200	20,209,700	1,457,400	156,771,400	-	-	1,050,542,000	-	2,811,828	1,053,353,828	0.817	1,020,714,204
2011	57,469,100	811,964,200	20,873,800	1,524,500	158,869,000	-	-	1,050,700,600	-	2,382,494	1,053,083,094	0.826	970,217,465
2012	55,807,100	815,407,400	20,263,900	1,357,900	160,861,300	-	-	1,053,687,600	-	2,435,633	1,056,333,433	0.847	927,425,591
2013	52,651,800	813,867,200	19,701,800	1,615,700	160,572,700	-	-	1,048,409,200	-	2,273,886	1,050,683,086	0.868	876,367,053
2014	51,240,800	807,499,800	19,448,900	1,631,800	162,130,500	-	-	1,041,951,800	-	1,813,977	1,043,765,777	0.888	845,813,506
2015	30,156,600	641,121,000	16,023,600	1,704,300	187,451,500	-	-	876,457,000	-	1,807,521	878,264,521	1.052	876,640,878
2016	30,241,400	642,097,400	14,797,200	1,574,400	186,511,100	-	-	877,221,500	-	1,795,285	879,016,785	1.131	879,251,318

Source: County Abstract of Rates & Municipal Tax Assessor
R = Revaluation/Reassessment

**Dennis Township BOE
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**
(rate per \$100 of assessed value)
(Unaudited)

Fiscal Year Ended June 30,	Dennis Township BOE General			Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate	Obligation Debt Service	Total Direct	County General	County Open Space	County Other	Other		Municipal Local Purpose
2007	0.709	0.052	0.761	0.136	0.010	0.027		0.126	1.060
2008	0.724	0.053	0.777	0.152	0.011	0.030		0.126	1.096
2009	0.738	0.052	0.790	0.165	0.011	0.030		0.139	1.135
2010	0.766	0.051	0.817	0.168	0.010	0.029		0.140	1.164
2011	0.775	0.051	0.826	0.168	0.010	0.027		0.141	1.172
2012	0.788	0.059	0.847	0.169	0.009	0.026		0.166	1.217
2013	0.813	0.055	0.868	0.171	0.009	0.025		0.171	1.244
2014	0.833	0.055	0.888	0.170	0.009	0.024		0.171	1.262
2015	0.999	0.053	1.052	0.214	0.010	0.029		0.214	1.519
2016	1.070	0.061	1.131	0.218	0.011	0.030		0.214	1.604

Source: District Records and Municipal Tax Collector

Exhibit J-8

**Dennis Township BOE
Principal Property Tax Payers,
Last Year and Nine Years Ago
(Unaudited)**

Taxpayer	2015			2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Turner Partners, L.P.	\$ 9,788,400	1	1.11%	\$ 16,371,500	1	1.59%
MHC Lake & Shore	8,803,500	2	1.00%	9,273,200	2	0.90%
Driftwood Campground	8,441,200	3	0.96%	8,357,600	3	0.81%
Sea Quest Enterprises, LLC	7,004,500	4	0.80%	8,160,100	4	0.79%
Pine Haven, LLC c/o Diversified Individual Taxpayer	4,217,400	5	0.48%	7,119,700	5	0.69%
The Stafford Family LLC	4,000,000	6	0.46%	4,400,000	6	0.43%
Catanoso Family Limited Partnership	3,633,000	7	0.41%	4,151,300	7	0.40%
Minmar Management, LLC	3,503,300	8	0.40%	3,767,300	8	0.37%
Resort Campground Corp	3,151,400	9	0.36%	3,151,400	10	0.31%
O.W. Acquisition Corp.	2,972,200	10	0.34%	3,647,500	9	0.35%
Totals	\$ 55,514,900		6.32%	\$ 68,399,600		6.65%
	District Assessed Value		\$ 878,264,521			\$ 1,028,766,249

Source: District CAFR & Municipal Tax Assessor

**Dennis Township BOE
Property Tax Levies and Collections,
Last Ten Fiscal Years
(Unaudited)**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	6,988,971.00	6,988,971.00	100%	-
2008	7,819,870.00	7,819,870.00	100%	-
2009	8,102,428.00	8,102,428.00	100%	-
2010	8,293,482.00	8,293,482.00	100%	-
2011	8,605,765.00	8,605,765.00	100%	-
2012	8,690,613.00	8,690,613.00	100%	-
2013	8,944,581.00	8,944,581.00	100%	-
2014	9,112,197.00	9,112,197.00	100%	-
2015	9,258,899.00	9,258,899.00	100%	-
2016	9,239,286.00	9,239,286.00	100%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Exhibit J-10

