

Financial Statements

Hudson Regional Health Commission

For the Year Ended December 31, 2025

**HUDSON REGIONAL HEALTH COMMISSION
FINANCIAL STATEMENTS
DECEMBER 31, 2024**

<u>CONTENTS</u>	<u>PAGE</u>
 <u>FINANCIAL STATEMENTS</u>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-12
Governmental Fund Balance Sheet/Statement of Net Position	13
Statement of Government Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	14
Notes to Financial Statements	15-35
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedules	36-38
State of NJ – PERS-Local Employers Group Schedule of Contributions	39
State of NJ – PERS-Local Employers Group Proportionate Share of Net Pension Liability	40
State of NJ – State Health Benefits Local Gov't Proportionate Share of Net OPEB Liability	41
 <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Grants & Contracts Receivable	42
Schedule of Accounts Receivable Municipalities	43
Schedule of Federal and State Financial Assistance	44/44a
Schedules of Grant Expenditures, December 31, 2024	45-55
 <u>INDEPENDENT AUDITOR'S REPORTS</u>	
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	56
Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	57-58
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2024	59-62



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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, 2025 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, 2025, 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

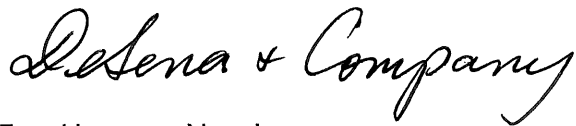
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-12 and 36-38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2026, 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 cursive script that reads "Delena & Company". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

East Hanover, New Jersey
September 14, 2026

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
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, 2025. 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, 2025) and the prior year (December 31, 2024) is required to be presented in the MD&A.

Financial Highlights

Key Financial highlights for 2025 are as follows:

In the Commission Statements:

- Total assets of governmental activities decreased by \$(928,469). Cash and cash equivalents increased by \$841,624. Capital assets decreased by \$(197,373).
- General revenues accounted for \$3,637,183 in revenue or 60% of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$2,379,499 or 39% of total revenues of \$6,089,351.
- The Commission had \$5,312,480 in expenses; \$2,359,503 of these expenses were offset by program specific charges for services and operating grants. General expenses amounted to \$2,830,976.

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, 2025
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 2025?" 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, 2025
UNAUDITED**

The summary of changes in net position shows changes in net position for fiscal year 2025. In accordance with GASB Statement 34, revenue and expense comparisons to year 2024 is presented.

Summary of Changes in Net Position

	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Registrations	\$ 695,360	\$ 553,476	\$ 141,884	26%
Municipal	219,860	219,860	-	0%
USEPA	96,292	96,292	-	0%
RTK	17,575	17,575	-	0%
NJ Dep CEHA	210,976	214,422	(3,446)	-2%
Penalties	72,669	112,626	(39,957)	-35%
HCIA	190,010	184,476	5,534	3%
County	1,868,889	1,832,244	36,645	2%
ERHC	112,458	118,984	(6,526)	-5%
EBL Municipal	24,600	24,000	600	3%
Interest	173,245	199,511	(26,266)	-13%
Miscellaneous	24,922	38,149	(13,227)	-35%
Hazardous Waste	2,996	2,635	361	14%
Environmental Quality Enforcement Fund	2,379,499	2,802,363	(422,864)	-15%
Total Revenues	\$ 6,089,351	\$ 6,416,613	\$ (327,262)	
<u>Expenses</u>				
Personnel	\$ 2,426,502	\$ 2,405,348	\$ 21,154	1%
Office	42,781	44,740	(1,959)	-4%
Travel	37,924	44,349	(6,425)	-14%
Contractual	193,131	179,957	13,174	7%
Equipment	88,516	91,223	(2,707)	-3%
Other	36,574	50,211	(13,637)	-27%
Environmental Quality Enforcement Fund	2,359,503	2,794,112	(434,609)	-16%
Depreciation	304,500	261,295	43,205	17%
Interest & Amortization	2,537	2,618	(81)	-3%
Credit Card Processing Fees	3,011	-	3,011	100%
Capital Outlay	(182,499)	(361,489)	178,990	-50%
Total Expenses	\$ 5,312,480	\$ 5,512,364	\$ (199,884)	
 Change in Net Position	 \$ 776,871	 \$ 904,249	 \$ (127,378)	
Beginning Net Position	7,071,899	6,108,511	963,388	
Prior Period Adjustment	(7,615)	59,139	(66,754)	
Ending Net Positions	\$ 7,841,155	\$ 7,071,899	\$ 769,256	

Note - The Governmental activities increased the Commission's net position by \$769,256.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
UNAUDITED**

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 2025. In accordance with GASB Statement 34, net position comparisons for the year 2024 are presented.

Summary Statement of Net Position

	<u>12/31/2025</u>	<u>12/31/2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Assets</u>				
Current & Other	\$ 9,591,743	\$ 10,322,838	\$ (731,095)	-7%
Capital Assets Net	<u>812,695</u>	<u>1,010,069</u>	<u>(197,374)</u>	-20%
Total Assets	<u>\$ 10,404,438</u>	<u>\$ 11,332,907</u>	<u>\$ (928,469)</u>	
<u>Liabilities</u>				
Current Liabilities	\$ 2,330,414	\$ 4,031,957	\$ (1,701,543)	-42%
Long Term Liabilities	<u>232,868</u>	<u>229,050</u>	<u>3,818</u>	2%
Total Liabilities	<u>\$ 2,563,282</u>	<u>\$ 4,261,007</u>	<u>\$ (1,697,725)</u>	
<u>Net Position</u>				
Unassigned	\$ 6,908,174	\$ 5,946,448	\$ 961,726	16%
Assigned	<u>120,286</u>	<u>115,382</u>	<u>4,904</u>	4%
Capital Assets	<u>812,695</u>	<u>1,010,069</u>	<u>(197,374)</u>	-20%
Total Net Positions	<u>\$ 7,841,155</u>	<u>\$ 7,071,899</u>	<u>\$ 769,256</u>	
Total Liabilities & Net Positions	<u>\$ 10,404,437</u>	<u>\$ 11,332,906</u>	<u>\$ (928,469)</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 \$7,841,155.

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, 2025
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 2025 budgetary comparison:

	<u>Budgetary Comparison</u>		
	<u>Budget as Modified</u>	<u>Actual</u>	<u>Favorable (unfavorable)</u>
<u>Revenues</u>	<u>\$5,486,626</u>	<u>\$6,089,351</u>	<u>\$602,725</u>
<u>Expenditures</u>			
Personnel	\$2,415,405	\$2,426,502	\$(11,097)
Other Expenses	3,071,221	2,763,977	307,244
Total	<u>\$5,486,626</u>	<u>\$5,190,479</u>	<u>\$296,147</u>
Excess Revenues Over Expenditures		<u>\$898,872</u>	<u>\$898,872</u>

Capital Assets

At the end of December 31, 2025 the Commission had \$1,010,068 invested in capital assets. The schedule shows the year 2025 balance compared to 2024.

	<u>Capital Assets at December 31</u>	
	<u>2025</u>	<u>2024</u>
Automotive	\$504,710	\$660,083
Furniture & Fixtures	4,191	6,262
Equipment	303,794	343,723
Total	<u>\$812,695</u>	<u>\$1,010,068</u>

Overall capital assets decreased \$(197,373) from 2024 to 2025. For more information, please refer to the notes.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
UNAUDITED**

Economic Factors and Next Year's Budgets and Rates

Hudson Regional Health Commission BUDGET ··JUSTIFICATION 2026

The 2026 Budget Appropriation of \$3,960,224 reflects an overall increase of \$427,000 or approximately 13.59%, compared to the 2025 Budget. This increase is primarily due to an increase in personnel costs of **\$414,391** and contracts for services of **\$12,609**. The overall budget increase is largely due to a reduction in grant funding for 2026. Unlike the 2025 Budget, which included a full 12 months of grant and agreement funding, the 2026 Budget accounts for only six months of anticipated funding from most grants and agreements, and just three months of funding for one specific grant.

Increases/Decreases are summarized below:

Salary: Increase \$291,315

The increase in this category is due to a reduction in number of grants, and that the 2026 Budget includes only six months of anticipated funding from most grants and agreements. One specific grant includes just three months of funding. This impacts personnel costs for employees whose costs are split between these grants and the consolidated fund. In contrast, the 2025 Budget reflected a full 12 months of funding from these grants.

Overtime, On Call and Temporary Employees: No increase/Decrease

Overtime, on-call, and temporary employee costs remain below the amounts budgeted in 2025 and are expected to remain the same in 2026.

Payroll Taxes (FICA/SUI): Increase \$13,528

Payroll taxes are directly tied to the amount budgeted under employee compensation. The payroll Tax calculation accounts for the FICA exemption on the employee-paid portion of health insurance and AFLAC, which is estimated at \$174,258 in 2026 (excluding six months of grant-funded positions). We remain at the highest tier of the health insurance contribution chart; therefore, the employee contribution percentage toward health benefits will remain unchanged in 2026. The State Unemployment Insurance (SUI) is calculated based on the state wage limit of \$43,300 per employee per year.

