

**Report of Audit
on the
Financial Statements
of the**

Monmouth County Regional Health Commission #1

in the

**County of Monmouth
New Jersey**

for the

**Year Ended
December 31, 2019**

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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

Board of Health Commissioners
Monmouth County Regional Health Commission #1
1540 West Park Avenue
Ocean Township, New Jersey 07712

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monmouth County Regional Health Commission #1, (the "Health Commission") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Health Commission'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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 Health Commission'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 Commission'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Health Commission as of December 31, 2019, and the respective changes in financial position, and, for the 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 Management's Discussion and Analysis and budgetary comparison information in Exhibit C-1, the schedules related to accounting and reporting for pensions in Exhibit D-1 through D-3; the schedules related to accounting and reporting for postemployment benefits other than pensions (OPEB) on Exhibit E-1 through E-3 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.

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Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2021 on our consideration of the Health Commission'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 Health Commission's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2021



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Health Commissioners
Monmouth County Regional Health Commission #1
1540 West Park Avenue
Ocean Township, New Jersey 07712

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Monmouth County Regional Health Commission #1 (the "Health Commission") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Health Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health Commission'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 Health Commission'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.

SUPLEE, CLOONEY & COMPANY

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

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 Health Commission'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 Health Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

February 8, 2021

REQUIRED SUPPLEMENTARY INFORMATION – PART 1

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED

The discussion and analysis of the Monmouth County Regional Health Commission #1 financial performance provides an overall review of the Commission's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Commission'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. Certain comparative information between the current year (December 31, 2019) and the prior year (December 31, 2018) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2019 are as follows:

In the Commission Wide Statements:

- ◆ General revenues accounted for \$1,304,775.97 in revenue or 82.93 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$268,513.46 or 17.07 percent of total revenues of \$1,573,289.43.
- ◆ Total assets of governmental activities decreased by \$45,772.60. Cash and cash equivalents decreased by \$27,966.98. Capital assets decreased by \$23,248.91.
- ◆ The Commission had \$1,490,185.78 in expenses; \$268,513.46 of these expenses were offset by program specific charges for services, grants or contributions. General revenues amounted to \$1,304,775.97.

In the Fund Financial Statements:

- ◆ The General Fund had \$1,573,289.43 in revenues and \$1,595,240.84 in expenditures.
- ◆ Overall the General Fund's fund balance decreased \$21,951.41 from 2018.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Commission 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 Activities* provide information about the activities of the whole Commission, presenting both an aggregate view of the Commission'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.

**MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)**

Reporting the Commission as a Whole

Statement of Net Position and the Statement of Activities

While this document contains most of the funds used by the Commission to provide programs and activities, the view of the Commission as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The Statement of Net Position and the Statement of Activities answers 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 account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Commission's net position and changes in net position. This change in net position is important because it tells the reader that, for the Commission as a whole, the financial position of the Commission has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include changes in economic conditions, population growth, development and new or changed government regulation.

In the Statement of Net Position and the Statement of Activities, the Commission has one kind of activity:

- ◆ Governmental activities – All of the Commission's programs and services are reported here.

Reporting the Commission's Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Commission's funds. The Commission uses one fund to account for a multitude of financial transactions. The Commission's governmental fund is the General Fund.

Governmental Funds

The Commission'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 Commission'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 Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Commission-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)

The Commission as a Whole

Recall that the Statement of Net Position provides the perspective of the Commission as a whole. Net position may serve over time as a useful indicator of a government's financial position. The Commission'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 Commission's net position for 2019. In accordance with GASB Statement 34, net position comparisons to fiscal year 2018 are presented.

TABLE 1
NET POSITION

| | 2019 | 2018 | Dollar Change | % Change |
|--|-------------------|-------------------|------------------|-------------|
| Current and Non-current | | | | |
| assets | \$ 600,100.05 | \$ 622,623.74 | \$ (22,523.69) | -3.62% |
| Capital Assets | 25,190.30 | 48,439.21 | (23,248.91) | -48.00% |
| Total assets | 625,290.35 | 671,062.95 | (45,772.60) | -6.82% |
| Deferred Outflows of Resources | | | | |
| Pension Related | 458,841.50 | 712,876.50 | (254,035.00) | -35.64% |
| OPEB Related | 303,676.00 | 356,641.00 | (52,965.00) | -14.85% |
| Total Deferred Outflows of Resources | 762,517.50 | 1,069,517.50 | (307,000.00) | -28.70% |
| Current Liabilities and Accrued Expenses | 244,522.80 | 271,116.92 | (26,594.12) | -9.81% |
| Noncurrent Liabilities: | | | | |
| Net Pension Liability | 2,487,026.00 | 2,744,183.00 | (257,157.00) | -9.37% |
| Net OPEB Liability | 1,574,731.00 | 2,117,813.00 | (543,082.00) | -25.64% |
| Compensated Absences Payable | 89,304.77 | 73,577.98 | 15,726.79 | 21.37% |
| Installment Contracts Payable | 1,762.32 | 12,336.24 | (10,573.92) | -85.71% |
| Total liabilities | 4,397,346.89 | 5,219,027.14 | (821,680.25) | -15.74% |
| Deferred Inflows of Resources | | | | |
| Pension Related | 1,076,207.00 | 1,119,971.00 | (43,764.00) | -3.91% |
| OPEB Related | 1,396,771.00 | 967,203.00 | 429,568.00 | 44.41% |
| Total Deferred Inflows of Resources | 2,472,978.00 | 2,087,174.00 | 385,804.00 | 18.48% |
| Invested in Capital Assets, net of related debt | 12,854.06 | 25,529.05 | (12,674.99) | -49.65% |
| Unrestricted | (5,495,371.10) | (5,591,149.74) | 95,778.64 | -1.71% |
| Total | \$ (5,482,517.04) | \$ (5,565,620.69) | \$ 83,103.65 | -1.49% |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)

Table 2 shows changes in net position for fiscal year 2019. In accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2018 is presented to comparatively analyze district-wide data.

