

Financial Statements

Hudson Regional Health Commission
For the Year Ended December 31, 2021

**HUDSON REGIONAL HEALTH COMMISSION
AUDIT REPORT
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Hudson Regional Health Commission
Secaucus, New Jersey 07628

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hudson Regional Health Commission ("Commission"), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission, as of December 31, 2021, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 4–11 and 19–20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

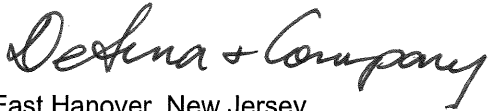
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deena + Company". The signature is written in a cursive, flowing style.

East Hanover, New Jersey

February 16, 2023

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

The discussion and analysis of the Hudson Regional Health Commission financial performance provide an overall review of the Commission's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the Commission's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (December 31, 2021) and the prior year (December 31, 2020) is required to be presented in the MD&A.

Financial Highlights

Key Financial highlights for 2021 are as follows:

In the Commission Statements:

- Total assets of governmental activities increased by \$984,844. Cash and cash equivalents increased by \$1,718,413. Capital assets decreased by (\$85,809).
- General revenues accounted for \$2,933,880 in revenue or 53% of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$2,627,048 or 47% of total revenues of \$5,560,928.
- The Commission had \$5,877,470 in expenses; \$2,627,048 of these expenses were offset by program specific charges for services and operating grants. General expenses amounted to \$3,250,422.

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Commission, presenting both an aggregate view of the Commission's finances and a longer-term view of those finances.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

Reporting the Commission as a Whole

Statement of Net Position and the Statement of Activities:

While this document contains most of the funds used by the Commission to provide programs and activities the view of the Commission, looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting, similar to, the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Notes to the Financial Statements

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

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

The summary of changes in net position shows changes in net position for fiscal year 2021. In accordance with GASB Statement 34, revenue and expense comparisons to year 2020 is presented

Summary of Changes in Net Position

| | <u>12/31/2021</u> | <u>12/31/2020</u> | Increase (Decrease) | Percentage Change |
|--------------------------|---------------------|---------------------|------------------------|----------------------|
| <u>Revenues</u> | | | | |
| Registrations | \$ 297,883 | \$ 454,673 | \$ (156,790) | -34% |
| Municipal | 219,860 | 219,860 | - | 0% |
| WSEPA | 96,292 | 96,292 | - | 0% |
| RTK | 17,575 | 17,575 | - | 0% |
| NJ Dep CHEA | 212,195 | 206,547 | 5,648 | 3% |
| EQEF | 31,000 | 90,455 | (59,455) | -66% |
| HCIA | 168,821 | 163,904 | 4,917 | 3% |
| County | 1,726,565 | 1,692,710 | 33,855 | 2% |
| ERHC | 113,058 | 99,468 | 13,590 | 14% |
| EBL Municipal | 35,400 | 12,600 | 22,800 | 181% |
| Interest | 926 | 12,219 | (11,293) | -92% |
| Miscellaneous | 11,601 | 7,349 | 4,252 | 58% |
| Hazardous Waste | 2,704 | 2,170 | 534 | 25% |
| Public Health Activities | <u>2,627,048</u> | <u>1,391,643</u> | <u>1,235,405</u> | <u>89%</u> |
| Total Revenues | <u>\$ 5,560,928</u> | <u>\$ 4,467,465</u> | <u>\$ 1,093,463</u> | |
| <u>Expenses</u> | | | | |
| Personnel | \$ 2,913,239 | \$ 2,293,108 | \$ 620,131 | 27% |
| Office | 45,196 | 38,510 | 6,686 | 17% |
| Travel | 30,617 | 12,690 | 17,927 | 141% |
| Contractual | 83,838 | 68,550 | 15,288 | 22% |
| Equipment | 62,121 | 94,694 | (32,573) | -34% |
| Other | 29,602 | 24,064 | 5,538 | 23% |
| Public Health Activities | 2,627,048 | 1,391,643 | 1,235,405 | 89% |
| Depreciation | 173,721 | 147,382 | 26,339 | 18% |
| Capital Outlay | <u>(87,912)</u> | <u>(213,947)</u> | <u>126,035</u> | <u>-59%</u> |
| Total Expenses | <u>\$ 5,877,470</u> | <u>\$ 3,856,694</u> | <u>\$ 2,020,776</u> | |
| Change in Net Position | \$ (316,542) | \$ 610,771 | \$ (927,313) | |
| Beginning Net Position | 3,926,295 | 3,314,978 | 611,317 | |
| Interest Income Penalty | | | | |
| Enforcement | 42 | 546 | (504) | |
| Transfer from Prior Year | 1,005,611 | - | 1,005,611 | |
| Rounding | <u>38</u> | <u>-</u> | <u>38</u> | |
| Ending Net Positions | <u>\$ 4,615,444</u> | <u>\$ 3,926,295</u> | <u>\$ 689,149</u> | |

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

Note-The Governmental activities decreased the Commission's net position by \$(316,542).

The Commission as a Whole

The Statement of Net Position provides the perspective of the Commission as a whole. Net position may serve over time as a useful indicator of the Commission's financial position. The Commission's financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The statement below provides a summary of the Commission's net position for 2021. In accordance with GASB Statement 34, net position comparisons for the year 2020 are presented.

| | <u>Summary Statement of Net Position</u> | | <u>Increase</u> | <u>Percentage</u> |
|-----------------------------------|--|---------------------|-------------------|-------------------|
| | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>(Decrease)</u> | <u>Change</u> |
| <u>Assets</u> | | | | |
| Current & Other | \$6,536,726 | \$5,466,073 | \$1,070,653 | 20% |
| Capital Assets Net | <u>823,547</u> | <u>909,356</u> | <u>(85,809)</u> | -9% |
| Total Assets | <u>\$7,360,273</u> | <u>\$6,375,429</u> | <u>\$984,844</u> | |
| <u>Liabilities</u> | | | | |
| Liabilities | <u>\$ 2,744,829</u> | <u>\$ 2,449,134</u> | <u>\$295,695</u> | 10% |
| Total Liabilities | <u>\$ 2,744,829</u> | <u>\$ 2,449,134</u> | <u>\$295,695</u> | |
| <u>Net Position</u> | | | | |
| Unassigned | \$3,689,110 | \$2,914,194 | \$774,916 | 27% |
| Assigned | 102,787 | 102,745 | 42 | 0% |
| Capital Assets | <u>823,547</u> | <u>909,356</u> | <u>(85,809)</u> | -9% |
| Total Net Positions | <u>\$4,615,444</u> | <u>\$3,926,295</u> | <u>\$689,149</u> | |
| Total Liabilities & Net Positions | <u>\$7,360,273</u> | <u>\$6,375,429</u> | <u>\$984,844</u> | |

Note - Net Position may be a useful indicator of the Commission's financial position over time. In the case of the Commission, assets exceeded liabilities by \$4,615,444. The assigned position of the Commission's net position, represents net position that can be expended by authorization of the Board of Commissions.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

General Fund Budgeting Highlights

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

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

The following table provides a 2021 budgetary comparison:

| | <u>Budgetary Comparison</u> | | |
|--------------------------------------|-------------------------------|--------------------|------------------------------------|
| | <u>Budget as Modified</u> | <u>Actual</u> | <u>Favorable (unfavorable)</u> |
| <u>Revenues</u> | <u>\$5,374,695</u> | <u>\$5,548,498</u> | <u>\$173,803</u> |
| <u>Expenditures</u> | | | |
| Personnel | \$2,351,464 | \$2,266,450 | \$85,014 |
| Other Expenses | 3,023,231 | 2,869,622 | 153,609 |
| Total | <u>\$5,374,695</u> | <u>\$5,136,072</u> | <u>\$238,623</u> |
| Excess Revenues Over Expenditures | = | <u>\$412,426</u> | <u>\$412,426</u> |

Capital Assets

At the end of December 31, 2021 the Commission had \$823,547 invested in capital assets. The schedule shows the year 2021 balance compared to 2020.

| | <u>Capital Assets at December 31</u> | |
|----------------------|--------------------------------------|------------------|
| | <u>2021</u> | <u>2020</u> |
| Automotive | \$480,534 | \$544,046 |
| Furniture & Fixtures | 4,200 | 6,197 |
| Equipment | <u>338,813</u> | <u>359,113</u> |
| Total | <u>\$823,547</u> | <u>\$909,356</u> |

Overall capital assets decreased \$85,809 from 2020 to 2021. For more information, please refer to the notes

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

Economic Factors and Next Year's Budgets and Rates

Hudson Regional Health Commission BUDGET --JUSTIFICATION 2022

The 2022 Budget of \$3,907,959 reflects an overall increase of \$317,632 which is about 11.57% (excluding grants) when compared to 2021 Budget, personnel cost increased by \$312,532 due to the fact that the 2022 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that I split between these grants and the consolidated fund, the other cost category reflects an increase of \$5,100 due to increase/decrease on office expense, contractual & equipment, which resulted in the overall 2021/2022 above increase of \$317,632 or 11.57%.

Increases/Decreases are summarized below.

Salary: Increase \$237,499: Increase in this category is due to the 2022 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund.

Overtime/On Call/Temporary: No Increase/Decrease: Overtime, On Call and Temporary employees cost remained under amount budgeted in 2021 and are estimated to remain the same in 2022.

Overtime Idling: Decrease (\$8,779): This is due to the 2022 budget is only reflecting 6 months of the 2021/2022 Idling Grant.