Dennis Township BOE
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Debt	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Percentage of Personal Income	Per Capita Personal Income
2007	5,942,000		254,825			6,196,825	0.67%	41,366
2008	5,587,000		296,057			5,883,057	0.73%	43,026
2009	5,222,000		230,880			5,452,880	0.81%	44,017
2010	5,126,000		168,049			5,294,049	0.85%	44,965
2011	4,675,000		157,277			4,832,277	0.99%	47,611
2012	4,190,000		165,485			4,355,485	1.13%	49,307
2013	3,715,000		649,460			4,364,460	1.14%	49,716
2014	3,250,000		866,069			4,116,069	1.26%	51,812
2015	2,795,000		946,020			3,741,020	1.38%	51,812
2016	2,350,000		671,555			3,021,555	1.71%	51,812

Source: District CAFR Schedules I-1, I-2

Exhibit J-11

Dennis Township BOE
 Ratios of Net General Bonded Debt Outstanding,
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Percentage of Actual Taxable Value of Property	Bonded Debt Per Capita Personal Income
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	5,942,000	-	5,942,000	0.58%	41,366
2008	5,587,000	-	5,587,000	0.54%	43,026
2009	5,222,000	-	5,222,000	0.50%	44,017
2010	5,126,000	-	5,126,000	0.49%	44,965
2011	4,675,000	-	4,675,000	0.44%	47,611
2012	4,190,000	-	4,190,000	0.40%	49,307
2013	3,715,000	-	3,715,000	0.35%	49,716
2014	3,250,000	-	3,250,000	0.31%	51,812
2015	2,795,000	-	2,795,000	0.32%	51,812
2016	2,350,000	-	2,350,000	0.27%	51,812

Source: District CAFR Schedules I-1, I-2

Exhibit J-12

**Dennis Township BOE
Direct and Overlapping Governmental Activities Debt,
As of December 31, 2015
(Unaudited)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Local Municipality - December 31, 2015	\$ 2,211,775.00	100.00%	\$ 2,211,775.00
Other Debt			
County of Cape May	\$ 181,705,600.00	1.84%	3,351,506.13
Subtotal, Overlapping Debt			5,563,281.13
Dennis Township School District Direct Debt			2,350,000.00
Total Direct and Overlapping Debt			<u>\$ 7,913,281.13</u>

Sources:
Dennis Township BOE - 2016 Audit Report
County of Cape May - 2016 Annual Debt Statement
Dennis Township 2016 Debt Statement
District Records

Dennis Township BOE
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 (Unaudited)

Exhibit J-13

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 22,921,424	\$ 26,950,237	\$ 30,017,886	\$ 30,948,780	\$ 30,349,338	\$ 29,008,507	\$ 27,645,853	\$ 26,463,934	\$ 25,962,943	\$ 25,944,320
Total net debt applicable to limit	6,292,000	5,942,000	5,587,000	5,126,000	4,675,000	4,190,000	3,715,000	3,250,000	2,795,000	2,350,000
Legal debt margin	\$ 16,629,424	\$ 21,008,237	\$ 24,430,886	\$ 25,822,780	\$ 25,674,338	\$ 24,818,507	\$ 23,930,853	\$ 23,213,934	\$ 23,167,943	\$ 23,594,320
Total net debt applicable to the limit as a percentage of debt limit	27.45%	22.05%	18.61%	16.56%	15.40%	14.44%	13.44%	12.28%	10.77%	9.06%

	2015	2014	2013
Equalized valuation basis:	\$ 875,581,419	\$ 870,760,321	\$ 848,090,277
	<u>\$2,594,432,017</u>		
Average equalized valuation of taxable property	\$ 864,810,672		
Debt limit (3% of average)	25,944,320		
Net bonded school debt	-		
Legal debt margin	<u>\$ 25,944,320</u>		

