

MONMOUTH COUNTY REGIONAL

HEALTH COMMISSION #1

DECEMBER 31, 2015 and 2014

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

2807 Hurley Pond Road, Suite 100
P.O. Box 1409
Wall, New Jersey 07719

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

COUNTY OF MONMOUTH

TABLE OF CONTENTS

Page

ACCOUNTANT'S REPORT OF THE DISTRICT'S FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

Independent Auditor's Report	1 to 2.
------------------------------	---------

REQUIRED SUPPLEMENTARY INFORMATION

Management Discussion and Analysis	3 to 7.
------------------------------------	---------

Basic Financial Statements

A.	Commission-Wide Financial Statements:	
	A-1 Statement of Net Position	8.
	A-2 Statement of Activities	9.
	A-3 Reconciliation of the Statement of Revenues, Expenditures and Changes Fund Balances of Governmental Funds to the Statement of Activities	10.
B.	Fund Financial Statements:	
	Governmental Funds:	
	B-1 Comparative Statement of Net Position	11.
	B-2 Comparative Statement of Revenues, Expenditures and Changes in Activities	12.
	B-3 Comparative Statement of Cash Flows	13.
	Notes to Financial Statements	14 to 24.

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

COUNTY OF MONMOUTH

TABLE OF CONTENTS

Exhibit

Page

SUPPLEMENTARY INFORMATION

Balance Sheet	25.
Budget Expenditures	26.
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards	27 & 28.

COMMENTS AND RECOMMENDATIONS

Comments and Recommendations	29.
Appreciation	29.

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)

ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.

ROBERT A. HULSART, JR., C.P.A., P.S.A.

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

Telecopier:

(732) 280-8888

e-mail:

rah@monmouth.com

2807 Hurley Pond Road • Suite 100

P.O. Box 1409

Wall, New Jersey 07719-1409

(732) 681-4990

1.

INDEPENDENT AUDITOR'S REPORT

Monmouth County Regional Health Commission #1
1540 West Park Avenue
Tinton Falls, New Jersey 07724

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the various funds and account groups of the Monmouth County Regional Health Commission #1, which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and changes in fund balance for the year then ended, and the related consolidated statement of revenues and consolidated statement of expenditures of the various funds for the year ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (The "Division"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Health 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account groups of the Health Commission, as of December 31, 2015 and 2014, and the results of operations and changes in fund balance basis of such funds for the year then ended and the consolidated statements of revenues and consolidated statement of expenditures of the various funds for the year ended December 31, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 2016 on our consideration of the Health Commission's internal control over financial reporting and 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 reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the Health Commission taken as a whole. The accompanying supplementary schedules and the comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements, but is required by the Division. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Robert A. Hulsart and Company

**Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158**

October 28, 2016

REQUIRED SUPPLEMENTARY INFORMATION

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

Management Discussion and Analysis

This section of the annual financial report of the Monmouth County Regional Health Commission #1 (“the Commission”) presents a discussion and analysis of the financial performance of the Commission for the years ended December 31, 2015 and 2014. Please read it in conjunction with the basic financial statements, the notes, and supplementary information that follow this section.

Overview of Basic Financial Statements

The Commission’s basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities. The basic financial statements are presented on an accrual basis of accounting. The three basic financial statements presented are as follows:

Statement of Net Position – This statement presents information reflecting the Commission’s assets, liabilities, and net position. Net position represents the amount of total assets less total liabilities.

Statement of Changes in Activities – This statement reflects the Commission’s operating revenues and expenses, as well as non-operating items during the reporting period.

Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

Financial Highlights

The following tables summarize the financial position and results of operations for the Commission as of and for the year ended December 31, 2015 and 2014.