TABLE 2
CHANGES IN NET POSITION

| | 2019 | 2018 | Increase/ (Decrease) |
|--|--------------------------|--------------------------|-------------------------|
| Expenses: | | | |
| Salaries | \$ 913,020.08 | \$ 1,018,504.73 | \$ (105,484.65) |
| Cost of Operations and Maintenance | 456,475.52 | 475,098.03 | (18,622.51) |
| Social Security, Pensions, Other Postemployment Benefits and Other Payroll Taxes | 95,441.27 | 273,825.91 | (178,384.64) |
| Automobile Expense | - | 7,166.05 | (7,166.05) |
| Furniture and Fixtures | 2,000.00 | 1,632.00 | 368.00 |
| Depreciation Expense | 23,248.91 | 23,525.94 | (277.03) |
| Total Program Expenses | 1,490,185.78 | 1,799,752.66 | (309,566.88) |
| Program Revenues and Operating Grants | | | |
| Clinics and Immunizations | 7,295.95 | 8,837.14 | (1,541.19) |
| Consortium Fees | 112,959.00 | 110,087.67 | 2,871.33 |
| Nursing Services | 135,317.00 | 150,504.33 | (15,187.33) |
| Healthy By Two Immunization Grant | 7,958.36 | 27,928.62 | (19,970.26) |
| Strengthen Local Public Health Capacity | 4,983.15 | - | 4,983.15 |
| Total Program Revenues and Operating Grants | 268,513.46 | 297,357.76 | (28,844.30) |
| Net Program Expenses | 1,221,672.32 | 1,502,394.90 | (280,722.58) |
| General Revenues: | | | |
| Member Town Assessments | 1,135,643.00 | 1,347,848.33 | (212,205.33) |
| Fees and Licenses | 135,490.00 | 63,630.06 | 71,859.94 |
| Tinton Falls Landfill Agreement | 8,250.00 | 32,000.00 | (23,750.00) |
| Special Assessments - Accreditation | 5,000.00 | 4,690.67 | 309.33 |
| Miscellaneous Income | 10,262.73 | 10,419.71 | (156.98) |
| Interest Income | 10,130.24 | 7,757.26 | 2,372.98 |
| Total General Revenues | 1,304,775.97 | 1,466,346.03 | (161,570.06) |
| Change in Net Position | 83,103.65 | (36,048.87) | 119,152.52 |
| Adjustment to Net Position - Beginning for accounts payable opeb and accrued opeb | | (2,656,982.00) | 2,656,982.00 |
| Net Position - Beginning | (5,565,620.69) | (2,872,589.82) | (2,693,030.87) |
| Net Position - Ending | \$ (5,482,517.04) | \$ (5,565,620.69) | \$ 83,103.65 |

Governmental Activities

As shown in Table 2 the Commission's total revenue from Governmental Activities was \$1,573,289.57. Member Town Assessments made up 72.18 percent of these revenues.

Also on Table 2, the total cost of Governmental programs and services was \$1,490,185.78. Salaries, payroll taxes and pension and other post employment benefits comprise 67.67 percent of Commission expenses.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)

General Fund Budgeting Highlights

The Commission prepares and adopts annual budgets. The budget is designed to demonstrate that the cash flows of the Commission for the coming year will be sufficient to cover operating expenses.

Over the course of the year, the Commission revised the annual operating budget as needed. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts.

The following table provides a 2019 budgetary comparison:

TABLE 3
BUDGETARY COMPARISON

| | Budget as Modified | Actual | Favorable/ (Unfavorable) |
|---|-----------------------|----------------------|-----------------------------|
| Revenues: | | | |
| Fund balance utilized: | | | |
| Unrestricted | \$ 91,900.00 | \$ 91,900.00 | \$ - |
| Member Town Assessments | 1,152,183.00 | 1,135,643.00 | (16,540.00) |
| Other Revenue | 574,281.00 | 437,646.43 | (136,634.57) |
| Total Revenues | 1,818,364.00 | 1,665,189.43 | (153,174.57) |
| Appropriations: | | | |
| Salaries and Wages | 950,525.00 | 915,402.39 | 35,122.61 |
| Other Expenses | 867,839.00 | 680,696.41 | 187,142.59 |
| Total Appropriations | 1,818,364.00 | 1,596,098.80 | 222,265.20 |
| Excess Revenues over Appropriations | - | 69,090.63 | 69,090.63 |
| Less: | | | |
| Fund Balance Utilized | 91,900.00 | 91,900.00 | - |
| Fund Balance generated/(used) | (91,900.00) | (22,809.37) | 69,090.63 |
| Fund Balance January 1 | 504,351.12 | 527,160.49 | (22,809.37) |
| Fund Balance December 31 (Budgetary Basis) | \$ 412,451.12 | \$ 504,351.12 | \$ 46,281.26 |

**MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)**

Capital Assets

At the end of the fiscal year 2019, the Commission had \$25,190.30 invested in capital assets. Table 4 shows fiscal year 2019 balances compared to 2018.

**TABLE 4
Capital Assets at December 31**

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|---------------------|---------------------|
| Vehicles | \$ 186,672.80 | \$ 197,743.80 |
| Computer Equipment | 61,365.90 | 61,365.90 |
| Office Furniture | 144,621.57 | 144,621.57 |
| Other Equipment | 56,452.90 | 56,452.90 |
| Leasehold Improvements | 45,911.84 | 45,911.84 |
| Computer Software | <u>9,685.00</u> | <u>9,685.00</u> |
| | 504,710.01 | 515,781.01 |
| Less Accumulated Depreciation | <u>479,519.71</u> | <u>467,341.80</u> |
| | <u>\$ 25,190.30</u> | <u>\$ 48,439.21</u> |

Overall capital assets decreased \$23,248.91 from 2018 to 2019. The decrease in capital assets is due primarily to depreciation. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At December 31, 2019, the Commission had \$4,163,398.01 of outstanding debt as follows:

Compensated Absences: At the end of the current year, the liability for compensated absences was \$89,304.77. Compensated absences are those absences for which employees will be paid upon leaving the Commission. Payments are budgeted and paid upon an employee leaving the commission. See Note 10 to the financial statements for additional information.

Installment Contracts: At the end of the current year, the liability for installment contracts was \$12,336.24. The Commission has installment contracts to purchase vehicles. See Note 4 to the financial statements for additional information.

Net Pension Liability. At the end of the current year, the liability for the net pension liability was \$2,487,026.00. The Commission's annual required contribution to the Public Employees' Retirement System is budgeted and paid on an annual basis. See Note 6 to the financial statements for additional information.

Other Post Employment Benefits: At the end of the current year, the liability for other post-employment benefits was \$1,574,731.00. The Commission's annual required contribution for other post-employment benefits is budgeted and paid on an annual basis.

For the Future

The Commissioners and management of the Commission consider many factors when preparing each year's budget and annual charges. One of the main factors is new regulations issued by the State and Federal governments.

In addition, the Commission's system for financial planning, budgeting and internal financial controls are well regarded. The Commission plans to continue its sound fiscal management to meet the challenge of the future. In conclusion, the Commission has committed itself to financial excellence for many years.

**MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
OCEAN, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
UNAUDITED (Continued)**

Contacting the Commission

This financial report is designed to provide a general overview of the Monmouth County Regional Health Commission #1's finances for all of those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Monmouth County Regional Health Commission #1, 1540 West Park Avenue, Ocean New Jersey 07712.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF NET POSITION

