

Financial Statements
Hudson Regional Health Commission

December 31, 2020

**HUDSON REGIONAL HEALTH COMMISSION
AUDIT REPORT
DECEMBER 31, 2020**

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DeSena & Company

Certified Public Accountants, LLC

INDEPENDENT AUDITOR'S REPORT

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To the Board of Commissioners

Hudson Regional Health Commission

Secaucus, NJ 07628

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Hudson Regional Health Commission (Hudson), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Hudson's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Hudson, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 19-21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2021 on our consideration of Hudson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hudson's internal control over financial reporting and compliance.



DeSena & Company

East Hanover, New Jersey
September 24, 2021

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John Sarnas, President

Carrie Nawrocki, Executive Director

Managements Discussion and Analysis Report

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

Authority

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

Board of Commissioners

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

Management-Staffing

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

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

Programs and Services

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

Environmental Health
Public Health
Mosquito Control

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

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

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

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

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

Financial Status and Assessment of Long Term Operational Liability

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

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

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

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

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

As of 12/31/20, the Commission's fund balance of the Consolidated Funds was \$2,914,194 and unamortized deferred revenue, \$522,045.

Projections and Critical Issues

Over the past several years the Commission has dramatically increased its scope of activities. In addition to increased demands on our CEHA Program such as an increased workload from the NJDEP (UST and ER) we have both LINC/S/BT Programs (inclusive of Jersey City), and Mosquito Control. We have a variety of revenue sources, authority and jurisdictions, but with great and growing responsibility and challenging fiscal vulnerabilities. If we include each municipality, our 2019 budget includes over twenty independent sources of revenue, each to varying degrees vulnerable to abrupt discontinuance.

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

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

It should be noted that to its credit in an effort to utilize highly conservative fiscal practices, the Commission has established a reserve fund for post-retirement medical benefits. By prevailing accounting standards it is not required to do so: rather it is required only to reflect the liability in the notes to the audit report.