Payroll Taxes: Increase \$12,010: Payroll taxes are directly related to the amount reflected under the employees' compensation category. Payroll Taxes' calculation formula reflects FICA tax exemption for the employees' contribution portion of the health insurance bill, which is estimated at \$89,297 in 2022 (excluding grants). Employee's percent (%) of contribution remained the same as 2021 for 2022, since we are at the top level of the contribution chart. There is a 1.84% health insurance premium increase anticipated in 2022 and the 2022 budget is only reflecting 6 months of grants funding (CDC, COVID19 & Lead Grant). SUI was based on the limitation of \$36,200/employee/year.

Health Benefit: Decrease (\$12,560): Amount budgeted under this category was based on the previous year experience. There was a 1.84% rate increase from 2020 to 2021 but there was one (1) employee that retired in 2021. The 2022 budget is reflecting 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund.

Dental: Increase \$924: Amount budgeted under this category was based on previous year experience. There was a 2.27% increase from 2020 to 2021. The 2022 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund.

Workers Compensation: Increase \$1,974: Workers Compensation is directly related to the amount reflected under the employees' compensation category. Amount budgeted was based on previous year experience. There was a decrease from 2020 to 2021. The 2022 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and consolidated fund.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
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P.E.R.S: Increase \$77,461: Public Employee Retirement System is at 100% of contribution. PERS is directly related to the amount reflected under the employee's compensation category. There was an increase of 15.65% when comparing 2020 and 2021 actual bills plus the 2022 budget is only assuming 6 months of grants funding (CDC, COVID19 & Lead Grant) for the personnel that is split between these grants and the consolidated fund.

Retiree Health Benefit: Increased \$4,003: Amount budgeted under this category was based on previous year experience. There was an increase of 11.39% from 2020 to 2021 regular policy premium but there is no anticipated Medicare premium increase in 2022 plus there was one (1) employee that retired in 2021. There is no new enrollment anticipated in the 2022 budget.

All Other Budget Categories: Increase \$5,100: All other budget categories were calculated based on previous year experience. When comparing 2021 Budget "other cost" to 2022 Proposed Budget "other cost" there is an overall increase of \$5,100. This is due to increase of office expenses of \$4,600, contractual of \$4,000 & decrease in equipment of (\$3,500).

REVENUE INCREASE/DECREASE:

The Commission's revenue portion of the budget has been very stable over the past few years. The 2022 Budget of \$3,907,959 reflects an overall increase of \$317,632 which is about 11.57% when compared to 2021 Budget.

Increases/Decreases are summarized below:

Hudson County: Increase: \$34,531: There is a 2% increase to the Hudson County's Agreement anticipated for 2022.

Hudson County Improvement Authority: Increase \$5,065: There is a 3% increase to the Hudson County Improvement Authority's Agreement anticipated for 2022.

CEHA/Idling: Decrease (\$8,779): This is due to the 2022 budget is only reflecting 6 months of the 2021/2022 Idling Grant.

Penalty (EQEF) & Deferred Revenue R&C: Increase \$111,407: Overall increase for these categories is due to R&C & Penalty (EQEF) revenue were budgeted at it's maximum in 2022, since it is the first year for R&C registration cycle.

Reserve: Increase \$175,408: Increase for this category reflects an increase in the amount required from surplus to balance the budget, which is due to an increase in the 2022 budget appropriations when compared to 2021 budget appropriations and R&C registration revenue reduction due to the fact that it is the first year of the registration cycle.

Appropriations:

| | |
|----------------------|--------------------|
| Personnel | \$2,657,738 |
| Grant Programs | 844,239 |
| Office | 87,000 |
| Travel | 31,800 |
| Contractual | 85,482 |
| Equipment | 104,500 |
| Other | 97,200 |
| Total Appropriations | <u>\$3,907,959</u> |

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
UNAUDITED**

Revenue:

Sufficient revenue must be raised from various sources to support the annual spending plan. Revenues used to support the 2022 Budget are summarized below:

Revenue Sources

| | |
|-------------------------------------|--------------------|
| Local Revenues (Municipal & County) | \$2,192,817 |
| Miscellaneous Revenue | 13,000 |
| HRHC EQEF | - |
| ERHC | 99,468 |
| Reserve | 175,408 |
| R&C | <u>284,540</u> |
| Total | <u>\$2,765,233</u> |
| State Revenues | \$483,417 |
| Federal Revenues | <u>659,309</u> |
| Total Revenues | <u>\$3,907,959</u> |

Contacting the Commission

This financial report is designed to provide a general overview of the Hudson Regional Health Commission finances for all of those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Hudson Regional Health Commission, 595 County Avenue, Building 1, Secaucus, New Jersey 07628.

HUDSON REGIONAL HEALTH COMMISSION
GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 21, 2021

| | General Fund | Environmental Quality Enforcement Fund | Penalty Enforcement Fund | Total | Adjustments | Statement of Net Position |
|--|---------------------|--|--------------------------------|---------------------|-----------------------|------------------------------|
| Assets | | | | | | |
| <u>Current Assets</u> | | | | | | |
| Cash & Equivalents | \$ 302,574 | \$ 14,915 | \$ - | \$ 317,489 | \$ - | \$ 317,489 |
| Cash Management Fund | 4,536,508 | 424,324 | 102,787 | 5,063,619 | - | 5,063,619 |
| Accounts Receivable Grants & Contracts | 1,041,525 | - | - | 1,041,525 | - | 1,041,525 |
| Accounts Receivable Municipalities | 83,093 | - | - | 83,093 | - | 83,093 |
| Due From EQEF Fund | 31,000 | - | - | 31,000 | - | 31,000 |
| Capital Assets net of Accumulated Depreciation (Note 9) | - | - | - | - | 823,547 | 823,547 |
| Total Current Assets | <u>\$ 5,994,700</u> | <u>\$ 439,239</u> | <u>\$ 102,787</u> | <u>\$ 6,536,726</u> | <u>\$ 823,547</u> | <u>\$ 7,360,273</u> |
| <u>Long Term Assets</u> | | | | | | |
| Deferred Outflows: | | | | | | |
| Pension Related | \$ - | \$ - | \$ - | \$ - | \$ 270,541 | \$ 270,541 |
| OPEB Related | - | - | - | - | 1,127,369 | 1,127,369 |
| Total Deferred Outflows | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,397,910</u> | <u>\$ 1,397,910</u> |
| Total Assets | <u>\$ 5,994,700</u> | <u>\$ 439,239</u> | <u>\$ 102,787</u> | <u>\$ 6,536,726</u> | <u>\$ 2,221,457</u> | <u>\$ 8,758,183</u> |
| <u>Liabilities</u> | | | | | | |
| Accounts Payable | \$ 230,453 | \$ - | \$ - | \$ 230,453 | \$ - | \$ 230,453 |
| Accrued Salaries | 13,527 | - | - | 13,527 | - | 13,527 |
| Compensated Absences Payable | 646,789 | - | - | 646,789 | - | 646,789 |
| Payroll Taxes & Deductions Payable | 20,958 | - | - | 20,958 | - | 20,958 |
| Prepaid Registration Fees | 1,180,560 | - | - | 1,180,560 | - | 1,180,560 |
| Due Expenditures HCIA | 7,619 | - | - | 7,619 | - | 7,619 |
| Due Expenditures CRI | 200,463 | - | - | 200,463 | - | 200,463 |
| Due MRC Grant | 5,003 | - | - | 5,003 | - | 5,003 |
| Unearned Rutgers Mosq. Grant | 218 | - | - | 218 | - | 218 |
| Due Hudson Regional Health Commission | - | 7,211 | - | 7,211 | - | 7,211 |
| Due General Fund | - | 31,000 | - | 31,000 | - | 31,000 |
| Due Hudson County Improvement Authority | - | 401,028 | - | 401,028 | - | 401,028 |
| Total | <u>\$ 2,305,590</u> | <u>\$ 439,239</u> | <u>\$ -</u> | <u>\$ 2,744,829</u> | <u>\$ -</u> | <u>\$ 2,744,829</u> |
| <u>Long Term Liabilities</u> | | | | | | |
| Net Pension Liabilities | \$ - | \$ - | \$ - | \$ - | \$ 3,083,830 | \$ 3,083,830 |
| Net OPEB Liability | - | - | - | - | 4,994,722 | 4,994,722 |
| Total | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,078,552</u> | <u>\$ 8,078,552</u> |
| <u>Deferred Inflows</u> | | | | | | |
| Pension Related | \$ - | \$ - | \$ - | \$ - | \$ 2,233,262 | \$ 2,233,262 |
| OPEB Related | - | - | - | - | 2,268,117 | 2,268,117 |
| Total Deferred Inflows | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,501,379</u> | <u>\$ 4,501,379</u> |
| Total Liabilities | <u>\$ 2,305,590</u> | <u>\$ 439,239</u> | <u>\$ -</u> | <u>\$ 2,744,829</u> | <u>\$ 12,579,931</u> | <u>\$ 15,324,760</u> |
| <u>Fund Balances</u> | | | | | | |
| Unassigned | \$ 3,689,110 | \$ - | \$ - | \$ 3,689,110 | \$ (3,689,110) | \$ - |
| Restricted Penalty Enforcement Fund | - | - | 102,787 | 102,787 | (102,787) | - |
| Total Fund Balances | <u>\$ 3,689,110</u> | <u>\$ -</u> | <u>\$ 102,787</u> | <u>\$ 3,791,897</u> | <u>\$ (3,791,897)</u> | <u>\$ -</u> |
| Total Liabilities & Fund Balances | <u>\$ 5,994,700</u> | <u>\$ 439,239</u> | <u>\$ 102,787</u> | <u>\$ 6,536,726</u> | | |
| <u>Net Position</u> | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ - | \$ - | \$ - | \$ 823,547 | \$ 823,547 |
| Unrestricted Deficit | - | - | - | - | (7,492,911) | (7,492,911) |
| Restricted Penalty Enforcement | - | - | - | - | 102,787 | 102,787 |
| Total Net Position | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (6,566,577)</u> | <u>\$ (6,566,577)</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
DECEMBER 31, 2021