Source: Abstract of Ratables and District Records CAFR Schedule J-7

**Dennis Township BOE
Demographic and Economic Statistics,
Last Ten Fiscal Years
(Unaudited)**

Exhibit J-14

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	** Per Capita Personal Income	Unemployment Rate
2007	5,825	240,956,950	41,366	3.8%
2008	5,783	248,819,358	43,026	4.8%
2009	5,758	253,449,886	44,017	6.9%
2010	6,469	290,878,585	44,965	7.2%
2011	6,431	306,186,341	47,611	7.6%
2012	6,425	316,797,475	49,307	8.0%
2013	6,374	316,889,784	49,716	8.2%
2014	6,348	328,902,576	51,812	9.9%
2015	6,315	327,192,780	51,812	9.9%
2016	6,315	327,192,780	51,812	8.3%

** County wide information

Source: U.S. Department of Commerce, Bureau of Economic Analysis,
Regional Economic Information System; New Jersey Department of Labor,
Bureau of Labor Force Statistics; U.S. Bureau of Census, Population Division

Exhibit J-15

**Dennis Township BOE
Principal Employers,
Current Year and Nine Years Ago
(Unaudited)**

Employer	2016			2007		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
		1				
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
Totals	-		0.00%	-		0.00%

This Information is not available for this district.

Exhibit J-16

**Dennis Township School District
Full-Time Equivalent District Employees by Function/ Program
Last Ten Years
(Unaudited)**

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction										
Regular	37	39	39	50	45	46	42	41	40	38
Special Ed	16	19	19	21	18	18	17	16	19	18
Other Spec. Ed	6	13	14	14	8	10	7	7	4	4
Other Instruction	14	12	12	0	7	5	7	7	7	6
Support Services										
Student & Instruction Related Services	11	12	12	19	15	17	19	19	17	21
General Administration	2	2	2	2	2	2	2	2	2	2
School Administration Services	4	4	4	5	4	4	4	4	4	4
Other Administration services										
Central Services				3	3	3	3	3	3	3
Administrative Information Technology					1	1	1	1	2	2
Plant Operations and Maintenance	11	11	11	11	9	13	9	9	8	8
Pupil Transportation	16	18	20	19	18	18	24	24	27	25
Other Support Services	8	9	9	3	4					
	<u>125</u>	<u>139</u>	<u>142</u>	<u>147</u>	<u>134</u>	<u>137</u>	<u>135</u>	<u>133</u>	<u>133</u>	<u>131</u>

Source: District Personnel Records

Dennis Township BOE
 Operating Statistics,
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended June 30,	a.		b.		c.		Pupil/Teacher Ratio		d.		d.		Student Attendance Percentage
	Enrollment	Operating Expenditures	Cost per Pupil	% Change	Teaching Staff	All Schools	Average Daily Enrollment (ADE)	Average Daily Attendance (ADE)	% Change in Average Daily Enrollment	Average Daily Attendance (ADE)	Student Attendance Percentage		
2007	717	14,986,595	20,902	7.79%	70	1:10.2	715	673	-4.79%	673	94.13%		
2008	697	15,993,030	22,946	9.78%	70	1:9.10	689	648	-3.64%	648	94.05%		
2009	651	15,943,140	24,490	6.73%	70	1:9.3	658	621	-4.50%	621	94.38%		
2010	639	16,341,962	25,574	4.43%	71	1:9.0	632	596	-3.95%	596	94.22%		
2011	620	15,543,741	25,071	-1.97%	70	1:8.8	620	585	-1.90%	585	94.35%		
2012	616	16,234,577	26,355	5.12%	72	1:8.5	617	582	-0.48%	582	94.33%		
2013	593	16,800,175	28,331	7.50%	73	1:8.1	594	561	-3.73%	561	94.44%		
2014	582	15,624,029	26,845	-5.24%	71	1:8.2	583	555	-1.85%	555	95.20%		
2015	530	15,461,827	29,173	8.67%	70	1:7.6	530	500	-9.09%	500	94.34%		
2016	544	15,604,775	28,685	-1.67%	67	1:7.7	533	503	0.57%	503	94.37%		

Source: District records, ASSA and Schedules J-12, J-14

- a Enrollment based on annual October district count.
- b Operating expenditures equal total expenditures less debt service and capital outlay.
- c Teaching staff includes only full-time equivalents of certificated staff.
- d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Exhibit J-18

