

Financial Statements
Hudson Regional Health Commission

December 31, 2018

**HUDSON REGIONAL HEALTH COMMISSION
AUDIT REPORT
DECEMBER 31, 2018**

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DeSena & Company

Certified Public Accountants, LLC

100 Eagle Rock Avenue, Suite 110

East Hanover, NJ 07936

(973) 602-3300

Fax (973) 602-3317

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners

Hudson Regional Health Commission

Secaucus, NJ 07628

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Hudson Regional Health Commission (Hudson), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Hudson's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Hudson, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 18-31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

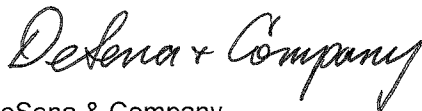
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hudson's basic financial statements. The Schedule of Expenditures of Federal and State Financial Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Financial Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2019 on our consideration of Hudson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hudson's internal control over financial reporting and compliance.



DeSena & Company

East Hanover, New Jersey
September 18, 2019

HUDSON REGIONAL HEALTH COMMISSION
MEADOWVIEW COMPLEX
595 COUNTY AVENUE, BUILDING 1, SECAUCUS, NEW JERSEY 07094
TEL. (201) 223-1133 FAX (201) 223-0122

John Sarnas, President

Carrie Nawrocki, Executive Director

Managements Discussion and Analysis Report

The purpose of this statement is to provide management's perspective on the status and fiscal viability of the Commission. It should be read in conjunction with the full text of the annual audit report.

Authority

The commission is a duly authorized governmental agency established and operating under NJSA 26:3-83 et. seq. It is governed by a Board of Commissioners which under NJSA 26:3-92 has the functional authority of a local board of health, including legislative powers to adopt ordinances. The Commission's regional ordinances are applicable to all member municipalities and are enforced by the court of local jurisdiction.

Board of Commissioners

Each of the twelve municipalities of Hudson County is represented by a Commissioner having a single vote. As a public body, the Board meets on a regular basis to set Commission policy, take legislative actions, adopt and/or amend an annual budget and take other appropriate actions. All meetings are duly advertised in accordance with the NJ Open Public Meetings Act.

Management-Staffing

The Commission's Executive Director and Health Officer functions as the CEO and is in full charge of all Commission operations. The Commission has on staff a Chief Financial Officer (CFO). The CFO holds the following licensures; Certified Municipal Financial Officer, Certified County Financial Officer and Qualified Purchasing Agent.

The Commission staff presently comprises twenty four professional/administrative employees with diverse education, training, and experience in public/environmental health.

Programs and Services

The Commission is a regulatory agency with jurisdiction in three general areas:

Environmental Health
Public Health
Mosquito Control

In addition, the Commission provides to certain municipalities related contractual services such as elevated blood lead level investigations (EBL).

Environmental Health Programs include those specified under the County Environmental Health Act (CEHA) (NJSA 26:3A2-21 et. seq.) and the Air Pollution Control Act (NJSA 26:2C-1 et. seq.).

"SERVING BAYONNE, EAST NEWARK, GUTTENBERG, HARRISON, HOBOKEN,
JERSEY CITY, KEARNY, NORTH BERGEN, SECAUCUS,
UNION CITY, WEEHAWKEN, WEST NEW YORK."

Public health services performed pursuant to our designation by the NJDOH as the 'LINCS' Agency for Hudson County include a vast array of functions primarily related to bioterrorism preparedness and response to public health emergencies.

The mosquito control program consists of surveillance and control related activities directed at the identification and attenuation of mosquito populations throughout the County.

All of the foregoing programs are conducted in conjunction with both local and state agencies and are subject to extensive reporting requirements.

Financial Status and Assessment of Long Term Operational Liability

The Commission's operational model is somewhat more like a business enterprise than a typical governmental agency. While it is in fact a duly authorized governmental agency, it does not exist by statutory mandate; rather, it functions as a discretionary vendor of services to contracting governmental units such as its member municipalities, the County of Hudson, NJDEP, NJDOH and the USEPA. Each relationship is subject to termination on a year to year basis; thus, the viability of the Commission is a function of at least two factors: delivery of a quality service and the annual allocation of available resources by contracting units.

The Commission is able to attain certain economies through the regionalization of services. While this enables the Commission to provide cost efficient programs and services, it has the downside of requiring a critical level of participation in order to sustain such efficiencies.

By Statute a regional health commission is authorized to receive funds from any source. Since 1974, the Commission has operated a registration/permit system which generates revenue from sources of air pollution throughout the County. In its original form, the system was adopted by ordinance for purposes of generating the revenue necessary to continue operations as member municipalities were unable to increase contributions at levels sufficient to meet basic program needs. At the time, the revenue system was strongly supported by the NJDEP as an appropriate and efficient means of program support.

Prior to 1995, the Commission was able to increase fee levels as additional funds were required. However, in 1995, there was a radical change in sentiment at the state level as to how and to what extent fee based revenue systems should be operated. Ultimately, in 1995, amendments to the NJ Air Pollution Control Act placed statutory limits on the ability of local, county and regional agencies to charge new fees or increase those in place as of June 15, 1995.

Fees are billed on a standard five year cycle and are accounted for as deferred revenue which is amortized against current revenue on an annual basis. Funds not needed for current operations are invested in the NJ Cash Management Fund.