As of December 31, 2019

| | <u>Governmental Activities</u> | <u>Total</u> |
|---|------------------------------------|--------------------------|
| Assets: | | |
| Cash | \$ 584,402.70 | \$ 584,402.70 |
| Grants Receivable | 10,930.22 | 10,930.22 |
| Inventory | 4,767.13 | 4,767.13 |
| Capital Assets, Net | <u>25,190.30</u> | <u>25,190.30</u> |
| Total Assets | <u>625,290.35</u> | <u>625,290.35</u> |
| Deferred Outflows of Resources: | | |
| Related to Pensions | 458,841.50 | 458,841.50 |
| Related to OPEB | <u>303,676.00</u> | <u>303,676.00</u> |
| Total Deferred Outflows of Resources | <u>762,517.50</u> | <u>762,517.50</u> |
| Liabilities: | | |
| Accounts Payable: | | |
| Other | 23,593.19 | 23,593.19 |
| Pensions | 134,259.00 | 134,259.00 |
| OPEB | - | - |
| Payroll and Taxes Payable | 8,967.19 | 8,967.19 |
| Accrued Expenses - Pension | 67,129.50 | 67,129.50 |
| Installment Contract Payable | 10,573.92 | 10,573.92 |
| Noncurrent Liabilities: | | |
| Net Pension Liability | 2,487,026.00 | 2,487,026.00 |
| Net OPEB Liability | 1,574,731.00 | 1,574,731.00 |
| Installment Contract Payable | 1,762.32 | 1,762.32 |
| Compensated Absences Payable | <u>89,304.77</u> | <u>89,304.77</u> |
| Total Liabilities | <u>4,397,346.89</u> | <u>4,397,346.89</u> |
| Deferred Inflows of Resources: | | |
| Related to Pensions | 1,076,207.00 | 1,076,207.00 |
| Related to OPEB | <u>1,396,771.00</u> | <u>1,396,771.00</u> |
| Total Deferred Inflows of Resources | <u>2,472,978.00</u> | <u>2,472,978.00</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 12,854.06 | 12,854.06 |
| Unrestricted | <u>(5,495,371.10)</u> | <u>(5,495,371.10)</u> |
| Total Net Position | <u>\$ (5,482,517.04)</u> | <u>\$ (5,482,517.04)</u> |

The accompanying notes are an integral part of this statement.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

| | Governmental Activities | Total Governmental Funds |
|---|---------------------------------|---------------------------------|
| Expenses: | | |
| Salaries | \$ 913,020.08 | \$ 913,020.08 |
| Cost of Operations and Maintenance | 456,475.52 | 456,475.52 |
| Social Security, Pensions, Other Postemployment Benefits and Other Payroll Taxes | 95,441.27 | 95,441.27 |
| Furniture and Fixtures | 2,000.00 | 2,000.00 |
| Depreciation Expense | <u>23,248.91</u> | <u>23,248.91</u> |
| Total Program Expenses | <u>1,490,185.78</u> | <u>1,490,185.78</u> |
| Program Revenues and Operating Grants | | |
| Clinics and Immunizations | 7,295.95 | 7,295.95 |
| Consortium Fees | 112,959.00 | 112,959.00 |
| Nursing Services | 135,317.00 | 135,317.00 |
| Child Lead Exposure Prevention Grant | 7,958.36 | 7,958.36 |
| Strengthen Local Public Health Capacity | <u>4,983.15</u> | <u>4,983.15</u> |
| Total Program Revenues and Operating Grants | <u>268,513.46</u> | <u>268,513.46</u> |
| Net Program Expenses | <u>1,221,672.32</u> | <u>1,221,672.32</u> |
| General Revenues: | | |
| Member Town Assessments | 1,135,643.00 | 1,135,643.00 |
| Fees and Licenses | 135,490.00 | 135,490.00 |
| Tinton Falls Landfill Agreement | 8,250.00 | 8,250.00 |
| Special Assessments - Accreditation | 5,000.00 | 5,000.00 |
| Miscellaneous Income | 10,262.73 | 10,262.73 |
| Interest Income | <u>10,130.24</u> | <u>10,130.24</u> |
| Total General Revenues | <u>1,304,775.97</u> | <u>1,304,775.97</u> |
| Change in Net Position | 83,103.65 | 83,103.65 |
| Net Position - Beginning | <u>(5,565,620.69)</u> | <u>(5,565,620.69)</u> |
| Net Position - Ending | \$ <u><u>(5,482,517.04)</u></u> | \$ <u><u>(5,482,517.04)</u></u> |

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2019

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|------------------------------------|-------------------------|---|
| Assets: | | |
| Cash | \$ 584,402.70 | \$ 584,402.70 |
| Grants Receivable | 10,930.22 | 10,930.22 |
| Inventory | <u>4,767.13</u> | <u>4,767.13</u> |
| Total Assets | <u>\$ 600,100.05</u> | <u>\$ 600,100.05</u> |
| Liabilities and Fund Balance: | | |
| Accounts Payable | \$ 23,593.19 | \$ 23,593.19 |
| Payroll and Taxes Payable | <u>8,967.19</u> | <u>8,967.19</u> |
| Total Liabilities | <u>32,560.38</u> | <u>32,560.38</u> |
| Fund Balances: | | |
| Nonspendable: | | |
| Inventory | 4,767.13 | 4,767.13 |
| Assigned to: | | |
| Capital Acquisitions | 8,928.01 | 8,928.01 |
| Homeland Security | 25,000.00 | 25,000.00 |
| Insurance | 10,000.00 | 10,000.00 |
| Subsequent Year's Budget | 91,900.00 | 91,900.00 |
| Unassigned | <u>426,944.53</u> | <u>426,944.53</u> |
| Total Fund Balances | <u>567,539.67</u> | <u>567,539.67</u> |
| Total Liabilities and Fund Balance | <u>\$ 600,100.05</u> | (Continued) |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

BALANCE SHEET
GOVERNMENTAL FUNDS

As of December 31, 2019

Amounts reported for Governmental Activities in the Statement of Net Position
(A-1) are different because:

| | |
|---|---------------------------------|
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The Cost of the Assets is \$504,710.01 and the Accumulated Depreciation is \$479,519.71 | \$ 25,190.30 |
| Deferred outflows and deferred inflows related to the refunding of debt, pensions and opeb represent the consumption and acquisition, respectively, of resources that relates to future periods; therefore, such amounts are not reported in the fund financial statements. | (1,710,460.50) |
| Accounts payable and accrued expenses related to pensions and opeb are not liquidated with current financial resources; therefore, such amounts are not recorded in the fund financial statements. | (201,388.50) |
| Long-term liabilities, including instalment contracts payable, capital leases, compensated absences, pension and opeb are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | <u>(4,163,398.01)</u> |
| Net Position of Governmental Activities | \$ <u><u>(5,482,517.04)</u></u> |

