

MONMOUTH COUNTY REGIONAL

HEALTH COMMISSION #1

DECEMBER 31, 2012 and 2011

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

DECEMBER 31, 2012

TABLE OF CONTENTS

PART I – FINANCIAL REPORT

	<u>Page</u>
Independent Auditor’s Report	1 & 2.
Management Discussion and Analysis	3 to 6.
Comparative Statement of Net Position	7.
Comparative Statement of Revenues, Expenses and Changes in Activities	8.
Comparative Statement of Cash Flows	9.
Notes to Financial Statements	10 to 14.

PART II – SUPPLEMENTARY INFORMATION

Balance Sheet	15.
Budget Expenditures	16.
Payroll Account	17.
Report on Compliance and on Internal Control Over Financial Reporting Bases on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18 & 19.
Schedule of State Financial Assistance	20.
Schedule of Budgeted and Incurred Costs – New Jersey Partnership for Healthy Kids	21.
Comments/Recommendations	22.

PART I – FINANCIAL REPORT

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011 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 January 9, 2014 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

January 9, 2014

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, 2012 and 2011. 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 assets. 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, 2012 and 2011.

Statement of Net Position

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 417,288.88	496,060.51
Accounts Receivable, Net	3,109.70	527.78
Inventory	1,000.88	5,115.63
Capital Assets, Net	<u>52,687.48</u>	<u>74,979.46</u>
Total Assets	<u>474,086.94</u>	<u>576,683.38</u>
<u>Liabilities</u>		
Accounts Payable and Other Liabilities	35,629.33	80,440.86
Noncurrent Liabilities	<u>45,535.84</u>	<u>59,888.84</u>
Total Liabilities	<u>84,165.17</u>	<u>140,329.70</u>
Net Position	<u>\$ 392,921.77</u>	<u>436,353.68</u>

Statement of Revenue, Expenses and Changes in Net Position

<u>Operating Income</u>		
Municipal Fees	\$ 1,260,150.50	1,290,495.16
Specialized Services	165,128.24	187,707.23
Miscellaneous	<u>237,042.55</u>	<u>318,861.46</u>
	<u>1,662,321.29</u>	<u>1,797,063.85</u>
<u>Operating Expenses</u>		
Operations	1,740,746.30	1,871,269.98
Depreciation	<u>22,290.28</u>	<u>26,296.75</u>
	<u>1,763,036.58</u>	<u>1,897,566.73</u>
Operating Income	(100,715.29)	(100,502.88)
<u>Nonoperating Revenues/(Expenses)</u>		
Investment Income	849.54	1,111.86
Adjustments	<u>56,433.84</u>	<u>(14,511.51)</u>
	<u>57,283.38</u>	<u>(13,399.65)</u>
Change in Activities	<u>\$ (43,431.91)</u>	<u>(113,902.53)</u>

Net fund position, or fund surplus, decreased from \$436,353.68 to \$392,921.77 in 2012, mainly due to a decrease in consortium fees of \$66,105.52.

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 ensuing 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.

COMPARATIVE STATEMENT OF NET POSITION

DECEMBER 31

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 417,288.88	496,060.51
Accounts Receivables, Net	3,109.70	527.78
Inventory	1,000.88	5,115.63
Capital Assets, Net	52,687.48	74,979.46
Total Assets	<u>474,086.94</u>	<u>576,683.38</u>
<u>Liabilities</u>		
Accounts Payable	29,323.83	17,667.05
Deferred Revenue	6,305.50	4,081.31
Accrued Expenses	-	58,692.50
Noncurrent Liabilities:		
Deferred Lease Credits	6,643.84	6,643.84
Accrued Sick Leave	38,892.00	53,245.00
Total Liabilities	<u>81,165.17</u>	<u>140,329.70</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Related Debt	52,687.48	74,979.46
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	296,306.28	317,446.21
Total Net Position	<u>\$ 392,921.77</u>	<u>436,353.68</u>

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

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN ACTIVITIESFOR THE YEAR ENDED DECEMBER 31