- The assets of Monmouth County Regional Health Commission #1 was less than its liabilities at the close of the most recent year by \$2,538,555.05 (net position).
- As of the close of the current year, the Monmouth County Regional Health Commission #1’s governmental funds reported combined ending fund balances of \$(2,538,555.05).
- At the end of the current year, designated fund balance for the general fund was \$2,538,555.05.
- The total debt of Monmouth County Regional Health Commission #1 increased by \$3,077,353.00 as a result of new pension reporting requirements for 2015.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Monmouth County Regional Health Commission #1's basic financial statements. The Monmouth County Regional Health Commission #1's basic financial statements comprise three components: (1) Commission-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Commission-wide Financial Statements – The Commission-wide financial statements are designed to provide readers with a broad overview of the Monmouth County Regional Health Commission #1's finances, in a manner similar to a private sector business.

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 financial statements are an integral part of the financial statements.

Commission-wide Financial Analysis

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position.

Statement of Net Position

Monmouth County Regional Health Commission #1

Net Position

December 31, 2015

Current and Other Assets	\$ 770,096.25
Capital Assets & Net	<u>45,533.73</u>
	<u>815,629.98</u>
Other Liabilities	<u>3,354,185.03</u>
Total Liabilities	<u>3,354,185.03</u>
Net Position	<u>\$ (2,538,555.05)</u>

Analysis of Net Position

Invested in Capital Assets Net of Related Debt	\$ (3,097,074.20)
Restricted	6,743.07
Unrestricted	<u>551,776.08</u>
Total Net Position	<u>\$ (2,538,555.05)</u>

The restricted portion of the Monmouth County Regional Health Commission #1's net assets represents resources that are subject to external restrictions on how they may be used.

In total, net position of governmental activities decreased by \$(2,538,555.05). For the 2015 year, capital assets are reported net of accumulated depreciation that as of December 31, 2015 was \$(3,097,074.20).

Governmental Activities – The Statement of Activities shows the cost of the governmental activities program services and the charges for services and grants offsetting those services. Key elements of the decrease in governmental activities are as follows:

Statement of Revenue, Expenses and Changes in Net Position

Operating Income

Municipal Fees	\$ 1,330,689.00
Specialized Services	42,308.65
Miscellaneous	<u>295,083.31</u>
	<u>1,668,080.96</u>

Operating Expenses

Operations	1,650,315.41
Depreciation	<u>15,045.65</u>
	<u>1,665,361.06</u>

Operating Income	2,719.90
------------------	----------

Nonoperating Revenues/(Expenses)

Investment Income	580.75
Adjustments	<u>26,946.24</u>
	<u>27,526.99</u>

Change in Activities	<u>\$ 30,246.89</u>
----------------------	---------------------

Net fund position, or fund surplus, decreased from \$297,556.73 to \$(2,538,555.05) in 2015 after the pension adjustments.

Financial Analysis of the Government Funds

As stated earlier, the Monmouth County Regional Health Commission #1 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund – The focus of the Monmouth County Regional Health Commission #1's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Monmouth County Regional Health Commission #1's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year and as a useful measure of permitting a governmental unit to maintain cash flow in anticipation of tax collections.

Capital Assets and Debt Administration

Capital Assets – The Monmouth County Regional Health Commission #1's investment in capital assets for its governmental activities as of December 31, 2015 amounts to \$45,533.73 (net of accumulated depreciation). This investment in capital assets includes land, vehicles, equipment and construction in progress.

At the end of 2015 the Monmouth County Regional Health Commission #1 had \$485,183.92 invested in buildings, land, site improvements, vehicles and equipment. The accumulated depreciation on these items was \$439,650.19.

Monmouth County Regional Health Commission #1

Capital Assets

(Net of Accumulated Depreciation)

December 31, 2015

Vehicles and Equipment	\$ 485,183.92
Less: Accumulated Depreciation	<u>(439,650.19)</u>
	<u>\$ 45,533.73</u>

Additional information on the Monmouth County Regional Health Commission #1's capital assets are in the Notes to Financial Statements.

Membership

Within the Commission, there are two classes of membership. Towns may participate as either a *member* or as a *contract*. Member towns appoint, either through their local board of health or local elected officials, a Commissioner and alternate. These individuals constitute the commission with the addition of the Health Officer, who by statute is the non-voting Secretary of the Commission. The main function of the Commission is to establish policy and be responsible for compliance with applicable federal or state statutes and regulation. In addition, the Commission oversees the proper management of the agency's human, physical and financial resources.