Health Benefit: Increase \$64,011

The amount budgeted in this category is based on previous years' experience and reflects savings from the employee-paid portion of health insurance, estimated at \$171,671 in 2026 (excluding six months of grant-funded positions). A 16.48% increase in health insurance premiums from 2024 to 2025 was factored into the 2026 budget calculations. This amount also reflects a reduction in number of active grants, and that the 2026 Budget includes only six months of anticipated funding from most grants and agreements. One specific grant includes just three months of funding. This impacts personnel costs for employees whose costs are shared between these grants and the consolidated fund. In contrast, the 2025 Budget reflected a full 12 months of funding from these grants.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
UNAUDITED**

Dental: Increase \$234

The amount budgeted in this category is based on prior years' experience and includes an 8.45% increase in dental insurance premiums from 2024 to 2025, which was factored into the 2026 budget. It also reflects a reduction in number of active grants, and that the 2026 Budget includes, including only six months of anticipated funding from most grants and agreements, and just three months from one specific grant. This impacts personnel costs for employees whose costs are shared between these grants and the consolidated fund. In contrast, the 2025 Budget reflected a full 12 months of funding from these grants.

Retiree Health Benefit: Increased \$9,793

The amount budgeted in this category is based on prior years' experience and reflects an average premium increase of 9.66% between the 2024 and 2025 policy years. All current retiree plans are Medicare Supplemental plans, and no new enrollments are anticipated in the 2026 Budget. Since none of the retirees were grant-funded employees, the full cost is charged to the consolidated fund.

Workers' Compensation: Decrease (\$3,066)

Workers' compensation costs are directly tied to the amounts budgeted under employee compensation. A premium decrease from 2024 to 2025 was factored into the 2026 Budget; however, the resulting savings are partially offset by increases in overall employee compensation.

P.E.R.S: Increase \$38,576

The Public Employees Retirement System (PERS) is funded at 100% of the required contribution and is directly tied to employee compensation. A premium increase of 0.19% from the 2024 to 2025 actual bills was factored into the 2026 Budget. This slight increase is primarily due to the pension system's calculation method, which incorporated a new enrollment period in the 2023/2024 billing cycle, with no new enrollments in the 2024/2025 cycle.

All Other Budget Categories: Increase \$12,609

This category reflects a \$12,609 increase in contractual costs, primarily due to an \$11,110 increase in insurance expenses due to a 12.95% premium rate increase from 2024 to 2025. Additionally, auditor costs increased by \$1,499, mainly due to a reduction in the portion of the audit expense covered by grant funding in 2026 compared to the previous year.

REVENUE INCREASE/DECREASE:

The Commission's projected revenue for the 2026 Budget is \$3,960,224, reflecting an overall increase of \$427,000, or approximately 13.59%, compared to the 2025 Budget. Increases/Decreases are summarized below:

Hudson County: Increase: \$37,378

A 2% increase in Hudson County's Agreement is anticipated for 2026.

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
UNAUDITED**

Hudson County Improvement Authority: Increase \$5,700

A 3% increase is anticipated for the Hudson County Improvement Authority's Agreement in 2026.

Essex Regional Health Commission: Decrease (\$13,903)

This decrease is due to the fact that the 2025 Budget includes the IT Service Agreement with ERHC, whereas the 2026 Budget does not anticipate this agreement.

Deferred Revenue R&C: Increase \$235,846

The overall increase in this category is because the R&C revenue for the 2026 budget was set at the maximum allowable amount based on the first year of the registration cycle, whereas the 2025 budget included only the amount necessary to balance the budget.

HRHC Penalty (EQEF): Decrease (\$64,493)

The entire EQEF fund balance was utilized in 2025, leaving no available funds for the 2026 Budget.

HRHC Local Penalty: Decrease (\$3,385)

All penalties collected were accounted for in the 2025 Budget, leaving no funds available for 2026.

Reserve: Increase \$229,857

The increase in this category reflects an increase in the amount required from surplus to balance the 2026 Budget. This is primarily due to a \$427,000 increase in budget appropriations, partially offset by \$197,143 in additional revenue, consisting of a \$43,078 increase in the County and HCIA agreements and \$235,846 in deferred revenue, offset by a combined decrease of (\$81,781) in ERHC, EQEF, and penalty revenues.

Appropriations:

Personnel	\$2,880,252
Grant Programs	392,250
Office	97,500
Travel	51,300
Contractual	246,705
Equipment	128,900
Other	<u>163,317</u>
Total Appropriations	<u>\$3,960,224</u>

**HUDSON REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025
UNAUDITED**

Revenue:

Sufficient revenue must be generated from various sources to support the annual spending plan. The revenues used to fund the 2026 Budget are summarized below:

<u>Revenue Sources</u>	
Local Revenues (Municipal & County)	\$2,366,437
Miscellaneous Revenue	237,275
HRHC EQEF	-
ERHC	99,468
Reserve	229,857
R&C	<u>325,000</u>
Total	<u>\$3,258,037</u>
State Revenues	\$416,940
Federal Revenues	<u>285,247</u>
Total Revenues	<u>\$3,960,224</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 31, 2025

	General Fund	Environmental Quality Enforcement Fund	Penalty Enforcement Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash & Equivalents	\$ 33,862	\$ 3,155	\$ -	\$ 37,017	\$ -	\$ 37,017
Cash Management Fund	6,213,565	165,639	120,286	6,499,490	-	6,499,490
Accounts Receivable Grants & Contracts	3,012,241	-	-	3,012,241	-	3,012,241
Accounts Receivable Municipalities	41,727	-	-	41,727	-	41,727
Mileage Reimbursement Receivable	-	-	-	-	-	-
Right of Use Assets	1,268	-	-	1,268	-	1,268
Capital Assets net of Accumulated Depreciation (Note 9)	-	-	-	-	812,695	812,695
Total Assets	\$ 9,302,663	\$ 168,794	\$ 120,286	\$ 9,591,743	\$ 812,695	\$ 10,404,438
Deferred Outflows of Resources:						
Pension Related	\$ -	\$ -	\$ -	\$ -	\$ 471,758	\$ 471,758
OPEB Related	-	-	-	-	3,958,419	3,958,419
Total Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ 4,430,177	\$ 4,430,177
Liabilities						
Accounts Payable	\$ 272,790	\$ -	\$ -	\$ 272,790	\$ -	\$ 272,790
Accrued Salaries	6,608	-	-	6,608	-	6,608
Payroll Taxes & Deductions Payable	18,467	-	-	18,467	-	18,467
Prepaid Registration Fees	449,225	-	-	449,225	-	449,225
Due Expenditures HCIA	650	-	-	650	-	650
Unearned SLPH	21,973	-	-	21,973	-	21,973
Unearned CHIF Grant	950,717	-	-	950,717	-	950,717
Unearned State Lead Grant	200,840	-	-	200,840	-	200,840
Unearned MRC-Linc	-	-	-	-	-	-
Unearned NJACCHO	54,442	-	-	54,442	-	54,442
Unearned CDC Grant	177,121	-	-	177,121	-	177,121
Unearned RTK	8,788	-	-	8,788	-	8,788
Unearned Expenditures Mileage	-	-	-	-	-	-
Due Hudson Regional Health Commission	-	14,253	-	14,253	-	14,253
Due Hudson County Improvement Authority	-	154,540	-	154,540	-	154,540
Total	\$ 2,161,621	\$ 168,793	\$ -	\$ 2,330,414	\$ -	\$ 2,330,414
Long Term Liabilities						
Compensated Absences Payable	\$ 231,879	\$ -	\$ -	\$ 231,879	\$ -	\$ 231,879
Net Pension Liabilities	-	-	-	-	3,943,033	3,943,033
Net OPEB Liability	-	-	-	-	7,160,388	7,160,388
Long Term Lease Liabilities	989	-	-	989	-	989
Total	\$ 232,868	\$ -	\$ -	\$ 232,868	\$ 11,103,421	\$ 11,336,289
Total Liabilities	\$ 2,394,489	\$ 168,793	\$ -	\$ 2,563,282	\$ 11,103,421	\$ 13,666,703
Deferred Inflows						
Pension Related	\$ -	\$ -	\$ -	\$ -	\$ 281,488	\$ 281,488
OPEB Related	-	-	-	-	3,116,426	3,116,426
Total Deferred Inflows	\$ -	\$ -	\$ -	\$ -	\$ 3,397,914	\$ 3,397,914
Fund Balances						
Restricted Penalty Enforcement Fund	\$ -	\$ -	\$ 120,286	\$ 120,286	\$ (120,286)	\$ -
Unreserved	6,908,174	-	-	6,908,174	(6,908,174)	-
Total Fund Balances	\$ 6,908,174	\$ -	\$ 120,286	\$ 7,028,460	\$ (7,028,460)	\$ -
Total Liabilities & Fund Balances	\$ 9,302,663	\$ 168,793	\$ 120,286	\$ 9,591,742		
Net Position						
Net Investment in Capital Assets					\$ 812,695	\$ 812,695
Restricted Penalty Enforcement					120,286	120,286
Unrestricted Deficit					(3,162,984)	(3,162,984)
Total Net Position					\$ (2,230,003)	\$ (2,230,003)