As of 12/31/18, the Commission's fund balance of the Consolidated Funds was \$2,328,774 and unamortized deferred revenue, \$843,299.

Projections and Critical Issues

Over the past several years the Commission has dramatically increased its scope of activities. In addition to increased demands on our CEHA Program such as an increased workload from the NJDEP (UST and ER) we have both LINC/S/BT Programs (inclusive of Jersey City), and Mosquito Control. We have a variety of revenue sources, authority and jurisdictions, but with great and growing responsibility and challenging fiscal vulnerabilities. If we include each municipality, our 2018 budget includes over twenty independent sources of revenue, each to varying degrees vulnerable to abrupt discontinuance.

The agency's fiscal issues are somewhat unique as is its organizational structure. An autonomous governmental agency, it functions in large part like a commercial enterprise. It has neither the ability to raise taxes nor a statutory mandate to exist. It acts as a legislatively-certified contractor providing an array of public/environmental health services to other levels of government, thus the aforementioned multitude of revenue sources. Beginning as exclusively an air pollution control agency some forty years ago, it has survived only through program expansion, cost efficiency, rigorous fiscal management and the delivery of quality services.

In anticipation of rising costs for medical benefits the Board took a major action in 2005 by discontinuing the post-retirement medical benefit for new employees hired after January 1 2005, thus permanently capping its liability in terms of eligible employees.

By joining a Joint Insurance fund (JIF), savings of approximately fifty percent was realized on ever escalating insurance premiums.

In 1996 the Commission was able to negotiate an arrangement with the County for office space which by some estimates has a value of \$250,000/year. Attrition has long been an integral component to the Commission's long term fiscal plan and has in fact begun to manifest with the retirement of the Assistant Director in 2010 and the Executive Director in 2011. Both of these positions were filled by promotions from within the organization; doing more with less will be a necessity in the years ahead. Additionally, in the past few years, positions have been left vacant upon retirement of employees. The work and grant requirements are met with current employees. Other cost cutting measures in the past few years included a cap on overtime, reduction in the longevity stipend for employees, as well as using current staff across programs to meet the needs of each program instead of hiring additional employees.

As has been referenced in previous reports and again above, the Commission is independent of county, state or local government. It has no ability to raise taxes or even increase its fees. Most of its revenue derives from grants, contracts, fees, and municipal subscriptions based upon a Joint Agreement, most of which are either capped or decreasing in both nominal and real terms. Fiscal management will continue to be the primary challenge of the Commission. In 2013, the Commission updated the contract with Hudson County to more fully fund the Statutory mandate of the County Environmental Health Act (26:3A2-21 et seq.)

Contacting the Commission's Management

This financial report is designed to provide a general overview of the Commission's finances, comply with finance-related laws and regulations, and demonstrate the Commission's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the Commission's Executive Director Carrie Nawrocki, at Meadowview Complex, 595 County Avenue, Building 1, Secaucus, New Jersey, 07094.

**HUDSON REGIONAL HEALTH COMMISSION
FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS
DECEMBER 31, 2018**

	General Fund	Environmental Quality Enforcement Fund	Penalty Enforcement Fund	Adjustments	Statement of Net Assets
<u>Assets</u>					
Cash & Equivalents	\$ 203,164	\$ 9,055			\$ 212,219
Cash Management Fund	3,525,996	328,085	\$ 99,958		3,954,039
Accounts Receivable Grants & Contracts	881,470				881,470
Accounts Receivable Municipalities	74,343				74,343
Accounts Receivable Fines		3,790,993			3,790,993
Capital Assets net of Accumulated Depreciation (Note 10)				308,521	308,521
					-
Total Assets	<u>\$ 4,684,973</u>	<u>\$ 4,128,133</u>	<u>\$ 99,958</u>	<u>\$ 308,521</u>	<u>\$ 9,221,585</u>
<u>Liabilities & Reserves</u>					
Accounts Payable	\$ 305,241				\$ 305,241
Accrued Salaries	1,811				1,811
Payroll Taxes & Deductions Payable	14,783				14,783
Prepaid Registration Fees	843,299				843,299
Unearned Notice Violations		\$ 3,790,993			3,790,993
Reserve Post Retirement Benefits	977,966				977,966
Reserve for Expenditures HCIA	7,633				7,633
Reserve Expend CRI	200,463				200,463
Advances MRC Grant	5,003				5,003
Due Hudson Regional Health Commission		143,879			143,879
Due Hudson County Improvement Authority		193,261			193,261
Total Liabilities & Reserves	<u>\$ 2,356,199</u>	<u>\$ 4,128,133</u>	<u>\$ -</u>		<u>\$ 6,484,332</u>
<u>Fund Balances / Net Assets</u>					
Unreserved	\$ 2,328,774			\$ 308,521	\$ 2,637,295
Reserved			\$ 99,958		\$ 99,958
Total Liabilities & Fund Balances	<u>\$ 4,684,973</u>	<u>\$ 4,128,133</u>	<u>\$ 99,958</u>	<u>\$ 308,521</u>	<u>\$ 9,221,585</u>
<u>Net Assets:</u>					
Invested in Capital Assets					\$ 308,521
Unrestricted General Fund					2,328,774
Restricted Penalty Enforcement					99,958
Total Net Assets					<u>\$ 2,737,253</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
STATEMENT OF GOVERNMENT FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Environmental Activities	Public Health Activities	(EQEF) Environmental Activities	Total	Adjustments Note A	Statement of Activities
<u>Revenues</u>						
Registrations	\$ 422,899					
Municipal	219,860					
USEPA	96,292					
RTK	17,575					
NJDEPCHEA	234,636					
NJ Lead Program	394,095					
EQEF			\$ 116,241			
HCIA	154,495					
County	1,626,980					
ERHC	99,468					
EBL Municipal	31,800					
Interest	41,358					
Miscellaneous	12,250					
CDC 2017/2018		\$ 368,702				
Hazardous Waste	3,330					
Mosquito NJIT		5,039				
Penalty	4,625					
Total	\$ 3,359,663	\$ 373,741	\$ 116,241	\$ 3,849,645		\$ 3,849,645
<u>Expenses</u>						
Personnel	\$ 2,252,137					
Office	77,498					
Travel	23,079					
Contractual	67,880					
Equipment	179,925					
Other	30,520					
Grants & Contracts for Services:						
CDC 2017 & 2018		\$ 368,702				
Lead Grants	394,095					
Mosquito NJIT		5,039				
Depreciation					\$ 57,182	
Capital Outlay					(195,190)	
Total	\$ 3,025,134	\$ 373,741	\$ -	3,398,875	\$ (138,008)	\$ 3,260,867
Excess Revenues(Expenditures)	\$ 334,529	\$ -	\$ 116,241	\$ 450,770	\$ 138,008	\$ 588,778
<u>Changes in Net Assets</u>						
Fund Balances/Net Assets:						
Beginning of Year						2,146,671
Interest Income Penalty Enforcement						1,804
Rounding						
End of Year						<u>\$ 2,737,253</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2018**