The Health Officer is the Chief Operating Officer and as such, is responsible for day-to-day management and supervision, as well as all enforcement, prevention and educational activities.

Contract towns receive the same public health services as member towns. However, they have no vote with respect to the Commission's governance and policy decisions.

Sources of Funding

Each year the Commission adopts a budget which delineates all projected expenditures including operating, restricted and capital funds considered necessary for the ensuring year. A revenue projection is also adopted which includes those sources other than municipal appropriations. Included are fines, vending machine licenses, special contracts, tobacco enforcement and plan reviews. The difference is then allocated to the member and contract towns according to a system comprised of overhead costs apportioned by population and direct service costs apportioned by a three (3) year weighted workload based average.

This form of partnership provides a beneficial and efficient sharing of services and available resources. It also consistently affords a cost-effective means of doing so. Therefore, each municipality receives top quality service and compliance at direct savings to their taxpayers.

Budget History

The Commission has always had a strong financial picture. The growth of the annual budget has been in response to three factors. The first has been the cost of living and other commensurate increases in business related expenses. Second, is the steady increase in public health mandates and related work requirements. In addition, the growth of the area has dictated a continuing upward swing in local needs for enforcement, prevention and education. Third, the organization has grown in regard to the number of communities served over the years.

In Summary

The organizational structure of municipal health departments delivers processes and services in response to their perceived public health needs. There is a corresponding inability to easily provide specialized services, and a restricted ability to research, plan and respond to emerging trends, threats and take advantage of opportunities. Required changes and expansion of public health services are forcing town administrators and managers to intensively review their capabilities before they reach the local governing body for a decision. In this era of tight fiscal budgets such funding in support of these changes may be very difficult to justify economically.

Due to today's increasing demand for public health services, there are certain advantages associated with larger, regional, shared services health agencies. Among these are lower administrative and program service costs due to greater efficiencies and economies of scale, area-wide coordination and planning of health services, avoidance of duplication, improved eligibility for grants, and improved inspections through use of shared equipment, uniform training, sharing of staff, and greater flexibility to bring additional resources to focus upon specific problems.

Requests for Information

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 Steve Gallagher, Chief Financial Officer at Monmouth County Regional Health Commission #1, 1540 West Park Avenue, Tinton Falls, New Jersey 07724.

COMMISSION-WIDE FINANCIAL STATEMENTS

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION NO. 1

Exhibit A-1

STATEMENT OF NET POSITION**DECEMBER 31, 2015**

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$ 357,956.89
Accounts Receivable	4.58
Inventory	8,236.78
Capital Assets Net	<u>45,533.73</u>
Total Assets	<u><u>\$ 411,731.98</u></u>
Deferred Outflow of Resources:	
Contribution to Pension Plan	<u><u>\$ 403,898.00</u></u>
Deferred Inflow of Resources	<u><u>\$ 204,834.00</u></u>
Liabilities:	
Accounts Payable	\$ 6,392.58
Deferred Revenue	350.49
Noncurrent Liabilities:	
Due Beyond One Year	<u>3,142,607.96</u>
Total Liabilities	<u><u>\$ 3,149,351.03</u></u>
Net Position:	
Invested in Capital Assets, Net of Related Debt	\$ (3,097,074.20)
Restricted	6,743.07
Unrestricted	<u>551,776.08</u>
	<u><u>\$ (2,538,555.05)</u></u>

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

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION**Exhibit A-2****STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED DECEMBER 31,2015**