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

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

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

**HUDSON REGIONAL HEALTH COMMISSION
FUNDS BALANCE SHEET / STATEMENT OF NET ASSETS
DECEMBER 31, 2020**

	General Fund	Environmental Quality Enforcement Fund	Penalty Enforcement Fund	Adjustments	Statement of Net Assets
<u>Assets</u>					
Cash & Equivalents	\$ 909,812	\$ 12,765			\$ 922,577
Cash Management Fund	2,177,770	459,601	\$ 102,745		2,740,116
Due From Employees	226				226
Accounts Receivable Grants & Contracts	1,628,913				1,628,913
Accounts Receivable Municipalities	58,786				58,786
Accounts Receivable Fines		3,800,312			3,800,312
Due From EQEF Fund	115,455				115,455
Capital Assets net of Accumulated Depreciation (Note 9)				909,356	909,356
Total Assets	<u>\$ 4,890,962</u>	<u>\$ 4,272,678</u>	<u>\$ 102,745</u>	<u>\$ 909,356</u>	<u>\$ 10,175,741</u>
<u>Liabilities & Reserves</u>					
Accounts Payable	\$ 210,455				\$ 210,455
Accrued Salaries	7,798				7,798
Payroll Taxes & Deductions Payable	17,937				17,937
Prepaid Registration Fees	522,045				522,045
Unearned Notice Violations		\$ 3,800,312			3,800,312
Reserve Post Retirement Benefits	1,005,230				1,005,230
Reserve for Expenditures HCIA	7,619				7,619
Reserve Expend CRI	200,463				200,463
Advances MRC Grant	5,003				5,003
Unearned Rutgers Mosq. Grant	218				218
Due Hudson Regional Health Commission		16,326			16,326
Due General Fund		115,455			115,455
Due Hudson County Improvement Authority		340,585			340,585
Total Liabilities & Reserves	<u>\$ 1,976,768</u>	<u>\$ 4,272,678</u>	<u>\$ -</u>		<u>\$ 6,249,446</u>
<u>Fund Balances / Net Assets</u>					
Unreserved	\$ 2,914,194			\$ 909,356	\$ 3,823,550
Reserved			\$ 102,745		\$ 102,745
Total Liabilities & Fund Balances	<u>\$ 4,890,962</u>	<u>\$ 4,272,678</u>	<u>\$ 102,745</u>	<u>\$ 909,356</u>	<u>\$ 10,175,741</u>
<u>Net Assets:</u>					
Invested in Capital Assets					\$ 909,356
Unrestricted General Fund					2,914,194
Restricted Penalty Enforcement					102,745
Total Net Assets					<u>\$ 3,926,295</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
STATEMENT OF GOVERNMENT FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Environmental Activities	Public Health Activities	(EQEF) Environmental Activities	Total	Adjustments Note A	Statement of Activities
<u>Revenues</u>						
Registrations	\$ 454,673					
Municipal	219,860					
USEPA	96,292					
RTK	17,575					
NJDEPCHEA	206,547					
NJ Lead Program	356,091					
EQEF			\$ 90,455			
HCIA	163,904					
County	1,692,710					
ERHC	99,468					
EBL Municipal	12,600					
Interest	12,219					
Miscellaneous	7,349					
CDC 2020/2021		\$ 477,861				
CD-LPH		82,703				
Hazardous Waste	2,170					
Rutgers Mosquito		2,082				
NJA CCH-COVID19		30,000				
Hudson County COVID19		442,906				
Total	\$ 3,341,458	\$ 1,035,552	\$ 90,455	\$ 4,467,465		\$ 4,467,465
<u>Expenses</u>						
Personnel	\$ 2,293,108					
Office	38,510					
Travel	12,690					
Contractual	68,550					
Equipment	94,694					
Other	24,064					
Grants & Contracts for Services:						
CDC 2020/2021		\$ 477,861				
CD-LPH		82,703				
Lead Grants	356,091					
Rutgers Mosquito		2,082				
Depreciation					\$ 147,382	
Capital Outlay					\$ (213,947)	
NJ CCH-COVID19		30,000				
Hudson County COVID19		442,906				
Total	\$ 2,887,707	\$ 1,035,552	\$ -	3,923,259	\$ (66,565)	\$ 3,856,694
Excess Revenues(Expenditures)	\$ 453,751	\$ -	\$ 90,455	\$ 544,206	\$ 66,565	\$ 610,771
Changes in Net Assets						
Fund Balances/Net Assets:						
Beginning of Year						3,314,978
Interest Income Penalty Enforcement						546
End of Year						<u>\$ 3,926,295</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
STATEMENT OF CASH FLOWS
DECEMBER 31, 2020**

Cash Flows From Operating Activities:

Excess of Revenues over Expenditures	\$ 610,771
Interest Income Penalty Enforcement	546

Adjustments to reconcile Excess of Revenues
Over Expenditures to Net Cash Provided by
Operating Activities:

Increase Post Retirement Benefits	\$ 5,337	
Increase in Receivables	(822,824)	
Decrease in Accounts Payables	(316,591)	
Increase in Payroll Taxes & Deductions	1,979	
Increase in Accrued Salaries	5,224	
Increase in Unearned Registration Fees	77,172	
Decrease Payable HCIA & HRHC-EQEF	(27,448)	
Depreciation	147,382	
Decrease in Reserves	(2,082)	
Additions to Fixed Assets	<u>(213,947)</u>	<u>(1,145,798)</u>

Net Cash Used by Operating Activities	<u>\$ (534,481)</u>
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Net Decrease in Cash & Cash Equivalents	\$ (534,481)
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Cash - Beginning of Period	<u>4,197,174</u>
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Cash - End of Period	<u><u>\$3,662,693</u></u>
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See accompanying notes to financial statements.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 1

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

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

Note 2

Agreement with Hudson County Improvement Authority (HCIA)

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

Note 3

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

Note 4

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

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 4 (Continued)

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

Note 5

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

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 6

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

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

Note 7

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 PCNC Bank, National Association in the amount of \$200,000. The primary purpose of the line is for Working Capital. The rate of interest is calculated by using the highest Prime Rate as published in the "Money Rates" section of the Wall Street Journal plus the margin of 1%. The line of Credit was renewed on October 7, 2020 with an expiration date of February 1, 2022.

