

Financial Statements

Essex Regional Health Commission
For the Year Ended December 31, 2023

**ESSEX REGIONAL HEALTH COMMISSION
AUDIT REPORT
DECEMBER 31, 2023**

<u>CONTENTS</u>	<u>PAGE</u>
 <u>FINANCIAL STATEMENTS</u>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Funds Balance Sheet/Statement of Net Assets	12
Statement of Government Fund Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	13
Notes to Financial Statements	14-34
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedules	35-36
State of NJ – PERS-Local Employers Group Schedule of Contributions	37
State of NJ – PERS-Local Employers Group Proportionate Share of Net Pension Liability	38
State of NJ – State Health Benefits Local Gov't Proportionate Share of Net OPEB Liability	39
 <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Grants & Contracts Receivable	40
Schedule of Accounts Receivable Municipalities	41
Schedule of Federal and State Financial Assistance	42-42a
Schedules of Grant Expenditures, December 31, 2023	43-50
 <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	51
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	52-53
Schedule of Findings and Questioned Costs for the Year Ended December 31, 2023	54-57



INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Essex Regional Health Commission
Livingston, New Jersey 07039

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 Essex Regional Health Commission ("Commission") as of and for the year ended December 31, 2023 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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commission, as of December 31, 2023, and the respective changes in financial position, and, where applicable, thereof 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 [Name of Governmental Entity] 's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–11 and 35–36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2023 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



East Hanover, New Jersey

December 9, 2024

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED**

The discussion and analysis of the Essex Regional Health Commission financial performance provide an overall review of the Commission's financial activities for the year ended December 31, 2023. 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, 2023) and the prior year (December 31, 2022) is required to be presented in the MD&A.

Financial Highlights

Key Financial highlights for 2023 are as follows:

In the Commission Statements:

- General revenues accounted for \$932,156 in revenue or 56 percent of all revenues. Program specific revenues in the form of charges for services and operating grants accounted for \$728,553 or 44 percent of total revenues of \$1,667,386.
- Total assets of governmental activities decreased by \$90,270. Cash and cash equivalents increased by \$40,899. Capital assets increased by \$31,075.
- The Commission had \$1,810,391 in expenses; \$728,552 of these expenses were offset by program specific charges for services and operating grants. General expenses amounted to \$1,081,839.

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.

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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 as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" 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.

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED**

The summary of changes in net position shows changes in net position for fiscal year 2023. In accordance with GASB Statement 34, revenue and expense comparisons to year 2022 is presented:

<u>Summary of Changes in Net Position</u>				
	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Registrations	\$310,139	\$257,570	\$52,569	20%
Municipal	148,601	124,403	24,198	19%
County	147,947	148,346	(399)	0%
County (105 Grant)	69,428	69,428	-	0%
Interest	96,526	3,491	93,035	2665%
CHEA Fees - EQEF	51,968	28,245	23,723	84%
Public Health	57,200	-	57,200	100%
WO Generalist	57,025	32,381	24,644	76%
Public Health Activities	<u>728,552</u>	<u>842,284</u>	<u>(113,,732)</u>	(14)%
Total Revenues	<u>\$1,667,386</u>	<u>\$1,506,148</u>	<u>\$161,238</u>	
<u>Expenses</u>				
Personnel	\$791,412	\$559,290	\$232,122	42%
Contract	127,977	154,623	(26,646)	(17)%
Travel	16,067	16,621	(554)	(3)%
Office	21,892	9,085	12,807	141%
Other	3,054	9,138	(6,084)	(67)%
Equipment	39,186	1,288	37,898	2942
Public Health Activities	728,552	842,284	(113,732)	(14)%
WO Generalist	57,025	-	57,025	100%
Depreciation	20,109	16,858	3,251	19%
Assets Capitalized Interest & Amortization Expense	-	(12,495)	12,495	(100)%
	<u>5,117</u>	<u>2,132</u>	<u>2,985</u>	100%
Total Expenses	<u>\$1,810,391</u>	<u>\$1,598,824</u>	<u>\$211,567</u>	
Change in Net Position	\$(143,005)	\$(92,676)	\$(50,329)	54%
Beginning Net Position	1,831,269	1,955,108	(123,839)	(6)%
Prior Period Adjustment Municipalities & County Prior Year	-	-	-	0%
	-	<u>(31,163)</u>	<u>31,163</u>	(100)%
Ending Net Positions	<u>\$1,688,264</u>	<u>\$1,831,269</u>	<u>\$(143,005)</u>	

Note - The Governmental activities decreased the Commission's net position by \$(143,005).

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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 2023. In accordance with GASB Statement 34, net position comparisons for the year 2022 are presented.

	<u>Summary Statement of Net Position</u>			
	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Assets</u>				
Current & Other	\$ 2,785,466	\$ 2,906,811	\$ (121,345)	(4)%
Capital Assets Net	89,189	58,114	31,075	53%
Total Assets	<u>\$ 2,874,655</u>	<u>\$ 2,964,925</u>	<u>\$ (90,270)</u>	
<u>Liabilities</u>				
Current Liabilities	\$ 145,321	\$ 103,376	\$ 41,945	41%
L/T Liabilities	110,654	-	110,654	100%
Unearned Registrations	930,417	1,030,280	(99,863)	(10)%
Total Liabilities	\$ 1,186,392	<u>\$ 1,133,656</u>	<u>\$ 52,736</u>	
<u>Net Position</u>				
Unassigned	\$ 1,458,442	\$ 1,639,124	\$ (178,632)	(11)%
Assigned	140,632	134,031	6,601	5%
Capital Assets	89,189	58,114	31,075	53%
Total Net Positions	<u>\$ 1,688,263</u>	<u>\$ 1,831,269</u>	<u>\$ (140,956)</u>	
Total Liabilities & Net Positions	<u>\$ 2,874,655</u>	<u>\$ 2,964,925</u>	<u>\$ (90,270)</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 \$(1,688,263).

The assigned position of the Commission's net position, represents net position that can be expended by authorization of the Board of Commissions.

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
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 2023 budgetary comparison:

	<u>Budgetary Comparison</u>		
	<u>Budget as Modified</u>	<u>Actual</u>	<u>Favorable (unfavorable)</u>
<u>Revenues</u>	<u>\$1,834,319</u>	<u>\$1,677,386</u>	<u>\$(156,933)</u>
<u>Expenditures</u>			
Personnel	\$718,100	\$705,762	\$12,338
Other Expenses	<u>1,116,219</u>	<u>1,084,520</u>	31,699
Total	<u>\$1,834,319</u>	<u>\$1,790,282</u>	<u>\$44,037</u>
Excess Revenues Over Expenditures	=	<u>\$(112,896)</u>	<u>\$(112,896)</u>

Capital Assets

At the end of December 31, 2023 the Commission had \$58,114 invested in capital assets. The schedule shows the year 2023 balance compared to 2022.

	<u>Capital Assets at December 31</u>	
	<u>2023</u>	<u>2022</u>
Automotive	\$99,124	\$68,975
Leasehold Improvements	50,657	50,657
Furniture & Fixtures	12,068	12,068
Equipment	144,727	144,727
Office Computer Equipment	234,937	213,902
Rounding	4	4
Total	<u>\$541,517</u>	<u>\$477,838</u>
Less Amortization & Depreciation	<u>(452,328)</u>	<u>(415,361)</u>
Net Book Value	<u>\$89,189</u>	<u>\$58,114</u>

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED**

Overall capital assets increased \$31,075 from 2022 to 2023. For more information, please refer to the notes

Economic Factors and Next Year's Budgets and Rates

Essex Regional Health Commission BUDGET ··JUSTIFICATION 2024

The 2024 Budget of \$1,230,596 reflects an overall increase of \$55,625 which is about 6.20% when compared to 2023 Budget. This is due to the fact that personnel costs increased by \$67,480, contract category decreased by \$(8,178), while other cost category decrease by \$(3,677). This budget increase is due to the 2024 Budget anticipates only 6 months of Grant funding and Municipalities Agreements while the 2023 Budget reflects 12 months of funding from all grants.