	<u>Governmental Activities</u>
Expenses:	
Operating Appropriations:	
Salaries	\$ 1,005,258.79
Cost of Operations and Maintenance	436,534.35
Social Security	74,116.20
Payroll Taxes	3,725.28
Pension	123,515.74
Automobile Expense	7,165.05
Depreciation	15,045.65
Pension Deferred Inflows	204,834.00
Total Program Expense	<u>1,870,195.06</u>
General Revenues:	
Member Fees	1,330,689.00
Specialized Services	42,308.65
Miscellaneous Revenue	295,083.31
Pension Deferred Outflows	403,898.00
Other	27,526.99
	<u>2,099,505.95</u>
Increase (Decrease) in Net Position	229,310.89
Restatement for Pension Liability	(3,077,353.00)
Net Position-Beginning	<u>309,487.06</u>
Net Position-Ending	<u><u>\$ (2,538,555.05)</u></u>

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

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION
Exhibit A-3
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31,2015

Total Net Change in Fund Balances - Governmental Funds	\$ 30,246.89
Contributions to the Pension Plan in the Current Fiscal Year are Deferred	
Outflows of Resources on the Statement of Net Position	403,898.00
Pension Related Deferrals	<u>(204,834.00)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 229,310.89</u></u>

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

FUND FINANCIAL STATEMENTS

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1**COMPARATIVE STATEMENT OF NET POSITION****DECEMBER 31****Exhibit B-1**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 357,956.89	348,756.16
Accounts Receivable	4.58	350.49
Inventory	8,236.78	6,689.27
Capital Assets, Net	45,533.73	30,901.18
Total Assets	<u>411,731.98</u>	<u>386,697.10</u>
<u>Liabilities</u>		
Accounts Payable	6,392.58	9,435.10
Deferred Revenue	350.49	350.49
Noncurrent Liabilities:		
Deferred Lease Credits	6,643.84	6,643.84
Accrued Sick Leave	58,611.12	72,710.94
Total Liabilities	<u>71,998.03</u>	<u>89,140.37</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	45,533.73	30,901.18
Restricted for:		
Capital Acquisitions	8,928.01	8,928.01
Homeland Security	25,000.00	25,000.00
Insurance	10,000.00	10,000.00
Unrestricted	<u>250,272.21</u>	<u>222,727.54</u>
Total Net Position	<u>\$ 339,733.95</u>	<u>297,556.73</u>

The Accompanying Notes to Financial Statements are an integral part of this Statement

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

Exhibit B-2

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACTIVITIESFOR THE YEAR ENDED DECEMBER 31

	<u>2015</u>	<u>2014</u>
Operating Revenues:		
Member Fees	\$ 1,330,689.00	1,303,727.75
Specialized Services	42,308.65	32,075.82
Clinics and Other Programs	31,090.31	23,810.02
Consortium Fees	94,761.00	84,120.25
Nursing Services	121,732.00	119,343.00
Landfill Agreement	31,000.00	30,000.00
Miscellaneous	16,500.00	5,496.07
Grants		10,000.00
Total Revenues	<u>1,668,080.96</u>	<u>1,608,572.91</u>
Operating Expenses:		
Salaries	1,005,258.79	982,174.87
Other Expenses:		
Administrative	19,044.82	6,609.50
Financial	818.27	771.94
Commissioners	822.21	538.43
Data Processing	10,131.17	13,986.82
Audit	7,000.00	7,000.00
Legal	11,388.28	6,439.50
Inspections	4,294.39	6,384.84
Lead Services	323.66	3,323.87
Liability Insurance	28,913.59	28,590.44
Group Health	174,937.68	160,439.24
Consortium	9,744.68	3,399.50
Clinics	28,777.32	15,152.02
Public Education	753.31	1,655.85
Maintenance of Equipment	4,658.39	7,767.94
Buildings & Grounds	6,077.34	7,454.05
Vet Services	2,062.50	2,000.00
Nursing	45,190.00	45,327.57
Postage	1,604.50	1,820.36
Utilities	11,719.25	12,151.18
Fuel	3,917.48	6,757.31
E-Z Pass & Cable	1,814.49	1,055.68
Office Lease	62,081.64	62,081.64
Contingent	459.38	183.85
Social Security	74,116.20	73,535.36
Payroll Taxes	3,725.28	3,862.01
Pension	123,515.74	110,710.00
Automobile expense	7,165.05	
Depreciation	15,045.65	10,494.44
Total Expenses	<u>1,665,361.06</u>	<u>1,581,668.21</u>
Operating Income/(Loss)	2,719.90	26,904.70
Nonoperating Revenues/(Expenses):		
Investment Return	580.75	527.20
Adjust Prior Years Revenue		2,721.90
Grants		(10,000.00)
Adjustment for Fixed Assets	26,946.24	(32,084.13)
Total Nonoperating Income/(Loss)	<u>27,526.99</u>	<u>(38,835.03)</u>
Change in Activities	30,246.89	(11,930.33)
Total Net Position, January 1	<u>309,487.06</u>	<u>309,487.06</u>
Total Net Position, December 31,	<u>\$ 339,733.95</u>	<u>297,556.73</u>