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, 2025

	General Fund	Environmental Quality Enforcement Fund	Penalty Enforcement Fund	Total	Adjustments Note A	Statement of Activities
Revenues						
Registrations	\$ 695,360	\$ -	\$ -	\$ 695,360	\$ -	\$ 695,360
Municipal	219,860	-	-	219,860	-	219,860
USEPA	96,292	-	-	96,292	-	96,292
RTK	17,575	-	-	17,575	-	17,575
NJDEPCEHA	210,976	-	-	210,976	-	210,976
NJ Lead Program	-	397,208	-	397,208	-	397,208
EQEF	-	-	65,000	65,000	-	65,000
HCIA	190,010	-	-	190,010	-	190,010
County	1,868,889	-	-	1,868,889	-	1,868,889
ERHC	112,458	-	-	112,458	-	112,458
EBL Municipal	24,600	-	-	24,600	-	24,600
Interest	173,245	-	-	173,245	-	173,245
Miscellaneous	24,922	-	-	24,922	-	24,922
HRHC Penalty	-	-	7,669	7,669	-	7,669
CDC Grant	-	351,453	-	351,453	-	351,453
CHIF Grant	-	1,319,371	-	1,319,371	-	1,319,371
West Orange HO	-	20,000	-	20,000	-	20,000
NJACCHO	-	90,281	-	90,281	-	90,281
SLPH Grant	-	58,479	-	58,479	-	58,479
SLF Grant	-	28,041	-	28,041	-	28,041
County SLF	-	70,170	-	70,170	-	70,170
UASI MORRIS COUNTY	-	2,325	-	2,325	-	2,325
YEAST ENCAP ESS OIL LARV (YEEO)	-	10,000	-	10,000	-	10,000
MRC Linc	-	32,171	-	32,171	-	32,171
Hazardous Waste	2,996	-	-	2,996	-	2,996
Total Revenues	\$ 3,637,183	\$ 2,379,499	\$ 72,669	\$ 6,089,351	\$ -	\$ 6,089,351
Adjustment for PERS & OPEB Liability					363,844	363,844
Total	\$ 3,637,183	\$ 2,379,499	\$ 72,669	\$ 6,089,351	\$ 363,844	\$ 6,453,195
Expenses						
Personnel	\$ 2,426,502	\$ -	\$ -	\$ 2,426,502	\$ -	\$ 2,426,502
Office	42,781	-	-	42,781	-	42,781
Travel	37,924	-	-	37,924	-	37,924
Contractual	193,131	-	-	193,131	-	193,131
Equipment	88,516	-	-	88,516	-	88,516
Other	36,574	-	-	36,574	-	36,574
Grants & Contracts for Services:						
CDC	-	351,454	-	351,454	-	351,454
NJACCHO	-	90,281	-	90,281	-	90,281
Lead Grants	-	397,208	-	397,208	-	397,208
CHIF Grant	-	1,319,373	-	1,319,373	-	1,319,373
SLPH Grant	-	58,479	-	58,479	-	58,479
SLF Grant	-	28,042	-	28,042	-	28,042
County SLF	-	70,170	-	70,170	-	70,170
MRC PHLP	-	32,171	-	32,171	-	32,171
UASI	-	2,325	-	2,325	-	2,325
YEEO	-	10,000	-	10,000	-	10,000
Interest and Amortization Expense	2,537	-	-	2,537	-	2,537
Credit Card Processing Expense	3,011	-	-	3,011	-	3,011
Depreciation	-	-	-	-	304,500	304,500
Capital Outlay	-	-	-	-	(182,499)	(182,499)
Total	\$ 2,830,976	\$ 2,359,503	\$ -	\$ 5,190,479	\$ 122,001	\$ 5,312,480
Excess Revenues/Expenditures	\$ 806,207	\$ 19,996	\$ 72,669	\$ 898,872	\$ 241,843	\$ 1,140,715
Changes in Net Assets						
Fund Balances/Net Assets						
Beginning of Year						\$ (3,363,103)
Prior Period Adjustment						(7,615)
End of Year						<u>\$ (2,230,003)</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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, 2025

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, 2025

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.

Leases – In June 2017, the Governmental Accounting Standards Board (“GASB”) issued guidance under GASB Statement No. 87, Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (“ROU”) assets and lease liabilities on the Statement of Net Assets. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Commission adopted the standard effective January 1, 2022, and recognized and measured leases existing on January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment with certain practical expedients available. The Commission elected the available practical expedients to account for their operating leases as operating leases (the Commission did not have any capital leases classified as financing leases as of January 1, 2022), under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

In addition, the Commission elected the hindsight practical expedient to determine the lease term for existing leases. Our election of the hindsight practical expedient may have resulted in the shortening of lease terms for certain existing leases since the adoption of the new standard was as of January 1, 2022, and certain leases may have commenced prior to January 1, 2022. Lastly, in the application of hindsight, the Commission used the determination that most renewal options would not be reasonably certain in determining the expected lease term unless the lease was renewed during 2022 or as a subsequent event through the date the financial statements were issued for 2022 in 2023.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

Leases (Cont.)

As a result of the adoption of the new lease accounting guidance, the Commission recognized on January 1, 2022, a lease liability at the carrying amount of their operating lease obligations on January 1, 2022, of \$14,065, and a right-of-use asset of \$14,065. The lease liability the Fund recognized on January 1, 2022, of \$14,065, represents the present value of the remaining operating lease payments, discounted using an average "risk-free treasury rates" ranging from 0.78% to 1.37% (see Note 3) and the right-of-use asset of \$14,065, represents the operating lease liability of \$14,065.

The implementation of the new standard had a material impact on the Commission's Fund Balance Sheet/ Statement of Net Assets but did not have an impact on the Commission's Statement of Government Fund Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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, 2024 to December 31, 2024 were collected for the 2025 registration period and income was recognized thru December 31, 2024.

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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

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.

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 2022, 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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

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, 2025, the Commission’s contractually required contribution to PERS plan was \$438,165.

Components of Net Pension Liability – At December 31, 2025, the Commission’s proportionate share of the PERS net pension liability was \$3,943,033. The net pension liability was measured as of June 30, 2025. 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, 2024, which was rolled forward to June 30, 2025. 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, 2025. The Commission’s proportion measured as of June 30, 2025, was 0.032061% which was an decrease of 0.000529% from its proportion measured as of June 30, 2024.

Balances at December 31, 2025 and December 31, 2024

	<u>12/31/2025</u> June 30, 2025	<u>12/30/2024</u> June 30, 2024
Actuarial valuation date (including roll forward)		
Deferred Outflows of Resources	\$ 471,758	\$ 709,249
Deferred Inflows of Resources	488,656	405,818
Net Pension Liability	3,943,033	4,420,038
Commission’s portion of the Plan’s total Net Pension Liability	0.032061%	0.032529%

Pension Expense and Deferred Outflows/Inflows of Resources – At December 31, 2025, the Commission’s proportionate share of the PERS expense, calculated by the plan as of the June 30, 2025 measurement date is \$119,687. 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 \$438,165 to the plan in 2025.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

At December 31, 2025, 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	\$112,423	\$4,214
Changes of Assumptions	623	45,427
Net Difference between Projected and Actual Earnings on Pension Plan Investments		328,797
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	<u>358,712</u>	<u>110,218</u>
	<u>\$471,758</u>	<u>\$488,656</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, 2020	5.16	-
June 30, 2021	5.13	-
June 30, 2023	5.08	-
June 30, 2025	5.15	-

Net Difference between Projected and Actual Earnings on Pension Plan Investments
:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year of Pension Plan Deferral		
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00
June 30, 2025	-	5.00

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

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

Year of Pension Plan Deferral	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
June 30, 2020	-	5.16
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	-	5.08
June 30, 2024	-	5.08
June 30, 2025	-	5.15

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	
<u>Dec 31,</u>	<u>Amount</u>
2026	\$ 68,805
2027	(143,611)
2028	(110,819)
2029	(64,869)
2030	<u>455</u>
Total	<u>\$(250,039)</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:

<u>Inflation</u>	
Price	2.75%
Wage	3.25%

Salary Increases 2.75 – 7.75% Based on Years of Service

Years of Service Investment Rate of Return 7.00%

Mortality Rate Table

PERS Pub-2016 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from central year using Scale MP-2021

Period of Actuarial Experience Study upon
which Actuarial Assumptions were Based July 1, 2021 – June 30, 2024

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

Pre-retirement mortality rates were based on the Pub-2016 General Below-Median Income Employee Mortality Table with an 86.3% adjustment for males and 97.6% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Post-retirement mortality rates were based on the Pub-2016 General Below-Median Income Healthy Retiree mortality table with a 93.3% adjustment for males and 99.5% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2016 Non-Safety Disabled Retiree mortality table with a 156.9% adjustment for males and 139.0% adjustment for females, and with future improvement from the base year of 2016 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2024. 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, 2025) 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, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.55%
Non-U.S. Developed Markets Equity	12.75%	8.77%
International Small Cap Equity	1.25%	8.77%
Emerging Markets Equity	5.50%	10.30%
Private Equity	13.00%	12.00%
Real Estate	8.00%	10.78%
Real Assets	3.00%	7.90%
High Yield	4.50%	6.63%
Private Credit	8.00%	9.00%
Investment Grade Credit	7.00%	5.47%
Cash Equivalents	2.00%	3.61%
U.S. Treasuries	4.00%	3.61%
Risk Mitigation Strategies	3.00%	7.26%