Increases/Decreases are summarized below.

Salary: Increase \$27,513: Increase is due to the fact that 2023 Budget anticipates only 6 months of Grants and Agreements funding while the 2023 Budget reflects 12 months of Grants and Agreements funding; there are no employees due for level increase or longevity adjustment in 2024.

Overtime/Overtime Idling/On Call: No Increase/Decrease: These categories' costs remain under the amount budgeted in 2023 and are estimated to remain the same in 2024.

Payroll Taxes: Increase \$1,394: Payroll taxes are directly related to the amount reflected under the employees' compensation (FICA 7.65% and SUI 0.8%). The Payroll Tax calculation formula reflects FICA tax exemption for the employees' health insurance contribution portion of the bill (2024 contribution estimated to be \$29,616).

Health Benefit: Increase \$24,933: The amount budgeted under this category was based on the previous year experience. There was a 21.94% premium increase from 2022 to 2023 but only a 12% increase was anticipated in the 2024 Budget. The 2023 Budget anticipates 12 months of Grants and Agreements funding while the 2024 Budget only reflects 6 months funding from these Grants and Municipalities Agreements.

Retiree Health Benefit: Decrease \$(268); There is only one employee under this policy. The employee retired 3/1/17. The decrease under this category is due to the fact that the 2024 proposed budget amount was based on the current 2023 actual bill's amount instead of the amount budgeted. There is no new enrollment anticipated in 2024.

Dental: Increase \$380: Increase in this category was based on the previous years experience. The 2024 budget amount was based on the current 2023 actual bill amount. No premium increase anticipated in 2024. The 2024 Budget anticipates only 6 months of Grants and Agreements funding while the 2023 Budget reflects 12 months of these Grants and Agreements funding.

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED**

Workers Compensation: Increase \$2,316: The amount budgeted under this category was based on the previous years' experience. The premium increases by 15% from 2022 to 2023. The 2024 Budget anticipates a 15% increase and only 6 months of Grants funding, while the 2023 Budget reflects 12 months of these Grants and Agreements funding.

P.E.R.S: Increase \$11,212: The Public Employee Retirement System is at 100% of contribution. There was an 21.94% rate increase from 2022 to 2023 but only a 5% increase was anticipated in the 2024 Budget. The 2023 Budget anticipates 12 months of Grants and Agreements funding, while the 2024 Budget only reflects 6 months funding from these Grants and Municipalities Agreements.

All Other Budget Categories: Decrease \$(11,855): All other budget categories were calculated based on previous years' experience. When comparing 2023 Budget "other cost" to the 2024 Proposed Budget "other cost" there is an overall decrease of \$(13,493). This is due to:

- An decrease under contracts category of \$(8,178) is as follows: auditor \$3,551, HRHC \$(9,200), office rental \$(364), office cleaning \$(1,560), payroll fee \$99, & insurance \$(704), this is due to the fact that the 2024 Budget only anticipates 6 months of Grants and Agreements funding, while the 2023 Budget reflects 12 months of these Grants and Agreements funding for these categories.
- A decrease under the grants category for idling \$(3,677) is due to the transfer of this line item from personnel to grants and the upsetting of the revenue portion of the budget differences. 2023 appropriations is \$3,677, while the revenue portion only shows \$3,212. This agreement was over expend and covered by the reserve funds.

REVENUE INCREASE/DECREASE:

The Commission's revenue portion of the budget is as follows: 2024 Commission's Budget of \$1,230,596 reflects an overall increase of \$55,625 which is about 6.20% when compared to 2023 Budget.

Increases/Decreases are summarized below:

- County/Idling/Solid Waste decrease of \$(109,712) the 2024 Budget is only anticipating 6 months of the County's Agreement while 2023 Budget reflects 12 months from this agreement.
- The Reserve category was increased by \$194,014. This amount was required to balance the budget due to the fact that the 2024 Budget anticipates only 6 months of Grants funding, and County's Agreements, while 2023 Budget reflects 12 months of Grants funding and County's.
- EQEF decrease of \$(7,950): All funds available under this account were utilized in the 2023 Budget leaving no funds available to use in the 2024 Budget.
- East Orange SLPH LHOC agreement decrease of \$(20,727), this agreement is not anticipated in 2024.

**ESSEX REGIONAL HEALTH COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
UNAUDITED**

Appropriations

Personnel	\$677,904
Contractual	204,173
Office	19,700
Travel	22,400
Equipment	10,500
Other	17,900
Grant Program	<u>278,019</u>
Total Appropriations	<u>\$1,230,596</u>

Revenue

Sufficient revenue must be raised from various sources to support the annual spending plan. Revenues used to support the 2024 Budget are summarized below:

<u>Revenue Sources</u>	
Local Revenues (Municipal & County)	\$181,603
ERHC EQEF	-
Local Court Penalty (Source R&C)	-
Deferred Revenue R&C	296,064
Miscellaneous Revenue	95,093
Reserve	<u>273,317</u>
Total	<u>\$846,077</u>
State (CEHA) Revenues	\$74,285
Federal (EPA 105/SLPH COVID)	<u>310,234</u>
Total Revenues	<u>\$1,230,596</u>

Contacting the Commission

This financial report is designed to provide a general overview of the Essex 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 Essex Regional Health Commission, 204 Hillside Avenue, Livingston NJ 07039.