Cash Flows From Operating Activities:		
Excess of Revenues over Expenditures		\$ 588,778
Interest Income Penalty Enforcement		1,804
Adjustments to reconcile Excess of Revenues Over Expenditures to Net Cash Provided by Operating Activities:		
Increase Post Retirement Benefits	\$ 17,645	
Increase in Receivables	(93,261)	
Increase in Accounts Payables	125,664	
Decrease in Payroll Taxes & Deductions	(516)	
Decrease in Unearned Registration Fees	(322,649)	
Increase Payable HCIA & HRHC-EQEF	137,648	
Depreciation	57,182	
Increase in Accrued Salaries	227	
Additions to Fixed Assets	(195,190)	
		<u>(273,250)</u>
Net Cash Provided by Operating Activities		<u>\$ 317,332</u>
Net Increase in Cash & Cash Equivalents		\$ 317,332
Cash - Beginning of Period		<u>3,848,926</u>
Cash - End of Period		<u><u>\$4,166,258</u></u>

See accompanying notes to financial statements.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 1

The financial statements of the Commission are prepared in accordance with generally accepted accounting principals (GAAP). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related program liability is incurred.

Note 2

Agreement with Hudson County Improvement Authority (HCIA)

On January 1, 2018, Hudson Regional Health Commission entered into an agreement for a period of seven years (January 1, 2018 – December 31, 2024) with HCIA to develop, revise as necessary and supervise implementation of the solid waste component of the approved County Environmental Health Act Environment Work Plan. HCIA or recipient shall pay to Hudson Regional Health Commission \$154,494 annually. The \$154,494 component of the above compensation shall increase annually by 3.0% during the duration of this agreement. Any party to this contract may unilaterally withdraw from this agreement upon sixty (60) days written notice to all other parties.

Note 3

Registration and Certification Fees are recognized ratably over the registration period from January 1, 2016 to December 31, 2020. Registration fees collected during the twelve month period of January 1, 2018 to December 31, 2018 were collected for the 2020 registration period and income was recognized thru December 31, 2018.

Note 4

Substantially all of the Commission's employees participate in the Public Employee's Retirement System (PERS). This system is sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employee Retirement System is considered a cost sharing multiple employer plan. The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provides for employee contribution of 7.5% starting with the

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 4 (Continued)

payroll of 7/1/18 of employees annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for the cost-of-living adjustments and noncontributory death benefits. The commission offers a 457(b) Deferred Compensation Plan to its employees. Under this plan employee contributions are made pre-tax and are accumulated tax deferred. The plan is administered by Valic Retirement Services, and AXA Equitable.

Note 5

On September 10, 2014, Hudson Regional Health Commission entered into an Interlocal Service Agreement with the Town of Secaucus. The term of this agreement is from June 1, 2014 to May 31, 2024 and may be extended further for a period of ten years. Either party may, at any time, cancel this agreement upon 60 days written notice. Under the ordinance entitled "The Air Pollution Code of Hudson Regional Health Commission" owners and/or operators of air contamination sources operating within the jurisdiction of the Commission must file their registration at the offices of the Commission located in Secaucus, New Jersey. Owners who fail to register air contamination sources are subject to fines and penalties. The Commission for the term of this agreement shall institute and prosecute violations of the Ordinance in the Municipal Court of the town of Secaucus. The town of Secaucus shall collect all fines associated with the violations of the Ordinance. Secaucus shall keep as revenues, fifty percent (50%) of the penalties or fines collected. The other fifty percent (50%) of the penalties and fines collected shall be paid to the Commission.