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 assets are depreciated over their normal useful lives, using the straight-line method of depreciation:

	Net Balance <u>12/31/19</u>	Additions 2020	Disposal 2020	Net Balance <u>12/31/20</u>
Cost of Capital Assets	\$2,061,832	\$213,947	\$(20,349)	\$2,255,430
Accumulated Depreciation	<u>(1,219,041)</u>	<u>(147,382)</u>	<u>20,349</u>	<u>(1,346,074)</u>
Total	<u>\$ 842,791</u>	<u>\$ 66,565</u>	<u>\$ -</u>	<u>\$ 909,356</u>

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 10

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

Note 11

Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

MUNICIPAL	1/1/21-12/31/21	219,860.00
USEPA/CEHA 2020/2021	1/1/21-6/30/21	48,146.00
USEPA/CEHA 2021/2022	07/01/21-12/31/21	48,146.00
CEHA/NJDEP 2020/2021	1/1/21-6/30/21	98,035.00
CEHA/NJDEP 2021/2022	07/01/21-12/31/21	98,035.00
CEHA/IDLING 2020/2021	1/1/21-6/30/21	4,397.00
CEHA/IDLING 2021/2022	07/01/21-12/31/21	4,397.00
RTK 2020/2021	1/1/21-6/30/21	8,787.50
RTK 2021/2022	07/01/21-12/31/21	8,787.50
HCIA	1/1/21-12/31/21	168,821.00
COUNTY	1/1/21-12/31/21	1,726,565.00
ERHC	1/1/21-12/31/21	99,468.00
EBL: Bayonne 2020/2021	1/1/21-6/30/21	2,100.00
Bayonne 2021/2022	07/01/21-12/31/21	2,100.00
East Newark 2020/2021	01/01/21-11/30/21	0.00
East Newark 2021/2022	12/1/2021-12/31/21	0.00
Guttenberg 2020/2021	01/01/21-11/30/21	600.00
Guttenberg 2021/2022	12/1/2021-12/31/21	600.00
Harrison 2020/2021	1/1/21-07/31/21	700.00
Harrison 2021/2022	8/1/21-12/31/21	500.00
Hoboken 2020/2021	1/1/21-05/31/21	250.00
Hoboken 2021/2022	06/01/21-12/31/21	350.00
Kearny 2020/2021	1/1/21-02/29/21	500.00
Kearny 2021/2022	3/1/21-12/31/21	2,500.00
N. Bergen 2020/2021	1/1/21-05/31/21	250.00
N. Bergen 2021/2022	06/01/21-12/31/21	350.00
Secaucus 2020/2021	1/1/21-09/30/21	1,800.00
Secaucus 2021/2022	10/01/21-12/31/21	600.00
Union City 2020/2021	1/1/21-02/29/21	800.00

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 11

Contracts for Service and Grant Agreement Contracts (Continued)

Union City 2021/2022	3/1/21-12/31/21	4,000.00
Wewhawken 2020/2021	01/01/21-11/30/21	1,100.00
Wewhawken 2021/2022	12/1/2021-12/31/21	100.00
West New York 2020/2021	1/1/21-1/31/21	100.00
West New York 2021/2022	2/2/21-12/31/21	1,100.00
DEFERRED REVENUE R&C	1/1/21-12/31/21	311,268.00
MISC. REVENUE	1/1/21-12/31/21	21,500.00
HRHC EQEF	1/1/21-12/31/21	100,000.00
HRHC LOCAL ENFORCEMENT PENALTY	1/1/21-12/31/21	
HCIA EQEF RESEVE	1/1/21-12/31/21	
MRC RESERVE	1/1/21-12/31/21	
CRI-RESERVE	1/1/21-12/31/21	
MRC NACCHO	1/1/21-07/31/21	
NJACCHO	1/20/20-02/21/2021	
STATE LEAD GRANT 2020/2021	1/1/21-6/30/21	256,299.00
STATE LEAD GRANT 2021/2022	07/01/21-12/31/21	
COUNTY COVID19	1/1/21-12/31/21	1,331,737.00
CDC-BASE 2020/2021	1/1/21-6/30/21	130,244.00
CDC-CRI 2020/2021	1/1/21-6/30/21	51,000.00
CDC-MRC 2020/2021	1/1/21-6/30/21	4,482.00
CDC-COVID19 2020/2021	1/1/21-6/30/21	188,010.00
CDC-BASE 2021/2022	07/01/21-12/31/21	
CDC-CRI 2021/2022	07/01/21-12/31/21	
CDC-MRC 2021/2022	07/01/21-12/31/21	
CDC-COVID19 2021/2022	07/01/21-12/31/21	
RUTGERS' MOSQUITO GRANT	1/1/21-12/31/21	218.00
MUNICIPALITIES COVID FREEZER	1/1/21-12/31/21	30,000.00
TOTAL		<u>4,978,603.00</u>