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2025. 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, 2025, 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:

	At 1% Decrease (6.00%)	Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Commission Proportionate Share of the Net Pension Liability	<u>\$5,129,403</u>	<u>\$3,746,987</u>	<u>\$2,568,803</u>

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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 6 – Operating Leases

The Commission leases a copier. The Commission determines if an arrangement is a lease at inception. Any leases for operating leases that did not extend for more than a year after January 1, 2022, or that were considered immaterial were accounted for and are disclosed in these financial statements under the prior lease standard. Operating leases that commenced prior to January 1, 2022, and any new leases after January 1, 2022, that expire more than twelve months after January 1, 2022 are classified and disclosed under the new lease accounting standard (GASB No. 87) as operating lease right-of-use ("ROU") assets, and included as other assets, and operating lease liabilities on the Fund Balance Sheet/ Statement of Net Assets. The Commission did not have any finance leases classified as capital leases as of December 31, 2024. ROU assets represent the Commission's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Commission has elected to use the risk-free treasury rate based on the information available at the commencement date of each lease in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Commission's lease terms may include options to extend or terminate the lease when it is certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term as an administrative expense.

Leases Accounted for Under GASB 87	Year Ending <u>12/31/2025</u>
Lease expense Xerox Copier	
Operating lease expense	<u>\$3,094</u>
Total	<u>\$3,094</u>
Other Information -Xerox Copier	
Operating cash outflows flows from copier operating lease	\$3,094
ROU assets obtained in exchange for new operating lease	12,471
liabilities	
Weighted-average remaining lease term in years for operating lease	0.5
Weighted-average discount rate for operating lease	1.37%
Maturity Analysis – Xerox Copier	
2026	<u>1,190</u>
Total undiscounted cash flows	\$1,190
Less: present value discount	<u>(201)</u>
Total lease liabilities	<u>\$989</u>

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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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 November 5, 2025 with an expiration date of February 1, 2027.

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 asset activity for the year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposition</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets:				
Automobiles	\$ 1,414,618	\$ 47,652	\$ (14,874)	\$ 1,447,396
Furniture & Fixtures	22,625	0	0	22,625
Equipment	<u>1,711,957</u>	<u>74,349</u>	<u>0</u>	<u>1,786,306</u>
Totals at historical cost	<u>\$ 3,149,200</u>	<u>\$122,001</u>	<u>\$ (14,874)</u>	<u>\$ 3,256,327</u>
Accumulated depreciation for:				
Automobiles	\$ 754,535	\$ 188,151		\$ 942,686
Furniture & Fixtures	16,363	2,071		18,434
Equipment	<u>1,368,234</u>	<u>114,278</u>		<u>1,482,512</u>
Total accumulated depreciation	<u>\$ 2,139,132</u>	<u>\$ 304,500</u>		<u>\$ 2,443,632</u>
Capital Assets value less depreciation:				
Automobiles				\$ 544,710
Furniture & Fixtures				4,191
Equipment				<u>303,794</u>
Total Value of Capital Assets				<u>\$ 812,695</u>

Note 10 – Compensated Absences & Lease Liabilities

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.

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 10 – Compensated Absences & Lease Liabilities (Cont.)

Compensated Absences and Long-term liability activity for the year ended December 31, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Other liabilities:					
Compensated Absences	\$ 224,967	\$ 6,912	\$ -	\$ 231,879	\$ -
Copier & Postage Meter	<u>4,083</u>	<u>-</u>	<u>3,094</u>	<u>989</u>	<u>989</u>
Total Other Liabilities	<u>\$ 229,050</u>	<u>\$ 6,912</u>	<u>\$ 3,094</u>	<u>\$ 232,868</u>	<u>\$ 989</u>

*The compensated absences & lease liabilities attributed to governmental activities will be payable by the Commission's Unrestricted General Fund.

Note 11 – Credit Risk Uninsured Cash Balances

As of December 31, 2025 the Commission had uninsured cash balances totaling \$6,499,490 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 12 – Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

MUNICIPAL	1/01/26-12/31/26	219,860.00
USEPA/CEHA 2025/2026	1/01/26-06/30/26	48,146.00
USEPA/CEHA 2026/2027	7/01/26-12/31/26	48,146.00
CEHA/NJDEP 2025/2026	1/01/26-06/30/26	98,035.00
CEHA/NJDEP 2026/2027	7/01/26-12/31/26	98,035.00
CEHA/IDLING 2025/2026	1/01/26-06/30/26	7,750.00
CEHA/IDLING 2026/2027	7/01/26-12/31/26	0.00
RTK 2025/2026	1/01/26-06/30/26	8,787.50
RTK 2026/2027	7/01/26-12/31/26	8,787.50
HCIA	1/01/26-12/31/26	195,710.00
COUNTY	1/01/26-12/31/26	1,906,267.00
ERHC	1/1/26-12/31/26	99,468.00
W.O - H.O Agreement	1/1/26-12/31/26	20,000.00
Bayonne 2025/2026	1/01/26-06/30/26	2,100.00
Bayonne 2026/2027	7/01/26-12/31/26	2,100.00

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

East Newark 2025/2026	1/01/26-11/30/26	0.00
East Newark 2026/2027	12/01/26-12/31/26	0.00
Guttenberg 2025/2026	1/01/26-11/30/26	1,100.00
Guttenberg 2026/2027	12/01/26-12/31/26	100.00
Harrison 2025/2026	1/01/26-07/31/26	1,400.00
Harrison 2026/2027	8/01/26-12/31/26	1,000.00
Hoboken 2025/2026	1/01/26-05/31/26	250.00
Hoboken 2026/2027	6/01/26-12/31/26	350.00
Kearny 2025/2026	1/01/26-02/28/26	500.00
Kearny 2026/2027	3/01/26-12/31/26	2,500.00
N. Bergen 2025/2026	1/01/26-05/31/26	750.00
N. Bergen 2026/2027	6/01/26-12/31/26	1,050.00
Secaucus 2025/2026	1/1/26-09/30/26	1,800.00
Secaucus 2026/2027	10/01/26-12/31/26	600.00
Union City 2025/2026	1/1/26-02/28/26	800.00
Union City 2026/2027	3/1/26-12/31/26	4,000.00
Wewhawken 2025/2026	1/01/26-11/30/26	1,650.00
Wewhawken 2026/2027	12/1/2026-12/31/26	150.00
West New York 2025/2026	1/1/26-1/31/26	200.00
West New York 2026/2027	2/1/26-12/31/26	2,200.00
RESERVE	1/1/26-12/31/26	229,857.00
DEFERRED REVENUE R&C	1/1/26-12/31/26	325,000.00
MISC. REVENUE	1/1/26-12/31/26	237,275.00
HRHC EQEF	1/1/26-12/31/26	0.00
HRHC LOCAL ENFORCEMENT PENALTY	1/1/26-12/31/26	0.00
HCIA EQEF RESEVE	1/1/26-12/31/26	0.00
STATE LEAD GRANT 2025/2026	1/1/26-6/30/26	195,545.00
STATE LEAD GRANT 2026/2027	07/01/26-12/31/26	0.00
NJJACCHO 2025/2026	1/01/26-06/30/26	0.00
NJJACCHO 2026/2027	07/01/26-12/31/26	0.00
COUNTY SLF	1/1/26-12/31/26	0.00
CDC-BASE 2025/2026	1/1/26-6/30/26	79,408.00
CDC-CRI 2025/2026	1/1/26-6/30/26	64,817.00
CDC-BASE 2026/2027	07/01/26-12/31/26	0.00
CDC-CRI 2026/2027	07/01/26-12/31/26	0.00
CHIF GRANT 2025/2026	1/01/26-6/30/26	0.00
CHIF GRANT 2026/2027	07/01/26-12/31/26	0.00
SLPH 2025/2026	1/01/26-6/30/26	21,267.00
SLPH 2026/2027	07/01/26-12/31/26	0.00
NJIT Mosquito Novel Optical Se Grant 2026-2027	07/01/26-12/31/26	23,463.00
TOTAL		<u>3,960,224.00</u>

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 13 – Equipment Loan- State of NJ Dept. of Health & Senior Svcs.

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

Note 14 – 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, 2025

Note 14 – 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, 2024 were \$4,838,833,875 and \$12,914,432,673, 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, 2023 through June 30, 2024. 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.

Net OPEB Liability – The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, which was rolled forward to June 30, 2024. 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:

Discount Rate:	3.93%	
Salary Increases*:		
Public Employees' Retirement System (PERS) Rate for all Future Years	2.75% to 6.55%	Based on years of service
Police and Firemen's Retirement System (PFRS) Rate for all future years	3.25% to 16.25%	Based on years of service
Mortality:		
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	
PFRS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021	

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

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 14 – Postemployment Benefits Other Than Pensions (Cont.)