Note 6

Separation Agreement with D. Drake

In the meeting of March 28, 2003, the Commission approved the Separation agreement with D. Drake. This agreement awarded her lifetime medical benefits upon retirement from PERS under the Commission's Rules and Regulations Governing Employment. In consideration for this benefit, she would relinquish her right to payment for a certain portion of her unused sick leave.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 7

On 12/2/16 a lease agreement was entered into with the Xerox Financial Services for a Xerox WC 7845 Copier for monthly lease payment of \$204 per month. The total future minimum lease payments under this lease are:

<u>Year</u>	<u>Amount</u>
2019	\$2,448
2020	2,448
2021	<u>2,244</u>
Total	<u>\$7,140</u>

Note 8

In the normal course of operations the Commission receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 9

Line of Credit

On February 1, 2005 the Commission established a Variable Rate Non-disclosable Revolving Line of Credit with PCNC Bank, National Association in the amount of \$200,000. The primary purpose of the line is for Working Capital. The rate of interest is calculated by using the highest Prime Rate as published in the "Money Rates" section of the Wall Street Journal plus the margin of 1%. The line of Credit was renewed on February 1, 2018, with an expiration date of February 1, 2019.

Note 10

Capital Assets

When Capital Assets (equipment) that are to be used in governmental activities are purchased, the cost of those assets are reported as expenditures in government funds. However, the statement of net assets includes those capital assets among the assets of the Commission.

Capital assets have been recorded at cost, and assets are depreciated over their normal useful lives, using the straight-line method of depreciation:

	Net Balance <u>12/31/17</u>	Additions 2018	Disposal 2018	Net Balance <u>12/31/18</u>
Cost of Capital Assets	\$1,352,339	\$195,190	\$(14,824)	\$1,532,705
Accumulated Depreciation	<u>(1,181,826)</u>	<u>(57,182)</u>	<u>14,824</u>	<u>(1,224,184)</u>
Total	<u>\$170,513</u>	<u>\$138,008</u>	<u>\$ -</u>	<u>\$308,521</u>

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 11

In June of 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". This Statement establishes new financial reporting requirements for state and local governments throughout the United States. The Commission adopted GASB Statement 34 for the year ended 12/31/04.

Note 12

Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

MUNICIPAL	1/1/19-12/31/19	\$	219,860
USEPA/CEHA 2018/2019	1/1/19-6/30/19		48,146
USEPA/CEHA 2019/2020	07/01/19-12/31/19		48,146
CEHA/NJDEP 2018/2019	1/1/19-6/30/19		98,035
CEHA/NJDEP 2019/2020	07/01/19-12/31/19		98,035
CEHA/UST 2018/2019	1/1/19-6/30/19		-
CEHA/UST 2019/2020	07/01/19-12/31/19		-
CEHA/IDLING 2018/2019	1/1/19-6/30/19		7,616
CEHA/IDLING 2019/2020	07/01/19-12/31/19		6,125
RTK 2018/2019	1/1/19-6/30/19		8,788
RTK 2019/2020	07/01/19-12/31/19		8,788
HCIA	1/1/19-12/31/19		159,130
COUNTY	1/1/19-12/31/19		1,659,520
ERHC	1/1/19-12/31/19		99,468
EBL: Bayonne 2018/2019	1/1/19-6/30/19		2,100
Bayonne 2019/2020	07/01/19-12/31/19		2,100
East Newark 2018/2019	01/01/19-11/30/19		-
East Newark 2019/2020	12/1/2019-12/31/19		-
Guttenberg 2018/2019	01/01/19-11/30/19		600
Guttenberg 2019/2020	12/1/2019-12/31/19		600
Harrison 2018/2019	1/1/19-07/31/19		700
Harrison 2019/2020	8/1/19-12/31/19		500
Hoboken 2018/2019	1/1/19-05/31/19		250
Hoboken 2019/2020	06/01/19-12/31/19		350
Kearny 2018/2019	1/1/19-02/28/19		500
Kearny 2019/2020	3/1/19-12/31/19		2,500
N. Bergen 2018/2019	1/1/19-05/31/19		250
N. Bergen 2019/2020	06/01/19-12/31/19		350
Secaucus 2018/2019	1/1/19-09/30/19		1,800

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 12

Contracts for Service and Grant Agreement Contracts (Continued)

Secaucus 2019/2020	10/01/19-12/31/19	\$	600
Union City 2018/2019	1/1/19-02/28/19		800
Union City 2019/2020	3/1/19-12/31/19		4,000
Wewhawken 2018/2019	01/01/19-11/30/19		1,100
Wewhawken 2019/2020	12/1/2019-12/31/19		100
West New York 2018/2019	1/1/19-1/31/19		100
West New York 2019/2020	2/2/19-12/31/19		1,100
DEFERRED REVENUE R&C	1/1/19-12/31/19		442,207
MISC. REVENUE	1/1/19-12/31/19		46,500
HRHC EQEF	1/1/19-12/31/19		100,000
HRHC LOCAL ENFORCEMENT PENALTY	1/1/19-12/31/19		-
HCIA EQEF RESEVE	1/1/19-12/31/19		-
MRC RESERVE	1/1/19-12/31/19		-
CRI-RESERVE	1/1/19-12/31/19		-
MRC NACCHO	1/1/19-07/31/19		-
STATE LEAD GRANT 2018/2019	1/1/19-6/30/19		200,342
STATE LEAD GRANT 2019/2020	07/01/19-12/31/19		181,500
CDC-BASE 2018/2019	1/1/19-6/30/19		123,304
CDC-CRI 2018/2019	1/1/19-6/30/19		50,706
CDC-MRC 2018/2019	1/1/19-6/30/19		3,295
CDC-BASE 2019/2020	07/01/19-12/31/19		118,509
CDC-CRI 2019/2020	07/01/19-12/31/19		51,000
CDC-MRC 2019/2020	07/01/19-12/31/19		2,300
RUTGERS' MOSQUITO GRANT	6/15/19-10/15/19		17,260
NJIT MOSQUITO PROGRAM	01/01/19-12/31/19		5,040
TOTAL			<u>3,824,019</u>

Note 13

Equipment Loan- State of NJ Dept. of Health & Senior Svcs.