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.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 13

Other Post-Employment Benefits ("OPEB")

Plan Description

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

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

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

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

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 14

Funding Policy

Other Post-Employment Benefits ("OPEB")

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

Contributions to pay for the health premiums of participating retirees in the SHBP are billed to the Commission on a monthly basis. The Commission's contributions to the SHBP for the years ended December 31, 2009 thru 2020 were as follows:

<u>Year</u>	<u>Required Contribution</u>	<u>Number Retired Eligible Participants</u>
2009	\$17,784	1
2010	22,773	2
2011	52,697	3
2012	75,184	4
2013	108,432	4
2014	102,522	4
2015	119,195	5
2016	141,402	6
2017	134,862	6
2018	116,933	6
2019	70,766	6
2020	80,804	6

Note 15

Other

As of December 31, 2020 the Commission had uninsured cash balances totaling \$2,740,116 in the New Jersey Cash Management Fund. Other operating cash accounts deposited in banks may also go over the FDIC insured limit of \$250,000 when reimbursement checks are received from the State of New Jersey.

Hudson Regional Health Commission
Notes to Financial Statements
December 31, 2020

Note 16

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. 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.

Note 17

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

Note 18

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

Note 19

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, 2020

Note 20

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 21

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.

SUPPLEMENTARY INFORMATION

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

<u>CATEGORY</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u> <u>(See Note A)</u>
<u>PERSONNEL</u>			
SALARIES	\$ 1,780,571	\$ 1,577,044	\$ 1,577,044
OVERTIME	45,000	27,500	9,212
OVERTIME IDLING	12,250.00	12,625	9,623
PAYROLL TAXES	143,152	126,880	120,992
ON CALL	14,000	14,000	12,770
TEMPORARY	21,000	21,000	-
WORKER'S COMPENSATION	36,857	33,928	30,173
HEALTH BEN.	325,000	252,822	233,062
DENTAL	17,000	15,170	14,467
P.E.R.S.	270,701	217,348	204,961
RETIREE BEN.	74,262	85,257	80,804
TOTAL	<u>\$ 2,739,793</u>	<u>\$ 2,383,574</u>	<u>\$ 2,293,108</u>
<u>GRANT PROGRAMS (*INCLUSIVE OF P/R)</u>			
NJACCHO COVID19 FUNDING	\$ -	\$ 30,000	\$ 30,000
CDC-BASE 2019/2020	118,508	\$ 122,432	\$ 122,433
CDC-CRI 2019/2020	51,000	51,000	51,000
CDC-MRC 2019/2020	2,300	\$ 3,545	\$ 3,545
CDC-BASE 2020/2021		\$ 112,775	\$ 112,774
CDC-CRI 2020/2021		\$ 51,000	\$ 51,000
CDC-MRC 2020/2021		\$ 118	\$ 118
CDC-COVID 2020/2021		\$ 136,990	\$ 136,991
STATE LEAD GRANT 2019/2020	181,500	242,528	242,528
STATE LEAD GRANT 2020/2021		113,563	113,563
COUNTY COVID19		442,132	442,906
RUTGERS MOSQUITO GRANT		2,082	2,082
CDC LPH GRANT	-	82,703	82,703