The Accompanying Notes to Financial Statements are an integral part of this Statement

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1**COMPARATIVE STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED DECEMBER 31****Exhibit B-3**

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash Received from Fees	\$ 1,668,080.96	1,608,572.91
Cash Paid for Services	(1,650,319.99)	(1,571,173.77)
Net Cash Provided (Used) by Operating Activities	<u>17,760.97</u>	<u>37,399.14</u>
Cash Flows from Investing Activities:		
Cash Paid for Acquisition of Fixed Assets	(2,127.70)	(5,615.30)
Cash Received from Interest Income	580.75	527.20
Cash Expended for Grants	-	(10,000.00)
Cash Expended for Accounts Payable	(6,392.58)	(7,057.79)
Cash Other	(620.71)	(10,783.94)
Net Cash Provided (Used) by Investing Activities	<u>(8,560.24)</u>	<u>(32,929.83)</u>
Net Increase (Decrease) in Cash	9,200.73	4,469.31
Cash, Beginning of Year	<u>348,756.16</u>	<u>344,286.85</u>
Cash, End of Year	<u><u>\$ 357,956.89</u></u>	<u><u>348,756.16</u></u>
<u>Reconciliation of Net Cash Provided (Used) by</u>		
<u>Operating Activities</u>		
Operating Income/(Loss)	\$ 2,719.90	26,904.70
Adjustments to Reconcile Operating Income/(Loss)		
to Net Cash Provided (Used) by Operating Activities		
Depreciation	15,045.65	10,494.44
Change in Assets and Liabilities:		
Increase/(Decrease) in Accounts Receivable	<u>(4.58)</u>	
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 17,760.97</u></u>	<u><u>37,399.14</u></u>

The Accompanying Notes to Financial Statements are an integral part of this Statement

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1: General

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. Commissions represented included the Borough of Monmouth Beach, Borough of Oceanport, Township of Ocean, City of Long Branch and the Borough of West Long Branch. 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. Funds, provided by the State, were handled by the Commissioner of Finance of the City of Long Branch. 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, entitle "Health and Vital Statistics", N.J.S.A. 26:3-83 et seq., and any amendments and supplements thereto. A regional health commission arranges annually with each participating board of health the nature and amount of public health 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.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. As of December 31, 2015, it has been determined by the Health Commission that no component units exist.

Basis of Presentation – The financial statements of the Monmouth County Regional Health Commission #1 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 Health Commission's accounting policies are described in this Note.

The Health 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.

NOTE 1: General (Continued)

Commission-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the Health Commission as a whole. These statements include the financial activities of the government. The Statement of Net Position presents the financial condition of the governmental activities of the Health Commission at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Health Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. The policy of the Health Commission is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Health Commission, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Health Commission.

Fund Financial Statements – During the year, the Health Commission segregates transactions related to certain Health Commission functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health Commission at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The Health Commission uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For Health Commissions, only one category of funds exists, that being governmental.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to be fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Health Commission's major governmental funds:

General Fund – The General Fund is the general operating fund of the Health Commission and is used to account for the inflows and outflows of its financial resources.