| | Environmental Activities | Public Health Activities | (EQEF) Environmental Activities | Total | Adjustments Note A | Statement of Activities |
|--------------------------------------|-----------------------------|--------------------------------|---------------------------------------|--------------|-----------------------|----------------------------|
| Revenues | | | | | | |
| Registrations | \$ 297,883 | \$ - | \$ - | \$ 297,883 | \$ - | \$ 297,883 |
| Municipal | 219,860 | - | - | 219,860 | - | 219,860 |
| USEPA | 96,292 | - | - | 96,292 | - | 96,292 |
| RTK | 17,575 | - | - | 17,575 | - | 17,575 |
| NJDEPCHEA | 212,195 | - | - | 212,195 | - | 212,195 |
| NJ Lead Program | - | 436,772 | - | 436,772 | - | 436,772 |
| EQEF | - | - | 31,000 | 31,000 | - | 31,000 |
| HCIA | 168,821 | - | - | 168,821 | - | 168,821 |
| County | 1,726,565 | - | - | 1,726,565 | - | 1,726,565 |
| ERHC | 113,058 | - | - | 113,058 | - | 113,058 |
| EBL Municipal | 35,400 | - | - | 35,400 | - | 35,400 |
| Interest | 926 | - | - | 926 | - | 926 |
| Miscellaneous | 11,601 | - | - | 11,601 | - | 11,601 |
| CDC 2020/2021 | - | 373,736 | - | 373,736 | - | 373,736 |
| CDC 2021/2022 | - | 377,859 | - | 377,859 | - | 377,859 |
| COVID 19 Vac 2021-2022 | - | 254,290 | - | 254,290 | - | 254,290 |
| Hudson County COVID 19 | - | 1,145,591 | - | 1,145,591 | - | 1,145,591 |
| Municipalities COVID Freezers | - | 30,000 | - | 30,000 | - | 30,000 |
| NJIT Mosquito | - | 8,800 | - | 8,800 | - | 8,800 |
| Hazardous Waste | 2,704 | - | - | 2,704 | - | 2,704 |
| Total | \$ 2,902,880 | \$ 2,627,048 | \$ 31,000 | \$ 5,560,928 | \$ - | \$ 5,560,928 |
| Expenses | | | | | | |
| Personnel | \$ 2,913,239 | \$ - | \$ - | \$ 2,913,239 | \$ - | \$ 2,913,239 |
| Office | 45,196 | - | - | 45,196 | - | 45,196 |
| Travel | 30,617 | - | - | 30,617 | - | 30,617 |
| Contractual | 83,838 | - | - | 83,838 | - | 83,838 |
| Equipment | 62,121 | - | - | 62,121 | - | 62,121 |
| Other | 29,602 | - | - | 29,602 | - | 29,602 |
| Grants & Contracts for Services: | | | | | | |
| CDC 2020/2021 | - | 373,736 | - | 373,736 | - | 373,736 |
| CDC 2021/2022 | - | 377,859 | - | 377,859 | - | 377,859 |
| COVID 19 Vac 2021-2022 | - | 254,290 | - | 254,290 | - | 254,290 |
| Hudson County COVID 19 | - | 1,145,591 | - | 1,145,591 | - | 1,145,591 |
| Municipalities COVID Freezers | - | 30,000 | - | 30,000 | - | 30,000 |
| NJIT Mosquito | - | 8,800 | - | 8,800 | - | 8,800 |
| Lead Grants | - | 436,772 | - | 436,772 | - | 436,772 |
| Depreciation | - | - | - | - | 173,721 | 173,721 |
| Capital Outlay | - | - | - | - | (87,912) | (87,912) |
| Total | \$ 3,164,613 | \$ 2,627,048 | \$ - | \$ 5,791,661 | \$ 85,809 | \$ 5,877,470 |
| Excess Expenditures/Revenues | \$ (261,733) | \$ - | \$ 31,000 | \$ (230,733) | \$ (85,809) | \$ (316,542) |
| Changes in Net Assets | | | | | | |
| Fund Balances/Net Assets | | | | | | |
| Beginning of Year | | | | | | \$ 3,926,295 |
| Interest Income Penalty Enforcement | | | | | | 42 |
| Transfer from Reserve | | | | | | 1,005,641 |
| Prior Period Adjustment | | | | | | |
| Adjustment for PERS & OPEB Liability | | | | | | (11,182,021) |
| Rounding | | | | | | 8 |
| End of Year | | | | | | <u>\$ (6,566,577)</u> |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies

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, ie., 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.

Government-wide and Fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by fees and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statements presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. It is used to account for all financial resources except those required to be accounted for in another manner. The Penalty Enforcement Fund consists of fines collected and funds restricted for future expenditures designated by the Board of Commissions.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (Cont.)

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

Cash and Cash Equivalents – The Commission maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less.

Advances to and from other funds – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables, which arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets – Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, Plant, and Equipment is depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Furniture & Equipment | 5 |
| Vehicle | 5 |

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the Commission has only two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to Other Post Retirement Benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the Commission has only two items that qualify for reporting in this category, deferred amounts related to pensions and deferred amounts related to Other Post Retirement Benefits.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (Cont.)

Fund equity – In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved balances for governmental funds represent the amount that has been legally identified for specific purposes. Designations of fund balance represent tentative management plans that are subject to change.

Fund Equity and Net Position – In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Position – This category represents external restrictions imposed by Board of Commissions for Board approved expenditures.

Unrestricted Net Position – This category represents the net position of the Commission, which are not restricted for any other purpose.

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

Registration and Certification Fees are recognized ratably over the registration period from January 1, 2021 to December 31, 2025. Registration fees collected during the twelve month period of January 1, 2021 to December 31, 2021 were collected for the 2025 registration period and income was recognized thru December 31, 2021.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees’ Retirement System (PERS)

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%, as of July 18, 2018, 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.

The Commission’s Employees participate in the State of New Jersey’s Health Insurance Plan. As of July 15, 2014 contributions will be based on percentage of salary range and the plan selected. Employee contributions are pre-tax under a Section 125 plan.

Pension Obligations

Plan Description – The State of New Jersey, Public Employees’ 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 <http://www.state.nj.us/treasury/pensions/annual-reports.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.

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 |

Basis of Presentation – The schedules of employer and non-employer allocations and the schedules of pension amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees' Retirement System (PERS) (Cont.)

Contributions – The contribution policy for PERS is set by *N.J.S.A. 43:15A* 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 employer 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 the fiscal year 2021, the State's pension contribution was less than the actuarial determined amount. The local employers' 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, 2021, the Commission's contractually required contribution to PERS plan was \$304,860.

Components of Net Pension Liability – At December 31, 2021, the Commission's proportionate share of the PERS net pension liability was \$3,083,830. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The Commission's proportion of the net pension liability was based on the Commission's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Commission's proportion measured as of June 30, 2021, was 0.0260315751% which was a decrease of 0.001799% from its proportion measured as of June 30, 2020.

Balances at December 31, 2021 and December 31, 2020

| | <u>12/31/2021</u> June 30, 2021 | <u>12/30/2020</u> June 30, 2020 |
|--|------------------------------------|------------------------------------|
| Actuarial valuation date (including roll forward) | | |
| Deferred Outflows of Resources | \$ 270,541 | \$ 707,740 |
| Deferred Inflows of Resources | 2,233,262 | 1,939,832 |
| Net Pension Liability | 3,083,830 | 4,498,884 |
| Commission's portion of the Plan's total Net Pension Liability | 0.0260316% | 0.027831% |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2021, the Commission’s proportionate share of the PERS benefit, calculated by the plan as of the June 30, 2021 measurement date is \$379,565. This benefit is not recognized by the Commission because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Commission contributed \$304,860 to the plan in 2021.

At December 31, 2021, 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> |
|--|--|---|
| Differences between Expected and Actual Experience | \$ 48,636 | \$ 22,077 |
| Changes of Assumptions | 16,061 | 1,097,864 |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | - | 812,362 |
| Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions | <u>205,844</u> | <u>300,959</u> |
| | <u><u>\$ 270,541</u></u> | <u><u>\$ 2,233,262</u></u> |

The Commission will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years

Differences between Expected and Actual Experience

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--------------------------------|--|---|
| Year of Pension Plan Deferral: | | - |
| June 30, 2016 | 5.57 | - |
| June 30, 2017 | 5.48 | - |
| June 30, 2018 | - | - |
| June 30, 2019 | - | - |
| June 30, 2020 | 5.16 | - |
| June 30, 2021 | 5.13 | - |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Net Difference between Projected and Actual Earnings on Pension Plan Investments

Year of Pension Plan Deferral:

| | | |
|---------------|---|------|
| June 30, 2017 | - | 5.00 |
| June 30, 2018 | - | 5.00 |
| June 30, 2019 | - | 5.00 |
| June 30, 2020 | - | 5.00 |
| June 30, 2021 | - | 5.00 |

Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions

Year of Pension Plan Deferral:

| | | |
|---------------|------|------|
| June 30, 2016 | 5.57 | 5.57 |
| June 30, 2017 | 5.48 | 5.48 |
| June 30, 2018 | 5.63 | 5.63 |
| June 30, 2019 | 5.21 | 5.21 |
| June 30, 2020 | 5.16 | 5.16 |
| June 30, 2021 | 5.13 | 5.13 |

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

Year Ending

Dec 31.