TOTAL	<u>\$ 353,308</u>	<u>\$ 1,390,868</u>	<u>\$ 1,391,643</u>
<u>OFFICE</u>			
OFF. SUPPLIES	\$ 12,000	\$ 13,600	\$ 13,427
POSTAGE	6,000	8,000	5,323
COPIER LEASE	3,100	3,100	2,448
PUB./SUB.	2,000	2,800	2,522
LEGAL ADVERTISEMENT	1,000	1,000	750
COOLER RENTAL	200	200	121
OFF./COMP. EQUIPMENT	45,000	45,000	13,919
TOTAL	<u>\$ 69,300</u>	<u>\$ 73,700</u>	<u>\$ 38,510</u>
<u>TRAVEL</u>			
CONV. & MEETINGS	\$ 3,500	\$ 3,500	\$ 951
AUTO MAINTENANCE	12,500	12,500	5,072
GASOLINE	15,000	15,000	6,667
MILEAGE REIMBURSEMENT	800	800	-
TOTAL	<u>\$ 31,800</u>	<u>\$ 31,800</u>	<u>\$ 12,690</u>
<u>CONTRACTUAL</u>			
INSURANCE JIF	\$ 36,000	\$ 36,000	\$ 29,976
AUDITOR	23,407	23,407	19,672
LEGAL	20,000	20,000	14,933
PAYROLL SERVICE	3,200	3,200	2,469
WEATHER/EMERG. OPERATIONS	1,500	1,500	1,500
IT CONSULTANT	40,000	-	-
TOTAL	<u>\$ 124,107</u>	<u>\$ 84,107</u>	<u>\$ 68,550</u>
<u>EQUIPMENT</u>			
GENERAL SUPPLIES	\$ 7,500	\$ 16,200	\$ 11,438
EQUIPMENT	15,000	15,000	13,200
EQUIPMENT MAINTENANCE	8,500	8,500	3,993
VEHICLE	66,000	66,100	66,063
TOTAL	<u>\$ 97,000</u>	<u>\$ 105,800</u>	<u>\$ 94,694</u>
<u>OTHER</u>			
TRAINING	\$ 6,000	\$ 9,000	\$ 2,870
COMMUNICATION	18,000	18,000	14,969
MEDICAL SURVEILLANCE	4,000	4,000	489
LABORATORY	3,000	3,000	-
COMMISSION MEETING	1,000	1,000	210
BANK FEES	700	700	357
MISCELLANEOUS	1,000	1,000	594
MEMBERSHIP/LICENSE	2,000	2,000	1,252
RES. FOR EMERGENCY OPER.	40,000	40,000	-
MOVING EXPENSES	7,000	7,000	-
RECORD DESTRUCTION	1,500	1,500	-
RECORD SCANNING	10,000	10,000	3,323
TOTAL	<u>\$ 94,200</u>	<u>\$ 97,200</u>	<u>\$ 24,064</u>
TOTAL EXPENDITURES	<u>\$ 3,509,508</u>	<u>\$ 4,167,049</u>	<u>\$ 3,923,259</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis (See Note A)
<u>ESTIMATED REVENUE</u>			
MUNICIPAL	\$ 219,860	\$ 219,860	\$ 219,860
CEHA/USEPA	96,292	96,292	96,292
CEHA/CORE/PESTICIDE	196,070	196,070	196,070
CEHA/NJDEP/IDLING	12,250	12,625	10,477
RTK	17,575	17,575	17,575
HCIA	163,904	163,904	163,904
COUNTY	1,692,710	1,692,710	1,692,710
ESSEX	99,468	99,468	99,468
EBL: Bayonne	4,200	4,200	2,400
East Newark	-	1,200	-
Guttenberg	1,200	1,200	1,200
Harrison	1,200	1,200	-
Hoboken	600	600	600
Kearny	3,000	3,000	600
North Bergen	600	2,400	2,400
Secaucus	2,400	2,400	1,800
Union City	4,800	4,800	600
Weehawkin	1,200	1,200	1,800
West New York	1,200	1,200	1,200
RESERVE	87,587	-	-
DEFERRED REVENUE R&C	442,207	142,322	454,673
MISC. REVENUE	46,500	21,500	7,349
HRHC-EQEF	61,377	90,455	90,455
NJACCHO COVID19 FUNDING	-	30,000	30,000
STATE LEAD GRANT 2019/2020	181,500	242,528	242,528
STATE LEAD GRANT 2020/2021	-	113,563	113,563
COUNTY COVID19	-	442,132	442,906
CDC-BASE 2019/2020	118,508	122,432	122,433
CDC-CRI 2019/2020	51,000	51,000	51,000
CDC-MRC 2019/2020	2,300	3,545	3,545
CDC-BASE 2020/2021	-	112,775	112,774
CDC-CRI 2020/2021	-	51,000	51,000
CDC-MRC 2020/2021	-	118	118
CDC-COVID 2020/2021	-	136,990	136,991
RUTGERS MOSQUITO GRANT	-	2,082	2,082
CD-LPH GRANT	-	82,703	82,703
TOTAL	<u>\$ 3,509,508</u>	<u>\$ 4,167,049</u>	<u>\$ 4,453,076</u>
EXCESS REVENUES/ EXPENDITURES			<u>\$ 529,817</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION- GENERAL FUND
YEAR ENDED DECEMBER 31, 2020**