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, 2024 was \$7,160,388. The Commission's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2024, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. 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, 2024, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.039990%, which was an decrease of 0.003859% from its proportion measured as of June 30, 2024.

For the fiscal year ended June 30, 2024, the State of New Jersey recognized an OPEB (benefit) expense in the amount of \$244,687 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, 2024 measurement date.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2019 to June 30, 2021

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

Health Care Trend Assumptions — For pre-Medicare medical benefits, the trend rate is initially 7.5% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits PPO, the trend is increasing to 22.62% in the fiscal year 2027 and decreases to 4.5% in fiscal year 2034. For HMO, the trend is increasing to 23.58% in fiscal year 2027 and decreases to 4.5% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.75% decreasing to a 4.5% long-term trend rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate – The discount rate for June 30, 2024 was 3.93%. 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, 2024, 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:

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 14 – Postemployment Benefits Other Than Pensions (Cont.)

	At 1% Decrease (2.93%)	At Discount Rate (3.93%)	At 1% Increase (4.93%)
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$8,341,080	\$7,160,388	\$6,214,758
State of New Jersey's Total Non-employer OPEB Liability	\$20,857,914,273	\$17,905,445,505	\$15,540,780,410

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

The following presents the net OPEB liability as of June 30, 2025, 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	\$6,056,226	\$7,160,388	\$8,580,029
State of New Jersey's Total Non-employer OPEB Liability	\$15,144,352,142	\$17,905,445,505	\$21,455,435,620

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2024:

Collective Balances at December 31, 2024 and December 31, 2023

	<u>December 31, 2024</u> <u>June 30, 2024</u>	<u>December 31, 2023</u> <u>June 30, 2023</u>
Actuarial Valuation Date (including roll forward)		
Collective Deferred Outflows of Resources	\$3,900,235,821	\$2,635,943,069
Collective Deferred Inflows of Resources	6,014,094,455	8,319,630,219
Collective Net OPEB Liability	17,905,445,505	15,006,539,477
Commission's Portion	0.039900%	0.039900%

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:

HUDSON REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

Note 14 – Postemployment Benefits Other Than Pensions (Cont.)

Year Ending June 30:	
2025	\$ (1,123,975,872)
2026	(483,903,543)
2027	(83,156,324)
2028	(443,334,965)
2029	<u>(282,447,899)</u>
Thereafter	<u>302,959,969</u>
	<u>\$ (2,113,858,634)</u>

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 7.89, 7.89, 7.82, 7.82, 7.87, 8.05, 8.14 and 8.04 for the years for the 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

Plan Membership

At June 30, 2024, the Program membership consisted of the following:

	<u>June 30, 2024</u>
Active Plan Members	60,691
Retirees Currently Receiving Benefits	<u>28,899</u>
Total Plan Members	<u>89,590</u>

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2024 (measurement date June 30, 2024) is as follows:

Service Cost	\$ 545,086,159
Interest on the Total OPEB Liability	554,448,470
Change of Benefit Terms	107,670,542
Differences Between Expected and Actual Experience	408,491,660
Changes of Assumptions	1,735,990,164
Contributions From the Employer	(399,436,504)
Contributions From Non-Employer Contributing Entity	(62,827,411)
Net Investment Income	(1,636,336)
Administrative Expense	<u>11,119,284</u>
Net Change in Total OPEB Liability	(2,898,906,028)
Total OPEB Liability (Beginning)	<u>17,905,445,505</u>
Total OPEB Liability (Ending)	<u>\$ 17,905,445,505</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, 2025

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)

Note 16 – Contract with County of Hudson

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 17 – 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, 2025

Note 18 – CEHA Performance Audit

On September 20, 2024 a performance audit of the County Environmental Act (CEHA) activities of the Hudson Regional Health Commission for the fiscal years 2021, 2022, and 2023 contracts were conducted by the Bureau of Local Environmental Management & Right to Know Program. The fiscal year 2021, 2022, and 2023 contracts were successfully closed out with all of the contractual obligations meet.

Note 19 – 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 January 1, 2023 to December 31, 2023.

The Cost for these services shall not exceed \$1,625,000, to be billed at the normal rates of the Commission. Funds shall be disbursed pursuant to the Cares Act.

Note 19 – Memorandum of Understanding Between the County of Hudson & the Hudson Regional Health Commission (Cont.)

An Indemnification Agreement was made on February 24, 2022 between the County of Hudson and the Commission.

Note 20 – Service Agreement Essex Regional Health Commission

On July 1, 2024, the Commission entered into an agreement with Essex Regional Health Commission (Essex) to provide IT services. This agreement has been renewed annually. The term of the current agreement is from July 1, 2024 to June 30, 2025, unless terminated by either party. Essex shall pay the Commission \$120.00 per hour for a maximum not to exceed \$12,000.00.

Note 21 – Other Matters

In January of 2026, an incident was discovered regarding a misappropriation of checks mailed to the Agency for municipal assessments, registrations and penalty fees. These checks amounted to approximately \$18,658 and related to the 2025 and prior years revenue cycle. An insurance claim for the loss has been submitted and the incident remains under further investigation.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2025**

<u>Category</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u> (See Note A)
<u>Personnel</u>			
Salaries	\$ 1,617,024	\$ 1,567,424	\$ 1,564,338
Overtime	22,000	22,000	20,639
Overtime Idling	15,283	14,981	14,981
On Call	14,000	14,000	10,960
Temporary	26,000	33,100	33,076
Payroll Taxes-FICA	122,894	117,894	117,217
Payroll Taxes-SUI	10,695	8,195	8,185
Health Benefits	255,755	255,755	255,181
Dental Benefits	14,552	14,552	13,675
Retiree Benefit	104,915	104,915	104,603
Workers Comp	21,000	16,200	16,164
P.E.R.S.	257,026	261,370	260,571
Accrued Absences	-	-	6,912
Total	<u>\$ 2,481,144</u>	<u>\$ 2,430,386</u>	<u>\$ 2,426,502</u>
<u>Grant Programs (*Inclusive of P/R)</u>			
HCIA EQEF RESERVE	\$ -	\$ 3,785	\$ -
STATE LEAD GRANT 2024/2025	206,959	206,959	206,960
STATE LEAD GRANT 2025/2026	195,545	190,249	190,248
NJACCHO 2024/2025	63,386	63,386	63,386
NJACCHO 2025/2026	81,338	26,896	26,895
CDC-BASE 2024/2025	113,321	113,321	113,321
CDC-BASE 2025/2026	79,408	108,499	108,499
CDC-CRI 2024/2025	64,818	64,818	64,818
CDC-CRI 2025/2026	64,817	64,816	64,816
CHIF GRANT 2024/2025	983,152	582,954	582,956
CHIF GRANT 2025/2026	1,687,031	736,417	736,417
MRC GRANT 2024/2025	32,171	32,171	32,171
SLPH GRANT 2024/2025	37,918	37,918	37,918
SLPH GRANT 2025/2026	21,267	20,561	20,561
UASI MORRIS COUNTY	2,326	2,326	2,325
COUNTY SLF 2024	231,285	70,170	70,170
STATE SLF 2024	28,041	28,041	28,042
YEAST ENCAPSULATED ESSENTIAL OIL LARVICII	-	10,000	10,000
Total	<u>\$ 3,892,783</u>	<u>\$ 2,363,287</u>	<u>\$ 2,359,503</u>
<u>Office</u>			
Office Supplies	\$ 25,000	\$ 25,000	\$ 15,987
Postage	8,500	13,650	13,634
Copier Lease	3,500	3,500	278
Publication/Subscriptions	13,000	13,000	12,036
Legal Advertisement	2,500	2,500	846
Office/Computer Equipment	40,000	40,000	-
Computer Software	5,000	5,000	-
Total	<u>\$ 97,500</u>	<u>\$ 102,650</u>	<u>\$ 42,781</u>
<u>Travel</u>			
Conventions/ Meetings	\$ 6,000	\$ 6,000	\$ 2,253
Auto Maintenance	19,500	19,500	13,646
Gasoline	25,000	25,000	21,153
Mileage Reimbursement	800	900	873
Total	<u>\$ 51,300</u>	<u>\$ 51,400</u>	<u>\$ 37,924</u>
<u>Contractual</u>			
Insurance/ Risk Mgmt Consultant	\$ 61,588	\$ 61,588	\$ 61,490
Auditor	27,120	37,650	37,650
Legal	24,000	24,000	23,480
Payroll Service	3,200	3,200	2,754
Weather/Emergency Operations	1,500	1,500	1,500
IT Consultant	116,688	116,688	66,258
Total	<u>\$ 234,096</u>	<u>\$ 244,626</u>	<u>\$ 193,131</u>
<u>Equipment</u>			
General Supplies	\$ 32,000	\$ 32,000	\$ 20,353
Equipment	40,000	40,000	3,150
Equipment Maintenance	15,900	17,400	17,361
Vehicle	41,000	41,000	47,652
Total	<u>\$ 128,900</u>	<u>\$ 130,400</u>	<u>\$ 88,516</u>
<u>Other</u>			
Training	\$ 12,000	\$ 12,000	\$ 6,494
Communication	19,800	19,800	10,155
Medical Surveillance	4,000	4,000	-
Laboratory	3,000	3,000	707
Commission Meeting	2,300	2,860	2,859
Bank Fees	700	700	347
Miscellaneous	17,017	17,017	8,290
Membership/ License	6,000	6,000	4,871
Reserve for Emergency Operation	40,000	40,000	-
Moving Expenses	7,000	7,000	-
Record Destruction	1,500	1,500	212
Record Scanning	50,000	50,000	8,190
Total	<u>\$ 163,317</u>	<u>\$ 163,877</u>	<u>\$ 42,123</u>
Total Expenditures	<u>\$ 7,049,040</u>	<u>\$ 5,486,626</u>	<u>\$ 5,190,479</u>