NOTE 1: General (Continued)**Measurement Focus**

Commission-wide Financial Statements – The commission-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Health Commission are included on the Statement of Net Assets.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the commission-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the Commission-wide statements and the statements for governmental funds.

Basis of Accounting – Basis of accounting determines when transaction are recorded in the financial records and reported on the financial statements. Commission-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The Commission classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that the Commission deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. The Commission is also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)

Deposits (Continued)

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000.000.

Investments

New Jersey statutes permit the Commission to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the Commission.

As of December 31, 2015, cash and cash equivalents and investments of the Commission consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Checking Accounts and Petty Cash	<u>\$ 377,589.67</u>

During the period ended December 31, 2015, the Commission did not hold any investments. The carrying amount of the Commission's cash and cash equivalents at December 31, 2015 was \$377,589.67 and the bank balance was \$404,566.81. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$154,566.81 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following three categories described below:

FDIC	\$ 250,000.00
GUDPA	<u>154,566.81</u>
	<u>\$ 404,566.81</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Commission does not have a formal policy for custodial credit risk.

The Commission had no uninsured deposits.

NOTE 3: Inventory

Inventory consists of vaccines priced at cost. At December 31, 2015 the value of the inventory is \$8,236.78.

NOTE 4: Use of Estimates

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

NOTE 5: Income Tax Status

The Commission is a public body politic of the State of New Jersey, created by virtue of resolution adopted by the boards of health of the Cities and Boroughs that comprise its advisory board. As a public body, under existing statute, the Commission is exempt from federal taxes pursuant to Section 115 of the Internal Revenue Code and state taxes under Title 15 of the State of New Jersey.

NOTE 6: Vehicles, Equipment and Leasehold Improvements

Vehicles, equipment and leasehold improvements are carried at cost. Depreciation and amortization is provided using the straight-line method at rates based on the following estimated useful lives. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the asset are capitalized.

NOTE 6: Vehicles, Equipment and Leasehold Improvements (Continued)

The following list summarizes assets owned by the Commission:

	<u>Useful Lives</u>	<u>2015</u>
Vehicles	5	\$ 181,755.20
Computer Equipment	5	53,589.41
Computer Software	5	9,685.00
Office Furniture and Equipment	5-12	139,421.57
Other Equipment	8	54,820.90
Leasehold Improvements	7	<u>45,911.84</u>
		485,183.92
Less: Accumulated Depreciation And Amortization		<u>439,650.19</u>
Net Fixed Assets		<u>\$ 45,533.73</u>

NOTE 7: Leasing Arrangement

The Commission moved its offices to a new site subject to a lease that began August 1, 2002, for a term of five years. The lease provides for the right to renew for an additional five-year term at a rate to be agreed to by the parties. Leasehold improvement amounted to \$44,911.84 at December 31, 2015. The lease was renewed effective February 1, 2012 for a period of five years.

The following is a schedule by years of future minimum payments required under the lease.

Year Ending December 31:	
2015	\$58,731.00
2016	58,731.00
2017	<u>4,894.25</u>
Total Minimum Lease Payments	<u>\$ 122,356.25</u>

NOTE 8: Grants

The Commission was awarded no grants in 2015.

NOTE 9: Long-Term Obligations

During the year ended December 31, 2015, the following changes occurred in long-term obligations:

	<u>Outstanding Jan. 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Principal Outstanding Dec. 31, 2015</u>	<u>Due Within One Year</u>
Long Term Debt:					
Pension Liability	<u>\$</u>	<u>3,077,353</u>	<u>0</u>	<u>3,077,353</u>	<u>0</u>

NOTE 10: RISK MANAGEMENT

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

Property and Liability Insurance – The Commission maintains commercial insurance coverage for property, liability and surety bonds.