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		\$ 4,453,076
Difference - budget to GAAP:		
Interest Revenue	\$ 12,219	
HCIA Harzardous Waste	<u>2,170</u>	<u>\$ 14,389</u>
Total Revenues as reported on the statement of revenues, expenditures and changes in fund balances Governmental Funds/ Statement of Activities		<u>\$ 4,467,465</u>
<u>Uses/Outflows of Resources</u>		
Actual Amounts (budgetary Basis) "total charges to appropriations" from Budgetary Comparison Schedule		\$ 3,923,259
Differences - Budget to GAAP:		
Government funds report Capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Capital Outlay exceeded Depreciation in the current period		<u>(66,565)</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities		<u>\$ 3,856,694</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS & CONTRACTS RECEIVABLE
DECEMBER 31, 2020**

NJ Dept. of Environmental Protection (CEHA)	\$ 206,547
NJ Dept. of Environmental Protection (USEPA)	96,292
County of Hudson	423,178
Hudson County -COVID19	442,906
Hudson County Improvement Authority	40,976
NJ Dept. of Health (County Right to Know)	4,569
NJ Dept. of Health Lead Contracts	113,562
NJ Dept. of Health CDC	<u>300,883</u>

Total	<u><u>\$ 1,628,913</u></u>
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See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2020**

Weehawken	\$ 3,119
West New York	7,695
Harrison	1,265
Hoboken	13,132
Jersey City	21,986
Kearney	3,518
North Bergen	4,617
Secaucus	2,574
East Newark	165
Guttenberg	<u>715</u>
Total	<u><u>\$ 58,786</u></u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL & STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

	CFDA Number	Award	<u>Federal Expenditures</u>		<u>State Expenditures</u>	
			2019	2020	2019	2020
<u>U.S. Environmental Agency</u>						
7/1/19-6/30/20	66.605	\$ 96,292	\$ 48,146	48,146		
7/1/20-6/30/21	66.605	\$ 96,292		\$ 48,146		
<u>NJ Dept. Environmental Protection</u>						
CHEA 7/1/19-6/30/20		\$ 209,070				\$ 102,242
CHEA 7/1/20-6/30/21		\$ 208,320			\$ 104,015	104,305
<u>NJ Dept. of Health</u>						
<u>Childhood Lead Grant</u>						
7/1/19-9/30/20		\$ 416,190			173,662	\$ 242,528
10/1/20-6/30/21		\$ 369,861				113,563
<u>Right To Know</u>						
<u>RTKONA</u>						
7/1/19-6/30/20		\$ 17,575			8,787	\$ 8,787
7/1/20-6/30/21		\$ 17,575			8,787	
<u>Federal Assistance</u>						
<u>NJ Dept. of Health:</u>						
<u>Hiper (Lincs Agencies)</u>						
7/1/19-6/30/20	93.069	\$ 343,618	\$ 166,840	176,978		
7/1/20-6/30/21	93.069	\$ 674,618		300,883		
<u>LPHCP</u>						
11/1/19-6/30/20		\$ 95,000			12,297	\$ 82,703
<u>County of Hudson</u>						
<u>COVID19 Virus & Pandemic</u>						
3/1/20-12/31/21	Cares Act	\$ 1,804,000		442,906		
<u>Other</u>						
Rutgers		\$ 17,260			17,042	2,082
Total Federal, State, & Other Awards				<u>\$ 1,017,059</u>	<u>\$ 324,590</u>	<u>\$ 656,210</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT. SEC 105
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expenditures 2019</u>	<u>Expenditures 2020</u>	<u>Totals Expenditures</u>	<u>Questioned Costs</u>
Project Period 7/1/19 - 6/30/20	<u>\$ 96,292</u>	<u>\$ 48,146</u>	<u>\$ 48,146</u>	<u>\$ 96,292</u>	<u>-</u>
Project Period 7/1/20 - 6/30/21	<u>\$ 96,292</u>	<u>\$ -</u>	<u>\$ 48,146</u>	<u>\$ 48,146</u>	<u>-</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
HIPER (LINCS AGENCIES)
PHLP21 LNC014
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 2020</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	\$ 221,783	\$ -
Fringe Benefits	166,770	69,566	69,566	-
<u>Other Cost Categories</u>				
Program Expense & Related Costs	21,299	6,815	6,815	-
Travel, Conferences & Meetings	4,942	80	80	-
Supplies	4,892	921	921	
Professional Service	3,436	1,718	1,718	
	<u>\$ 674,618</u>	<u>\$ 300,883</u>	<u>\$ 300,883</u>	<u>\$ -</u>
Total				