ESSEX REGIONAL HEALTH COMMISSIONS
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
DECEMBER 31, 2023

	General Fund	Penalty Enforcement Activities	Total	Adjustments	Statement of Net Position
Assets					
Current Assets					
Cash	\$ 107,677	\$ 1,807	\$ 109,484	\$ -	\$ 109,484
New Jersey Cash Management Fund	2,228,517	138,825	2,367,341	-	2,367,341
Accounts Receivable Grants & Contracts	291,251	-	291,251	-	291,251
Accounts Receivable Municipalities	17,390	-	17,390	-	17,390
Capital Assets Net of Accumulated Depreciation (Note 2)	-	-	-	89,189	89,189
Total Current Assets	\$ 2,644,835	\$ 140,632	\$ 2,785,466	\$ 89,189	\$ 2,874,655
Deferred Outflows:					
Pension Related	\$ -	\$ -	\$ -	\$ 567,213	\$ 567,213
OPEB Related	-	-	-	1,834,345	1,834,345
Total Deferred Outflows	\$ -	\$ -	\$ -	\$ 2,401,558	\$ 2,401,558
Right of Use Assets	\$ 7,340	\$ -	\$ 7,340	\$ -	\$ 7,340
Total Assets	\$ 2,652,175	\$ 140,632	\$ 2,792,806	\$ 2,490,747	\$ 5,283,553
Liabilities					
Accounts Payable	\$ 116,681	-	\$ 116,681	\$ -	\$ 116,681
Accrued Payroll	6,413	-	6,413	-	6,413
Payroll Deductions	4,579	-	4,579	-	4,579
Unearned MRC	579	-	579	-	579
Unearned Grants	17,069	-	17,069	-	17,069
Unearned Registrations	930,417	-	930,417	-	930,417
Total Liabilities	\$ 1,075,738	\$ -	\$ 1,075,738	\$ -	\$ 1,075,738
Long Term Liabilities					
Accrued Vacation & Sick leave	\$ 110,654	\$ -	\$ 110,654	\$ -	\$ 110,654
Net Pension Liability	-	-	-	1,591,005	1,591,005
Net OPEB Liability	-	-	-	2,303,054	2,303,054
Total Long Term Liabilities	\$ 110,654	\$ -	\$ 110,654	\$ 3,894,059	\$ 4,004,713
Deferred Inflows:					
Pension Related	\$ -	\$ -	\$ -	\$ 102,926	\$ 102,926
OPEB Related	-	-	-	1,356,301	1,356,301
Total Deferred Inflows	\$ -	\$ -	\$ -	\$ 1,459,227	\$ 1,459,227
Short Term Lease Liabilities	\$ 1,816	\$ -	\$ 1,816	\$ -	\$ 1,816
Long Term Lease Liabilities	\$ 5,524	\$ -	\$ 5,524	\$ -	\$ 5,524
Total Liabilities	\$ 1,193,732	\$ -	\$ 1,193,732	\$ 5,353,286	\$ 6,547,018
Fund Balances:					
Unassigned	\$ 1,458,442	\$ -	\$ 1,458,442	\$ (1,458,442)	\$ -
Restricted:Reported in Penalty Enforcement Fund	-	140,632	140,632	(140,632)	(0)
Total Fund Balances	\$ 1,458,442	\$ 140,632	\$ 1,599,074	\$ (1,599,074)	\$ (0)
Total Liabilities & Fund Balances	\$ 2,652,175	\$ 140,632	\$ 2,792,806		
Net Position					
Net Investment in Capital Assets				\$ 89,189	\$ 89,189
Unrestricted (Deficit)				(1,493,286)	(1,493,286)
Restricted for Penalty Enforcement				140,632	140,632
Total Net Position (Deficit)				\$ (1,263,465)	\$ (1,263,465)

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
STATEMENT OF GOVERNMENT FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	General Fund	Public Health Activities	Penalty Enforcement Activities	Total	Adjustments Note A	Statement of Activities
Revenues						
Registrations	\$ 310,139	\$ -	\$ -	\$ 310,139	\$ -	\$ 310,139
Municipal	148,601	-	-	148,601	-	148,601
County	147,947	-	-	147,947	-	147,947
County (105 Grant)	69,428	-	-	69,428	-	69,428
Interest	89,848	-	6,678	96,526	-	96,526
NJACCHO Grant	-	117,354	-	117,354	-	117,354
CEHA Settlement	51,968	-	-	51,968	-	51,968
OPIOID Overdose 2022-2023	-	50,082	-	50,082	-	50,082
OPIOID Overdose 2023-2024	-	39,349	-	39,349	-	39,349
SLPH COVID 2022-2023	-	139,401	-	139,401	-	139,401
SLPH COVID 2023-2024	-	205,011	-	205,011	-	205,011
West Orange VPOC	-	63,471	-	63,471	-	63,471
West Orange Generalist	57,025	-	-	57,025	-	57,025
Orange VPOC	-	56,071	-	56,071	-	56,071
Montclair VPOC	-	57,810	-	57,810	-	57,810
Public Health	57,200	-	-	57,200	-	57,200
Rounding	-	3	-	3	-	3
Total	\$ 932,156	\$ 728,552	\$ 6,678	\$ 1,667,386	\$ -	\$ 1,667,386
Expenses						
Personnel	\$ 791,412	\$ -	\$ -	\$ 791,412	-	\$ 791,412
Contract	127,977	-	-	127,977	-	127,977
Travel	16,067	-	-	16,067	-	16,067
Office	21,892	-	-	21,892	-	21,892
Other	2,977	-	78	3,055	-	3,055
Equipment	39,186	-	-	39,186	-	39,186
NJACCHO 2022-2023	-	64,483	-	64,483	-	64,483
NJACCHO 2023-2024	-	52,871	-	52,871	-	52,871
Depreciation	-	-	-	-	20,109	20,109
OPIOID Overdose 2022-2023	-	50,082	-	50,082	-	50,082
OPIOID Overdose 2023-2024	-	39,349	-	39,349	-	39,349
SLPH COVID 2022-2023	-	139,401	-	139,401	-	139,401
SLPH COVID 2023-2024	-	205,011	-	205,011	-	205,011
West Orange VPOC	-	63,472	-	63,472	-	63,472
West Orange Generalist	57,025	-	-	57,025	-	57,025
Orange VPOC	-	56,072	-	56,072	-	56,072
Montclair VPOC	-	57,811	-	57,811	-	57,811
Interest & Amortization Expense	5,117	-	-	5,117	-	5,117
Total	\$ 1,061,652	\$ 728,552	\$ 78	\$ 1,790,282	\$ 20,109	\$ 1,810,391
Excess Expenditures/ Revenues	\$ (129,497)	\$ -	\$ 6,600	\$ (122,897)	\$ (20,109)	\$ (143,006)
Changes in Fund Balances/Net Assets						
Beginning of Year						\$ (920,284)
Prior Period Adjustment						(192,145)
Deferred Inflows/Outflows Pension & OPEB						(8,030)
End of Year						\$ (1,263,465)

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 assets 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 presents 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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, 2023, a lease liability at the carrying amount of their operating lease obligations on January 1, 2023, of \$9,759, and a right-of-use asset of \$9,759. The lease liability the Fund recognized on January 1, 2023, of \$9,759, represents the present value of the remaining operating lease payments, discounted using an average “risk-free treasury rates” ranging from 0.78% to 4.25% (see Note 3) and the right-of-use asset of \$9,759, represents the operating lease liability of \$9,759.

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 - Capital Assets

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

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

	Net Balance 12/31/2023	Additions	Net Balance 12/31/2023
Capital Assets	\$ 439,676	\$ 51,184	\$ 490,860
Leasehold Improvement	50,657	-	50,657
	\$ 490,333	\$ 51,184	\$ 541,517
Accumulated Depreciation Amortization/ Leasehold Improvement	(381,562)	(20,109)	(401,671)
	(50,657)	-	(50,657)
	\$ 58,114	\$ 31,075	\$ 89,189

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 3 - Lease Agreements

Rental Spaces

Essex Regional Health Commission entered into a lease with the Commission of Livingston for the rental of approximately 4,200 square feet of the Senior Community Center (the "Building") located at 204 Hillside Avenue, Livingston, New Jersey. The term of the lease is for five (5) years commencing on December 1, 2010 and ending on November 30, 2015 unless sooner terminated as provided in the lease. At the expiration of the initial term the Lease shall automatically renew for additional one (1) year terms ("Extended Terms") unless terminated by either Landlord or Tenant upon sixty (60) days written notice prior to the end of the initial term or the last extended term. During the first year of the initial term, Essex Regional Health Commission agrees to pay the landlord \$37,800, or \$3,150 a month. Beginning with the rent due on December 1, 2011, the rent to be paid will be calculated in accordance with price indexes listed in Schedule B of the lease. Should the application of this formula result in a percentage increase of less than 1% in the year, Essex Regional Health Commission agrees that there will be a one percent (1%) increase in the rent for the year. In no event will the increase exceed three percent (3%) in the year. As of December 1, 2020, the new monthly rent is \$3,709.99 or \$11,120.97 per quarter. (This lease is renewed annually at the Commission's option and is not included in GASB No. 87, lease classification & disclosures).

Operating Leases

The Commission leases a postage meter and two copiers. 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, 2023. 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 3 - Lease Agreements (Cont.)