**Dennis Township BOE
School Building Information,
Last Ten Fiscal Years
(Unaudited)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Buildings</u>										
<u>Elementary</u>										
Dennis Township Elementary/ Middle School (1950)										
Square Feet	89,220	89,220	89,220	89,220	89,220	89,220	89,220	89,220	89,220	89,220
Capacity	608	608	608	608	608	608	608	608	608	608
Students	509	481	450	432	424	421	421	416	290	245
Dennis Township Primary School (2004)										
Square Feet	51,105	51,105	51,105	51,105	51,105	51,105	51,105	51,105	51,105	51,105
Capacity	329	329	329	329	329	329	329	329	329	329
Students	208	204	201	197	196	195	195	166	240	299
<u>Other</u>										
Administration Building (1996)										
Square Feet	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960
Bus Maintenance Garage (1970)										
Square Feet	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980	1,980

Source: District Records, ASSA

Dennis Township BOE
 General Fund
 Schedule of Required Maintenance for School Facilities,
 Last Ten Fiscal Years
 (Unaudited)

Undistributed Expenditures - Required Maintenance for School Facilities

School Facilities	Project # (s)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Dennis Elementary	N/A	\$ 134,594	178,516	160,962	185,086	200,609	180,859	307,706	127,084	191,531	194,305
Dennis Primary	N/A	45,230	37,335	50,872	22,580	28,971	71,613	43,148	72,793	55,213	59,551
Total School Facilities		179,824	215,851	211,834	207,666	229,580	252,472	350,854	199,877	246,744	253,856
Other Facilities											
Grand Total		\$ 179,824	215,851	211,834	207,666	229,580	252,472	350,854	199,877	246,744	253,856

Source: District Records

**Dennis Township BOE
Insurance Schedule
For the Fiscal Year Ended June 30, 2016
(Unaudited)**

Exhibit J-20

<u>Company</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
<u>School Alliance Insurance Fund</u>		
School (Commerical) Package Policy		
Property - Blanket Buildings & Contents	\$ 32,226,233	\$ 2,500
<u>General Liability</u>		
Products and Completed Operations	5,000,000	
Personal Advertising Injury	5,000,000	
Bodily Injury and Property Damage	5,000,000	
Commercial Inland Marine Section	200,000	2,500
Boiler and Machinery	100,000,000	1,000
Commercial Crime Section	500,000	1,000
Business Auto Section	5,000,000	1,000
<u>SAIF</u>		
School District Legal Liability Policy	5,000,000	5,000
<u>New Jersey School Insurance Group</u>		
<u>Workers Compensation Policy</u>		
Bodily Injury by Accident (each accident)	2,000,000	
Bodily Injury by Disease (Aggregate Limit)	2,000,000	
Bodily Injury by Disease (Each Employee)	2,000,000	
<u>Berkley Insurance Company</u>		
Student Accident Policies	1,000,000	
<u>United States Fire Ins. Co/ McCloskey Insurance Company</u>		
<u>Catastrophic Student Accident Coverage</u>		
Accident Medical Expense Benefit	2,500,000	
Catastrophic Cash Benefit	500,000	25,000
<u>Ohio Casualty</u>		
<u>Surety Bonds</u>		
Treasurer	200,000	
Business Administrator	10,000	

Source: District Records

Single Audit Section



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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K-1 INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Township of Dennis School District
County of Cape May

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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Dennis School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Township of Dennis School District's basic financial statements, and have issued our report thereon dated November 28, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 School Districts basic financial statements are free of 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 basic 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* and audit requirements prescribed by the Division of Finance, Department of Education, and State of New Jersey.

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
Licensed Public School Accountant
No. 767

November 28, 2016



FORD - SCOTT

& ASSOCIATES, L.L.C.

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K-2 INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM; ON INTERNAL CONTROL OVER COMPLIANCE;
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE

The Honorable President and
Members of Board of Education
Dennis Township School District
County of Cape May

Report on Compliance for Each Major State Program

We have audited the Dennis Township School District, County of Cape May, State of New Jersey compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016. The Dennis Township School District's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Dennis Township School District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB 15-08. Those standards, the Uniform Guidance and NJ OMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the Dennis Township School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of the Dennis Township School District's compliance.