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
PHILEP (LINCS AGENCIES)
GRANT #PHLP 20 LN C018
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 12/31/2019</u>	<u>Expended 12/31/2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/19 - 6/30/20</u>					
<u>Budget Categories</u>					
Personnel Costs					
Salaries & Wages	\$ 234,455	\$ 114,873	\$ 119,590	\$ 234,463	\$ -
Fringe Benefits	83,474	43,238	40,548	83,786	-
Consultant/ Professional Services	3,436	1,718	1,718	3,436	-
				-	-
<u>Other Cost Categories</u>					
Office Expenses & Related Cost	4,493	811	2,764	3,575	-
Program Expense & Related Costs	12,760	4,308	9,235	13,543	-
Travel, Conferences & Meetings	5,000	1,692	3,123	4,815	-
Total	<u>\$ 343,618</u>	<u>\$ 166,640</u>	<u>\$ 176,978</u>	<u>\$ 343,618</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO# EN19-018
YEAR ENDED DECEMBER 31, 2020

	Final Approved Budget	Expended 12/31/2020	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	\$ -
<u>Other Costs</u>				
NJEMS	7,600	3,800	3,800	-
MVC Idling	13,000	4,207	4,207	-
Pesticides	8,470	4,235	4,235	-
Total	<u>\$ 209,070</u>	<u>\$ 102,242</u>	<u>\$ 102,242</u>	<u>\$ -</u>

HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
(CEHA) GO# EN20-018
YEAR ENDED DECEMBER 31, 2019

	Final Approved Budget	Expended 12/31/2019	Expended 12/31/2020	Total Expenditures	Questioned Costs
<u>Term 7/1/19- 6/30/20</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	12,250	5,980	6,270	12,250	-
Pesticides	8,470	4,235	4,235	8,470	-
Total	<u>\$ 208,320</u>	<u>\$ 104,015</u>	<u>\$ 104,305</u>	<u>\$ 208,320</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
YEAR ENDED DECEMBER 31, 2020

	<u>Final Budget</u>	<u>Expended 12/31/2019</u>	<u>Expended 12/31/2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>July 1, 2019 - June 30, 2020</u>	<u>\$ 17,575</u>	<u>\$ 8,787</u>	<u>\$ 8,787</u>	<u>\$ 17,574</u>	<u>\$ -</u>
<u>July 1, 2020 - June 30, 2021</u>	<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, 2020**