The accompanying notes are an integral part of this statement.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | <u>General Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|---|
| Operating Revenues: | | |
| Miscellaneous Revenues Anticipated: | | |
| Member Town Assessments | \$ 1,135,643.00 | \$ 1,135,643.00 |
| Fees and Licenses | 135,490.00 | 135,490.00 |
| Clinics and Immunizations | 7,295.95 | 7,295.95 |
| Consortium Fees | 112,959.00 | 112,959.00 |
| Nursing Services | 135,317.00 | 135,317.00 |
| Special Assessments - Accreditation | 5,000.00 | 5,000.00 |
| Tinton Fall Landfill Agreement | 8,250.00 | 8,250.00 |
| Child Lead Exposure Prevention Grant | 7,958.36 | 7,958.36 |
| Strengthen Local Public Health Capacity | 4,983.15 | 4,983.15 |
| Miscellaneous Income | 10,262.73 | 10,262.73 |
| Non-Operating Revenue: | | |
| Interest Income | <u>10,130.24</u> | <u>10,130.24</u> |
| Total Revenues | <u>1,573,289.43</u> | <u>1,573,289.43</u> |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | <u>General</u> <u>Fund</u> | <u>Total</u> <u>Governmental</u> <u>Funds</u> |
|---------------------------|-------------------------------|---|
| Expenditures: | | |
| Operating Appropriations: | | |
| Salaries | \$ 915,402.39 | \$ 915,402.39 |
| Other Expenses: | | |
| Commissioners | 912.40 | 912.40 |
| Administration | 9,255.60 | 9,255.60 |
| Finance | 996.25 | 996.25 |
| Audit | 7,275.00 | 7,275.00 |
| Data Processing | 13,769.42 | 13,769.42 |
| Legal | 19,099.31 | 19,099.31 |
| Inspections | 5,980.96 | 5,980.96 |
| Lead Services | 1,360.60 | 1,360.60 |
| Liability Insurance | 31,000.00 | 31,000.00 |
| Group Health Insurance | 151,737.06 | 151,737.06 |
| Waiver of Health Benefits | 1,250.00 | 1,250.00 |
| Consortium | 9,860.46 | 9,860.46 |
| Clinics | 29,574.56 | 29,574.56 |
| Maintenance of Equipment | 11,488.83 | 11,488.83 |
| Buildings and Grounds | 8,061.19 | 8,061.19 |
| Veterinary Services | 2,400.00 | 2,400.00 |
| Nursing | 45,288.50 | 45,288.50 |
| Postage | 1,743.20 | 1,743.20 |
| Electric | 3,256.70 | 3,256.70 |
| Telephone | 8,326.90 | 8,326.90 |
| Natural Gas | 1,027.29 | 1,027.29 |
| Fuel | 4,074.29 | 4,074.29 |
| EZ Pass | 300.00 | 300.00 |
| Cable Service | 3,108.32 | 3,108.32 |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2019

| | General Fund | Total Governmental Funds |
|---|-----------------------------|--------------------------------|
| Expenditures Continued: | | |
| Operating Appropriations Continued: | | |
| Other Expenses Continued: | | |
| Office Lease | \$ 69,677.40 | \$ 69,677.40 |
| Social Security | 66,490.22 | 66,490.22 |
| Other Employment Payroll Taxes | 5,496.79 | 5,496.79 |
| Public Employees Retirement System | 138,802.00 | 138,802.00 |
| Child Lead Exposure Prevention Grant | 7,958.36 | 7,958.36 |
| Strengthen Local Public Health Capacity | 4,983.15 | 4,983.15 |
| Automobiles | 10,573.92 | 10,573.92 |
| Furniture and Fixtures | 2,000.00 | 2,000.00 |
| Software | <u>2,709.77</u> | <u>2,709.77</u> |
| Total Expenditures | <u>1,595,240.84</u> | <u>1,595,240.84</u> |
| Net Change in Fund Balance | (21,951.41) | (21,951.41) |
| Fund Balance - January 1 | <u>589,491.08</u> | <u>589,491.08</u> |
| Fund Balance - December 31 | \$ <u><u>567,539.67</u></u> | \$ <u><u>567,539.67</u></u> |

The accompanying notes are an integral part of this statement.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

| | | |
|--|----|-------------|
| Total Net Change in Fund Balances - Governmental Funds (B-2) | \$ | (21,951.41) |
|--|----|-------------|

Amounts reported for governmental activities in the Statement
 of Activities (A-2) are different because:

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 depreciation exceeded capital outlay in the current period.

| | | |
|-----------------------------|--|-------------|
| Depreciation Expense | | (23,248.91) |
| Depreciable Capital Outlays | | |

In the statement of activities, capital outlays purchased utilizing installment contracts are
 recorded as capital assets and the cost of those assets is allocated over their useful lives
 as depreciation expense. However, in the governmental funds the payments on the installment
 contracts are recognized as expenditures at the time of payment. Amounts recognized as
 installment payment expenditures in the current period.

10,573.92

In the statement of activities, certain operating expenses (e.g. compensated absences,
 and pension), are measured by the amounts incurred during the year. In the governmental
 funds, however, expenditures for these items are reported in the amount of financial resources
 used (paid). when the incurred amount exceeds the paid amount, the difference is a reduction
 in the reconciliation (-); when the paid amount exceeds the incurred amount, the difference is
 an addition to the reconciliation (+).

| | | |
|---|--|------------------|
| (Increase) Decrease in Compensated Absences Payable | | 2,382.31 |
| (Increase) Decrease in Deferred Inflows and Outflows related to Pensions and (Increase) | | |
| Decrease in Pension Liabilities net. | | 53,444.00 |
| (Increase) Decrease in Deferred Inflows and Outflows related to OPEB and (Increase) | | |
| Decrease in OPEB Liabilities net. | | <u>61,903.74</u> |

| | | |
|---|----|-------------------------|
| Change in Net Position of Governmental Activities (A-2) | \$ | <u><u>83,103.65</u></u> |
|---|----|-------------------------|

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Monmouth County Regional Health Commission #1 (the "Commission") 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 Commission's accounting policies are described below:

Reporting Entity

The Monmouth County Local Health Unit #2 Advisory Board held its organizational meeting on October 9, 1936. The Advisory Board was comprised of delegates from the Boards of Health of each Commission represented. The purpose for which the Board was formed was to consider the advisability of policy and activities in each of the Commissions and the Unit as a whole. On January 29, 1947, the organization reorganized and changed its name to the Monmouth County Regional Health Commission #1. The Commission operates as an association of boards of health pursuant to an act of the Legislature of the State of New Jersey, entitled "Health and Vital Statistics", N.J.S.A. 26:3-83 et seq., and any amendments and supplements thereto. The regional health commission arranges annually with each participating board of health the nature and amount of public services to be furnished and the sum to be paid for such services. It reports annually to each participating board of health and to the State Department of Health.

The primary criterion for including activities within the Commission's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

The combined financial statements include all funds of the Commission over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the Commission is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The Commission's basic financial statements consist of Commission-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Commission-wide Statements: The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the financial activities of the overall Commission.

The statement of net position presents the financial condition of the governmental activities of the Commission at year end.

The statement of activities demonstrates the degree to which the direct expenses of a given function is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Member town assessments and other items not properly included among program revenues are reported instead as general revenues.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: Separate financial statements are provided for the Commission's government funds.

Governmental Funds

General Fund The general fund is the general operating fund and is the only fund currently utilized the Commission and is used to account for all expendable financial resources.

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

Commission-wide Financial Statements: The Commission-wide financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Member town assessments are recognized as revenues in the year for which they are assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

An annual budget is prepared each year for the operations of the Commission. The Commission's policy is to adopt a budget in November for the upcoming year. Eight affirmative votes from the Board are required to adopt the budget. Budgets are prepared using the modified accrual basis of accounting. Formal budgetary integration into the accounting system is employed as a management control device during the year.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP). 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.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds are reported as assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Inventories and Prepaid Expenses

Inventories are expensed at the time of purchase in the budgetary statements. Inventories of vaccines are recorded at cost on a first-in, first-out basis in the Commission-wide statements and the governmental funds. Inventory in the governmental funds are offset by Nonspendable Fund Balance equal to the amount of the inventory. There is no offset in the Commission-wide financial statements.