Opinion on Each Major Program

In our opinion, the Dennis Township School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Dennis Township School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Dennis Township School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Dennis Township School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards Required by the Uniform Guidance and Expenditures of State Financial Assistance Required by NJ OMB 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund of the Dennis Township School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 28, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and NJ Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Licensed Public School Accountant
No. 767

November 28, 2016

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

Federal C/D/A Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period From To	Program or Award Amount	Balance June 30, 2015	Carryover/ Amount	Cash Received	Budgetary Expenditures			Repayment of Prior Years Balances	Accounts Receivable	Balance at June 30, 2016 Unearned Revenue	Due to Grantor		
									Pass Through	Source	Total						
U.S. Department of Education																	
General Fund																	
Medical Assistance Program	93.778	1606NUSMAP	N/A	7/1/2015	6/30/2016	\$ 33,222.47	\$ -	22,777.78	(33,222.47)	(33,222.47)	(33,222.47)	-	(10,444.69)	-	-	-	
Total General Fund								22,777.78	(33,222.47)	(33,222.47)	-	-	(10,444.69)	-	-	-	
U.S. Department of Education Passed-Through State Department Education:																	
Special Education Fund:																	
Special Education Cluster (IDEA):																	
IDEA - Part B, Basic	84.027	S027A150100	IDEA-1080-16	7/1/2015	6/30/2016	216,422.00		212,894.00	(216,391.84)	(216,391.84)			(3,507.84)				
IDEA - Part B, Basic	84.027	S027A150100	IDEA-1080-15	7/1/2014	6/30/2015	220,709.00	(12,633.00)	12,633.00									
IDEA - Part B, Preschool	84.173	S173A150114	IDEA-1080-14	7/1/2013	6/30/2014	3,893.00	3,893.00										
IDEA - Part B, Preschool	84.173	S173A150114	IDEA-1080-13	7/1/2012	6/30/2013	3,668.00	(3,668.00)	3,668.00									
IDEA - Part B, Preschool	84.173	S173A150114	IDEA-1080-16	7/1/2015	6/30/2016	3,668.00		3,668.00	(3,668.00)	(3,668.00)						3,995.00	
Total Special Education Cluster (IDEA)						(12,311.00)		232,796.00	(220,057.84)	(220,057.84)			(3,507.84)			3,995.00	
Title I, Part A Cluster:																	
Title I	84.010A	S010A150030	NCLB-1080-16	7/1/2015	6/30/2016	111,152.00		71,829.00	(98,888.56)	(98,888.56)			(27,059.56)				
Title I	84.010A	S010A150030	NCLB-1080-15	7/1/2014	6/30/2015	159,379.00	(61,449.00)	103,249.00					(27,059.56)				
Total Title I, Part A Cluster								183,278.00	(98,888.56)	(98,888.56)			(27,059.56)				
No Child Left Behind (NCLB):																	
Title IIA	84.367A	S367A150029	NCLB-1080-16	7/1/2015	6/30/2016	32,676.00	(18,710.00)	18,827.00	(30,478.40)	(30,478.40)			(11,651.40)				
Title IIA	84.367A	S367A150029	NCLB-1080-15	7/1/2014	6/30/2015	41,423.00	(62,440.00)	18,710.00					(42,218.80)				
Total Special Revenue Fund								373,581.00	(349,424.80)	(349,424.80)			(42,218.80)				
U.S. Department of Education Passed-through State Department of Education:																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/2015	6/30/2016	58,640.35		48,784.72	(58,640.35)	(58,640.35)			(9,846.63)				
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/2014	6/30/2015	59,632.14	(4,660.66)	4,896.66					(2,059.06)				
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/2015	6/30/2016	11,675.42	(1,072.21)	1,072.21	(13,186.10)	(13,186.10)							
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/2014	6/30/2015	11,675.42	(5,732.87)	65,663.64	(71,826.45)	(71,826.45)			(11,895.68)				
Total Child Nutrition Cluster								15,613.53	(15,613.53)	(15,613.53)							
Food Distribution Program																	
Food Distribution Program	10.550	16161NJ304N1099	N/A	7/1/2015	6/30/2016	15,613.53		15,613.53	(15,613.53)	(15,613.53)							
Total Enterprise Fund								81,277.17	(87,439.98)	(87,439.98)			(1,895.68)				
Total Federal Financial Awards						\$	\$	477,636.95	(470,087.25)	(470,087.25)			(64,559.17)				

The accompanying Notes to Schedules of Expenditures of Awards of Financial Assistance are an integral part of this schedule.