On June 24, 2004, the Commission entered into an Equipment Loan agreement with the State of NJ Dept. Health & Senior Services. The State of NJ loaned twelve Dell X300 laptop computers to be used in Bioterrorism and related response clinic activities. Under this agreement, there are no payments due to the State. At the expiration of this agreement the Commission has agreed to return the property to the State. An annual inventory of the use of equipment is to be provided to the State in an annual report.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 14

Other Post-Employment Benefits ("OPEB")

Plan Description

On September 12, 2007, the Commission passed Resolution # 06-05-04, to provide other post-retirement healthcare benefits to all full time employees hired prior to January 1, 2005. During 2011 and 2012 contributions were made to the reserve established for post-retirement health benefits, bringing the reserve to a total fund of \$943,342. This funding arrangement terminated with Board Resolution on June 12, 2013 meeting. The Commission decided to fund its post-retirement health care benefits on a pay as you go basis.

The Commission contributed the State Health Benefits Program (SHBP), a cost sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq., to provide health benefits to State employees, retirees, and their dependents. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The SHBP was extended to employees, retirees and dependents of participating local public employers in 1964. The Commission authorized through resolution participation in the SHBP's post-retirement benefit program, covering all full time employees hired prior to January 1, 2005.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at: www.state.nj.us/treasury/pensions/gasb-43-sept 2008.pdf

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 15

Funding Policy

Other Post-Employment Benefits ("OPEB")

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Commission on a monthly basis. The Commission's contributions to the SHBP for the years ended December 31, 2009 thru 2018 were as follows:

<u>Year</u>	<u>Required Contribution</u>	<u>Number Retired Eligible Participants</u>
2009	\$17,784	1
2010	22,773	2
2011	52,697	3
2012	75,184	4
2013	108,432	4
2014	102,522	4
2015	119,195	5
2016	141,402	6
2017	134,862	6
2018	116,933	6

Note 16

Other

As of December 31, 2018 the Commission had uninsured cash balances totaling \$3,954,039 in the New Jersey Cash Management Fund. Other operating cash accounts deposited in banks may also go over the FDIC insured limit of \$250,000 when reimbursement checks are received from the State of New Jersey.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2018

Note 17

On July 2, 2013, Hudson Regional Health Commission entered into a seven year contract with the County of Hudson to provide New Jersey Environmental Health Act Services. The compensation under the contract is as follows:

2013	\$1,110,971
2014	\$1,333,165
2015	\$1,533,140
2016	\$1,563,803
2017	\$1,595,079
2018	\$1,626,980
2019	<u>\$1,659,520</u>
Total	<u>\$10,422,658</u>

The Shared Service Agreement shall commence on January 1, 2013 and continues through December 31, 2019. The County, however, may unilaterally terminate this Shared Services Agreement at any time by giving written notice to the Commission.

Note 18

The Commission's Employees participate in the State of New Jersey's Health Insurance Plan. Contributions are based on percentage of Salary Range and plan selected. Employee contributions are pre-tax under a Section 125 plan.

Note 19

On April 1, 2014, the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide the services of a Licensed Health Officer who will administer all the activities of Essex. The terms of this agreement shall be automatically extended for a successive one (1) year period unless negotiated or terminated by either party. Essex agrees to pay the provider \$16,117 per calendar quarter.

Note 20

On December 13, 2016 the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide the services of a Chief Financial Officer & Qualified Purchasing Agent who will administer Essex's financial and purchasing activities. The fee for these services is \$8,750 per calendar quarter. The term of this agreement shall be automatically extended for successive (1) year periods.