Prepaid expenses which benefit future periods, are recorded as expenditures in the year of purchase.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Vehicles, equipment and leasehold improvements are recorded in the commission-wide financial statements. Capital Assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the commission-wide statements using the straight-line method over the following estimated useful lives:

| | <u>Estimated Life</u> |
|--------------------------------|-----------------------|
| Vehicles | 5 |
| Computer Equipment | 5 |
| Computer Software | 5 |
| Office Furniture and Equipment | 5-12 |
| Office and Computer Equipment | 5 |
| Other Equipment | 8 |
| Leasehold Improvements | 7 |

Compensated Absences

The Commission 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.

Commission employees are granted varying amounts of vacation and sick leave in accordance with the Commission's personnel policy and/or collective bargaining unit contracts. Upon termination, employees are paid for accrued vacation and sick leave.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave and vacation days that are expected to become eligible for payment upon termination. The Commission estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the commission-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and commission-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unearned Revenue

Unearned revenue represents funds which have been received but not yet earned.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the commission-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Commission's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Restrictions

GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions" modifies fund balance reporting and clarifies fund type definitions. This Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the standard, 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 Commissioners, the Commission's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Commissioners. The Commission reports amounts Designated for Subsequent Year's Expenditures as Committed Fund balance.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

Assigned – includes amounts that the Commission intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Commission reports Year End Encumbrances as Assigned Fund Balance.

Unassigned - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Allocation of Indirect Expenses

Due to the nature of the activities of the Commission, the Commission does not report direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. The budgetary comparison schedule details the various expense allocations. The Commission was created to provide health services to member towns. All expenses are related to the function of providing health services.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for Pensions

In the Commission-Wide Financial Statements 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 Commission's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the additions to/deductions from this retirement system fiduciary net position have been determined on the same basis as they were reported by 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.

In the Governmental Fund Financial Statements the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Commission considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

Although the Commission is not required to report to or follow statutes of the State of New Jersey, the Commission has adopted a cash management plan that mirrors the regulations for New Jersey municipalities. New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), 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 the deposits to the governmental unit.

At December 31, 2019, the Commission's deposits had a carrying amount of \$584,402.70.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Commission does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2019, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$588,893.07, \$250,000.00 was covered by Federal Depository Insurance and \$338,893.07 was covered under the provisions of NJGUDPA.

Investments

The types of investments which may be purchased by the Commission are not restricted as they do not report to the State of New Jersey or any other regulatory agency. The Commission has adopted a cash management plan in accordance with New Jersey statutes as it relates to municipalities. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31,2019 the Commission had no investments.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 3: CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2019, was as follows:

| | Beginning <u>Balance</u> | <u>Additions</u> | Deletions & <u>Transfers</u> | Ending <u>Balance</u> |
|---|-----------------------------|-------------------------|---------------------------------|--------------------------|
| Governmental Activities: | | | | |
| Capital Assets Being Depreciated: | | | | |
| Vehicles | \$ 197,743.80 | \$ | \$ (11,071.00) | \$ 186,672.80 |
| Computer Equipment | 61,365.90 | | | 61,365.90 |
| Computer Software | 9,685.00 | | | 9,685.00 |
| Office Furniture and Equipment | 144,621.57 | | | 144,621.57 |
| Other Equipment | 56,452.90 | | | 56,452.90 |
| Leasehold Improvements | 45,911.84 | | | 45,911.84 |
| Totals at historical cost | <u>515,781.01</u> | | <u>(11,071.00)</u> | <u>504,710.01</u> |
| Less: Accumulated Depreciation | <u>467,341.80</u> | <u>23,248.91</u> | <u>(11,071.00)</u> | <u>479,519.71</u> |
| Governmental Activity, Capital Assets, Net | \$ <u>\$48,439.21</u> | \$ <u>(\$23,248.91)</u> | \$ <u></u> | \$ <u>\$25,190.30</u> |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 4: LONG-TERM LIABILITIES

The Commission entered into a lease agreement to lease office space that began in 2002, for a term of five years. The lease provides for renewals. The latest renewal was effective June 1, 2017 and expires on September 30, 2022

The following is a schedule of the future minimum lease payments:

| <u>For the Year Ended</u> <u>December 31,</u> | <u>Governmental</u> <u>Funds</u> |
|--|-------------------------------------|
| 2020 | \$ 65,044.08 |
| 2021 | 66,672.91 |
| 2022 | <u>50,519.52</u> |
| Total Minimum Lease Payments | <u>\$ 182,236.51</u> |

The Commission has installment sales contracts for the purchase of vehicles.

The following is a schedule of the future minimum installment payments:

| <u>Year Ended</u> <u>December 31,</u> | <u>Principal</u> <u>and Interest</u> |
|--|---|
| 2020 | \$10,573.92 |
| 2021 | <u>\$1,762.32</u> |
| | <u>\$12,336.24</u> |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of transactions that affect long-term liabilities for the year ended December 31, 2019:

Governmental Activities:

| | Balance December 31, <u>2018</u> | <u>Additions</u> | <u>Reductions</u> | Balance December 31, <u>2019</u> | Amounts due Within <u>one year</u> |
|-------------------------------|--|---------------------|-----------------------|--|--|
| Installment Contracts Payable | \$22,910.16 | | \$10,573.92 | \$12,336.24 | \$10,573.92 |
| Compensated Absences | 91,687.08 | \$15,726.79 | 18,109.10 | 89,304.77 | |
| Net Pension Liability | 2,744,183.00 | 223,818.00 | 480,975.00 | 2,487,026.00 | |
| Net OPEB Liability | 2,117,813.00 | | 543,082.00 | 1,574,731.00 | |
| | <u>\$4,976,593.24</u> | <u>\$239,544.79</u> | <u>\$1,052,740.02</u> | <u>\$4,163,398.01</u> | <u>\$10,573.92</u> |

NOTE 5: PENSION PLANS

Description of Plans All required employees of the Commission are covered by the Public Employees' Retirement System, or the Defined Contribution Retirement Program 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 each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision 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.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the PERS system.

As a result of these changes new members of PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS was changed. The unfunded actuarial accrued liability (UAAL) will be amortized for the plan over an open-ended 30 year period and paid in level dollars.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43:3B. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for PERS.

Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums.