	<u>Year Ending 12/31/2023</u>
Leases Accounted for Under GASB 87	
Lease expense Kyocera Copier	
Operating lease expense	\$2,088
Total	<u>\$2,088</u>
Other Information Kyocera Copier	
Operating cash out flows from this operating lease	\$2,088
ROU assets obtained in exchange for new operating lease liabilities	\$9,390
Weighted-average remaining lease term in years for operating lease	4
Weighted-average discount rate for operating lease	4.25%
Maturity Analysis – Pitney Bowes Postage Meter	
2024	\$2,088
2025	2,088
2026	2,088
2027	<u>1,566</u>
Total undiscounted cash flows	\$7,830
Less: present value discount	<u>(604)</u>
Total lease liabilities	<u>\$7,226</u>

	<u>Year Ending 12/31/2023</u>
Leases Accounted for Under GASB 87	
Lease expense Xerox Copier	
Operating lease expense	\$917
Total	<u>\$917</u>
Other Information -Xerox Copier	
Operating cash outflows flows from copier operating lease	\$917
ROU assets obtained in exchange for new operating lease liabilities	2,276
Weighted-average remaining lease term in years for operating lease	0.83
Weighted-average discount rate for operating lease	0.78%
Maturity Analysis – Xerox Copier	
2023	<u>\$0</u>
Total undiscounted cash flows	\$0
Total lease liabilities	<u>\$0</u>

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 4 - Interlocal Service Agreement

An Interlocal Services Agreement was signed on March 14, 2011 between the Commission of Livingston and the Commission. Under the terms of this agreement the Commission shall institute and prosecute violations of the "Air Pollution Control Code of the Essex Regional Health Commission" in the Municipal Court of the Commission of Livingston. The Commission shall collect all fines associated with the violations of the Ordinance. Livingston shall keep 50% of the penalties or fines collected. The other 50% shall be paid over to the Commission. The Commission shall pay all legal fees necessary to prosecute all Ordinance violations out of its portion. On December 11, 1998 the Commission adopted a resolution establishing the disposition of penalty proceeds received from the Environmental Court. All penalty proceeds collected by the Commission will be maintained in the custody of the Commission and be utilized for purposes deemed appropriate by the Board. The term of the agreement is from June 1, 2011 to May 31, 2021, and may be extended for further periods of ten (10) years upon mutual agreement by the governing bodies of Livingston and the Commission. Either party may, at any time, cancel this agreement upon 60 days written notice to the other party. Payments due the Commission are to be paid by Livingston on a quarterly basis beginning September 2011.

Note 5 - Registration and Certification Fees

Registration and Certification Fees are recognized ratably over the registration period from January 1, 2022 to December 31, 2026. Registration fees collected during the twelve month period of January 1, 2023 to December 31, 2023 were collected for the 2023 registration period, and income was recognized thru December 31, 2023.

Note 6 - Grant Funds

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

Note 7 – Line of Credit

As of October 17, 2023 the Commission's line of credit was renewed by PNC Bank, NA in the amount of \$200,000. The initial rate of interest was 6.25%. The Line was extended from February 1, 2024 to February 1, 2025.

Note 8 – Compensated Absences

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

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - 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 7/1/18, of employees annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The actuarially determined contribution includes funding for the cost-of-living adjustments and noncontributory death benefits. The commission offers a 457(b) Deferred Compensation Plan to its employees. Under this plan employee contributions are made pre-tax and are accumulated tax deferred. The plan is administered by Valic Retirement Services and AXA.

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

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

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. 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, 2023, the Commission's contractually required contribution to PERS plan was \$146,808.

Components of Net Pension Liability - At December 31, 2023, the Commission's proportionate share of the PERS net pension liability was \$1,591,005. The net pension liability was measured as of June 30, 2022. 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, 2022, which was rolled forward to June 30, 2023. 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, 2023. The Commission's proportion measured as of June 30, 2023, was 0.010984% which was an increase of 0.0036872% from its proportion measured as of June 30, 2022.

Balances at December 31, 2023 and December 31, 2022

	<u>12/31/2023</u>	<u>12/31/2022</u>
Actuarial valuation date (including roll forward)	June 30, 2023	June 30, 2022
Deferred Outflows of Resources	\$ 567,213	\$ 133,575
Deferred Inflows of Resources	102,926	194,553
Net Pension Liability	1,591,005	1,101,258
Commission's portion of the Plan's total Net Pension Liability	0.010984%	0.007297%

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

Pension Expense and Deferred Outflows/Inflows of Resources - At December 31, 2023, the Commission's proportionate share of the PERS benefit, calculated by the plan as of the June 30, 2023 measurement date is \$16,037. 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 \$146,808 to the plan in 2023.

At December 31, 2023, 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	\$ 15,212	\$ 6,504
Changes of Assumptions	3,495	96,422
Net Difference between Projected and Actual Earnings on Pension Plan Investments	7,327	-
Changes in Proportion and Differences between Commission Contributions and Proportionate Share of Contributions	541,179	-
	<u>\$567,213</u>	<u>\$102,926</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, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2023	5.08	-

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

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, 2018	-	5.63 years
June 30, 2019	-	5.21 years
June 30, 2022	-	5.04 years

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Year of Pension Plan Deferral:		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
June 30, 2021	-	5.13
June 30, 2022	-	5.04

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>
2024	\$(83,999)
2025	(46,885)
2026	65,519
2027	(11,,725)
2028	<u>199</u>
Total	<u><u>\$(76,891)</u></u>

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

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

Inflation:		
Price	2.75%	
Wage	3.25%	
Salary Increases:		
Through 2026	2.75 – 6.55%	Based on Years of Service
Years of Service Investment Rate of Return	7.00%	

Mortality Rate Table

PERS	Pub-2010 General Classification Headcount weighted mortality with fully generational mortality improvement projections from central year using Scale MP-2021
------	--

Period of Actuarial Experience Study upon which Actuarial Assumptions were Based	July 1, 2018 – June 30, 2021
--	------------------------------

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	12.75%	8.38%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.50%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	2.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 9 - Public Employees' Retirement System (PERS) (Cont.)

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, 2022, 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:

Commission Proportionate Share of the Net Pension Liability	At 1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	At 1% Increase <u>(8.00%)</u>
	<u>\$2,088,557</u>	<u>\$1,591,005</u>	<u>\$1,192,275</u>

Note 10 - 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Postemployment Benefits Other Than Pensions (Cont.)

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.

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, 2023 were \$3,461,898,890 and \$11,427,677,896, 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, 2022 through June 30, 2023. 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, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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:

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Postemployment Benefits Other Than Pensions (Cont.)

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 years of service within the respective plan.

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, 2023 was \$2,303,054. The Commission's proportionate share was \$0.

The OPEB Obligation was measured as of June 30, 2021, and the total OPEB Obligation used to calculate the OPEB Obligation was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The State's proportionate share of the OPEB Obligation associated with the Commission was based on projection of the State's long-term contributions to the OPEB plan associated with the Commission relative to the projected contributions by the State associated with all participating Municipalities, actuarially determined. At June 30, 2023, the State proportionate share of the OPEB Obligation attributable to the Commission was 0.015347%, which was a decrease of 0.004053% from its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2023, the State of New Jersey recognized an OPEB expense in the amount of \$118,287 for the State's proportionate share of the OPEB expense attributable to the Commission. This OPEB expense was based on the OPEB plans June 30, 2021 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, 2018 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 6.5% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in the fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO, the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 7.0% decreasing to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Postemployment Benefits Other Than Pensions (Cont.)