<u>Term</u>	<u>Budget</u>	<u>Expended 2020</u>	<u>Questioned Costs</u>
March 1, 2020 to December 31, 2021	<u>\$ 1,804,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>			
Salaries		\$ 40,168	
Overtime		209,604	
Fringe Benefits		19,979	
Program Expense		120,892	
Travel/ Conf/ Meeting		6,061	
Office Expense		3,558	
Per Diems		<u>42,644</u>	
 Total	 <u>\$ 1,804,000</u>	 <u>\$ 442,906</u>	 <u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
 NEW JERSEY DEPARTMENT OF HEALTH
 CHILDHOOD LEAD 2020
 GRANT # OLP20CLP012
 YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 2019</u>	<u>Expended 2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/19-9/30/20</u>					
Salaries & Wages	\$ 278,313	\$ 118,552	\$ 163,269	\$ 281,821	\$ -
Fringe Benefits	109,503	47,833	61,905	109,738	-
Consultants/Professional	2,751	1,375	1,375	2,750	-
Travel	3,828	1,447	2,123	3,570	-
Training	771	394	460	854	-
Program Expense	<u>21,024</u>	<u>4,061</u>	<u>13,396</u>	<u>17,457</u>	<u>-</u>
	<u>\$ 416,190</u>	<u>\$ 173,662</u>	<u>\$ 242,528</u>	<u>\$ 416,190</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2021
GRANT # DFHS19CHD020
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 10/1/20 - 6/30/21</u>				
Salaries & Wages	\$ 240,786	\$ 77,729	\$ 77,729	\$ -
Fringe Benefits	96,584	30,702	30,702	-
Consultants/Professional	2,910	970	970	-
Travel	2,167	630	630	-
Training	189	-	-	-
Other	27,225	3,532	3,532	-
	<u>\$ 369,861</u>	<u>\$ 113,563</u>	<u>\$ 113,563</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY DEPARTMENT OF HEALTH
OFFICE OF LOCAL PUBLIC HEALTH
STRENGTHENING LOCAL PUBLIC HEALTH CAPACITY PROGRAM
GRANT #OLPH20PHC018
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 2019</u>	<u>Expended 2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 11/1/19-6/30/20</u>					
<u>Categories</u>					
Salaries & Wages	\$ 34,780	\$ 5,311	\$ 29,395	\$ 34,706	\$ -
Fringe Benefits	5,005	863	4,189	5,052	-
Professional Service	950	238	713	951	-
Other	<u>54,265</u>	<u>5,885</u>	<u>48,406</u>	<u>54,291</u>	<u>-</u>
	<u>\$ 95,000</u>	<u>\$ 12,297</u>	<u>\$ 82,703</u>	<u>\$ 95,000</u>	<u>\$ -</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
RUTGERS UNIVERSITY
SALT MARSH MOQUITO SITES
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Expended 2019</u>	<u>Expended 2020</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 6/15/19-2021</u>					
<u>Categories</u>					
Salaries & Wages	\$ 14,800	\$ 13,725	\$ 1,075	\$ 14,800	\$ -
Fringe Benefits	1,133	1,235	1,007	2,242	-
Materials & Supplies	1,037	-	-	-	-
Travel	290	-	-	-	-
	<u>\$ 17,260</u>	<u>\$ 14,960</u>	<u>\$ 2,082</u>	<u>\$ 17,042</u>	<u>\$ -</u>

See accompanying notes to financial statements.

INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Commissioners

Hudson Regional Health Commission

Seacaucus, NJ 07628

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Hudson Regional health Commission (Hudson), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Hudson's basic financial statements, and have issued our report thereon dated September 24, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

DeSena & Company

East Hanover, New Jersey

September 24, 2021



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

To the Board of Commissioners
Hudson Regional Health
Secaucus, NJ 07628

Report on Compliance for Each Major Federal Program

We have audited Hudson Regional Health Commission's (Hudson) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Hudson's major federal programs for the year ended December 31, 2020. Hudson's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Hudson's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Audit Requirements for Federal Awards* (Uniform Guidance). and NJ OMB Circular 15-08. Those standards and the Uniform Guidance and NJ OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Hudson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Hudson's compliance.

Opinion on Each Major Federal Program

In our opinion, Hudson 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, 2020.


Report on Internal Control over Compliance

Management of Hudson is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Hudson's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Hudson's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.



DeSena & Company

East Hanover, New Jersey

September 24, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Part 1 - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? __yes X no __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes X no __n/a
- C) Noncompliance material to general purpose financial statements noted? __yes X no __n/a

Federal Awards Section

- D) Dollar threshold used to determine Type A programs \$750,000
- E) Auditee qualified as low-risk auditee? X yes __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 X no __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes X no __n/a
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? __yes X no __n/a
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.069	N.J. Department of Health (Hiper Lincs Agencies) 7/1/19 – 6/30/20; 7/1/20-6/30/21
CARES ACT	County of Hudson COVID19 Virus & Pandemic 3/1/20-12/31/21

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2020

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:

<u>Contract Number(s)</u>	<u>Name of State Program</u>
CHEA	N.J. Department Environmental Protection
GO#EN20-018	7/1/19-6/30/20
GO#EN19-018	7/1/20-6/30/21
Childhood Lead Grant	N.J. Department of Health
DFH519CHD020	7/1/18-6/30/19
OLPH20CLP028	7/1/19-6/30/20

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

*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