	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Member Fees	\$ 1,260,150.50	1,290,495.16
Specialized Services	45,470.00	45,625.90
Clinics and Other Programs	25,536.24	34,823.08
Consortium Fees	187,670.58	253,776.10
Nursing Services	94,122.00	107,258.25
Landfill Agreement	28,000.00	27,000.00
Miscellaneous	13,416.97	24,666.67
Grants	7,955.00	13,418.69
Total Revenues	<u>1,662,321.29</u>	<u>1,797,063.85</u>
Operating Expenses:		
Salaries	1,093,140.28	1,191,701.64
Other Expenses:		
Administrative	8,310.24	10,715.14
Financial	135.27	225.00
Commissioners	470.48	386.41
Data Processing	7,165.89	8,156.26
Audit	7,000.00	7,200.00
Legal	18,614.16	11,268.32
Inspections	4,327.25	4,405.30
Lead Services	343.00	2,973.18
Liability Insurance	28,317.68	28,214.86
Group Health	189,407.61	209,534.42
Consortium	226.08	504.41
Clinics	13,698.95	22,620.62
Public Education	112.80	2,546.55
Supplies and Printing	4,556.31	
Maintenance of Equipment	4,192.63	3,712.23
Buildings & Grounds	5,355.75	4,138.86
Vet Services	1,587.50	2,175.00
Nursing	49,691.00	62,962.25
Postage	3,027.87	2,610.10
Utilities	13,368.85	13,387.27
Fuel	10,263.89	10,355.35
E-Z Pass & Cable	1,109.91	1,347.63
Office Lease	61,931.64	61,499.14
Contingent	149.55	253.38
Social Security	81,696.29	91,198.89
Payroll Taxes	8,297.42	9,792.77
Pension	124,248.00	107,385.00
Depreciation	22,290.28	26,296.75
Total Expenses	<u>1,763,036.58</u>	<u>1,897,566.73</u>
Operating Income/(Loss)	(100,715.29)	(100,502.88)
Nonoperating Revenues/(Expenses):		
Investment Return	849.54	1,111.86
Adjustment for Pension and Encumbrances	56,433.84	(14,511.51)
Total Nonoperating Income/(Loss)	<u>57,283.38</u>	<u>(13,399.65)</u>
Change in Activities	(43,431.91)	(113,902.53)
Total Net Position, January 1	<u>436,353.68</u>	<u>550,256.21</u>
Total Net Position, December 31,	<u>\$ 392,921.77</u>	<u>436,353.68</u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Cash Received from Fees	\$ 1,661,175.21	1,800,617.38
Cash Paid for Services	<u>(1,783,393.76)</u>	<u>(1,882,605.83)</u>
Net Cash Provided (Used) by Operating Activities	<u>(122,218.55)</u>	<u>(81,988.45)</u>
Cash Flows from Investing Activities:		
Cash Paid for Acquisition of Fixed Assets		(1,234.60)
Cash Received from Interest Income	849.54	
Cash Received from Pension & Encumbrance Adjustment	<u>42,597.38</u>	
Net Cash Provided (Used) by Investing Activities	<u>43,446.92</u>	<u>(1,234.60)</u>
Net Increase (Decrease) in Cash	(78,771.63)	(83,223.05)
Cash, Beginning of Year	<u>496,060.51</u>	<u>579,283.56</u>
Cash, End of Year	<u>\$ 417,288.88</u>	<u>496,060.51</u>
<u>Reconciliation of Net Cash Provided (Used) by</u>		
<u>Operating Activities</u>		
Operating Income/(Loss)	\$ (100,715.29)	(100,502.88)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided (Used) by Operating Activities		
Depreciation	22,290.28	26,296.75
Changes in Assets and Liabilities:		
(Increase) Decrease in Inventory	4,114.75	(3,260.10)
Increase (Decrease) in Deferred Grant Income	-	(9,491.71)
Increase (Decrease) in Deferred Revenue	2,224.19	4,081.31
Increase (Decrease) in Sick Leave Accrued	(14,353.00)	
Increase (Decrease) in Accrued Expenses	(44,854.34)	5,000.00
Increase (Decrease) in Accounts Payable	11,656.78	(4,775.40)
(Increase) Decrease in Accounts Receivables	<u>(2,581.92)</u>	<u>663.58</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (122,218.55)</u>	<u>(81,988.45)</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, 2012

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 District represented. Districts 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 districts 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.

NOTE 2: Basis of Accounting

The statements and schedules are presented in accordance with generally accepted accounting principles.

NOTE 3: 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 3: 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 school district.

As of December 31, 2012, cash and cash equivalents and investments of the Commission consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Checking Account and Petty Cash	<u>\$ 434,867.02</u>

During the period ended December 31, 2012, the Commission did not hold any investments. The carrying amount of the Commission's cash and cash equivalents at December 31, 2012 was \$434,867.02 and the bank balance was \$447,154.22. Of the bank balance, \$250,000.00 was covered by federal depository insurance and \$247,154.22 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 3: 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>247,154.22</u>
	<u>\$ 447,154.22</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 4: Inventory

Inventory consists of vaccines priced at cost. At December 31, 2012 the value of the inventory is \$1,000.88.