SUPPLEMENTARY INFORMATION

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

<u>CATEGORY</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u> <u>(See Note A)</u>
<u>PERSONNEL</u>			
SALARIES	\$ 1,694,969	\$ 1,467,187	\$ 1,450,810
OVERTIME	23,500	45,000	17,875
OVERTIME IDLING	-	15,706	11,847
PAYROLL TAXES	134,373	120,537	117,024
ON CALL	14,000	14,000	7,270
TEMPORARY	21,000	31,381	29,908
WORKER'S COMPENSATION	37,000	31,523	27,783
HEALTH BEN.	313,285	274,759	256,824
DENTAL	17,000	25,562	13,359
P.E.R.S.	219,000	191,609	202,504
RETIREE BEN.	145,892	145,892	116,933
TOTAL	<u>\$ 2,620,019</u>	<u>\$ 2,363,156</u>	<u>\$ 2,252,137</u>
<u>GRANT PROGRAMS (*INCLUSIVE OF P/R)</u>			
CDC STD 2017-2018	\$ 171,809	\$ 174,241	\$ -
CDC STD 2017-2018 JERSEY CITY	-	28,146	-
CDC BASE 2017-2018	-	-	368,700
CDC-CRI 2018/2019	-	166,313	-
STATE LEAD GRANT 2017/2018	-	214,438	214,437
STATE LEAD GRANT 2018/2019	-	179,658	179,658
NJIT MOSQUITO PROGRAM	-	5,040	5,040
TOTAL	<u>\$ 171,809</u>	<u>\$ 767,836</u>	<u>\$ 767,835</u>
<u>OFFICE</u>			
OFF. SUPPLIES	\$ 12,000	\$ 12,000	\$ 11,813
POSTAGE	6,000	6,000	5,002
COPIER LEASE	3,100	3,100	2,448
PUB./SUB.	2,000	3,336	3,330
LEGAL ADVERTISEMENT	1,000	1,000	189
COOLER RENTAL	200	200	132
OFF./COMP. EQUIPMENT	15,000	54,600	54,584
TOTAL	<u>\$ 39,300</u>	<u>\$ 80,236</u>	<u>\$ 77,498</u>
<u>TRAVEL</u>			
CONV. & MEETINGS	\$ 3,500	\$ 3,570	\$ 3,566
AUTO MAINTENANCE	12,500	12,500	6,366
GASOLINE	15,000	15,000	12,772
MILEAGE REIMBURSEMENT	800	800	375
TOTAL	<u>\$ 31,800</u>	<u>\$ 31,870</u>	<u>\$ 23,079</u>
<u>CONTRACTUAL</u>			
INSURANCE/RISK MNGMNT CONSULTANT	\$ 36,000	\$ 36,000	\$ 29,760
AUDITOR	20,296	20,296	18,382
LEGAL	20,000	20,000	15,310
PAYROLL SERVICE	3,100	3,100	2,928
WEATHER/EMERG. OPER. AGREEMENT	1,500	1,500	1,500
TOTAL	<u>\$ 80,896</u>	<u>\$ 80,896</u>	<u>\$ 67,880</u>
<u>EQUIPMENT</u>			
GENERAL SUPPLIES	\$ 7,500	\$ 10,200	\$ 11,880
EQUIPMENT	11,000	55,742	54,123
EQUIPMENT MTCE	8,500	8,500	6,103
VEHICLE	30,000	113,000	107,819
TOTAL	<u>\$ 57,000</u>	<u>\$ 187,442</u>	<u>\$ 179,925</u>
<u>OTHER</u>			
TRAINING	\$ 6,000	\$ 6,000	\$ 3,511
COMMUN.	18,000	18,000	16,307
MED. SURV.	4,000	4,000	-
LABORATORY	3,000	3,000	-
COMM. MEET.	1,000	1,220	1,218
BANK SERVICE FEES	700	700	238
MISCELLANEOUS	1,000	1,000	75
MEMBERSHIP/LICENSE	2,000	2,000	1,317
RES. FOR EMERGENCY OPER.	5,000	5,000	-
MOVING EXPENSES	7,000	7,000	-
RECORD SCANNING	10,000	10,000	7,629
RECORD DESTRUCTION	1,500	1,500	225
TOTAL	<u>\$ 59,200</u>	<u>\$ 59,420</u>	<u>\$ 30,520</u>
TOTAL EXPENDITURES	<u>\$ 3,060,024</u>	<u>\$ 3,570,856</u>	<u>\$ 3,398,874</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis (See Note A)
<u>ESTIMATED REVENUE</u>			
MUNICIPAL	\$ 219,860	\$ 219,860	\$ 219,860
USEPA	96,292	96,292	96,292
RTK	17,575	17,575	17,575
CEHA/NJDEP/PESTICIDE	196,120	196,070	196,218
CEHA/NJDEP/UST	52,500	26,250	26,250
CEHA/NJDEP/IDLING	13,500	12,168	12,168
HCIA	154,495	154,495	154,495
COUNTY	1,626,980	1,626,980	1,626,980
ERHC	99,468	99,468	99,468
EBL: Bayonne	1,800	6,000	6,000
Harrison	600	1,800	1,800
Guttenberg	-	2,400	2,400
Hoboken	600	600	600
Kearny	1,200	3,000	3,000
North Bergen	600	1,200	1,200
Secaucus	-	3,000	3,000
Union City	3,600	10,800	10,800
Weehawkin	-	1,800	1,800
West New York	1,200	1,200	1,200
EQEF	116,241	116,241	116,241
DEFERRED REVENUE R&C	253,146	145,957	422,899
MISC. REVENUE	25,000	55,239	12,250
STATE LEAD GRANT 2017/2018	12,438	214,438	214,437
HRHC LOCAL ENFORCEMENT PENALTY	-	4,625	4,625
CDC-2017/2018	171,809	174,241	202,389
STATE LEAD GRANT 2018/2019	-	179,658	179,658
CDC-2018/2019	-	166,313	166,313
NJIT MOSQUITO	-	5,040	5,039
CDC-STD 2017/2018 Jersey City	-	28,146	-
TOTAL	<u>\$ 3,065,024</u>	<u>\$ 3,570,856</u>	<u>\$ 3,804,957</u>
EXCESS REVENUES/ EXPENDITURES			<u>\$ 406,083</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION- GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

Note A - Explanation of Differences between Budgetary inflows and outflows and
GAAP Revenues and Expenditures