Discount Rate - The discount rate for June 30, 2023 was 3.65%. 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, 2023, 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:

	<u>At 1% Decrease (2.65%)</u>	<u>At Discount Rate (3.65%)</u>	<u>At 1% Increase (4.65%)</u>
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$2,667,670	\$2,303,054	\$2,009,776
State of New Jersey's Total Non-employer OPEB Liability	\$17,382,355,928	\$15,006,539,477	\$13,095,561,553

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

The following presents the net OPEB liability as of June 30, 2023, 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:

<u>Healthcare Cost</u>	<u>At 1% Decrease</u>	<u>At Trend Rate</u>	<u>At 1% Increase</u>
State of New Jersey's Proportionate Share of Total OPEB Obligations Associated with the Commission	\$1,957,325	\$2,303,054	\$2,745,692
State of New Jersey's Total Non-employer OPEB Liability	\$12,753,792,805	\$15,006,593,477	\$17,890,743,651

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Postemployment Benefits Other Than Pensions (Cont.)

Additional Information – The following is a summary of the collective balances of the local group at June 30, 2022:

Collective Balances at December 31, 2023 and December 31, 2022

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Actuarial Valuation Date (including roll forward)	<u>June 30, 2022</u>	<u>June 30, 2022</u>
Collective Deferred Outflows of Resources	\$2,635,934,069	\$7,897,070,518
Collective Deferred Inflows of Resources	8,319,630,309	13,408,600,309
Collective Net OPEB Liability	16,149,595,478	16,149,595,478
Commission's Portion	0.015347%	0.011294%

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

Year Ending June 30:	
2024	\$(1,702,483,126)
2025	(1,394,440,795)
2026	(754,368,466)
2027	(353,621,247)
2028	(713,799,887)
Thereafter	<u>(764,982,539)</u>
	<u>\$ (5,683,696,060)</u>

Changes in Proportion - The previous amounts do not include employer specific deferred outflows of resources and deferred inflow 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, 7.82, 7.87, 8.05, 8.14 and 8.04 for the years for the 2023, 2022, 2021, 2020, 2019, 2018, and 2017 amounts, respectively.

Plan Membership

At June 30, 2023, the Program membership consisted of the following:

	<u>June 30, 2023</u>
Active Plan Members	72,197
Retirees Currently Receiving Benefits	<u>37,192</u>
Total Plan Members	<u>109,389</u>

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 10 - Postemployment Benefits Other Than Pensions (Cont.)

Changes in the Total OPEB Liability

The change in the State's Total OPEB liability for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

Service Cost	\$ 597,135,801
Interest on the Total OPEB Liability	581,375,849
Change of Benefit Terms	23,039,435
Differences Between Expected and Actual Experience	(2,123,324,632)
Changes of Assumptions	255,103,873
Contributions From the Employer	(431,386,179)
Contributions From Non-Employer Contributing Entity	(55,614,980)
Net Investment Income	(2,001,914)
Administrative Expense	<u>12,616,744</u>
 Net Change in Total OPEB Liability	 (1,143,056,001)
 Total OPEB Liability (Beginning)	 <u>16,149,595,478</u>
 Total OPEB Liability (Ending)	 <u>\$ 15,006,539,477</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*

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 11 - Program Agreements

The County of Essex through Essex County Health Department, designated as the CEHA entity entered into an agreement with Essex Regional Health Commission to provide for the provision of the programs for the control of air, noise and water pollution, solid waste and pesticide control and motor vehicle idling. This one year agreement from July 1, 2023 (retroactive) through June 30, 2024 includes the maintenance of documents required under the Community Right to Know Act regarding the public disclosure of hazardous waste.

The following are the contract amounts:

Air Service	\$73,570
Idling Service	5,000
Solid Waste	70,000
EPA (105)	<u>69,430</u>
Total	<u>\$218,000</u>

The Commission shall deposit all fees, fines and penalties collected into the Certified Agency's EQEF Account (Essex County). All penalty proceeds from CEHA related enforcement actions will be paid to the Commission net of the following administrative charges, which shall be retained by the County; 20% for all penalty actions and 30% for actions adjudicated or settled in the Superior Court.

Note 12 - Contracts for Service and Grant Agreement Contracts

The Commission has entered into Contracts for Services with:

		2024 Portion
Strengthening Local Public Health		
Capacity Grant 2023/2024	7/1/23-6/30/24	\$ 202,034
Overdose Fatality Review Team 2023/2024	10/1/23-6/30/24	35,651
NJACCHO Grant 2022/2024	10/1/22-6/30/23	51,481
Essex County CEHA	7/1/23-6/30/24	<u>34,715</u>
Total		<u>\$ 843,910</u>

Note 13 - Other

As of December 31, 2023, the Commission had uninsured cash balances totaling \$2,367,341 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.

**ESSEX REGIONAL HEALTH COMMISSION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Note 14 – Service Agreement Hudson Regional Health Commission

On January 19, 2017, Essex Regional Health Commission entered into an agreement with Hudson Regional Health Commission, where by Hudson Regional Health Commission was to provide the services of a Chief Financial Officer and Qualified Purchasing Agent. The terms of this Agreement shall be automatically extended for successive one (1) year periods unless renegotiated or terminated by either party. Payments under this contract are to be paid quarterly in the amount of \$8,750 (\$35,000 annually).

On April 1, 2014, Essex Regional Health Commission entered into an agreement with Hudson Regional Health Commission, where by Hudson Regional Health Commission was to provide the services of a licensed health officer who will administer all Commission agency activities. All the Commission's activities shall meet "Public Health Practice Standards of Performance for the Local Boards of Health in N.J. (N.J. A.C. 8:52)". The terms of the Agreement shall be automatically extended for successive (1) year periods unless renegotiated or terminated by either party. Payments under this contract are to be paid quarterly in the amount of \$16,117 per calendar quarter (\$64,468 annually).

**REQUIRED
SUPPLEMENTARY INFORMATION**

**ESSEX REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
DECEMBER 31, 2023**

<u>Category</u>	Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis (See Note A)
<u>Personnel</u>			
Salaries	\$ 470,593	\$ 402,913	\$ 383,660
Overtime Idling	2,500	-	4,183
Overtime	21,970	21,970	18,791
On Call	4,860	4,860	4,610
Payroll Taxes - FICA	36,547	31,254	29,618
P.E.R.S. - Pension	48,000	75,353	72,163
Retiree Health Benefit	4,403	4,403	4,135
Health Benefit	81,653	76,653	72,049
Dental Benefit	6,213	5,713	4,884
Workers Compensation	9,300	10,426	9,711
Payroll Taxes - SUI	2,179	2,058	1,304
Compensable Absences	-	82,497	100,654
Total	<u>\$ 688,218</u>	<u>\$ 718,100</u>	<u>\$ 705,762</u>
<u>Grant Programs (Inclusive of P/R)</u>			
OVERTIME IDLING 2022/2023	\$ -	\$ 3,677	\$ 3,677
OVERTIME IDLING 2023/2024	-	994	994
NJACCHO 2022/2023	-	64,483	64,483
NJACCHO 2023/2024	-	52,871	52,871
SLPH COVID 2022/2023	72,568	78,015	78,015
SLPH COVID 2023/2024	-	105,297	105,297
SLPH COVID-IDPG 2022/2023	64,800	61,387	61,387
SLPH COVID-IDPG 2023/2024	-	99,715	99,715
OPIOID OVERDOSE 2022/2023	50,000	50,081	50,082
OPIOID OVERDOSE 2023/2024	-	39,349	39,349
Montclair COVID19 2022/2023	56,000	57,810	57,811
Orange COVID19 2022/2023	56,000	56,071	56,072
West Orange COVID19 2022/2023	61,765	63,472	63,472
West Orange Generalist	56,000	57,025	57,025
Total	<u>\$ 417,133</u>	<u>\$ 790,247</u>	<u>\$ 790,250</u>
<u>Contract</u>			
Hudson Regional- Director	\$ 53,312	\$ 33,312	\$ 31,086
Hudson Regional- CFO	31,500	21,000	21,000
Hudson Regional- IT	-	32,787	32,787
Legal	6,000	6,000	3,119
Office Rental	49,874	49,874	43,137
Office Cleaning	11,100	11,100	10,304
Auditor	17,044	34,044	34,003
Insurance	26,271	26,271	25,567
Payroll Service	2,550	2,875	2,875
Total	<u>\$ 197,651</u>	<u>\$ 217,263</u>	<u>\$ 203,878</u>