Three Year Trend Information for PERS

| <u>Year Ended June 30,</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------------|--|--|-----------------------------------|
| 2019 | \$134,261.00 | 100% | -0- |
| 2018 | \$136,417.00 | 100% | -0- |
| 2017 | \$122,118.00 | 100% | -0- |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At December 31, 2019, the Commission reported a liability of \$2,487,026.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019 the Commission's proportion was 0.0138026370 percent, which was a decrease of 0.0001346530 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Commission recognized pension expense of \$85,358.00. At December 31, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$44,639.00 | \$ 10,987.00 |
| Changes of assumptions | 248,339.00 | 863,239.00 |
| Net difference between projected and actual earnings on pension plan investments | | 39,259.00 |
| Changes in proportion and differences between Commission contributions and proportionate share of Contributions | 98,734.00 | 162,722.00 |
| Commission contributions subsequent to the measurement date | 67,129.50 | |
| | <u>\$458,841.50</u> | <u>\$1,076,207.00</u> |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(Continued)

Public Employees Retirement System (PERS) (Continued)

The \$67,129.50 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date (i.e. for the year ending December 31, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended</u> <u>December 31,</u> | <u>Amount</u> |
|--|------------------------------|
| 2020 | (\$84,611.60) |
| 2021 | (245,760.60) |
| 2022 | (220,820.60) |
| 2023 | (110,474.60) |
| 2024 | <u>(22,827.60)</u> |
| | <u><u>(\$684,495.00)</u></u> |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---------------------------|------------------------------|----------------------|
| Inflation | 2.75% | 2.25% |
| Salary Increases | | |
| Through 2026 | 2.00-6.00% | 1.65-4.15% |
| Thereafter | 3.00-7.00% | 2.65-5.15% |
| | Based on Years of Service | Based on Age |
| Investment Rate of Return | 7.00% | 7.00% |

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

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>June 30, 2019</u> | |
|----------------------------------|--------------------------|---|
| | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
| Risk Mitigation Strategies | 3.00% | 4.67% |
| Cash Equivalents | 5.00% | 2.00% |
| U.S. Treasuries | 5.00% | 2.68% |
| Investment Grade Credit | 10.00% | 4.25% |
| Public High Yield | 2.00% | 5.37% |
| Private Credit | 6.00% | 7.92% |
| Real Assets | 2.50% | 9.31% |
| Real Estate | 7.50% | 8.33% |
| U.S. Equity | 28.00% | 8.26% |
| Non-U.S. Developed Market Equity | 12.50% | 9.00% |
| Emerging Markets Equity | 6.50% | 11.37% |
| Private Equity | 12.00% | 10.85% |
| | <u>100.00%</u> | |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2019 respectively, 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:

| | June 30, 2019 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>5.28%</u> | At Current Discount Rate <u>6.28%</u> | 1% Increase <u>7.28%</u> |
| Commission's proportionate share of the pension liability | \$3,399,856.00 | \$2,487,026.00 | \$2,113,544.00 |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68 (CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the commission has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget requirements, the commission is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2018

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Contributions

The Commission's contributions to SHBP for retired employees and the number of covered retired employees for the years ended December 31, 2019, 2018 and 2017 were \$2,285.70 for 1 retiree, \$2,483.69 for 1 retiree and \$0.00 for 0 retirees respectively, which equaled the required contributions for each year.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

At June 30, 2019, the Plan reported a liability of \$1,574,731.00 for the Commission's proportionate share of the collective net OPEB liability. The total OPEB liability measured as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The Commission's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Commission's proportion was 0.0116250000 percent, which was a decrease of 0.0018930000 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Commission reported an OPEB benefit of \$61,903.74. This OPEB benefit was based on the OPEB plans June 30, 2019 measurement date.

At June 30, 2019, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | | \$460,513.00 |
| Changes of assumptions | | 558,050.00 |
| Net difference between projected and actual earnings on OPEB plan investments | \$1,297.00 | |
| Changes in proportion | <u>302,379.00</u> | <u>378,208</u> |
| | <u>\$303,676.00</u> | <u>\$1,396,771.00</u> |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ended June 30, | Amount |
|------------------------|----------------------|
| 2020 | (\$180,846) |
| 2021 | (\$180,846) |
| 2022 | (\$180,947) |
| 2023 | (\$181,112) |
| 2024 | (\$181,262) |
| Total Thereafter | (\$188,083) |
| | <u>(\$1,093,095)</u> |

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|----------------------|
| Inflation rate | <u>2019</u> 2.50% |
| Salary Increases: | |
| Public Employees Retirement System (PERS): | |
| Initial fiscal Year Applied | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate thereafter | 3.00% to 7.00% |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Mortality:

| | |
|------|--|
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019 |
| PFRS | Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2019 |

* Salary increases are based on the defined benefit plan that the member is enrolled in and his or her age.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PERS experience study prepared for July 1, 2014 to June 30, 2018 respectively.

100% of active members are considered to participate in the Plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 7: GASB 75 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs (continued)

Sensitivity of the Commission's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the OPEB liability associated with the Commission as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the OPEB 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:

| | June 30, 2019 | | |
|---|----------------------------------|-----------------------------|----------------------------------|
| | 1.00% <u>Decrease (2.50%)</u> | At Discount Rate (3.50%) | 1.00% <u>Increase (4.50%)</u> |
| Commission's proportionate share of the OPEB Liability | \$1,869,319 | \$1,574,731 | \$1,341,061 |

Sensitivity of the Commission's Proportionate Share of the OPEB Liability to Changes in Healthcare Trends

The following presents the total OPEB liability associated with the Commission as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the OPEB liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2019 | | |
|---|-----------------------------------|---|-----------------------------------|
| | 1.00% Decrease <u>2.50%</u> | At Current Discount Rate <u>3.50%</u> | 1.00% Increase <u>4.50%</u> |
| Commission's proportionate share of the OPEB Liability | \$1,295,064 | \$1,574,731 | \$1,946,125 |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 8: LITIGATION

The Commission is involved in legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, Commission's management, based upon the opinion of the Commission's attorney, presently believe that the outcome of each such proceeding or claim which is pending or known to be threatened, or all of them combined, will not have a material effect on the Commission's financial position.

NOTE 9: RISK MANAGEMENT

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

Property and Liability Insurance The Commission through the Borough of Rumson and the Borough of Tinton Falls is a member of the Monmouth County Municipal Joint Insurance Fund (the "Fund"). This public entity risk pool is both an insured and self-administered group of municipalities established for the purpose of insuring against the above risks. The Fund will be self-sustaining through member premiums. The Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the Commission. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

New Jersey Unemployment Compensation Insurance

The Commission covers its employees under the New Jersey Unemployment Trust Fund ("the Fund"). The Commission contribution is based upon a pre-established rate from the Fund. Payments are made quarterly based upon the pre-determined rate and the payroll subject to the rate for the quarter. The following is a summary of the employee and employer contributions for the current and prior two years:

| <u>Year Ended</u> <u>June 30,</u> | <u>Employee</u> <u>Contributions</u> | <u>Employer</u> <u>Contributions</u> | <u>Total</u> <u>Contributions</u> |
|--------------------------------------|---|---|--------------------------------------|
| 2019 | \$1,807.46 | \$3,508.59 | \$5,316.05 |
| 2018 | 1,748.71 | 3,568.46 | 5,317.17 |
| 2017 | 1,908.91 | 3,492.81 | 5,401.72 |

Monmouth County Regional Health Commission #1
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 10: COMPENSATED ABSENCES

The Commission accounts for compensated absences (e.g. unused vacation and 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.