NOTE 11: Pensions and Retirement Plans

Substantially all of the Commission's employees participate in the Public Employees' Retirement System (PERS) contributory defined benefit retirement plan which has been established by State statute. This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees Retirement System is considered a cost sharing multiple-employer plan. The Commission's total payroll for the year ended December 31, 2015 amounted to \$1,005,258.79. Contributions to PERS for the years ended December 31, 2015 made by the Commission follows:

	PERS <u>Dec. 31, 2015</u>
Commission	<u>\$123,515.74</u>

A. Public Employee's Retirement System (PERS)

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

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

NOTE 11: Pensions and Retirement Plans (Continued)

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

Contributions – The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employers' portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2015, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

For the year ended December 31, 2015, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 73,415	
Changes of Assumptions	330,483	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		49,478
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions		155,356
Commission Contributions Subsequent to the Measurement Date		
Total	<u>\$ 403,898</u>	<u>204,834</u>

NOTE 11: Pensions and Retirement Plans (Continued)

\$403,898 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, 2015, the plan measurement date is December 31, 2014) will be recognized as a reduction of the net pension liability in the year ended December 31, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2014 and 2015 are as follows:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Collective Deferred Outflows of Resources	\$ 403,898	86,287
Collective Deferred Inflows of Resources	204,834	169,509
Collective Net Pension Liability	3,077,353	2,808,156
Commission's Proportion	.01371%	.01500%

Components of Net Pension Liability

The components of the net pension liability of the participating employers for PERS as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%
	<u>2014</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

NOTE 11: Pensions and Retirement Plans (Continued)

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

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

NOTE 11: Pensions and Retirement Plans (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the 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, 2015 and 2014, 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:

	2015		
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>

	2014		
	At 1% Decrease (4.39%)	At Current Discount Rate (5.39%)	At 1% Increase (6.39%)
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>

SUPPLEMENTARY INFORMATION

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1BALANCE SHEETYEAR ENDING DECEMBER 31, 2015

	<u>General Fund</u>	<u>Total</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 357,956.89	357,956.89
Accounts Receivable	4.58	4.58
Inventory	8,236.78	8,236.78
	<u>366,198.25</u>	<u>366,198.25</u>
<u>Fixed Assets</u>		
Vehicles, Equipment and Leasehold Improvements	485,183.92	485,183.92
Less Accumulated Depreciation	<u>(439,650.19)</u>	<u>(439,650.19)</u>
	<u>45,533.73</u>	<u>45,533.73</u>
Total Assets	<u>\$ 411,731.98</u>	<u>411,731.98</u>
<u>Liabilities and Fund Balance</u>		
<u>Current Liabilities</u>		
Accounts Payable	<u>\$ 6,253.98</u>	<u>6,253.98</u>
<u>Long Term Liabilities</u>		
Deferred Lease Credits	6,643.84	6,643.84
Accrued Sick Leave	58,611.12	58,611.12
	<u>65,254.96</u>	<u>65,254.96</u>
Total Liabilities	<u>71,508.94</u>	<u>71,508.94</u>
<u>Fund Balance</u>		
Invested in Capital Assets	45,533.73	45,533.73
Restricted For:		
Capital Acquisitions	8,928.01	8,928.01
Homeland Security	25,000.00	25,000.00
Insurance	10,000.00	10,000.00
Unrestricted	250,272.21	250,272.21
Total fund Balance	<u>339,733.95</u>	<u>339,733.95</u>
Total Liabilities and Fund Balance	<u>\$ 411,242.89</u>	<u>411,242.89</u>