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
DECEMBER 31, 2025

	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 2024/2025	7,533	7,533	7,533
CEHA/NJDEP/IDLING 2025/2026	7,750	7,373	7,373
RTK	17,575	17,575	17,575
HCIA	190,010	190,010	190,010
COUNTY	1,868,889	1,868,889	1,868,889
ESSEX REGIONAL HEALTH COMMISSION	113,371	112,458	112,458
W.O-H.O. Agreement	20,000	20,000	20,000
EBL: Bayonne	4,200	4,800	4,800
East Newark	-	-	-
Guttenberg	1,200	-	-
Harrison	2,400	2,400	2,400
Hoboken	600	600	600
Kearny	3,000	1,200	1,200
North Bergen	1,800	2,400	2,400
Secaucus	2,400	600	600
Union City	4,800	6,000	6,000
Weehawken	1,800	1,800	1,800
West New York	2,400	4,800	4,800
RESERVE	-	-	-
DEFERRED REVENUE R&C	89,154	98,176	695,360
MISCELLANEOUS REVENUE	237,275	191,835	198,167
HRHC EQEF	64,493	65,000	65,000
HRHC LOCAL PENALTY	3,385	7,668	7,669
HCIA EQEF RESERVE	-	3,785	2,996
STATE LEAD GRANT 2024/2025	206,959	206,959	206,959
STATE LEAD GRANT 2025/2026	195,545	190,249	190,249
NJACCHO 2024/2025	63,386	63,386	63,385
NJACCHO 2025/2026	81,338	26,896	26,896
CDC-BASE 2024/2025	113,321	113,321	113,320
CDC-BASE 2025/2026	79,408	108,499	108,499
CDC-CRI 2024/2025	64,818	64,818	64,818
CDC-CRI 2025/2026	64,817	64,816	64,816
CHIF GRANT 2024/2025	983,152	582,954	582,954
CHIF GRANT 2025/2026	1,687,031	736,417	736,417
MRC GRANT 2024/2025	32,171	32,171	32,171
MRC GRANT 2025/2026	-	-	-
SLPH GRANT 2024/2025	37,918	37,918	37,918
SLPH GRANT 2025/2026	21,267	20,561	20,561
UASI MORRIS COUNTY	2,326	2,326	2,325
COUNTY SLF 2024	231,285	70,170	70,170
STATE SLF 2024	28,041	28,041	28,041
YEAST ENCAPSULATED ESSENTIAL OIL LA	-	10,000	10,000
UASI EQUIPMENT AGREEMENT 2024	-	-	-
TOTAL	<u>\$ 7,049,040</u>	<u>\$ 5,486,626</u>	<u>\$ 6,089,351</u>
Excess Revenues/ Expenditures			<u>\$ 898,872</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION - GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

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	\$ 6,089,351
Difference - budget to GAAP: Adjustment for PERS and OPEB not included in budget	<u>363,844</u>
 Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/ Statement of Activities	 <u><u>\$ 6,453,195</u></u>
<u>Uses/Outflows of Resources</u>	
Actual Amounts (budgetary Basis) "total charges to appropriations" from Budgetary Comparison Schedule	\$ 5,190,479
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	 <u>122,001</u>
 Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities	 <u><u>\$ 5,312,480</u></u>

See accompanying notes to financial statements.

SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Commission's Contractually Required Contribution	\$ 438,165	\$ 442,627	\$ 441,776	\$ 380,690	\$ 304,860	\$ 301,799	\$ 260,536	\$ 269,286	\$ 239,125
Commission's in Relation to the Contractually Required Contribution	438,165	442,627	441,776	380,690	304,860	301,799	260,536	269,286	239,125
Commission's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 2,678,736	\$ 2,586,988	\$ 2,384,014	\$ 2,224,856	\$ 1,907,696	\$ 1,938,161	\$ 1,903,386	\$ 1,897,989	\$ 1,788,102
Contributions as a Percentage of Covered Payroll	16.36%	17.11%	18.53%	17.11%	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
Asset Valuation Method
Investment Rate of Return
Retirement Age
Mortality

Entry age - Level % of Salary
Market value of assets
7.00%, compounded annually
60
PUB-2016 General Below-Median Income Employee mortality table with fully
generation mortality improvement projections from the central year using Scale MP-2026

Notes to Schedule:

Valuation Date
Timing
Actuarial Cost Method
Amortization Method
Remaining Amortization Period
Asset Valuation Method
Investment Rate of Return
Salary Increases

July 1, 2023
Actuarial determined contributions are calculated as of the July 1 preceding the fiscal year in which contributions are made
Projected Unit Credit
Level Dollar
26 years
5-year smoothing of difference between market value and expected actuarial value
7.00%
Service-based rates scaling from 6.55% at enrollment to 2.75% at 28 or more years of services

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Commission's Percentage of Collective Net Pension Liability	0.032060%	0.032529%	0.033054%	0.030188%	0.026032%	0.027588%	0.026785%	0.027027%	0.025813%
Commission's Portion of Net Pension Liability	<u>\$ 3,943,033</u>	<u>\$ 4,420,038</u>	<u>\$ 4,787,668</u>	<u>\$ 4,555,842</u>	<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>\$ 2,678,736</u>	<u>\$ 2,586,988</u>	<u>\$ 2,384,014</u>	<u>\$ 2,224,856</u>	<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	147.20%	170.86%	200.82%	204.77%	161.65%	232.12%	253.56%	280.85%	336.04%
Plan Fiduciary Net Position as a % of Total Pension Liability	0.00%	51.27%	48.45%	46.41%	51.52%	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 SIX FISCAL YEARS***

<u>Schedule of Proportionate Share of Net OPEB Liability</u>	2024	2023	2022	2021	2020	2019
Commission's Percentage of the Net OPEB Liability	0.00%	0.00%	0.00%	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	7,160,388	6,580,217	5,471,644	4,994,722	3,633,869	4,235,784
Total	\$ 7,160,388	\$ 6,580,217	\$ 5,471,644	\$ 4,994,722	\$ 3,633,869	\$ 4,235,784
Commission's Covered Employee Payroll	\$ 2,083,189	\$ 2,361,378	\$ 1,776,755	\$ 1,389,275	\$ 1,307,229	\$ 1,298,227
Commission's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.89%	-0.79%	-0.36%	0.28%	0.90%	2.00%

*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, 2025
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	3.93%
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-2021

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS CONTRACTS RECEIVABLE
DECEMBER 31, 2025**

NJ Dept. of Environmental Protection (CEHA)	\$ 105,408
NJ Dept. of Environmental Protection (USEPA)	48,146
CHIF Grant	1,687,134
Hudson County	467,222
ERHC	1,632
NJ Dept. of Health (County Right to Know)	13,181
NJ Dept. of Health Lead Contracts	295,781
NJ Dept. of Health CDC	264,175
NJACCHO	68,198
SLPH	32,246
County SLF	19,118
State SLF	<u>10,000</u>
Total	<u><u>\$ 3,012,241</u></u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2025**

Bayonne	\$ 600
East Newark	329
Guttenberg	715
Harrison	2,465
Hoboken	4,176
Jersey City	21,986
North Bergen	4,617
Union City	3,000
Weehawken	2,639
West New York	<u>1,200</u>
Total	<u><u>\$ 41,727</u></u>

**HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2025**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Award Dates	Award Amount	Expenditures 2025		
					From Pass- Through Awards	From Direct Awards	Total
United States Department of Agriculture	Animal Care	10.025	1/1/2025	<u>\$ 28,042</u>	<u>\$ -</u>	<u>\$ 28,042</u>	<u>\$ 28,042</u>
Department of the Treasury							
(via NJ Department of Health)	Coronavirus State and Local Fiscal Recovery	21.027	07/1/24-06/30/25 07/1/25-06/30/26	<u>\$ 582,954</u> <u>736,417</u>	<u>\$ 582,954</u> <u>736,417</u>	<u>\$ -</u> <u>-</u>	<u>\$ 582,954</u> <u>736,417</u>
				<u>\$1,319,371</u>	<u>\$1,319,371</u>	<u>\$ -</u>	<u>\$1,319,371</u>
Total Department of the Treasury				<u>\$1,347,413</u>	<u>\$1,319,371</u>	<u>\$ 28,042</u>	<u>\$1,347,413</u>
US Environmental Protection Agency	Performance Partnership Grant	66.605	07/01/24-06/30/25 07/01/25-06/30/26	<u>\$ 48,146</u> <u>48,146</u>	<u>\$ -</u> <u>-</u>	<u>\$ 48,146</u> <u>48,146</u>	<u>\$ 48,146</u> <u>48,146</u>
Total US Environmental Protection Agency				<u>\$ 96,292</u>	<u>\$ -</u>	<u>\$ 96,292</u>	<u>\$ 96,292</u>
Department of Health and Human Services							
(via NJ Association of County & City Health Officials)	Medical Reserve Corps Small Grant Program Plant and Animal Disease, Pest Control	93.008	07/01/24-06/30/25	<u>\$ 32,171</u>	<u>\$ 32,171</u>	<u>\$ -</u>	<u>\$ 32,171</u>
(via NJ Department of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.069 93.069	07/01/24-6/30/25 07/01/25-6/30/26	<u>\$ 178,138</u> <u>173,316</u>	<u>\$ 178,138</u> <u>173,315</u>	<u>\$ -</u> <u>-</u>	<u>\$ 178,138</u> <u>173,315</u>
				<u>\$ 351,454</u>	<u>\$ 351,453</u>	<u>\$ -</u>	<u>\$ 351,453</u>
(via NJ Department of Health)	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) NJACCHO	93.323 93.323	07/01/24-06/30/25 07/01/25-06/30/26	<u>\$ 63,386</u> <u>26,896</u>	<u>\$ 63,386</u> <u>26,895</u>	<u>\$ -</u> <u>-</u>	<u>\$ 63,386</u> <u>26,895</u>
				<u>\$ 90,282</u>	<u>\$ 90,281</u>	<u>\$ -</u>	<u>\$ 90,281</u>
(via NJ Department of Health)	Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967 93.967	07/01/24-6/30/25 07/01/25-6/30/26	<u>\$ 37,918</u> <u>20,561</u>	<u>\$ 37,918</u> <u>20,561</u>	<u>\$ -</u> <u>-</u>	<u>\$ 37,918</u> <u>20,561</u>
				<u>\$ 58,479</u>	<u>\$ 58,479</u>	<u>\$ -</u>	<u>\$ 58,479</u>
Total Department of Health and Human Services				<u>\$ 532,386</u>	<u>\$ 532,384</u>	<u>\$ -</u>	<u>\$ 532,384</u>
Department of Homeland Security							
(via Federal Emergency Management Agency)	Homeland Security Grant Program	97.067	1/1/2025	<u>\$ 2,326</u>	<u>\$ 2,326</u>	<u>\$ -</u>	<u>\$ 2,326</u>
Total Federal Agency				<u>\$1,978,417</u>	<u>\$1,854,081</u>	<u>\$124,334</u>	<u>\$1,978,415</u>
State Agency and Other Awards							
NJ Dept Environmental Protection	CEHA		07/01/24-06/30/25 07/01/25-06/30/26	<u>\$ 105,568</u> <u>105,408</u>	<u>\$ 105,568</u> <u>105,408</u>	<u>\$ -</u> <u>-</u>	<u>\$ 105,568</u> <u>105,408</u>
Total NJ Dept of Environmental Protection				<u>\$ 210,976</u>	<u>\$ 210,976</u>	<u>\$ -</u>	<u>\$ 210,976</u>
NJ Department of Health	Childhood Lead Grant		07/01/24-06/30/25 07/01/25-06/30/26	<u>\$ 206,959</u> <u>190,249</u>	<u>\$ -</u> <u>-</u>	<u>\$ 206,959</u> <u>190,249</u>	<u>\$ 206,959</u> <u>190,249</u>
				<u>\$ 397,208</u>	<u>\$ -</u>	<u>\$ 397,208</u>	<u>\$ 397,208</u>
Right to Know			07/01/24-06/30/25 07/01/25-06/30/26	<u>\$ 8,788</u> <u>8,787</u>	<u>\$ -</u> <u>-</u>	<u>\$ 8,788</u> <u>8,787</u>	<u>\$ 8,788</u> <u>8,787</u>
Total Right to Know				<u>\$ 17,575</u>	<u>\$ -</u>	<u>\$ 17,575</u>	<u>\$ 17,575</u>
Total State Agency and Other Awards				<u>\$ 625,759</u>	<u>\$ -</u>	<u>\$ 207,824</u>	<u>\$ 418,800</u>
Total Federal, State and Other Awards				<u>\$2,604,176</u>	<u>\$1,854,081</u>	<u>\$332,158</u>	<u>\$2,397,215</u>

**Hudson Regional Health Commission
Schedule of Expenditures of Federal Awards
And State and Local Financial Assistance
For the Year Ended December 31, 2025**

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, 2025. 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
2024 STATE SPOTTED LANTERNFLY PROGRAM
YEAR ENDED DECEMBER 31, 2025**

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Sub-Contract Period</u>					
1/1/24-12/31/25	<u>\$ 50,000</u>	<u>\$ 21,959</u>	<u>\$ 28,042</u>	<u>\$ 50,001</u>	<u>\$ -</u>
CFDA 10.025					

See accompanying notes to financial statements.

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH SENIOR SERVICES
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
GRANT #OLPH24CHI018
AGREEMENT 07/01/23 - 06/30/26
DECEMBER 31, 2025

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 07/1/24-6/30/25</u>					
<u>Categories</u>					
Salaries & Wages	\$ 1,254,017	\$ 64,355	\$ 358,911	\$ 423,266	\$ -
Fringe Benefits	439,889	6,596	137,564	144,160	-
Total	<u>\$ 1,693,906</u>	<u>\$ 70,951</u>	<u>\$ 496,475</u>	<u>\$ 567,426</u>	<u>\$ -</u>
<u>Other</u>					
Professional Service	\$ 46,967	\$ 1,861	\$ 12,016	\$ 13,877	\$ -
Facility	133,606	22,656	27,163	49,819	-
Supplies	145,298	-	19,313	19,313	-
Travel	7,920	-	5,864	5,864	-
Equipment	-	-	-	-	-
Training	12,005	-	-	-	-
Other	1,075,417	304,628	22,123	326,751	-
Total	<u>\$ 1,421,213</u>	<u>\$ 329,145</u>	<u>\$ 86,479</u>	<u>\$ 415,624</u>	<u>\$ -</u>
Total Costs	<u>\$ 3,115,119</u>	<u>\$ 400,096</u>	<u>\$ 582,954</u>	<u>\$ 983,050</u>	<u>\$ -</u>
	<u>Budget</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>	
<u>Term 07/1/25-6/30/26</u>					
<u>Categories</u>					
Salaries & Wages	\$ 1,308,930	\$ 361,422	\$ 361,422	\$ -	
Fringe Benefits	442,382	137,405	137,405	-	
Total	<u>\$ 1,751,312</u>	<u>\$ 498,827</u>	<u>\$ 498,827</u>	<u>\$ -</u>	
<u>Other</u>					
Professional Service	\$ 17,427	\$ 1,776	\$ 1,776	\$ -	
Facility	138,420	31,386	31,386	-	
Supplies	66,500	43,874	43,874	-	
Travel	12,108	1,963	1,963	-	
Equipment	-	-	-	-	
Training	11,925	-	-	-	
Other	1,117,427	158,591	158,591	-	
Total	<u>\$ 1,363,807</u>	<u>\$ 237,590</u>	<u>\$ 237,590</u>	<u>\$ -</u>	
Total Costs	<u>\$ 3,115,119</u>	<u>\$ 736,417</u>	<u>\$ 736,417</u>	<u>\$ -</u>	

HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT, SEC 105
CEHA2025-00014
DECEMBER 31, 2025

	Final Approved Budget	Expended 2024	Expended 2025	Total Expenditures	Questioned Costs
<u>Project Period 7/1/24- 6/30/25</u>	<u>\$ 96,292</u>	<u>\$ 48,146</u>	<u>\$ 48,146</u>	<u>\$ 96,292</u>	<u>\$ -</u>

HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
AIR POLLUTION CONTROL PROGRAM SUPPORT
CLEAN AIR ACCT, SEC 105
CEHA2026-00016
DECEMBER 31, 2025

	Final Approved Budget	Expended 2025	Total Expenditures	Questioned Costs
<u>Project Period 7/1/25- 6/30/26</u>	<u>\$ 96,292</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
Medical Reserve Corps (MRC) Units
PHLP24MRC005
DECEMBER 2025

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 6/1/24 - 5/31/25</u>					
Program Expense & Related Costs	<u>\$ 34,700</u>	<u>\$ 1,953</u>	<u>\$ 32,171</u>	<u>\$ 34,124</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
PHILEP (LINCS AGENCIES)
PHLP25LNC019
DECEMBER 2025**