**ESSEX REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
DECEMBER 31, 2023**

<u>Travel</u>			
Gas	\$ 3,600	\$ 3,600	\$ 2,430
Gas Mileage Reimbursement	1,800	1,800	572
Auto Maintenance	5,000	5,000	3,406
Conventions/ Meetings	12,000	12,000	9,659
Total	<u>\$ 22,400</u>	<u>\$ 22,400</u>	<u>\$ 16,067</u>

<u>Office</u>			
Office Supplies/ Printing	\$ 5,000	\$ 5,000	\$ 4,524
Postage	5,000	5,164	5,164
Legal Advertising	1,000	1,000	317
Publications/Subscriptions	300	3,983	3,982
Copier Lease	1,700	2,724	(895)
Office Equipment	4,500	9,038	9,037
Total	<u>\$ 17,500</u>	<u>\$ 26,909</u>	<u>\$ 22,129</u>

<u>Other</u>			
Telephones	\$ 8,000	\$ 8,000	\$ 7,527
Medical Surveillance	1,200	1,200	-
Bank Service Charges	700	700	466
Miscellaneous	3,000	3,000	2,612
Record Destruction	5,000	5,000	-
Total	<u>\$ 17,900</u>	<u>\$ 17,900</u>	<u>\$ 10,605</u>

<u>Equipment</u>			
Equipment	\$ 5,000	\$ 5,000	\$ 9,037
General Supplies	2,500	2,500	695
Vehicle	-	31,000	30,149
Equipment Maintenance	3,000	3,000	1,710
Total	<u>\$ 10,500</u>	<u>\$ 41,500</u>	<u>\$ 41,591</u>

Total Expenditures	<u>\$ 1,371,302</u>	<u>\$ 1,834,319</u>	<u>\$ 1,790,282</u>
--------------------	---------------------	---------------------	---------------------

<u>Estimated Revenue</u>			
Municipal Assessments	\$ 124,403	\$ 124,403	\$ 148,601
County 2022/2023	71,500	71,500	73,973
County IDLING 2022/2023	2,500	3,212	3,677
County SOLID WASTE 2022/2023	35,000	35,000	34,714
County 2023/2024	-	71,500	73,974
County IDLING 2023/2024	-	994	994
County SOLID WASTE 2023/2024	-	35,000	34,714
Reserve	429,766	137,812	137,812
Deferred Revenue R&C	289,000	310,139	172,327
ERHC EQEF Fund	-	51,968	51,968
Misc Revenue	2,000	96,501	96,508
Hudson Regional IT	-	32,787	-
Maplewood REHS 2023/2024	-	30,525	30,525
West Orange REHS 2023/2024	-	26,675	26,675
NJACCHO 2022/2023	-	64,483	64,483

**ESSEX REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
DECEMBER 31, 2023**

Estimated Revenue (Cont.)

NJACCHO 2023/2024	-	52,871	52,871
East Orange SLPH LHOC	-	20,727	-
SLPH COVID 2022/2023	72,568	78,015	78,015
SLPH COVID 2023/2024	-	105,297	105,297
SLPH COVID-IDPG 2022/2023	64,800	61,387	61,387
SLPH COVID-IDPG 2023/2024	-	99,715	99,714
OPIOID OVERDOSE 2022/2023	50,000	50,081	50,081
OPIOID OVERDOSE 2023/2024	-	39,349	39,349
Montclair COVID19 2022/2023	56,000	57,810	57,810
Orange COVID19 2022/2023	56,000	56,071	56,071
West Orange COVID19 2022/2023	61,765	63,472	63,472
West Orange Generalist	56,000	57,025	57,025
	<u>56,000</u>	<u>57,025</u>	<u>57,025</u>
 Total	 <u>\$ 1,371,302</u>	 <u>\$ 1,834,319</u>	 <u>\$ 1,672,037</u>
 Excess Expenditures Over Revenues			 <u><u>\$ (118,245)</u></u>

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
BUDGET TO GAAP RECONCILIATION GENERAL FUND
DECEMBER 31, 2023**

Note A - Explanation of Differences between
Budgetary Inflows and GAAP Revenues & Expenditures

	<u>General Fund</u>
<u>Sources/Inflows of Resources</u>	
Actual Amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 1,672,037
Revenues considered a current year revenue for financial reporting purposes:	
Reserve	<u>(4,651)</u>
Total Revenues as reported on Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities	<u>\$ 1,667,386</u>
<u>Uses/Outflows of Resources</u>	
Actual amounts (budgetary basis) "total charges to appropriations" from Budgetary Comparison Schedule	\$ 1,790,282
<u>Differences - Budget to GAAP</u>	
Governmental Funds report Capital Outlay 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 outlay in the current period.	<u>20,109</u>
Interest and Amortiation lease	
Total Expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds/Statement of Activities	<u>\$ 1,810,391</u>

See accompanying notes to financial statements.

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

	2023	2022	2021	2020	2019	2018	2017
Commission's Contractually Required Contribution	\$ 146,808	\$ 92,022	\$ 82,386	\$ 75,864	\$ 66,200	\$ 65,587	\$ 69,396
Commission's in Relation to the Contractually Required Contribution	146,808	92,022	82,386	75,864	66,200	65,587	69,396
Commission's Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commission's Covered Payroll	\$ 775,960	\$ 537,782	\$ 515,540	\$ 501,813	\$ 483,634	\$ 463,054	\$ 518,922
Contributions as a Percentage of Covered Payroll	18.92%	17.11%	15.98%	15.12%	13.69%	14.16%	13.37%

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

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

Notes to Schedule:

Valuation Date	July 1, 2022
Timing	Actuarial determined contributions are calculated as of the July 1 preceding the fiscal year in which contributions are made
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothing of difference between market value and expected actuarial value
Investment Rate of Return	7.30%
Salary Increases	Service-based rates scaling from 6.00% at enrollment to 2.00% at 29 or more years of services through period ending June 30, 2026 Service-based rates scaling from 7.00% at enrollment to 3.00% at 29 or more years of services through period after June 30, 2026

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

	2023	2022	2021	2020	2019	2018	2017
Commission's Percentage of Collective Net Pension Liability	0.010984%	0.007297%	0.007034%	0.006935%	0.006806%	0.006594%	0.007490%
Commission's Portion of Net Pension Liability	<u>\$ 1,591,005</u>	<u>\$ 1,101,258</u>	<u>\$ 833,381</u>	<u>\$ 1,130,896</u>	<u>\$ 1,226,295</u>	<u>\$ 1,298,286</u>	<u>\$ 1,743,782</u>
Commission's Covered Payroll	<u>\$ 775,960</u>	<u>\$ 537,782</u>	<u>\$ 515,540</u>	<u>\$ 501,813</u>	<u>\$ 483,634</u>	<u>\$ 463,054</u>	<u>\$ 518,922</u>
Commission's Portion of Net Pension Liability as a % of Covered Payroll	205.04%	204.78%	161.65%	225.36%	253.56%	280.37%	336.04%
Plan Fiduciary Net Position as a % of Total Pension Liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%