Amount

| | |
|-------|-----------------------------|
| 2022 | \$(727,650) |
| 2023 | (519,540) |
| 2024 | (354,238) |
| 2025 | (266,282) |
| 2026 | <u>104</u> |
| Total | <u><u>\$(1,867,606)</u></u> |

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Inflation:

| | |
|-------|-------|
| Price | 2.75% |
| Wage | 3.25% |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)

Actuarial Assumptions (Cont.)

| | | |
|--|--|------------------------------|
| Salary Increases: | | |
| Through 2026 | 2.00 – 6.00% | Based on Years of Service |
| Thereafter | 3.00 – 7.00% | Based on Years of Service |
| Years of Service Investment Rate of Return | | 7.00% |
| Mortality Rate Table | | |
| PERS | Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2019 | |
| Period of Actuarial Experience Study upon which Actuarial Assumptions were Based | | |
| | | July 1, 2014 – June 30, 2018 |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return – In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS’s target asset allocation as of June 30, 2021 are summarized in the following table:

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 4 – Public Employees’ Retirement System (PERS) (Cont.)
Long-Term Expected Rate of Return (Cont.)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------------|--------------------------|---|
| U.S. Equity | 27.00% | 8.09% |
| Non-U.S. Developed Markets Equity | 13.50% | 8.71% |
| Emerging Markets Equity | 5.50% | 10.96% |
| Private Equity | 13.00% | 11.30% |
| Real Estate | 8.00% | 9.15% |
| Real Assets | 3.00% | 7.40% |
| High Yield | 2.00% | 3.75% |
| Private Credit | 8.00% | 7.60% |
| Investment Grade Credit | 8.00% | 1.68% |
| Cash Equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 0.95% |
| Risk Mitigation Strategies | 3.00% | 3.35% |

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the Commission’s proportionate share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission’s proportionate share of the net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the Commission’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | <u>At 1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>At 1% Increase (8.00%)</u> |
|---|-------------------------------|--------------------------------------|-------------------------------|
| Commission Proportionate Share of the Net Pension Liability | <u>\$4,244,319</u> | <u>\$3,083,830</u> | <u>\$2,159,763</u> |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 5 – Interlocal Service Agreement

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 – Lease Agreement Copier

On June 30, 2021 a lease agreement was entered into with the Stewart Xerox Financial Services for a copier for monthly lease payment of \$238 per month. The total future minimum lease payments under this lease are:

| <u>Year</u> | |
|-------------|----------|
| 2021 | \$1,428 |
| 2022 | 2,850 |
| 2023 | 2,850 |
| 2024 | 2,850 |
| 2025 | 2,850 |
| 2026 | 1,428 |
| Total | \$14,280 |

Note 7 – Grant Funds

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 8 – Line of Credit

On February 1, 2005 the Commission established a Variable Rate Non-disclosable Revolving Line of Credit with PNC 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 October 28, 2021 with an expiration date of February 1, 2023.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 9 – 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 depreciated over their normal useful lives using the straight line method of depreciation:

| | Net Balance <u>12/31/20</u> | Additions <u>2021</u> | Disposal <u>2021</u> | Net Balance <u>12/31/21</u> |
|--------------------------|--------------------------------|--------------------------|-------------------------|--------------------------------|
| Cost of Capital Assets | \$2,255,430 | \$87,912 | \$(16,663) | \$2,326,679 |
| Accumulated Depreciation | (1,346,074) | (173,721) | 16,663 | (1,503,132) |
| Total | \$909,356 | \$(85,809) | \$ - | \$823,547 |

Note 10 – Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation time and compensation time as specified by the Commission's employment policy and procedures. A liability has been calculated by the Commission and an accrual for the liability is included in the financial statements based on current pay rates.

Note 11 – Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

| | | |
|------------------------|-------------------|--------------|
| MUNICIPAL | 01/01/22-12/31/22 | 219,860.00 |
| USEPA/CEHA 2021/2022 | 01/01/22-06/30/22 | 48,146.00 |
| USEPA/CEHA 2022/2023 | 07/01/22-12/31/22 | 48,146.00 |
| CEHA/NJDEP 2021/2022 | 01/01/22-06/30/22 | 98,035.00 |
| CEHA/NJDEP 2022/2023 | 07/01/22-12/31/22 | 98,035.00 |
| CEHA/IDLING 2021/2022 | 01/01/22-06/30/22 | 6,125.00 |
| CEHA/IDLING 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| RTK 2021/2022 | 01/01/22-06/30/22 | 8,787.50 |
| RTK 2022/2023 | 07/01/22-12/31/22 | 8,787.50 |
| HCIA | 01/01/22-12/31/22 | 173,886.00 |
| COUNTY | 01/01/22-12/31/22 | 1,761,096.00 |
| ERHC | 01/01/22-12/31/22 | 99,468.00 |
| EBL: Bayonne 2021/2022 | 01/01/22-06/30/22 | 2,100.00 |
| Bayonne 2022/2023 | 07/01/22-12/31/22 | 2,100.00 |
| East Newark 2021/2022 | 01/01/22-11/30/22 | 0.00 |
| East Newark 2022/2023 | 12/01/22-12/31/22 | 0.00 |
| Guttenberg 2021/2022 | 01/01/22-11/30/22 | 600.00 |
| Guttenberg 2022/2023 | 12/01/22-12/31/22 | 600.00 |
| Harrison 2021/2022 | 01/01/22-07/31/22 | 700.00 |
| Harrison 2022/2023 | 08/01/22-12/31/22 | 500.00 |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 11 – Contracts for Service and Grant Agreement Contracts (Cont.)

| | | |
|--------------------------------------|-------------------|---------------------|
| Hoboken 2021/2022 | 01/01/22-05/31/22 | 250.00 |
| Hoboken 2022/2023 | 06/01/22-12/31/22 | 350.00 |
| Kearny 2021/2022 | 01/01/22-02/28/22 | 500.00 |
| Kearny 2022/2023 | 03/01/22-12/31/22 | 2,500.00 |
| N. Bergen 2021/2022 | 01/01/22-05/31/22 | 250.00 |
| N. Bergen 2022/2023 | 06/01/22-12/31/22 | 350.00 |
| Secaucus 2021/2022 | 01/01/22-09/30/22 | 1,800.00 |
| Secaucus 2022/2023 | 10/01/22-12/31/22 | 600.00 |
| Union City 2021/2022 | 01/01/22-02/28/22 | 800.00 |
| Union City 2022/2023 | 03/01/22-12/31/22 | 4,000.00 |
| Weehawken 2021/2022 | 01/01/22-11/30/22 | 1,100.00 |
| Weehawken 2022/2023 | 12/01/22-12/31/22 | 100.00 |
| West New York 2021/2022 | 01/01/22-01/31/22 | 100.00 |
| West New York 2022/2023 | 02/02/22-12/31/22 | 1,100.00 |
| RESERVE | 01/01/22-12/31/22 | 175,408.00 |
| DEFERRED REVENUE R&C | 01/01/22-12/31/22 | 284,540.00 |
| MISC. REVENUE | 01/01/22-12/31/22 | 13,000.00 |
| HRHC EQEF | 01/01/22-12/31/22 | 0.00 |
| HRHC LOCAL ENFORCEMENT PENALTY | 01/01/22-12/31/22 | 0.00 |
| HCIA EQEF RESEVE | 01/01/22-12/31/22 | 0.00 |
| MRC RESERVE | 01/01/22-12/31/22 | 0.00 |
| CRI-RESERVE | 01/01/22-12/31/22 | 0.00 |
| STATE LEAD GRANT 2021/2022 | 01/01/22-06/30/22 | 189,388.00 |
| STATE LEAD GRANT 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| COUNTY COVID19 | 01/01/22-12/31/22 | 215,503.00 |
| CDC-BASE 2021/2022 | 01/01/22-06/30/22 | 120,001.00 |
| CDC-CRI 2021/2022 | 01/01/22-06/30/22 | 51,000.00 |
| CDC-MRC 2021/2022 | 01/01/22-06/30/22 | 4,438.00 |
| CDC-COVID19 2021/2022 | 01/01/22-06/30/22 | 163,078.00 |
| CDC-CVG 2021/2022 | 01/01/22-06/30/22 | 52,240.00 |
| CDC-BASE 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| CDC-CRI 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| CDC-MRC 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| CDC-COVID19 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| CDC-CVG 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| COVID 19 VACCINATION GRANT 2021/2022 | 01/01/22-06/30/22 | 295,710.00 |
| COVID 19 VACCINATION GRANT 2022/2023 | 07/01/22-12/31/22 | 0.00 |
| TOTAL | | <u>4,155,078.00</u> |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 12 – 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.

Note 13 – Postemployment Benefits Other Than Pensions

Pensions General Information about the OPEB Plan - The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple- employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement. In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Basis of Presentation – The schedule of employer and non-employer allocations and the schedule of OPEB amounts by employer and non-employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of its participating employers or the State as a non-employer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of the participating employers or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the Plan to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology – GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit) expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit) expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and non-employer may result in immaterial differences.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Net OPEB Liability – The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

| | | | | | |
|--|--|---------------|--|------|--|
| Inflation Rate: | | | | 2.5% | |
| 0% Salary Increases*: | | | | | |
| Public Employees' Retirement System | Rate through 2026 | 2.00 – 6.00% | | | |
| (PERS) Initial Fiscal Year Applied | Rate thereafter | 3.00 – 7.00% | | | |
| Police and Firemen's Retirement System | Rate for all future years | 3.25 – 15.25% | | | |
| (PFRS) | | | | | |
| Mortality: | | | | | |
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020 | | | | |
| PFRS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020 | | | | |

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

OPEB Obligation and OPEB (benefit) Expense – The State's proportionate share of the total Other Post-Employment Benefits Obligations, attributable to the Commission's as of June 30, 2020 was \$4,994,722. The Commission's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2020, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the Commission was based on projection of the State's long-term contributions to the OPEB plan associated with the Commission relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2020, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.027831%, which was an increase of 0.001005% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2020, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$24,436 for the State's proportionate share of the OPEB (benefit) expense attributable to the Commission. This OPEB (benefit) expense was based on the OPEB plans June 30, 2020 measurement date.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Health Care Trend Assumptions — For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years.