NOTE 5: 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 6: 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 7: 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 7: Vehicles, Equipment and Leasehold Improvements (Continued)

The following list summarizes assets owned by the Commission:

	<u>Useful Lives</u>	<u>2012</u>
Vehicles	5	\$ 180,645.50
Computer Equipment	5	47,268.48
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>44,031.77</u>
		475,873.02
Less: Accumulated Depreciation And Amortization		<u>423,185.54</u>
Net Fixed Assets		<u>\$ 52,687.48</u>

NOTE 8: 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 years ended December 31, 2012 amounted to \$1,089,168.40. Information regarding contributions made by the State of New Jersey on behalf of the Association is not available. Contributions to PERS for the years ended December 31, 2012 made by the Commission follows:

	<u>PERS</u> <u>Dec. 31, 2012</u>
Commission	<u>\$124,248.00</u>

Commission's employees have a voluntary tax sheltered Section 403(b) annuity plan available to them.

NOTE 9: 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 \$44,031.77 at December 31, 2012. The lease was renewed effective February 1, 2012 for a period of five years.

NOTE 9: Leasing Arrangement (Continued)

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

	<u>2012</u>
Year Ending December 31:	
2013	58,731.00
2014	58,731.00
2015	58,731.00
2016	58,731.00
2017	<u>4,894.25</u>
Total Minimum Lease Payments	<u>\$ 219,818.25</u>

NOTE 10: Grants

The Commission was awarded one grant in 2012 as follows:

- 1) \$7,500.00 grant from the New Jersey Partnership for Healthy Kids.

PART II – SUPPLEMENTARY INFORMATION

BALANCE SHEET

YEAR ENDING DECEMBER 31, 2012

	<u>General Fund</u>	<u>Grants</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 410,983.38	6,305.50	417,288.88
Accounts Receivable	3,109.70		3,109.70
Inventory	1,000.88		1,000.88
	<u>415,093.96</u>	<u>6,305.50</u>	<u>421,399.46</u>
<u>Fixed Assets</u>			
Vehicles, Equipment and Leasehold Improvements	453,582.04		453,582.04
Less Accumulated Depreciation	<u>(400,894.56)</u>		<u>(400,894.56)</u>
	<u>52,687.48</u>		<u>52,687.48</u>
Total Assets	<u>\$ 467,781.44</u>	<u>6,305.50</u>	<u>474,086.94</u>
<u>Liabilities and Net Assets</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 29,323.83		29,323.83
Accrued Expenses			-
Deferred Revenue		6,305.50	6,305.50
	<u>29,323.83</u>	<u>6,305.50</u>	<u>35,629.33</u>
<u>Long Term Liabilities</u>			
Deferred Lease Credits	6,643.84		6,643.84
Accrued Sick Leave	38,892.00		38,892.00
	<u>45,535.84</u>		<u>45,535.84</u>
Total Liabilities	<u>74,859.67</u>	<u>6,305.50</u>	<u>81,165.17</u>
Fund Balance			
Invested in Capital Assets	52,687.48		52,687.48
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	296,306.28		296,306.28
Total fund Balance	<u>392,921.77</u>		<u>392,921.77</u>
Total Liabilities and Fund Balance	<u>\$ 467,781.44</u>	<u>6,305.50</u>	<u>474,086.94</u>