		<u>General Fund</u>
<u>Sources/Inflows of resources</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule		\$ 3,804,957
Difference - budget to GAAP:		
Interest Revenue	\$ 41,358	
HCIA Harzardous Waste	3,330	44,688
		<hr/>
Total Revenues as reported on the statement of revenues, expenditures and changes in fund balances Governmental Funds/ Statement of Activities		<u>\$ 3,849,645</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary Basis) "total charges to appropriations" from Budgetary Comparison Schedule		\$ 3,398,874
Differences - Budget to GAAP:		
Government funds report Capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Capital Outlay exceeded Depreciation in the current period		(138,008)
Rounding		<u>1</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities		<u>\$ 3,260,867</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS & CONTRACTS RECEIVABLE
DECEMBER 31, 2018**

NJ Dept. of Environmental Protection (CEHA)	\$ 101,395
NJ Dept. of Environmental Protection (USEPA)	48,146
County of Hudson	406,745
Hudson County Improvement Authority	40,323
NJ Dept. of Health (County Right to Know)	4,393
NJ Dept. of Health Lead Contracts	89,289
NJ Dept. of Health CDC	166,312
Essex Regional Health Commission	<u>24,867</u>
Total	<u>\$ 881,470</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2018**

East Newark	\$ 165
Weehawken	3,239
West New York	4,448
Harrison	4,329
Hoboken	8,955
Jersey City	21,986
Kearney	7,036
North Bergen	5,217
Secaucus	1,374
Guttenberg	600
Union City	<u>16,994</u>
Total	<u>\$ 74,343</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL & STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number/ Contract Number	Program or Award Amount	Federal Revenue Recognition	State Revenue Recognition	Expenditure	
					2018	2017
<u>Federal Awards</u>						
US Environmental Agency Air Pollution/Clean Air Act 7/1/17-6/30/18	66.605	\$ 96,292	\$ 48,146		\$ 48,146	\$ 48,146
US Environmental Agency Air Pollution/Clean Air Act 7/1/18-6/30/19	66.605	\$ 96,292	\$ 48,146		48,146	-
NJ Dept. of Health: Hiper (Lincs Agencies) 7/1/18-6/30/19	93.069	\$ 343,618	166,312		166,312	-
7/1/17-6/30/18	93.069	\$ 396,159	202,389		202,389	193,437
Child Health 7/1/18-6/30/19		\$ 380,000	-	\$ 179,658	179,658	-
Child Health 7/1/17-6/30/18	93.994	\$ 226,875	12,437	202,000	214,437	12,438
<u>State of NJ Awards</u>						
NJ Dept. of Health & Senior Services: County Right to Know 7/1/18-6/30/19	2017/2018-RTKOLA	\$ 17,575		\$ 8,787	\$ 8,787	\$ -
7/1/17-6/30/18		\$ 17,575		8,787	8,787	8,787
Total Federal & State Awards		\$ 1,574,386	\$ 477,430	\$ 399,232	\$ 876,662	\$ 262,808

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT. SEC 105
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Expenditures 2017</u>	<u>Expenditures 2018</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
Project Period 7/1/17 - 6/30/18	<u>\$ 96,291</u>	<u>\$ 48,146</u>	<u>\$ 48,145</u>	<u>\$ 96,291</u>	<u>-</u>
Project Period 7/1/18 - 6/30/19	<u>\$ 96,292</u>	<u>\$ -</u>	<u>\$ 48,146</u>	<u>\$ 48,146</u>	<u>-</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
HIPER (LINCS AGENCIES)
PHILEP (LINCS AGENCIES)
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u> <u>7/1/18-6/30/19</u>	<u>Expended</u> <u>2018</u>	<u>Audited</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
<u>Cost Category</u>				
Personnel Costs	\$ 231,955	\$ 115,822	\$ 115,822	\$ -
Fringe Benefits	87,927	43,178	43,178	-
<u>Other Cost Categories</u>				
Program Expense & Related Costs	14,286	4,076	4,076	-
Travel, Conferences & Meetings	6,014	1,518	1,518	-
Consultant	<u>3,436</u>	<u>1,718</u>	<u>1,718</u>	
 Total	 <u>\$ 343,618</u>	 <u>\$ 166,312</u>	 <u>\$ 166,312</u>	 <u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
PHILEP (LINCS AGENCIES)
GRANT #PHLP 18 LN C024
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u> <u>7/1/17-6/30/18</u>	<u>Expended</u> <u>12/31/2017</u>	<u>Expended</u> <u>2018</u>	<u>Audited</u> <u>Expenditures</u>	<u>Questioned</u> <u>Costs</u>
<u>Budget Categories</u>					
Personnel Costs					
Salaries & Wages	\$ 244,399	\$ 120,585	\$ 122,552	\$ 243,137	\$ -
Fringe Benefits	83,617	44,740	39,201	83,941	-
Consultant/ Professional Services	3,961	1,980	1,981	3,961	-
				-	-
<u>Other Cost Categories</u>					
Office Expenses & Related Cost	4,731	2,569	2,065	4,634	-
Program Expense & Related Costs	6,325	1,592	5,075	6,667	-
Sub-Grants	47,791	19,312	28,146	47,458	-
Travel, Conferences & Meetings	5,335	2,659	3,369	6,028	-
Total	<u>\$ 396,159</u>	<u>\$ 193,437</u>	<u>\$ 202,389</u>	<u>\$ 395,826</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO# EN18-018
YEAR ENDED DECEMBER 31, 2018