Discount Rate – The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate:

The following presents the collective net OPEB liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | At 1% Decrease (<u>1.25%</u>) | At Discount Rate (<u>2.21%</u>) | At 1% Increase (<u>3.21%</u>) |
|--|---------------------------------------|--|---------------------------------------|
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission | \$5,904,817 | \$4,994,722 | \$4,274,299 |
| State of New Jersey's Total Non-employer OPEB Liability | \$21,216,688,254 | \$17,946,612,946 | \$15,358,150,000 |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate:

The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| Healthcare Cost | At 1% Decrease | At Trend Rate | At 1% Increase |
|--|-------------------|------------------|-------------------|
| State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission | \$4,133,137 | \$4,994,722 | \$6,122,978 |
| State of New Jersey's Total Non-employer OPEB Liability | \$14,850,840,718 | \$17,946,612,946 | \$22,000,569,109 |

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2020:

Collective Balances at December 31, 2020 and December 31, 2019

| | <u>December 31, 2020</u> | <u>December 31, 2019</u> |
|---|--------------------------|--------------------------|
| Actuarial Valuation Date (including roll forward) | <u>June 30, 2020</u> | <u>June 30, 2019</u> |
| Collective Deferred Outflows of Resources | \$3,168,345,589 | \$11,158,226 |
| Collective Deferred Inflows of Resources | 7,333,043,620 | 8,761,825,481 |
| Collective Net OPEB Liability | 17,946,612,946 | 13,546,071,000 |
| Commission's Portion | 0.027831% | 0.026826% |

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

| | |
|----------------------|---------------------------|
| Year Ending June 30: | |
| 2021 | \$ (964,720,007) |
| 2022 | (965,594,678) |
| 2023 | (967,008,484) |
| 2024 | (968,300,349) |
| 2025 | (660,258,014) |
| Thereafter | (361,183,501) |
| | <u>\$ (4,164,698,031)</u> |

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 13 – Postemployment Benefits Other Than Pensions (Cont.)

Changes in Proportion – The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to the changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 for the years for the 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2020, the Program membership consisted of the following:

| | <u>June 30, 2020</u> |
|---------------------------------------|----------------------|
| Active Plan Members | 72,485 |
| Retirees Currently Receiving Benefits | <u>24,294</u> |
| Total Plan Members | <u>96,779</u> |

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

| | |
|---|--------------------------|
| Service Cost | \$ 605,949,339 |
| Interest on the Total OPEB Liability | 497,444,533 |
| Change of Benefit Terms | 1,055,527 |
| Differences Between Expected and Actual Experience | 852,424,987 |
| Changes of Assumptions | 3,138,556,114 |
| Contributions From the Employer | (292,404,377) |
| Contributions From Non-Employer Contributing Entity | (35,011,940) |
| Net Investment Income | (2,858,334) |
| Administrative Expense | <u>9,913,267</u> |
| Net Change in Total OPEB Liability | 4,775,069,116 |
| Total OPEB Liability (Beginning) | <u>13,546,071,100</u> |
| Total OPEB Liability (Ending) | <u>\$ 18,321,140,216</u> |

*Note that the information presented above is in accordance with Local Finance Notice 2021-10, which differs from the requirements of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 14 – Other

As of December 31, 2021 the Commission had uninsured cash balances totaling \$5,063,619 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.

Note 15 – Contract with County of Hudson

On November 26, 2019 Hudson Regional Health Commission entered into a seven year contract with the County of Hudson to provide New Jersey Environmental Health Act Services.

Hudson Regional will conduct the following programs during the period of January 1, 2020 – December 31, 2026.

1. Mosquito Control Program
2. Public Health Emergency Preparedness Program
3. Childhood Lead Exposure Prevention Program
4. CEHA – County Environmental Health Act Programs (Air Pollution, Noise Pollution, Hazardous Materials Emergency Response Operations, Water Pollution, Right to Know, Solid Waste Control, Pesticides)

The compensation under the contract is as follows:

| | |
|-------|---------------------|
| 2020 | \$1,692,710 |
| 2021 | 1,726,565 |
| 2022 | 1,761,096 |
| 2023 | 1,796,318 |
| 2024 | 1,832,244 |
| 2025 | 1,868,889 |
| 2026 | <u>1,906,267</u> |
| Total | <u>\$12,584,089</u> |

The Shared Service Agreement shall commence on January 1, 2020 and continues through December 31, 2026. An annual increase of 2% is reflected in the total.

Note 16 – Service Agreement Essex Regional Health Commission

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.

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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

Note 17 – FY2019 CEHA Performance Audit

On October 5, 2020, a performance audit of the County Environmental Act (CEHA) activities of the Hudson Regional Health Commission for the fiscal year 2019 contract was conducted by the Bureau of Local Environmental Management & Right to Know Program. The FY2019 contract was successfully closed out with all of your contractual obligations met.

Note 18 – Memorandum of Understanding Between the County of Hudson & the Hudson Regional Health Commission

The Hudson Regional Commission entered into an agreement with the County of Hudson for consulting services related to COVID-19 testing services; COVID-19 vaccination services, and other services relative to the County's efforts to combat the effects of COVID-19 for the period of March 1, 2020 to December 31, 2021.

The Cost for these services shall not exceed \$1,804,000, to be billed at the normal rates of the Commission. Funds shall be disbursed pursuant to the Cares Act.

An Indemnification Agreement was made on July 6, 2020, between the County of Hudson and the Commission.

Note 19 – Service Agreement Essex Regional Health Commission

On July 1, 2021, the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide IT services. The term of the agreement is from July 1, 2021 to June 30, 2022, unless terminated by either party. Essex shall pay the Commission \$120.00 per hour for a maximum not to exceed \$12,000.00.

**REQUIRED
SUPPLEMENTARY INFORMATION**

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2021**

| Category | Budgeted Amounts | | Actual Amounts |
|--|---------------------|---------------------|---------------------------------|
| | Original | Final | Budgetary Basis (See Note A) |
| <u>Personnel</u> | | | |
| Salaries | \$ 1,891,546 | \$ 1,530,134 | \$ 1,512,810 |
| Overtime | 27,500 | 27,500 | 18,632 |
| Overtime Idling | 6,500 | 16,125 | 14,461 |
| On Call | 14,000 | 14,000 | 13,850 |
| Temporary | 21,000 | 21,000 | 12,517 |
| Payroll Taxes | 151,863 | 134,670 | 118,593 |
| Health Benefits | 274,450 | 250,206 | 248,143 |
| Dental Benefits | 18,636 | 17,358 | 17,358 |
| Retiree Benefit | 90,219 | 100,384 | 100,383 |
| Workers Comp | 39,140 | 31,717 | 24,376 |
| P.E.R.S. | 230,401 | 208,370 | 185,327 |
| Total | \$ 2,765,255 | \$ 2,351,464 | \$ 2,266,450 |
| <u>Grant Programs (*Inclusive of P/R)</u> | | | |
| CDC-BASE 2020/2021 | \$ 121,509 | \$ 130,233 | \$ 130,233 |
| CDC-CRI 2020/2021 | 51,000 | 51,000 | 51,000 |
| CDC-MRC 2020/2021 | 2,300 | 4,493 | 4,493 |
| CDC-COVID 2020/2021 | 162,500 | 188,010 | 188,010 |
| CDC-BASE 2021/2022 | - | 117,016 | 117,016 |
| CDC-CRI 2021/2022 | - | 51,000 | 51,000 |
| CDC-MRC 2021/2022 | - | 162 | 162 |
| CDC-COVID 2021/2022 | - | 161,922 | 161,922 |
| CDC-CVG 2021/2022 | - | 47,759 | 47,759 |
| COVID19- Vacc Grant 2021/2022 | - | 254,290 | 254,290 |
| State Lead Grant 2020/2021 | - | 256,299 | 256,299 |
| State Lead Grant 2021/2022 | - | 180,473 | 180,473 |
| Rutgers Mosquito Grant | - | - | - |
| County COVID19 | - | 1,145,591 | 1,145,591 |
| Municipalities COVID Freezer | - | 30,000 | 30,000 |
| Total | \$ 337,309 | \$ 2,618,248 | \$ 2,618,248 |
| <u>Office</u> | | | |
| Office Supplies | \$ 12,000 | \$ 20,750 | \$ 20,750 |
| Postage | 8,000 | 8,000 | 5,295 |
| Copier Lease | 3,100 | 4,400 | 3,860 |
| Pub/Sub | 2,800 | 2,800 | 157 |
| Legal Advdvertisement | 1,000 | 2,000 | 1,451 |
| Cooler Rental | 200 | 200 | 99 |
| Office/Computer Equipment | 45,000 | 45,000 | 13,584 |
| Total | \$ 72,100 | \$ 83,150 | \$ 45,196 |
| <u>Travel</u> | | | |
| Conventions/ Meetings | \$ 3,500 | \$ 3,565 | \$ 3,565 |
| Auto Maintenance | 12,500 | 12,500 | 11,624 |
| Gasoline | 15,000 | 15,112 | 15,112 |
| Gas Mileage Reimbursement | 800 | 800 | 316 |
| Total | \$ 31,800 | \$ 31,977 | \$ 30,617 |
| <u>Contractual</u> | | | |
| Insurance/ Risk Mgmt Consultant | \$ 36,000 | \$ 36,000 | \$ 29,546 |
| Auditor | 24,782 | 20,782 | 27,001 |
| Legal | 20,000 | 23,114 | 23,113 |
| Payroll Service | 3,200 | 3,200 | 2,678 |
| Weather/Emergency Operations | 1,500 | 1,500 | 1,500 |
| IT Consultant | - | - | - |
| Total | \$ 85,482 | \$ 84,596 | \$ 83,838 |
| <u>Equipment</u> | | | |
| General Supplies | \$ 8,500 | \$ 18,500 | \$ 18,057 |
| Equipment | 15,000 | 15,000 | 6,323 |
| Equipment Maintenance | 8,500 | 8,500 | 4,535 |
| Vehicle | 66,000 | 66,000 | 33,206 |
| Total | \$ 98,000 | \$ 108,000 | \$ 62,121 |
| <u>Other</u> | | | |
| Training | \$ 9,000 | \$ 9,000 | \$ 4,670 |
| Communication | 18,000 | 18,000 | 14,843 |
| Medical Surveillance | 4,000 | 4,000 | 460 |
| Laboratory | 3,000 | 3,000 | - |
| Commission Meeting | 1,000 | 1,000 | 844 |
| Bank Fees | 700 | 760 | 788 |
| Miscellaneous | 1,000 | 1,000 | 481 |
| Membership/ License | 2,000 | 2,000 | 1,550 |
| Res. for Emergency Oper. | 40,000 | 40,000 | - |
| Moving Expenses | 7,000 | 7,000 | - |
| Record Destruction | 1,500 | 1,500 | 210 |
| Record Scanning | 10,000 | 10,000 | 5,756 |
| Total | \$ 97,200 | \$ 97,260 | \$ 29,602 |
| Total Expenditures | \$ 3,487,146 | \$ 5,374,695 | \$ 5,136,072 |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2021