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1BUDGET EXPENDITURESYEAR ENDING DECEMBER 31, 2015

<u>Account</u>	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Expended</u>	<u>Balance</u>
Commissioners				
Other Expenses	\$ 850.00	950.00	822.21	127.79
Administrative				
Salaries & Wages	198,790.00	193,790.00	191,196.96	2,593.04
Other Expenses	23,850.00	23,850.00	19,044.82	4,805.18
Financial				
Salaries & Wages	84,000.00	84,000.00	83,311.87	688.13
Other Expenses	1,100.00	1,100.00	818.27	281.73
Annual Audit	7,500.00	7,500.00	7,000.00	500.00
Data Processing	15,000.00	15,000.00	10,131.17	4,868.83
Legal	16,700.00	16,700.00	11,388.28	5,311.72
Inspections				
Salaries & Wages	639,100.00	645,100.00	642,872.70	2,227.30
Other Expenses	10,150.00	8,150.00	4,294.39	3,855.61
Other Expenses				
Lead Services	4,500.00	4,500.00	323.66	4,176.34
Liability Insurance	30,000.00	30,000.00	28,913.59	1,086.41
Group Health	173,483.00	173,483.00	169,937.68	3,545.32
Health Benefits Waiver	10,000.00	10,000.00	5,000.00	5,000.00
Consortium				
Salaries & Wages	45,000.00	47,500.00	47,292.05	207.95
Other Expenses	11,612.00	11,612.00	9,744.68	1,867.32
Clinics				
Salaries & Wages	1,400.00	1,400.00	217.00	1,183.00
Other Expenses	30,450.00	30,450.00	28,777.32	1,672.68
Other Expenses				
Public Education	2,800.00	2,800.00	753.31	2,046.69
Maintenance of Equipment	10,900.00	10,900.00	4,658.39	6,241.61
Buildings and Grounds	10,000.00	10,000.00	6,077.34	3,922.66
Veterinary Services	3,500.00	3,500.00	2,062.50	1,437.50
Nursing				
Salaries & Wages	62,000.00	59,200.00	40,372.79	18,827.21
Other Expenses	45,750.00	45,750.00	45,190.00	560.00
Other Expenses				
Postage	3,400.00	3,400.00	1,604.50	1,795.50
Electric	4,500.00	4,500.00	3,048.15	1,451.85
Telephone	10,600.00	10,600.00	7,426.67	3,173.33
Water	450.00	450.00	-	450.00
Natural Gas	1,200.00	1,700.00	1,244.43	455.57
Fuel	13,500.00	13,500.00	3,917.48	9,582.52
E-Z Pass	400.00	400.00	175.00	225.00
Cable Service	1,200.00	1,900.00	1,639.49	260.51
Sewerage Charges	800.00	800.00	-	800.00
Office Lease	62,082.00	62,082.00	62,081.64	0.36
Contingent	500.00	500.00	459.38	40.62
Social Security	81,000.00	81,000.00	74,116.20	6,883.80
Payroll Taxes	10,000.00	10,000.00	3,725.28	6,274.72
P.E.R.S.	125,000.00	125,000.00	122,892.46	2,107.54
DCRP-Pensions	3,000.00	3,000.00	623.28	2,376.72
Total Operating	1,756,067.00	1,756,067.00	1,643,154.94	112,912.06
Computer Equipment	10,000.00	10,000.00	-	10,000.00
Automobiles	8,000.00	8,000.00	7,165.05	834.95
	<u>\$ 1,774,067.00</u>	<u>1,774,067.00</u>	<u>1,650,319.99</u>	<u>123,747.01</u>

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:
(732) 280-8888

e-mail:
rah@monmouth.com

2807 Hurley Pond Road • Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Monmouth County Regional Health Commission #1
1540 West Park Avenue
Tinton Falls, New Jersey 07724

We have audited the financial statements of the Monmouth County Regional Health Commission #1 as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated October 28, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Monmouth County Regional Health Commission #1's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Monmouth County Regional Health Commission #1's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Monmouth County Regional Health Commission #1's internal control over financial reporting

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Monmouth County Regional Health Commission #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 provision was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Monmouth County Regional Health Commission #1's management and the appropriate state agencies and is not intended to be and should not be used by anyone other than these specified parties.

ROBERT A. HULSART & COMPANY

Robert A. Hulsart

Robert A. Hulsart, CPA, RMA

October 28, 2016

COMMENTS AND RECOMMENDATIONS

COMMENTS/RECOMMENDATIONS

There were no recommendations for the 2015 audit.

There were no prior year recommendations

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the Health Commission and we greatly appreciate the courtesies extended to the members of the audit staff.