TOWNSHIP OF DENNIS SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

State Grantor/Program Title	Grant or State Project Number	Project or Award Amount	Grant Period		Balance at June 30, 2015		Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	Repayment for Prior Years Balances	Balance at June 30, 2016		Due to Grantor at	Budgetary Receivable	MEMO	Cumulative Total Expenditures
			From	To	Unexpended Revenue (Accts Receivable)	Unexpended Revenue June 30, 2016											
State Department of Education																	
General Fund:																	
State Aid Public Cluster:																	
Equalization Aid	16-495-034-5120-078	1,063,893	7/1/2015	6/30/2016				1,063,893.00	(1,063,893.00)						(86,179.92)		1,063,893.00
Special Education Aid	16-495-034-5120-089	441,644	7/1/2015	6/30/2016			441,644.00	(441,644.00)							(39,026.28)		441,644.00
Security Aid	16-495-034-5120-084	81,178	7/1/2015	6/30/2016			81,178.00	(81,178.00)							(7,338.69)		81,178.00
Adult Education Aid	16-495-034-5120-085	3,925,516	7/1/2015	6/30/2016			3,925,516.00	(3,925,516.00)							(34,515.32)		3,925,516.00
Adult Support Aid	16-495-034-5120-088	89,244	7/1/2015	6/30/2016			89,244.00	(89,244.00)							(8,572.02)		89,244.00
Per Pupil Growth Aid	16-495-034-5120-097	6,880	7/1/2015	6/30/2016			6,880.00	(6,880.00)							(621.88)		6,880.00
PARCC Readiness	16-495-034-5120-098	6,880	7/1/2015	6/30/2016			6,880.00	(6,880.00)							(621.88)		6,880.00
Total State Aid Public Cluster							5,519,035.00	(5,519,035.00)							(489,941.50)		5,519,035.00
Transportation Aid	16-495-034-5120-014	641,970	7/1/2015	6/30/2016			641,970.00	(641,970.00)							(88,038.59)		641,970.00
Additional Transportation Aid	16-495-034-5120-014	3,583	7/1/2015	6/30/2016			3,583.00	(3,583.00)							-		3,583.00
Additional Transportation Aid	15-495-034-5120-014	5,340	7/1/2014	6/30/2015			5,340.00	(5,340.00)							-		5,340.00
Extraordinary Aid	16-100-034-5120-473	16,820	7/1/2014	6/30/2015			16,820.00	(16,820.00)							-		16,820.00
Extraordinary Aid	15-100-034-5120-473	16,454	7/1/2014	6/30/2015			16,454.00	(16,454.00)							-		16,454.00
Reimbursement - Social Security Contributions	15-100-034-5120-003	338,763	7/1/2015	6/30/2016			322,878.89	(339,783.43)							(16,884.50)		338,763.00
Reimbursement TPAF Social Security Contributions	15-495-034-5694-003	338,697	7/1/2014	6/30/2015			16,481.87	(16,481.87)							-		338,697.00
Total General Fund							(38,285.97)	(6,521,271.43)							(596,078.00)		6,521,271.43
Special Revenue Fund:																	
NJ Nonpublic Aid:																	
Textbooks	16-100-034-5120-064	6,395	7/1/2015	6/30/2016			6,395.00	(6,395.00)							-		6,395.00
Technology	16-100-034-5120-373	2,912	7/1/2015	6/30/2016			2,912.00	(2,912.00)							-		2,912.00
Nursing	16-100-034-5120-070	10,080	7/1/2015	6/30/2016			10,080.00	(10,080.00)							-		10,080.00
Auxiliary Services:	16-100-034-5120-589	2,880	7/1/2015	6/30/2016			2,880.00	(2,733.99)							66.44		2,733.99
Compensatory Education	16-100-034-5120-067	28,765	7/1/2015	6/30/2016			28,765.00	(28,765.00)							-		28,765.00
Handicapped Services:																	
Examination and Classification	16-100-034-5120-066	10,577	7/1/2015	6/30/2016			10,577.00	(10,577.00)							-		10,577.00
Supplemental Instruction	16-100-034-5120-066	11,881	7/1/2015	6/30/2016			11,881.00	(11,881.00)							-		11,881.00
Total Special Revenue Fund							81,771.00	(81,704.99)							66.44		81,704.99
State Department of Agriculture:																	
Child Nutrition Cluster:																	
National School Lunch Program (State Share)	16-100-010-3550-023	1,631	7/1/2015	6/30/2016			1,388.62	(1,630.67)							-		1,630.67
National School Lunch Program (State Share)	15-100-010-3550-023	1,758	7/1/2014	6/30/2015			183.45	(183.45)							-		183.45
Total Child Nutrition Cluster							1,572.07	(1,814.12)							-		1,814.12
Total Enterprise Fund							1,552.07	(1,630.67)							-		1,630.67
Total State Financial Assistance							6,605,492.97	(6,604,606.69)							66.44		6,604,606.66