| | 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 |
| CEHA/NJDEP/Pesticide | 196,070 | 196,070 | 196,070 |
| CEHA/NJDEP/Idling | 6,500 | 16,125 | 16,125 |
| RTK | 17,575 | 17,575 | 17,575 |
| HCIA | 168,821 | 168,821 | 168,821 |
| County | 1,726,565 | 1,726,565 | 1,726,565 |
| ERHC | 99,468 | 106,758 | 113,058 |
| EBL: Bayonne | 4,200 | 6,000 | 6,000 |
| East Newark | - | - | - |
| Guttenberg | 1,200 | - | - |
| Harrison | 1,200 | 3,000 | 3,000 |
| Hoboken | 600 | 1,200 | 1,200 |
| Kearny | 3,000 | 2,400 | 2,400 |
| North Bergen | 600 | 4,800 | 4,800 |
| Secaucus | 2,400 | - | - |
| Union City | 4,800 | 15,000 | 15,000 |
| Weehawkin | 1,200 | 600 | 600 |
| West New York | 1,200 | 2,400 | 2,400 |
| Reserve | 151,786 | - | - |
| Deferred Revenue R&C | 325,000 | 126,869 | 297,883 |
| Miscellaneous Revenue | 21,500 | 15,112 | 11,601 |
| HRHC-EQEF | 100,000 | 31,000 | 31,000 |
| HRHC Local Enforcement Penalty | - | - | - |
| HCIA EQEF Reserve | - | - | - |
| MRC Reserve | - | - | - |
| CDC-CRI Reserve | - | - | - |
| MRC NACCHO | - | - | - |
| State Lead Grant 2020/20201 | - | 256,299 | 256,299 |
| State Lead Grant 2021/2022 | - | 180,473 | 180,473 |
| CDC-BASE 2020/2021 | 121,509 | 130,233 | 130,233 |
| CDC-CRI 2020/2021 | 51,000 | 51,000 | 51,000 |
| CDC-MRC 2020/2021 | 2,300 | 4,493 | 4,493 |
| CDC-COVID 2020/2021 | 162,500 | 188,010 | 188,010 |
| CDC-BASE 2021/2022 | - | 117,016 | 117,016 |
| CDC-CRI 2021/2022 | - | 51,000 | 51,000 |
| CDC-MRC 2021/2022 | - | 162 | 162 |
| CDC-COVID 2021/2022 | - | 161,922 | 161,922 |
| CDC-CVG 2021/2022 | - | 47,759 | 47,759 |
| COVID19 Vaccine Grant 2021/2022 | - | 254,290 | 254,290 |
| Rutgers Mosquito Grant | - | - | - |
| County COVID19 | - | 1,145,591 | 1,145,591 |
| Municipalities COVID Freezer | - | 30,000 | 30,000 |
| TOTAL | \$ 3,487,146 | \$ 5,374,695 | \$ 5,548,498 |
| Excess Revenues/ Expenditures | | | \$ 412,426 |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION - GENERAL FUND
YEAR ENDED DECEMBER 31, 2021**

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 | | \$ 5,548,498 |
| Difference - budget to GAAP: | | |
| Interest Revenue | \$ 926 | |
| HCIA Hazardous Waste | 2,704 | |
| NJIT Mosquito Grant | <u>8,800</u> | <u>\$ 12,430</u> |
| Total Revenues as reported on the statement of revenues, expenditures and changes in fund balances Governmental Funds/ Statement of Activities | | <u><u>\$ 5,560,928</u></u> |
| <u>Uses/Outflows of Resources</u> | | |
| Actual Amounts (budgetary Basis) "total charges to appropriations" from Budgetary Comparison Schedule | | \$ 5,136,072 |
| 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 Depreciation exceeded Capital Outlays in the current period | \$ 85,809 | |
| NJIT Mosquito Grant | 8,800 | |
| Compensation Time | 9,402 | |
| Vacation Salaries | 159,373 | |
| Sick Pay | <u>478,014</u> | <u>741,398</u> |
| Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities | | <u><u>\$ 5,877,470</u></u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ - PERS - LOCAL EMPLOYER GROUP
SCHEDULE OF CONTRIBUTIONS
LAST 5 YEARS***

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|------------|------------|------------|------------|------------|
| Commission's Contractually Required Contribution | \$ 304,860 | \$ 301,799 | \$ 260,536 | \$ 269,286 | \$ 239,125 |
| Commission's in Relation to the Contractually Required Contribution | 304,860 | 301,799 | 260,536 | 269,286 | 239,125 |
| Commission's Contribution Deficiency (Excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Commission's Covered Payroll | 1,907,696 | 1,938,161 | 1,903,386 | 1,897,989 | 1,788,102 |
| Contributions as a Percentage of Covered Payroll | 15.98% | 15.57% | 13.69% | 14.19% | 13.37% |

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age - Level % of Salary |
| Asset Valuation Method | Market value of assets |
| Investment Rate of Return | 2.21% |
| Retirement Age | 60 |
| Mortality | PUB-2010 "General" and "Safety classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2020 |

Notes to Schedule:

| | |
|-------------------------------|---|
| Valuation Date | July 1, 2020 |
| Timing | Actuarial determined contributions are calculated as of the July 1 preceeding the fiscal year in which contributions are made |
| Actuarial Cost Method | Projected Unit Credit |
| Amortization Method | Level Dollar |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 5-year smoothing of difference between market value and expected actuarial value |
| Investment Rate of Return | 7.30% |
| Salary Increases | Service-based rates scaling from 6.00% at enrollment to 2.00% at 29 or more years of services through period ending June 30, 2026 |
| | Service-based rates scaling from 7.00% at enrollment to 3.00% at 29 or more years of services through period after June 30, 2026 |

HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ - PERS - LOCAL EMPLOYERS GROUP
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FIVE FISCAL YEARS*

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Commission's Percentage of Collective Net Pension Liability | 0.026032% | 0.027588% | 0.026785% | 0.027027% | 0.025813% |
| Commission's Portion of Net Pension Liability | <u>\$ 3,083,830</u> | <u>\$ 4,498,884</u> | <u>\$ 4,826,192</u> | <u>\$ 5,330,482</u> | <u>\$ 6,008,731</u> |
| Commission's Covered Payroll | <u>\$ 1,907,696</u> | <u>\$ 1,938,161</u> | <u>\$ 1,903,386</u> | <u>\$ 1,897,989</u> | <u>\$ 1,788,102</u> |
| Commission's Portion of Net Pension Liability as a % of Covered Payroll | 161.65% | 232.12% | 253.56% | 280.85% | 336.04% |
| Plan Fiduciary Net Position as a % of Total Pension Liability | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% |

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

**HUDSON REGIONAL HEALTH COMMISSION
PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST THREE FISCAL YEARS***

| <u>Schedule of Proportionate Share of Net OPEB Liability</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|---------------------|
| Commission's Percentage of the Net OPEB Liability | 0.00% | 0.00% | 0.00% |
| Commission's Proportionate Share of the Net OPEB Liability | \$ - | \$ - | \$ - |
| State of NJ's Proportionate Share of the Net OPEB Liability Associated with the Commission | <u>4,994,722</u> | <u>3,633,869</u> | <u>4,235,784</u> |
| Total | <u>\$ 4,994,722</u> | <u>\$ 3,633,869</u> | <u>\$ 4,235,784</u> |
| Commission's Covered Employee Payroll | <u>\$ 1,389,275</u> | <u>\$ 1,307,229</u> | <u>\$ 1,298,227</u> |
| Commission's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered | 0.00% | 0.00% | 0.00% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | <u>2.00%</u> | <u>2.00%</u> | <u>2.00%</u> |