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

**ESSEX REGIONAL HEALTH COMMISSION
PROPORTIONATE SHARE OF NET OPEB LIABILITY
LAST FIVE FISCAL YEARS***

<u>Schedule of Proportionate Share of Net OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Commission's Percentage of the Net OPEB Liability	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	<u>2,303,054</u>	<u>1,823,935</u>	<u>1,377,941</u>	<u>1,390,599</u>	<u>1,210,246</u>
Total	<u>\$ 2,303,054</u>	<u>\$ 1,823,935</u>	<u>\$ 1,377,941</u>	<u>\$ 1,390,599</u>	<u>\$ 1,210,246</u>
Commission's Covered Employee Payroll	<u>\$ 775,960</u>	<u>\$ 592,269</u>	<u>\$ 374,148</u>	<u>\$ 343,511</u>	<u>\$ 358,974</u>
Commission's Proportionate Share of the Net OPEB Liability as a Percentage of It's Covered Employee Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.36%</u>	<u>0.36%</u>	<u>0.28%</u>	<u>0.90%</u>	<u>2.00%</u>

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

Notes to Schedule:

Valuation Date June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method Entry age - Level % of Salary

Asset Valuation Method Market value

Salary Increases Differs by pension group (e.g. - PERS, PFRS). See "Actuarial Assumptions and Methods" section

Investment Rate of Return 3.54%, net of OPEB plan investment expense, including inflation.

Retirement Age Differs by pension group (e.g. - PERS, PFRS). See "Actuarial Assumptions and Methods" section

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

SUPPLEMENTARY INFORMATION

**ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF GRANTS AND CONTRACTS FOR SERVICES RECEIVABLE
DECEMBER 31, 2023**

Essex County CEHA & 105 Grant	\$ 246,049
East Orange SLPH	20,727
Maplewood REHS	20,625
West Orange REHS	<u>3,850</u>
 Total	 <u><u>\$ 291,251</u></u>

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF ACCOUNTS RECEIVABLE MUNICIPALITIES
DECEMBER 31, 2023**

<u>Current</u>	
Newark	\$ 10,284
Irvington	5,464
Orange	<u>1,642</u>
<u>Total Current</u>	<u>\$ 17,390</u>

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2023**

Grantor/Pass Through
Grantor/Program Title

Federal Awards	Federal CFDA Number Contract Number	Program or Award Amount	Federal Revenue Recognition	State Revenue Recognition	Expenditures	
					2023	2022
<u>NJ State DEP Section 105 Grants</u>						
<u>County Essex CEHA Grant</u>						
7/1/21- 6/30/22	66.605	\$ 69,428	\$ -	\$ -	\$ -	\$ 34,714
7/1/22- 6/30/23	66.605	69,428	34,714	-	34,714	34,714
7/1/23- 6/30/24	66.605	69,430	34,715	-	34,715	-
		<u>\$ 208,286</u>	<u>\$ 69,429</u>	<u>\$ -</u>	<u>\$ 69,429</u>	<u>\$ 69,428</u>
<u>New Jersey Department of Health</u>						
10/1/21-9/30/22						
Local Public Health						
Overdose 2021 Federal	93.136	\$ 149,000	\$ -	\$ -	\$ -	45,091
Overdose 2021 State		51,000	-	-	-	29,241
Total		<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,332</u>
Strengthening Local Public Health						
Capacity 7/1/21-6/30/22						
Federal	93.323	\$ 257,042	\$ -	\$ -	\$ -	\$ 138,635
State		34,000	-	-	-	12,823
		<u>\$ 291,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,458</u>
Strengthening Local Public Health						
Capacity 7/1/22-6/30/23						
Federal	93.323	\$ 253,129	\$ 125,221	\$ -	\$ 125,221	\$ 123,661
State		21,606	-	14,181	14,181	7,328
		<u>\$ 274,735</u>	<u>\$ 125,221</u>	<u>\$ 14,181</u>	<u>\$ 139,402</u>	<u>\$ 130,989</u>
Strengthening Local Public Health						
Capacity 7/1/23-6/30/24						
Federal	93.323	\$ 376,038	\$ 188,659	\$ -	\$ 188,659	\$ -
State		30,008	-	16,353	16,353	-
		<u>\$ 406,046</u>	<u>\$ 188,659</u>	<u>\$ 16,353</u>	<u>\$ 205,012</u>	<u>\$ -</u>
Municipalities - Health Depts						
Professional Services						
Vulnerable Populations						
Coordinator COVID 19						
7/1/21-6/30/22						
Orange Township	93.323	\$ 112,000	\$ -	\$ -	\$ -	\$ 59,727
Montclair Township	93.323	112,000	-	-	-	62,684
West Orange Township	93.323	112,300	-	-	-	56,859
		<u>\$ 336,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,270</u>
Municipalities - Health Depts						
7/1/22-6/30/23						
Orange Township	93.323	\$ 112,000	\$ 56,071	\$ -	\$ 56,071	\$ 55,929
East Orange Township	93.323	20,727	20,727	-	20,727	-
Montclair Township	93.323	112,000	57,810	-	57,810	54,190
West Orange Township	93.323	235,000	120,496	-	120,496	114,504
		<u>\$ 479,727</u>	<u>\$ 255,104</u>	<u>\$ -</u>	<u>\$ 255,104</u>	<u>\$ 224,623</u>
4/1/22-6/30/22						
West Orange Township	93.334	30,900	-	-	-	20,171
7/1/21-6/30/22						
West Orange Township	93.334	18,679	-	-	-	9,292
		<u>\$ 49,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,463</u>
New Jersey Department of Health						
Overdose 10/1/22-6/30/23						
Overdose 10/1/23-6/30/24	93.136	\$ 75,000	\$ -	\$ 50,081	\$ 50,081	\$ 20,982
	93.136	75,000	-	39,349	39,349	-
		<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 89,430</u>	<u>\$ 89,430</u>	<u>\$ 20,982</u>
<u>Other</u>						
NJACCHO - Enhancing						
Local Public Health						
Infrastructure Grant						
10/1/22-6/30/24						
	93.323	\$ 200,000	\$ 117,354	\$ -	\$ 117,354	\$ 31,165
Total					<u>\$ 875,731</u>	<u>\$ 911,710</u>
	Federal				\$ 755,767	\$ 841,336
	State				119,964	70,374
Total					<u>\$ 875,731</u>	<u>\$ 911,710</u>

See accompanying notes to financial statements.

Essex Regional Health Commission
Schedule of Expenditures of Federal Awards
And State and Local Financial Assistance
For the Year Ended December 31, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Essex Regional Health Commission ("The Commission") under programs of the federal government for the year ended December 31, 2023. 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.

**ESSEX REGIONAL HEALTH COMMISSION
STATE OF NJ DEPT. OF HEALTH LOCAL PUBLIC HEALTH
OVERDOSE FATALITY REVIEW TEAMS 2023
GRANT AWARD No. OLPH230FR019
DECEMBER 31, 2023**

<u>Budget Period 10/1/22-6/30/23</u>	<u>Final Budget</u>	<u>Expenditures 2022</u>	<u>Expenditures 2023</u>	<u>Expenditures Total</u>
<u>Personnel Costs</u>				
Salaries	\$ 51,095	\$ 15,662	\$ 32,023	\$ 47,685
Fringe Benefits (Federal)	9,257	2,770	5,977	8,747
Total	<u>\$ 60,352</u>	<u>\$ 18,432</u>	<u>\$ 38,000</u>	<u>\$ 56,432</u>
<u>Other Direct Costs</u>				
Professional Services	\$ 5,585	\$ 1,862	\$ 3,723	\$ 5,585
Program Expense	9,063	688	8,358	9,046
Total	<u>\$ 14,648</u>	<u>\$ 2,550</u>	<u>\$ 12,081</u>	<u>\$ 14,631</u>
Total	<u>\$ 75,000</u>	<u>\$ 20,982</u>	<u>\$ 50,081</u>	<u>\$ 71,063</u>
Total State	<u>\$ 75,000</u>	<u>\$ 20,982</u>	<u>\$ 50,081</u>	<u>\$ 71,063</u>

See accompanying notes to financial statements.