Commission employees are granted varying amounts of vacation and sick leave in accordance with the Commission's personnel policy. Upon termination, employees are paid for accrued vacation and sick leave. The Commission's policy permits employees to accumulate unused vacation and sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the Commission for the unused vacation and sick leave in accordance with the Commission's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the commission - wide statement of net position. As of December 31, 2019, a liability existed for compensated absences for governmental fund-types in the commission- wide statement of net position of \$89,304.77.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 11: INVENTORY

Inventory at December 31, 2019 consisted of the following:

Vaccines \$4,767.13

NOTE 13: SUBSEQUENT EVENTS

The Commission has evaluated subsequent events occurring after the financial statement date through February 8, 2021 which is the date the financial statements were available to be issued. Subsequent to the date of these Financial Statements the COVID-19 Corona Virus spread across the State of New Jersey and the Nation as a whole. The impact of this virus on the Commission's operations in 2020 cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II
BUDGETARY SCHEDULES**

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2019

| | Adopted Budget | Final Budget | Actual Amounts Budgetary Basis See Note A at C-2 | Variance Final To Actual |
|---|---------------------|---------------------|---|--------------------------------|
| Fund Balance Utilized: | | | | |
| Unrestricted Fund Balance | \$ 91,900.00 | \$ 91,900.00 | \$ 91,900.00 | \$ - |
| Revenues: | | | | |
| Member Town Assessments | 1,152,183.00 | 1,152,183.00 | 1,135,643.00 | (16,540.00) |
| Fees and Licenses | 159,398.00 | 159,398.00 | 135,490.00 | (23,908.00) |
| Clinics and Immunizations | 10,000.00 | 10,000.00 | 7,295.95 | (2,704.05) |
| Lead Meter Fund | 2,900.00 | 2,900.00 | - | (2,900.00) |
| Consortium Fees | 112,959.00 | 112,959.00 | 112,959.00 | - |
| Nursing Services | 135,317.00 | 135,317.00 | 135,317.00 | - |
| Special Assessments - Accreditation | 5,000.00 | 5,000.00 | 5,000.00 | - |
| Tinton Fall Landfill Agreement | 32,000.00 | 32,000.00 | 8,250.00 | (23,750.00) |
| Child Lead Exposure Prevention Grant | - | 15,232.00 | 7,958.36 | (7,273.64) |
| Strengthen Local Public Health Capacity | - | 95,000.00 | 4,983.15 | (90,016.85) |
| Miscellaneous Income | - | - | 10,262.73 | 10,262.73 |
| Total Operating Revenues | 1,609,757.00 | 1,719,989.00 | 1,563,159.19 | (156,829.81) |
| Interest Income | 6,475.00 | 6,475.00 | 10,130.24 | 3,655.24 |
| Total Revenues | 1,708,132.00 | 1,818,364.00 | 1,665,189.43 | (153,174.57) |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2019

| | Adopted Budget | Final Budget | Actual Amounts Budgetary Basis See Note A at C-2 | Variance Final To Actual |
|---------------------------|-------------------|-----------------|---|--------------------------------|
| Expenditures: | | | | |
| Commissioners: | | | | |
| Other Expenses | \$ 1,000.00 | \$ 1,000.00 | \$ 912.40 | \$ 87.60 |
| Administration: | | | | |
| Salaries and Wages | 226,200.00 | 226,200.00 | 225,200.68 | 999.32 |
| Other Expenses | 14,000.00 | 11,500.00 | 9,255.60 | 2,244.40 |
| Finance: | | | | |
| Salaries and Wages | 91,850.00 | 92,450.00 | 92,327.68 | 122.32 |
| Other Expenses | 1,000.00 | 1,000.00 | 996.25 | 3.75 |
| Annual Audit | 7,500.00 | 7,500.00 | 7,275.00 | 225.00 |
| Data Processing: | | | | |
| Other Expenses | 15,700.00 | 15,700.00 | 13,769.42 | 1,930.58 |
| Legal: | | | | |
| Other Expenses | 30,600.00 | 30,600.00 | 19,099.31 | 11,500.69 |
| Inspections: | | | | |
| Salaries and Wages | 524,825.00 | 507,325.00 | 487,957.32 | 19,367.68 |
| Other Expenses | 9,150.00 | 9,150.00 | 5,980.96 | 3,169.04 |
| Lead Services: | | | | |
| Other Expenses | 4,500.00 | 4,500.00 | 1,360.60 | 3,139.40 |
| Insurances: | | | | |
| Liability Insurance | 31,000.00 | 31,000.00 | 31,000.00 | - |
| Group Health | 156,883.00 | 156,883.00 | 151,737.06 | 5,145.94 |
| Waiver of Health Benefits | 2,500.00 | 2,500.00 | 1,250.00 | 1,250.00 |
| Consortium: | | | | |
| Salaries and Wages | 46,850.00 | 48,650.00 | 48,130.85 | 519.15 |
| Other Expenses | 24,424.00 | 24,424.00 | 9,860.46 | 14,563.54 |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2019

| | Adopted Budget | Final Budget | Actual Amounts Budgetary Basis See Note A at C-2 | Variance Final To Actual |
|----------------------------------|-------------------|-----------------|---|--------------------------------|
| Clinics: | | | | |
| Salaries and Wages | \$ 11,400.00 | \$ 11,400.00 | \$ 35.00 | \$ 11,365.00 |
| Other Expenses | 27,500.00 | 41,500.00 | 31,707.52 | 9,792.48 |
| Public Education: | | | | |
| Other Expenses | 2,800.00 | 2,800.00 | - | 2,800.00 |
| Maintenance of Equipment: | | | | |
| Other Expenses | 10,600.00 | 13,600.00 | 11,488.83 | 2,111.17 |
| Buildings and Grounds: | | | | |
| Other Expenses | 10,050.00 | 10,050.00 | 8,061.19 | 1,988.81 |
| Veterinary Services: | | | | |
| Other Expenses | 3,500.00 | 3,500.00 | 2,400.00 | 1,100.00 |
| Nursing: | | | | |
| Salaries and Wages | 64,500.00 | 64,500.00 | 61,750.86 | 2,749.14 |
| Other Expenses | 45,750.00 | 45,750.00 | 45,288.50 | 461.50 |
| Other Expenses: | | | | |
| Postage | 3,000.00 | 3,000.00 | 1,743.20 | 1,256.80 |
| Electric | 4,500.00 | 4,500.00 | 3,256.70 | 1,243.30 |
| Telephone | 11,200.00 | 11,200.00 | 8,326.90 | 2,873.10 |
| Water | 450.00 | 450.00 | - | 450.00 |
| Natural Gas | 1,400.00 | 1,400.00 | 1,027.29 | 372.71 |
| Fuel | 9,000.00 | 9,000.00 | 4,074.29 | 4,925.71 |
| EZ Pass | 300.00 | 400.00 | 300.00 | 100.00 |
| Cable Service | 2,700.00 | 3,200.00 | 3,108.32 | 91.68 |
| Sewer Charges | 500.00 | 500.00 | - | 500.00 |
| Office Lease | 69,700.00 | 69,700.00 | 69,677.40 | 22.60 |
| Contingent | 500.00 | 500.00 | - | 500.00 |
| Social Security | 74,000.00 | 74,000.00 | 66,490.22 | 7,509.78 |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
BUDGET AND ACTUAL - BUDGETARY BASIS