The accompanying Notes to Schedules of Expenditures of Awards of Financial Assistance are an integral part of this schedule.

**DENNIS TOWNSHIP SCHOOL DISTRICT
K-5 NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016**

NOTE 1 - GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Township of Dennis School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance – related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes payments are not recognized until the subsequent year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,673.00 for the general fund and \$28,574.35 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>TPAF Pension</u>	<u>Total</u>
General Fund	\$ 33,222.47	7,353,036.43	(831,765.00)	6,554,493.90
Special Revenue Fund	349,424.80	81,704.56		431,129.36
Food Service Fund	87,439.98	1,630.67		89,070.65
	<u>\$ 470,087.25</u>	<u>7,436,371.66</u>	<u>(831,765.00)</u>	<u>7,074,693.91</u>

The On-Behalf Pension Contributions made for the district by the State of New Jersey are recognized as revenue in the basic financial statements, but are not considered in the major program determination.

**DENNIS TOWNSHIP SCHOOL DISTRICT
K-5 NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016
(CONTINUED)**

NOTE 4 - RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5 - OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

**DENNIS TOWNSHIP SCHOOL DISTRICT
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:		Unmodified		
<hr/>				
Internal control over financial reporting:				
1) Material weakness(es) identified?	yes	<u> X </u>	no	
2) Significant deficiencies identified that are not considered to be material weaknesses?	yes	<u> X </u>	none reported	
Noncompliance material to basic financial statements noted?	yes	<u> X </u>	no	

Federal Awards Section

Not Applicable

Internal Control over major programs:				
1) Material weakness(es) identified?	yes	<u> </u>	no	
2) Significant deficiencies identified	yes	<u> </u>	none reported	
Type of auditor's report on compliance for major programs				
<hr/>				
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	yes	<u> </u>	no	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<hr/>	<hr/>
<hr/>	<hr/>
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Dollar threshold used to determine Type A programs:				
<hr/>				
Auditee qualified as low-risk auditee?	yes	<u> </u>	no	

**DENNIS TOWNSHIP SCHOOL DISTRICT
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I -- Summary of Auditor's Results

State Awards Section

Internal Control over major programs:

- 1) Material weakness(es) identified? _____ yes X no
- 2) Significant deficiencies identified _____ yes X none reported

Type of auditor's report on compliance for major programs

_____ Unmodified _____

Any audit findings disclosed that are required to be reported in accordance NJOMB Circular Letter 15-08?

_____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
16-495-034-5120-078	State Aid Public Cluster: Equalization Aid
16-495-034-5120-089	Special Education Aid
16-495-034-5120-085	Adjustment Aid
16-495-034-5120-085	Addl Adjustment Aid
16-495-034-5120-098	PARCC Readiness
16-495-034-5120-097	Per Pupil Growth Aid
16-495-034-5120-084	Security Aid

N) Dollar threshold used to determine Type A programs: \$750,000

O) Auditee qualified as low-risk auditee? X yes _____ no

**DENNIS TOWNSHIP SCHOOL DISTRICT
K-6 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part II -- Financial Statement Findings

In accordance with *Government Auditing Standards*, our audit disclosed no findings relating to the financial statements that are required to be reported under this section.

Part III -- Federal Awards and State Financial Assistance Findings and Questioned Costs

STATE AWARDS

Our audit disclosed no matters to be reported.

STATUS OR PRIOR YEAR FINDINGS

There were no prior year findings.