*this schedule is intended to show information for 10 years. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation Date

June 30, 2020

Methods and assumptions used to determine contribution rates:

| | |
|---------------------------|--|
| Actuarial Cost Method | Entry age - Level % of Salary |
| Asset Valuation Method | Market value of assets |
| Investment Rate of Return | 2.21% |
| Retirement Age | 60 |
| Mortality | PUB-2010 "General" and "Safety classification headcount-weighted mortality table with fully generation mortality improvement projections from the central year using Scale MP-2020 |

SUPPLEMENTARY INFORMATION

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS CONTRACTS RECEIVABLE
DECEMBER 31, 2021**

| | |
|--|----------------------------|
| NJ Dept. of Environmental Protection (CEHA) | \$ 105,366 |
| NJ Dept. of Environmental Protection (USEPA) | 48,146 |
| Hudson County -COVID19 | 219,508 |
| Hudson County Improvement Authority | 42,205 |
| NJ Dept. of Health (County Right to Know) | 4,393 |
| NJ Dept. of Health Lead Contracts | 91,197 |
| NJ Dept. of Health CDC | 377,861 |
| NJIT Mosquito Control | 8,800 |
| COVID 19 Municipality Bayonne | 7,500 |
| COVID 19 Vaccination | 126,223 |
| Essex Regional Health Commission | 9,720 |
| Spectrotel | <u>606</u> |
| Total | <u><u>\$ 1,041,525</u></u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2021**

| | |
|---------------|-------------------------|
| Weehawken | \$ 1,919 |
| West New York | 600 |
| Harrison | 3,065 |
| Hoboken | 4,177 |
| Jersey City | 43,972 |
| Kearney | 4,718 |
| North Bergen | 5,817 |
| Secaucus | 2,748 |
| East Newark | 494 |
| Union City | 7,897 |
| Bayonne | <u>7,686</u> |
| Total | <u><u>\$ 83,093</u></u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | <u>CFDA Number</u> | <u>Award</u> | <u>Federal Expenditures</u> | | <u>State Expenditures</u> | |
|--|--------------------|--------------|-----------------------------|--------------|---------------------------|-------------|
| | | | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> |
| <u>U.S. Environmental Agency</u> | | | | | | |
| 7/1/20-6/30/21 | 66.605 | \$ 96,292 | \$ 48,146 | \$ 48,146 | \$ - | \$ - |
| 7/1/21-6/30/22 | 66.605 | \$ 96,292 | \$ - | \$ 48,146 | \$ - | \$ - |
| <u>NJ Dept. Environmental Protection</u> | | | | | | |
| CHEA 7/1/20-6/30/21 | | \$ 209,070 | \$ - | \$ - | \$ 102,242 | \$ 106,828 |
| CHEA 7/1/21-6/30/22 | | \$ 208,320 | \$ - | \$ - | | \$ 105,367 |
| <u>NJ Dept. of Health</u> | | | | | | |
| <u>Chilhood Lead Grant</u> | | | | | | |
| 7/1/21-6/30/22 | | \$ 369,861 | \$ - | \$ - | \$ - | \$ 180,473 |
| 10/1/20-6/30/21 | | \$ 369,861 | \$ - | \$ - | \$ 113,563 | \$ 256,300 |
| <u>Right To Know</u> | | | | | | |
| <u>RTKONA</u> | | | | | | |
| 7/1/20-6/30/21 | | \$ 17,575 | \$ - | \$ - | \$ 8,787 | \$ 8,787 |
| 7/1/21-6/30/22 | | \$ 17,575 | \$ - | \$ - | \$ - | \$ 8,787 |
| <u>Federal Assistance</u> | | | | | | |
| <u>NJ Dept. of Health:</u> | | | | | | |
| <u>Hiper (Lincs Agencies)</u> | | | | | | |
| 7/1/21-6/30/22 | 93.423 | \$ 425,000 | \$ - | \$ - | \$ - | \$ - |
| 7/1/21-6/30/22 | 93.069 | \$ 343,618 | \$ - | \$ - | \$ - | \$ - |
| Total | | \$ 768,618 | \$ - | \$ 377,859 | \$ - | \$ - |
| 7/1/20-6/30/21 | 93.069 | \$ 674,618 | \$ 300,883 | \$ 373,736 | \$ - | \$ - |
| <u>NJ Dept. of Health</u> | | | | | | |
| <u>COVID-19 Vaccination</u> | | | | | | |
| <u>Supplemental Funding 2022</u> | | | | | | |
| 7/1/21-6/30/22 | 93.268 | \$ 550,000 | \$ - | \$ 254,290 | \$ - | \$ - |
| <u>County of Hudson</u> | | | | | | |
| <u>COVID19 Virus & Pandemic</u> | | | | | | |
| 3/1/20-12/31/21 | 21.019 | \$ 1,804,000 | \$ 442,906 | \$ 1,145,591 | \$ - | \$ - |
| <u>Other</u> | | | | | | |
| Municipal Freezers | 21.019 | \$ 30,000 | \$ - | \$ 30,000 | \$ - | \$ - |
| NJIT | 93.885 | \$ 8,800 | \$ - | \$ 8,800 | \$ - | \$ - |
| Total Federal, State, & Other Awards | | | \$ 791,935 | \$ 2,286,568 | \$ 224,592 | \$ 666,542 |

See accompanying notes to financial statements.

Hudson Regional Health Commission
Schedule of Expenditures of Federal Awards
And State and Local Financial Assistance
For the Year Ended December 31, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Hudson Regional Health Commission ("The Commission") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of The Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Commission.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Commission has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**HUDSON REGIONAL HEALTH COMMISSION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT. SEC 105
YEAR ENDED DECEMBER 31, 2021**

| | <u>Budget</u> | <u>Expenditures 2020</u> | <u>Expenditures 2021</u> | <u>Totals Expenditures</u> | <u>Questioned Costs</u> |
|---------------------------------|------------------|------------------------------|------------------------------|--------------------------------|-----------------------------|
| Project Period 7/1/20 - 6/30/21 | <u>\$ 96,292</u> | <u>\$ 48,146</u> | <u>\$ 48,146</u> | <u>\$ 96,292</u> | <u>\$ -</u> |
| Project Period 7/1/21 - 6/30/22 | <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
SUB-CONTRACTOR NEW JERSEY INSTITUTE OF TECHNOLOGY
DECEMBER 31, 2021**

| | <u>Budget</u> | <u>Expenditures 2021</u> | <u>Totals Expenditures</u> | <u>Questioned Costs</u> |
|----------------------------|-----------------|------------------------------|--------------------------------|-----------------------------|
| <u>Sub-Contract Period</u> | | | | |
| 2/1/21-1/31/22 | | | | |
| CFDA 93.885 | \$ <u>8,800</u> | \$ <u>8,800</u> | \$ <u>8,800</u> | \$ <u>-</u> |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
HIPER (LINCS AGENCIES)
PHLP21 #LNC014
DECEMBER 31, 2021

| | <u>Budget</u> | <u>Expended 2020</u> | <u>Expended 2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|---------------------------------|-------------------|--------------------------|--------------------------|-------------------------------|-----------------------------|
| <u>Term 7/1/20 - 6/30/21</u> | | | | | |
| <u>Cost Category</u> | | | | | |
| Personnel Costs | \$ 473,279 | \$ 221,783 | \$ 251,496 | \$ 473,279 | |
| Fringe Benefits | 166,770 | 69,566 | 97,204 | 166,770 | |
| <u>Other Cost Categories</u> | | | | | |
| Program Expense & Related Costs | 21,299 | 6,815 | 14,484 | 21,299 | |
| Travel, Conferences & Meetings | 4,942 | 80 | 4,862 | 4,942 | |
| Supplies | 4,892 | 921 | 3,971 | 4,892 | |
| Professional Service | 3,436 | 1,718 | 1,718 | 3,436 | |
| Total | <u>\$ 674,618</u> | <u>\$ 300,883</u> | <u>\$ 373,735</u> | <u>\$ 674,618</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
PHILEP (LINC'S AGENCIES)
GRANT #PHLP 22LNC020
DECEMBER 31, 2021

| | <u>Budget</u> | <u>Expended 12/31/2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|-----------------------------------|-------------------|--------------------------------|-------------------------------|-----------------------------|
| <u>Term 7/1/21 - 6/30/22</u> | | | | |
| <u>Budget Categories</u> | | | | |
| <u>Personnel Costs</u> | | | | |
| Salaries & Wages | \$ 561,146 | \$ 275,362 | \$ 275,362 | \$ - |
| Fringe Benefits | 178,779 | 89,651 | 89,651 | - |
| Consultant/ Professional Services | 7,686 | 3,843 | 3,843 | - |
| <u>Other Cost Categories</u> | | | | |
| Program Expense & Related Costs | 15,859 | 6,327 | 6,327 | - |
| Travel | <u>5,148</u> | <u>2,676</u> | <u>2,676</u> | <u>-</u> |
| Total | <u>\$ 768,618</u> | <u>\$ 377,859</u> | <u>\$ 377,859</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF NJ DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO #EN19-018
DECEMBER 31, 2021**

| | Final Approved Budget | Expended 12/31/2020 | Expended 12/31/2021 | Total Expenditures | Questioned Costs |
|-----------------------------|-----------------------------|------------------------|------------------------|-----------------------|---------------------|
| <u>Term 7/1/20- 6/30/21</u> | | | | | |
| <u>Cost Category</u> | | | | | |
| Personnel Costs | \$ 180,000 | \$ 90,000 | \$ 90,000 | \$ 180,000 | \$ - |
| <u>Other Costs</u> | | | | | |
| NJEMS | 7,600 | 3,800 | 3,800 | 7,600 | - |
| MVC Idling | 13,000 | 4,207 | 8,793 | 13,000 | - |
| Pesticides | 8,470 | 4,235 | 4,235 | 8,470 | - |
| Total | <u>\$ 209,070</u> | <u>\$ 102,242</u> | <u>\$ 106,828</u> | <u>\$ 209,070</u> | <u>\$ -</u> |