For the Year Ended December 31, 2019

| | Adopted Budget | Final Budget | Actual Amounts Budgetary Basis See Note A at C-2 | Variance Final To Actual |
|---|-------------------|-----------------|---|--------------------------------|
| Other Expenses Continued: | | | | |
| Other Employment Payroll Taxes | \$ 5,500.00 | \$ 5,500.00 | \$ 5,496.79 | \$ 3.21 |
| Public Employees Retirement System | 138,802.00 | 138,802.00 | 138,802.00 | - |
| Defined Contribution Retirement Program | 2,698.00 | 2,698.00 | - | 2,698.00 |
| Child Lead Exposure Prevention Grant | | 15,232.00 | 7,958.36 | 7,273.64 |
| Strengthen Local Public Health Capacity | | 95,000.00 | 4,983.15 | 90,016.85 |
| Computer Equipment | 5,000.00 | 5,000.00 | - | 5,000.00 |
| Automobiles | 10,800.00 | 10,800.00 | 10,573.92 | 226.08 |
| Furniture and Fixtures | 2,000.00 | 2,000.00 | 2,000.00 | - |
| Software | 2,000.00 | 2,000.00 | 1,434.77 | 565.23 |
| Total Expenditures | 1,708,132.00 | 1,818,364.00 | 1,596,098.80 | 222,265.20 |
| Excess of Revenues Over Expenditures | - | - | 69,090.63 | 69,090.63 |
| Fund Balance, January 1 | 585,581.91 | 585,581.91 | 585,581.91 | - |
| Less: | | | | |
| Fund Balance Utilized | 91,900.00 | 91,900.00 | 91,900.00 | - |
| Fund Balance, December 31 | \$ 493,681.91 | \$ 493,681.91 | \$ 562,772.54 | \$ 69,090.63 |

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY

BUDGET -to- GAAP RECONCILIATION

For the Year Ended December 31, 2019

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

| | <u>General Fund</u> |
|--|-------------------------|
| Sources/Inflows of Resources: | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule (C-1) | \$ 1,665,189.43 |
| Differences - budget to GAAP: | |
| The fund balance appropriated is a budgetary resource but is not a current year revenue for financial reporting purposes | <u>(91,900.00)</u> |
| Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2) | \$ <u>1,573,289.43</u> |
| Uses/Outflows of Resources: | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule (C-1) | \$ 1,596,098.80 |
| Differences - budget to GAAP: | |
| Inventory is expensed at the time of purchase for budgetary purposes but is expensed in the year utilized for financial reporting purposes. | (2,132.96) |
| Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but the year the supplies or equipment is received for financial reporting purposes - net change in encumbrances payable | <u>1,275.00</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2) | \$ <u>1,595,240.84</u> |

**REQUIRED SUPPLEMENTARY INFORMATION
PART III
SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR PENSIONS**

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE HEALTH COMMISSION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN YEARS

| | Measurement Date Ended June 30, | | | | | | |
|--|---------------------------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Health Commission's Proportion of the Net Pension Liability | 0.01380000% | 0.01393729% | 0.0147256046% | 0.0137460562% | 0.0137088101% | 0.0146561273% | 0.0146931654% |
| Health Commission's Proportionate Share of the Net Pension Liability | 2,487,026.00 | 2,744,183.00 | \$ 3,427,885.00 | \$ 4,071,188.00 | \$ 3,077,353.00 | \$ 2,744,028.00 | \$ 2,808,156.00 |
| Health Commission's Covered - Employee Payroll | 932,622.00 | 967,823.00 | \$ 1,009,758.00 | \$ 945,636.00 | \$ 906,812.00 | \$ 1,013,564.00 | \$ 1,013,564.00 |
| Health Commission's Proportionate Share of the Net Pension Liability as a Percentage of Covered - Employee Payroll | 266.67% | 283.54% | 339.48% | 430.52% | 339.36% | 270.73% | 277.06% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% | 48.72% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE HEALTH COMMISSION'S CONTRIBUTIONS
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)
LAST SEVEN YEARS

| | <u>Year Ended December 31,</u> | | | | | | |
|---|--------------------------------|---------------|---------------|-----------------|---------------|---------------|---------------|
| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
| Health Commission's Contractually Required Contribution | \$ 134,259.00 | \$ 138,631.00 | \$ 136,417.00 | \$ 122,118.00 | \$ 117,859.00 | \$ 120,823.00 | \$ 110,710.00 |
| Health Commission's Contribution in Relation to the Contractually Required Contribution | (134,259.00) | (138,631.00) | (136,417.00) | (122,118.00) | (117,859.00) | (120,823.00) | (110,710.00) |
| Health Commission's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Health Commission's Covered - Employee Payroll | \$ 866,931.00 | \$ 943,108.00 | \$ 984,012.00 | \$ 1,016,802.00 | \$ 982,078.00 | \$ 921,371.00 | \$ 992,543.00 |
| Health Commission's Contribution as a Percentage of Covered - Employee Payroll | 15.49% | 14.70% | 13.86% | 12.01% | 12.00% | 13.11% | 11.15% |

This schedule is presented to illustrate the requirement to show information for 10 years; however, until a full 10-year trend is compiled, this presentation will only include information for those years for which information is available.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

Public Employees' Retirement System (PERS)

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019.
The inflation rate changed from 2.25% as of June 30, 2018 to 2.75% as of June 30, 2019.
The investment rate of return remained at 7.00% as of June 30, 2019.

**REQUIRED SUPPLEMENTARY INFORMATION
PART IV
SCHEDULES RELATED TO ACCOUNTING AND
REPORTING FOR OTHER POSTEMPLOYMENT
BENEFITS**

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
SCHEDULE OF THE HEALTH COMMISSION' PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST THREE YEARS

Measurement Date, June 30,

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|-------------|-------------|
| Commission's proportion of the Net OPEB Liability | 0.011625% | 0.013518% | 0.012391% |
| Commission's proportionate share of the net OPEB Liability (asset) | \$ 1,574,731 | \$2,117,813 | \$2,529,720 |
| Commission's covered-employee payroll | \$866,931 | \$943,108 | \$984,012 |
| Commission's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 181.64% | 224.56% | 257.08% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 1.98% | 1.97% | 1.03% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
SCHEDULE OF THE HEALTH COMMISSION CONTRIBUTIONS
STATE HEALTH BENEFITS LOCAL GOVERNMENT RETIRED EMPLOYEES PLAN
LAST THREE YEARS

Measurement Date, June 30,

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|-----------------------------|
| Contractually required contribution | \$2,285.70 | \$1,128.95 | \$ - |
| Contributions in relation to the contractually required contribution | <u>\$2,285.70</u> | <u>\$1,128.95</u> | <u> </u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Commission's covered-employee payroll | \$866,931.00 | \$943,108.00 | \$984,012.00 |
| Contributions as a percentage of covered-employee payroll | 0.26% | 0.12% | 0.00% |

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1
COUNTY OF MONMOUTH, NEW JERSEY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

State Health Benefits Local Government Retirement Employees Plan

Changes in Benefit Terms - None

Changes in Assumptions - The discount rate changed from 3.87% as of June 30, 2018 to 3.5% as of June 30, 2019.