BUDGET EXPENDITURES

YEAR ENDING DECEMBER 31, 2012

<u>Account</u>	<u>Adopted Budget</u>	<u>Modified Budget</u>	<u>Expended</u>	<u>Balance</u>
Commissioners				
Other Expenses	\$ 675.00	675.00	470.48	204.52
Administrative				
Salaries & Wages	175,992.00	175,992.00	172,236.72	3,755.28
Other Expenses	8,300.00	9,300.00	8,310.24	989.76
Financial				
Salaries & Wages	81,686.00	81,686.00	79,788.96	1,897.04
Other Expenses	800.00	1,000.00	135.27	864.73
Annual audit	7,000.00	7,000.00	7,000.00	-
Data Processing	10,000.00	8,700.00	7,165.89	1,534.11
Legal	11,000.00	19,000.00	18,614.16	385.84
Inspections				
Salaries & Wages	712,884.00	719,984.00	686,414.37	33,569.63
Other Expenses	6,750.00	6,750.00	4,327.25	2,422.75
Other Expenses				
Lead Services	3,500.00	3,500.00	343.00	3,157.00
Liability Insurance	29,500.00	29,500.00	28,317.68	1,182.32
Group Health	189,550.00	189,550.00	189,407.61	142.39
Consortium				
Salaries & Wages	114,750.00	115,250.00	115,135.48	114.52
Other Expenses	1,100.00	1,100.00	226.08	873.92
Clinics				
Salaries & Wages	700.00	700.00	373.75	326.25
Other Expenses	28,350.00	27,350.00	13,698.95	13,651.05
Other Expenses				
Public Education	2,800.00	2,800.00	112.80	2,687.20
Maintenance of Equipment	7,600.00	6,500.00	4,192.63	2,307.37
Buildings and Grounds	7,200.00	7,200.00	5,355.75	1,844.25
Veterinary Services	2,200.00	2,700.00	1,587.50	1,112.50
Nursing				
Salaries & Wages	37,680.00	38,180.00	38,016.00	164.00
Other Expenses	49,800.00	49,800.00	49,691.00	109.00
Other Expenses				
Postage	3,400.00	3,400.00	3,027.87	372.13
Electric	4,000.00	4,000.00	3,411.24	588.76
Telephone	10,500.00	10,500.00	9,128.79	1,371.21
Water	300.00	300.00		300.00
Natural Gas	1,200.00	1,600.00	828.82	771.18
Fuel	12,650.00	12,650.00	10,263.89	2,386.11
E-Z Pass	400.00	400.00	175.00	225.00
Cable Service	1,200.00	1,200.00	934.91	265.09
Office Lease	61,781.00	61,981.00	61,931.64	49.36
Contingent	500.00	500.00	149.55	350.45
Social Security	86,000.00	86,000.00	81,696.29	4,303.71
Payroll Taxes	10,000.00	10,000.00	8,297.42	1,702.58
P.E.R.S.	124,248.00	124,248.00	124,248.00	-
N.J. Partnership for Healthy Kids		7,500.00	7,500.00	-
Total Operating	<u>1,805,996.00</u>	<u>1,828,496.00</u>	<u>1,742,514.99</u>	<u>85,981.01</u>
Grants	<u>7,955.00</u>	<u>7,955.00</u>	<u>5,731.31</u>	<u>2,223.69</u>
	<u>\$ 1,813,951.00</u>	<u>1,836,451.00</u>	<u>1,748,246.30</u>	<u>88,204.70</u>

Budget Amendments

From Surplus For Legal	\$ 15,000.00
Chapt 159-Grant for N.J. Partnership for Healthy Kids	<u>7,500.00</u>
	<u>\$ 22,500.00</u>

PAYROLL ACCOUNT

BALANCE SHEET

DECEMBER 31, 2012

<u>Assets</u>	\$ 17,578.14
Cash	<u>1,858.04</u>
Accounts Receivable	
	<u>\$ 19,436.18</u>
Total Assets	
<u>Liabilities</u>	
Accounts Payable	<u>\$ 19,436.18</u>

Robert A. Hulsart and Company
 CERTIFIED PUBLIC ACCOUNTANTS

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 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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**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, 2012 and 2011, and have issued our report thereon dated January 9, 2014. 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 of 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

January 9, 2014

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

SCHEDULE OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED DECEMBER 31, 2012

State Grant Number	State Grant Amount	Grant Period	Balance at December 31, 2011		Cash Received	Budgetary Expenditures	Balance at December 31, 2012	
			Deferred Revenue (Accts Rec.)	Deferred Revenue			(Accounts Receivable)	Deferred Revenue
Department of Health and Senior Services: N.J. Partnership For Healthy Kids	\$ 7,500.00	*	\$ 4,081.81		455.00	4,536.81	-	
N.J. Partnership For Healthy Kids	7,500.00				7,500.00	1,194.50	6,305.50	
Total State Financial Awards			\$ 4,081.81		7,955.00	5,731.31	-	6,305.50

* - Grant Period not Specified

MONMOUTH COUNTY REGIONAL HEALTH COMMISSION #1

SCHEDULE OF BUDGETED AND INCURRED COSTS

NEW JERSEY PARTNERSHIP FOR HEALTHY KIDS

GRANT PERIOD - NOT SPECIFIED

AUDIT FOR THE PERIOD ENDED DECEMBER 31, 2012

<u>Cost Category</u>	<u>Final Approved Budget</u>	<u>Additional Grant</u>	<u>Prior Expenditure Reports</u>	<u>Current Audited Expenditures</u>	<u>Balance Unexpended</u>
Salaries and Wages	\$ 1,193.00	4,575.00		1,175.00	4,593.00
Coalition Costs		1,021.22			1,021.22
Supplies	2,856.00	2,358.78	2,784.00	2,018.82	411.96
Printing	3,179.00		605.19	2,327.39	246.42
Meeting Expenses	272.00		29.00	210.10	32.90
Total Direct Cost	7,500.00	7,955.00	3,418.19	5,731.31	6,305.50
Indirect Cost	-				
Total Cost	7,500.00	7,955.00	3,418.19	5,731.31	6,305.50
Less: Program Income	-				
Net Total Cost	\$ 7,500.00	7,955.00	3,418.19	5,731.31	6,305.50

COMMENTS/RECOMMENDATIONS

There were no recommendations for the 2012 audit.

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.