	<u>Final Approved Budget</u>	<u>Expended 12/31/2017</u>	<u>Expended 12/31/2018</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/17- 6/30/18</u>					
<u>Cost Category</u>					
Salaries	\$ 180,000	\$ 90,000	\$ 90,000	\$ 180,000	\$ -
<u>Other Costs</u>					
NJEMS	7,600	3,800	3,800	\$ 7,600	-
MVC Idling	13,500	4,691	8,809	\$ 13,500	-
Pesticides	8,470	4,235	4,235	\$ 8,470	-
Total	<u>209,570</u>	<u>102,726</u>	<u>106,844</u>	<u>209,570</u>	<u>-</u>
<u>Term 7/1/17- 6/30/18</u>					
UST	<u>52,500</u>	<u>26,250</u>	<u>26,250</u>	<u>\$ 52,500</u>	<u>-</u>
Total	<u><u>\$ 262,070</u></u>	<u><u>\$ 128,976</u></u>	<u><u>\$ 133,094</u></u>	<u><u>\$ 262,070</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES
COUNTY RIGHT TO KNOW
GRANT RTKLOA/2019 RTKLOA
YEAR ENDED DECEMBER 31, 2018

	<u>Final Budget</u>	<u>Expended 12/31/2018</u>	<u>Expended 12/31/2017</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
<u>July 1, 2018 - June 30, 2019</u>	\$ 17,575	\$ 8,787	\$ -	\$ 8,787	\$ -
<u>July 1, 2017 - June 30, 2018</u>	\$ 17,575	\$ 8,787	\$ 8,787	\$ 17,574	\$ -

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY INSTITUTE OF TECHNOLOGY
SUBCONTRACT RESEARCH MOSQUITOES
YEAR ENDED ENDED DECEMBER 31, 2018

<u>Term</u>	<u>Final Budget</u>	<u>Expended 2018</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
1/17/2018 - 12/31/19	\$ 5,040	\$ 5,039	\$ 5,039	\$ -
Total	<u>\$ 5,040</u>	<u>\$ 5,039</u>	<u>\$ 5,039</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
CHILD HEALTH 2018
GRANT # DFHSCHD017/18
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Expended 2018</u>	<u>Expended 2017</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/17-6/30/18</u>					
Salaries & Wages	\$ 138,791	\$ 129,878	\$ 9,104	\$ 138,982	\$ -
Fringe Benefits	49,329	45,805	3,334	49,139	-
Consultants/Professional	2,266	2,266	-	2,266	-
Office Expense	2,580	2,496	-	2,496	-
Program Expense	18,789	18,872	-	18,872	-
Equipment	15,120	15,120	-	15,120	-
	<u>\$ 226,875</u>	<u>\$ 214,437</u>	<u>\$ 12,438</u>	<u>\$ 226,875</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
CHILD HEALTH 2019
GRANT # DFHS19CHD020
YEAR ENDED DECEMBER 31, 2018

	<u>Budget</u>	<u>Expended 2018</u>	<u>Audited Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/18-6/30/19</u>				
Salaries & Wages	\$ 244,654	\$ 123,541	\$ 123,541	\$ -
Fringe Benefits	94,479	46,808	46,808	-
Consultants/Professional	3,306	1,654	1,654	-
Travel	3,175	1,886	1,886	-
Training	2,364	1,723	1,723	-
Other	32,022	4,046	4,046	-
	<u>\$ 380,000</u>	<u>\$ 179,658</u>	<u>\$ 179,658</u>	<u>\$ -</u>

See accompanying notes to financial statements.

INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Commissioners

Hudson Regional Health Commission

Seaucus, NJ 07628

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Hudson Regional Health Commission (Hudson), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise Hudson's basic financial statements, and have issued our report thereon dated September 18, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "DeSena & Company".

DeSena & Company

East Hanover, New Jersey

September 18, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Part 1 - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? __yes X no __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes X no __n/a
- C) Noncompliance material to general purpose financial statements noted? __yes X no __n/a
- D) Material weakness(es) identified? __yes X no __n/a
- E) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes X no __n/a
- F) Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance __yes X no __n/a

Programs Tested:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.605	US Environmental Agency Air Pollution Clean Air Act 7/1/17-6/30/18; 7/1/18-6/30/19
93.069	N.J. Department of Health Hiper (Lincs Agency) 7/1/17-6-30/18; 7/1/18-6/30/19
93.994	Child Health 7/1/17-6-30/18; 7/1/18-6/30/19

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2018

Part 1 - Summary of Auditor's Results (Continued)

State Awards Section

G) Material weakness(es) identified? __yes Xno __n/a

H) Were reportable condition(s) identified that
were not considered to be material weaknesses? __yes Xno __n/a

I) Any audit findings disclosed that are required
to be reported in accordance with N.J.
OMB Circular 15-08? __yes Xno __n/a

I) Programs Tested:

Contract Number(s)

Name of State Program

2017/2018 RTKOLA

N.J. Department of Health & Senior Services;
County Right to Know 7/1/17-6/30/18;
7/1/18-3/30/19

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Part 2 - Schedule of Financial Statement Findings

NONE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018

*Part 3 - Schedule of Federal and State Award Findings
And Questioned Costs*

NONE