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/24 - 6/30/25</u>					
<u>Personnel Costs</u>					
Salaries & Wages	\$ 236,222	\$ 116,837	\$ 119,385	\$ 236,222	\$ -
Fringe Benefits	95,659	46,100	49,305	95,405	-
Consultant/ Professional Services	9,104	5,306	3,798	9,104	-
<u>Other Cost Categories</u>					
Program Expense & Related Costs	5,822	2,899	2,678	5,577	-
Supplies	1,988	-	1,988	1,988	-
Travel	1,641	657	984	1,641	-
Total	<u>\$ 350,436</u>	<u>\$ 171,799</u>	<u>\$ 178,138</u>	<u>\$ 349,937</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH & SENIOR SERVICES
DPREMS (LINCS AGENCIES)
DPRE26LNC010
DECEMBER 2025**

	<u>Budget</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/25 - 6/30/26</u>				
<u>Personnel Costs</u>				
Salaries & Wages	\$ 240,107	\$ 119,846	\$ 119,846	\$ -
Fringe Benefits	99,619	48,125	48,125	-
Consultant/ Professional Services	3,504	1,752	1,752	-
<u>Other Cost Categories</u>				
Program Expense & Related Costs	5,489	2,911	2,911	-
Supplies	-	-	-	-
Travel	1,717	681	681	-
Total	<u>\$ 350,436</u>	<u>\$ 173,315</u>	<u>\$ 173,315</u>	<u>\$ -</u>

HUDSON REGIONAL HEALTH COMMISSION
NEW JERSEY ASSOCIATION OF COUNTY AND CITY OFFICIALS (NJACCHO)
Sustaining Local Public Health Infrastructure Grant
GRANT #OLPH25PHI001
AGREEMENT 07/01/2024 - 03/31/2026

	Budget	Expended 2024	Expended 2025	Total Expenditures	Questioned Costs
<u>Term 7/1/24 - 6/30/25</u>					
Salaries & Wages	\$ 114,035	\$ 33,751	\$ 34,920	\$ 68,671	\$ -
Fringe Benefits	38,931	11,048	11,778	22,826	-
Equipment	-	-	-	-	-
Facility Costs	-	-	-	-	-
Professional Service Agreements	7,930	-	1,708	1,708	-
Supplies	7,194	2,349	1,510	3,859	-
Training	8,870	-	6,004	6,004	-
Travel	6,140	-	1,861	1,861	-
Other	9,900	1,129	5,604	6,733	-
Indirect Cost	-	-	-	-	-
	<u>\$ 193,000</u>	<u>\$ 48,277</u>	<u>\$ 63,386</u>	<u>\$ 111,662</u>	<u>\$ -</u>

	Budget	Expended 2025	Total Expenditures	Questioned Costs
<u>Term 7/1/25 - 3/31/26</u>				
Salaries & Wages	\$ 114,035	\$ 14,778	\$ 14,778	\$ -
Fringe Benefits	38,931	4,553	4,553	-
Equipment	-	-	-	-
Facility Costs	-	-	-	-
Professional Service Agreements	7,930	2,504	2,504	-
Supplies	7,194	-	-	-
Training	8,870	1,705	1,705	-
Travel	6,140	2,625	2,625	-
Other	9,900	731	731	-
Indirect Cost	-	-	-	-
	<u>\$ 193,000</u>	<u>\$ 26,895</u>	<u>\$ 26,895</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH
Strengthening Local Public Health Capacity Program 2025
OLPH25PHC030
DECEMBER 2025**

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/24-6/30/25</u>					
Salaries & Wages	\$ 29,199	\$ 5,128	\$ 24,071	\$ 29,199	\$ -
Fringe Benefits	11,805	1,299	10,506	11,805	-
Consultants/Professional	452	226	226	452	-
Equipment	-	-	-	-	-
Supplies	-	-	-	-	-
Travel	556	353	203	556	-
Training	-	-	-	-	-
Other	3,190	278	2,912	3,190	-
	<u>\$ 45,202</u>	<u>\$ 7,284</u>	<u>\$ 37,918</u>	<u>\$ 45,202</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH
Strengthening Local Public Health Capacity Program 2026
OLPH26PHC006
DECEMBER 2025**

	<u>Budget</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/25-6/30/26</u>				
Salaries & Wages	\$ 29,211	\$ 14,462	\$ 14,462	\$ -
Fringe Benefits	11,679	5,639	5,639	-
Consultants/Professional	425	212	212	-
Equipment	-	-	-	-
Supplies	-	-	-	-
Travel	665	10	10	-
Training	-	-	-	-
Other	554	238	238	-
	<u>\$ 42,534</u>	<u>\$ 20,561</u>	<u>\$ 20,561</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
CEHA202-00014
DECEMBER 31, 2025**

	Final Approved Budget	Expended 2024	Expended 2025	Total Expenditures	Questioned Costs
<u>Term 7/1/24- 6/30/25</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	16,500	8,967	7,533	16,500	-
Pesticides	8,470	4,235	4,235	8,470	-
Total	<u>\$ 212,570</u>	<u>\$ 107,002</u>	<u>\$ 105,568</u>	<u>\$ 212,570</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPARTMENT OF ENVIRONMENTAL PROTECTION
CEHA2026-00016
DECEMBER 31, 2025**

	Final Approved Budget	Expended 2025	Total Expenditures	Questioned Costs
<u>Term 7/1/25- 6/30/26</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	15,500	7,373	7,373	-
Pesticides	8,470	4,235	4,235	-
Total	<u>\$ 211,570</u>	<u>\$ 105,408</u>	<u>\$ 105,408</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2025
GRANT #OLPH25CLP012
DECEMBER 31, 2025**

	<u>Budget</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/24-6/30/25</u>					
Salaries & Wages	\$ 274,245	\$ 136,444	\$ 137,801	\$ 274,245	\$ -
Fringe Benefits	120,735	58,825	61,910	120,735	-
Consultants/Professional	3,110	1,690	1,420	3,110	-
Equipment	37,675	37,675	-	37,675	-
Supplies	7,879	4,726	3,153	7,879	-
Travel	2,690	1,424	1,266	2,690	-
Training	330	-	330	330	-
Other	2,087	1,008	1,079	2,087	-
	<u>\$ 448,751</u>	<u>\$ 241,792</u>	<u>\$ 206,959</u>	<u>\$ 448,751</u>	<u>\$ -</u>

**HUDSON REGIONAL HEALTH
NEW JERSEY DEPARTMENT OF HEALTH
CHILDHOOD LEAD 2026
GRANT #DLPH26CLP007
DECEMBER 31, 2025**

	<u>Budget</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Term 7/1/25-6/30/26</u>				
Salaries & Wages	\$ 254,705	\$ 126,092	\$ 126,092	\$ -
Fringe Benefits	121,544	55,576	55,576	-
Consultants/Professional	3,163	1,582	1,582	-
Equipment	-	-	-	-
Supplies	6,181	4,382	4,382	-
Travel	2,829	1,467	1,467	-
Training	585	195	195	-
Other	2,082	955	955	-
	<u>\$ 391,089</u>	<u>\$ 190,249</u>	<u>\$ 190,249</u>	<u>\$ -</u>

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF EPIDEMIOLOGY, ENVIRONMENTAL & OCCUPATIONAL HEALTH
COUNTY RIGHT TO KNOW
GRANT EPID25RTK02L
DECEMBER 31, 2025

	<u>Final Budget</u>	<u>Expended 12/31/2024</u>	<u>Expended 6/30/2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
July 1, 2024 - June 30, 2025	<u>\$ 17,575</u>	<u>\$ 8,788</u>	<u>\$ 8,787</u>	<u>\$ 17,575</u>	<u>\$ -</u>

HUDSON REGIONAL HEALTH COMMISSION
NJ DEPARTMENT OF HEALTH AND SENIOR SERVICES
DIVISION OF EPIDEMIOLOGY, ENVIRONMENTAL & OCCUPATIONAL HEALTH
COUNTY RIGHT TO KNOW
GRANT EPID26RTK03L
DECEMBER 31, 2025

	<u>Final Budget</u>	<u>Expended 12/31/2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
July 1, 2025 - June 30, 2026	<u>\$ 17,575</u>	<u>\$ 8,788</u>	<u>\$ 8,788</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**HUDSON REGIONAL HEALTH COMMISSION
2023 COUNTY SPOTTED LANTERNFLY AGREEMENT
YEAR ENDED DECEMBER 31, 2025**

	<u>Budget</u>	<u>Expended 2023</u>	<u>Expended 2024</u>	<u>Expended 2025</u>	<u>Total Expenditures</u>	<u>Questioned Costs</u>
<u>Contract Period</u> 1/1/23-12/31/26	<u>\$ 385,000</u>	<u>\$ 128,270</u>	<u>\$ 25,445</u>	<u>\$ 70,170</u>	<u>\$ 223,885</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, 2025 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated September 14, 2026.

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

September 14, 2026



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, 2025. 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, 2025.

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.

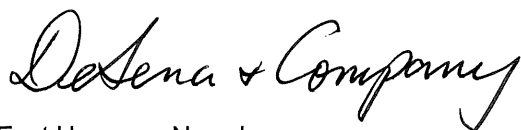
Report on Internal Control over Compliance

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
September 14, 2026

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 \$1,000,000
- E) Auditee qualified as low-risk auditee? __yes Xno __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>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

HUDSON REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2025

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

State Awards Section

- J) Dollar threshold used to determine Type A programs \$1,000,000
- 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, 2025

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, 2025

*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