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO# EN20-018
DECEMBER 31, 2021**

| | Final Approved Budget | Expended 12/31/2021 | Total Expenditures | Questioned Costs |
|-----------------------------|-----------------------------|------------------------|-----------------------|---------------------|
| <u>Term 7/1/21- 6/30/22</u> | | | | |
| <u>Cost Category</u> | | | | |
| Personnel Costs | \$ 180,000 | \$ 90,000 | \$ 90,000 | \$ - |
| <u>Other Costs</u> | | | | |
| NJEMS | 7,600 | 3,800 | 3,800 | - |
| MVC Idling | 12,250 | 7,332 | 7,332 | - |
| Pesticides | 8,470 | 4,235 | 4,235 | - |
| Total | <u>\$ 208,320</u> | <u>\$ 105,367</u> | <u>\$ 105,367</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF EPIDEMIOLOGY, ENVIRONMENTAL OCCUPATIONAL HEALTH
COUNTY RIGHT TO KNOW
GRANT 2021 RTKLOA
DECEMBER 31, 2021

| | <u>Final Budget</u> | <u>Expended 12/31/2020</u> | <u>Expended 12/31/2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|------------------------------|-------------------------|--------------------------------|--------------------------------|-------------------------------|-----------------------------|
| July 1, 2020 - June 30, 2021 | <u>\$ 17,575</u> | <u>\$ 8,787</u> | <u>\$ 8,787</u> | <u>\$ 17,574</u> | <u>\$ -</u> |
| July 1, 2021 - June 30, 2022 | <u>\$ 17,575</u> | <u>\$ -</u> | <u>\$ 8,787</u> | <u>\$ 8,787</u> | <u>\$ -</u> |
| Total | | | <u><u>\$ 17,574</u></u> | | |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
THE COUNTY OF HUDSON COVID-19 SERVICES AGREEMENT
DECEMBER 31, 2021**

| <u>Term</u> | <u>Budget</u> | <u>Expended 2020</u> | <u>Expended 2021</u> | <u>Total</u> | <u>Questioned Costs</u> |
|------------------------------------|------------------|--------------------------|--------------------------|------------------|-----------------------------|
| March 1, 2020 to December 31, 2021 | \$ 1,804,000 | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures</u> | | | | | |
| Salaries | | \$ 40,168 | \$ 23,745 | \$ 63,913 | \$ - |
| Part time | | - | 132,704 | 132,704 | - |
| Overtime | | 209,604 | 333,435 | 543,039 | - |
| Fringe Benefits | | 19,979 | 45,003 | 64,982 | - |
| Program Expense | | 120,892 | 320,120 | 441,012 | - |
| Travel/ Conf/ Meeting | | 6,061 | 6,923 | 12,984 | - |
| Office Expense | | 3,558 | 160 | 3,718 | - |
| Per Diems | | 42,644 | 245,925 | 288,569 | - |
| Equipment | | - | 37,576 | 37,576 | - |
| Total | \$ 1,804,000 | \$ 442,906 | \$ 1,145,591 | \$ 1,588,497 | \$ - |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2021
GRANT #OLPH22CLP011
DECEMBER 31, 2021

| | <u>Budget</u> | <u>Expended 2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|----------------------------|-------------------|--------------------------|-------------------------------|-----------------------------|
| <u>Term 7/1/21-6/30/22</u> | | | | |
| Salaries & Wages | \$ 251,341 | \$ 125,907 | \$ 125,907 | \$ - |
| Fringe Benefits | 95,692 | 47,121 | 47,121 | - |
| Equipment | 7,295 | - | - | - |
| Consultants/Professional | 2,803 | 1,402 | 1,402 | - |
| Travel | 2,753 | 230 | 230 | - |
| Training | 189 | - | - | - |
| Program Expense | 9,788 | 5,813 | 5,813 | - |
| | <u>\$ 369,861</u> | <u>\$ 180,473</u> | <u>\$ 180,473</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2021
GRANT #DFHS19CHD020
DECEMBER 31, 2021**

| | <u>Budget</u> | <u>Expended 2020</u> | <u>Expended 2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|-------------------------------|-------------------|--------------------------|--------------------------|-------------------------------|-----------------------------|
| <u>Term 10/1/20 - 6/30/21</u> | | | | | |
| Salaries & Wages | \$ 240,786 | \$ 77,729 | \$ 162,699 | \$ 240,428 | \$ - |
| Fringe Benefits | 96,584 | 30,702 | 66,742 | 97,444 | - |
| Consultants/Professional | 2,910 | 970 | 1,940 | 2,910 | - |
| Travel | 2,167 | 630 | 1,603 | 2,233 | - |
| Training | 189 | - | 230 | 230 | - |
| Other | 27,225 | 3,532 | 23,086 | 26,618 | - |
| | <u>\$ 369,861</u> | <u>\$ 113,563</u> | <u>\$ 256,300</u> | <u>\$ 369,863</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
COVID 19-LOW TEMPERATURE FREEZERS
FOR MUNICIPALITIES
DECEMBER 31, 2021**

| | <u>Budget</u> | <u>Expended 2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|---------------------------|------------------|--------------------------|-------------------------------|-----------------------------|
| Township of North Bergen | \$ 7,500 | \$ 7,500 | \$ 7,500 | \$ - |
| City of Jersey City | 7,500 | 7,500 | 7,500 | - |
| City of Bayonne | 7,500 | 7,500 | 7,500 | - |
| Kearney Health Department | <u>7,500</u> | <u>7,500</u> | <u>7,500</u> | |
| | <u>\$ 30,000</u> | <u>\$ 30,000</u> | <u>\$ 30,000</u> | <u>\$ -</u> |

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
COVID-19 VACCINATION SUPPLEMENTAL FUNDING 2022
GRANT #OLPH22VSF018
DECEMBER 31, 2021

| | <u>Budget</u> | <u>Expended 2021</u> | <u>Total Expenditures</u> | <u>Questioned Costs</u> |
|----------------------------|--------------------------|--------------------------|-------------------------------|-----------------------------|
| <u>Term 7/1/21-6/30/23</u> | | | | |
| <u>Categories</u> | | | | |
| Salaries & Wages | \$ 172,896 | \$ 82,539 | \$ 82,539 | \$ - |
| Fringe Benefits | <u>55,747</u> | <u>25,681</u> | <u>25,681</u> | <u>-</u> |
| Total | <u>\$ 228,643</u> | <u>\$ 108,220</u> | <u>\$ 108,220</u> | <u>\$ -</u> |
| <u>Other</u> | | | | |
| Professional Service | \$ 2,093 | \$ 683 | \$ 683 | \$ - |
| Supplies | 506 | - | - | - |
| Travel | 2,204 | 1,512 | 1,512 | - |
| Other | <u>316,554</u> | <u>143,875</u> | <u>143,875</u> | <u>-</u> |
| Total | <u>\$ 321,357</u> | <u>\$ 146,070</u> | <u>\$ 146,070</u> | <u>\$ -</u> |
| Total Costs | <u><u>\$ 550,000</u></u> | <u><u>\$ 254,290</u></u> | <u><u>\$ 254,290</u></u> | <u><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

The Board of Commissioners

Hudson Regional Health Commission

Secaucus, New Jersey 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, each major fund, and the aggregate remaining fund information of Hudson Regional Health Commission ("Commission"), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 16, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

DeSena & Company

East Hanover, New Jersey

February 16, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Commissioners

Hudson Regional Health Commission

Secaucus, New Jersey 07628

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hudson Regional Health Commission's ("Commission") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended December 31, 2021. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Commission's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



East Hanover, New Jersey

February 16, 2023

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 Xno __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes Xno __n/a
- C) Noncompliance material to general purpose financial statements noted? __yes Xno __n/a

Federal Awards Section

- D) Dollar threshold used to determine Type A programs \$750,000
- E) Auditee qualified as low-risk auditee? Xyes __no __n/a
- F) Type of auditor's report on compliance for major programs Unqualified
- G) Internal control over compliance:
- 1) Material weakness(es) identified? __yes Xno __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes Xno __n/a
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? __yes Xno __n/a
- I) Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|--|
| 94.423 | N.J. Department of Health |
| 94.069 | (Hiper Lincs Agencies) |
| 93.069 | 7/1/20 – 6/30/21; 7/1/21-6/30/22 |
| 21.019 | County of Hudson COVID19 Virus & Pandemic 3/1/20-12/31/21 |

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2021

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

State Awards Section

- J) Dollar threshold used to determine Type A programs \$750,000
- K) Auditee qualified as low-risk auditee? X yes no n/a
- L) Type of auditor's report on compliance for major programs Unqualified
- M) Internal control over compliance:
- 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
- O) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? yes X no n/a

P) Identification of major programs:

Contract Number(s)

Name of State Program

None

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Part 2 - Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements that Government Auditing Standards requires reporting in an audit in accordance with the Uniform Guidance.

NONE

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

This section identifies the reportable conditions, material weaknesses, and material instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by the Uniform Guidance and New Jersey OMB Circular 15-08.

NONE