ESSEX REGIONAL HEALTH COMMISSION
STATE OF NJ DEPT. OF HEALTH LOCAL PUBLIC HEALTH
OVERDOSE FATALITY REVIEW TEAMS 2024
GRANT AWARD No. OORP24OFR017
DECEMBER 31, 2023

<u>Budget Period 07/1/23-6/30/24</u>	<u>Final Budget</u>	<u>Expenditures 2023</u>
<u>Personnel Costs</u>		
Salaries	\$ 56,912	\$ 29,854
Fringe Benefits (Federal)	9,569	5,232
Total	<u>\$ 66,481</u>	<u>\$ 35,086</u>
<u>Other Direct Costs</u>		
Professional Services	\$ 7,196	\$ 3,598
Program Expense	1,323	664
Total	<u>\$ 8,519</u>	<u>\$ 4,262</u>
Total	<u>\$ 75,000</u>	<u>\$ 39,348</u>
Total State	<u>\$ 75,000</u>	<u>\$ 39,348</u>

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPT. OF HEALTH
STRENGTHENING LOCAL PUBLIC HEALTH CAPACITY PROGRAM 2023
GRANT #OLPH23PHC015
DECEMBER 31, 2023**

<u>Budget Period 7/1/22-6/30/23</u>	<u>Final Approved Budget</u>	<u>Expenditures 2022</u>	<u>Expenditures 2023</u>	<u>Total Expenditures</u>
<u>Personnel Costs</u>				
Salaries & Wages	\$ 193,090	\$ 99,072	\$ 94,020	\$ 193,092
Fringe Benefits	60,039	24,589	31,202	55,791
	<u>\$ 253,129</u>	<u>\$ 123,661</u>	<u>\$ 125,222</u>	<u>\$ 248,883</u>
<u>Other Direct Costs</u>				
Professional Services	\$ 12,856	\$ 6,347	\$ 6,509	\$ 12,856
Equipment	4,054	-	4,054	4,054
Supplies	2,522	200	2,225	2,425
Travel	-	-	-	-
Other	2,174	781	1,393	2,174
	<u>\$ 21,606</u>	<u>\$ 7,328</u>	<u>\$ 14,181</u>	<u>\$ 21,509</u>
Total	<u><u>\$ 274,735</u></u>	<u><u>\$ 130,989</u></u>	<u><u>\$ 139,403</u></u>	<u><u>\$ 270,392</u></u>
Federal Award	\$ 253,129	\$ 123,661	\$ 125,222	\$ 248,883
State Award	21,606	7,328	14,181	21,509
Total	<u><u>\$ 274,735</u></u>	<u><u>\$ 130,989</u></u>	<u><u>\$ 139,403</u></u>	<u><u>\$ 270,392</u></u>

See accompanying notes to financial statements.

ESSEX REGIONAL HEALTH COMMISSION
STATE OF N.J. DEPT. OF HEALTH
STRENGTHENING LOCAL PUBLIC HEALTH CAPACITY PROGRAM 2024
GRANT #OLPH24PHC002
DECEMBER 31, 2023

<u>Budget Period 7/1/23-6/30/24</u>	<u>Final Approved Budget</u>	<u>Expenditures 2023</u>	<u>Total Expenditures</u>
<u>Personnel Costs</u>			
Salaries & Wages	\$ 275,386	\$ 143,897	\$ 143,897
Fringe Benefits	100,652	44,761	44,761
	<u>\$ 376,038</u>	<u>\$ 188,658</u>	<u>\$ 188,658</u>
<u>Other Direct Costs</u>			
Professional Services	\$ 14,006	\$ 7,003	\$ 7,003
Equipment	7,717	7,717	7,717
Supplies	-	931	931
Travel	-	-	-
Other	8,285	701	701
	<u>\$ 30,008</u>	<u>\$ 16,352</u>	<u>\$ 16,352</u>
Total	<u>\$ 406,046</u>	<u>\$ 205,010</u>	<u>\$ 205,010</u>
Federal Award	\$ 376,038	\$ 188,658	\$ 188,658
State Award	30,008	16,352	16,352
Total	<u>\$ 406,046</u>	<u>\$ 205,010</u>	<u>\$ 205,010</u>

See accompanying notes to financial statements.

**New Jersey Association of County and City
Health Officials (NJACCHO)
Enhancing Local Public Health Infrastructure 2023
December 2023**

<u>Budget Period 10/1/22-6/30/24</u>	<u>Final Approved Budget</u>	<u>Expenditures 2022</u>	<u>Expenditures 2023</u>	<u>Total Expenditures</u>
<u>Personnel Costs</u>				
Salaries & Wages	\$ 87,113	\$ 14,325	\$ 51,809	\$ 66,134
Fringe Benefits	47,832	6,961	26,022	32,983
	<u>\$ 134,945</u>	<u>\$ 21,286</u>	<u>\$ 77,831</u>	<u>\$ 99,117</u>
<u>Other Direct Costs</u>				
Professional Services	\$ 49,104	\$ 7,793	\$ 29,260	\$ 37,053
Equipment	1,750	-	1,750	1,750
Facility Cost	11,994	1,615	6,854	8,469
Supplies	-	471	1,404	1,875
Other	2,207	-	255	255
	<u>\$ 65,055</u>	<u>\$ 9,879</u>	<u>\$ 39,523</u>	<u>\$ 49,402</u>
Total	<u><u>\$ 200,000</u></u>	<u><u>\$ 31,165</u></u>	<u><u>\$ 117,354</u></u>	<u><u>\$ 148,519</u></u>
Federal Award	\$ 200,000	\$ 31,165	\$ 117,354	\$ 148,519
State Award	-	-	-	-
Total	<u><u>\$ 200,000</u></u>	<u><u>\$ 31,165</u></u>	<u><u>\$ 117,354</u></u>	<u><u>\$ 148,519</u></u>

See accompanying notes to financial statements.

**ESSEX REGIONAL HEALTH COMMISSION
MONTCLAIR TOWNSHIP'S HEALTH DEPT.
PROFESSIONAL SERVICES AGREEMENT
LOCAL HEALTH OUTREACH COORDINATOR (LHOC)
DECEMBER 31, 2023**

Term - July 1, 2022 - June 30, 2023

Amount \$ 112,000

<u>Payment Dates</u>	
9/30/2022	\$ 27,203
12/31/2022	26,987
3/31/2023	30,230
6/30/2023	27,580
Total	<u><u>\$ 112,000</u></u>

<u>Expenditures</u>	<u>Expenditures 2022</u>	<u>Expenditures 2023</u>	<u>Total Expenditures</u>
Salary	\$ 43,020	\$ 42,623	\$ 85,643
Fringe	8,819	13,963	22,782
Program Expense	143	214	357
Consultant	2,208	1,010	3,218
Total	<u><u>\$ 54,190</u></u>	<u><u>\$ 57,810</u></u>	<u><u>\$ 112,000</u></u>

**ESSEX REGIONAL HEALTH COMMISSION
CITY OF ORANGE TOWNSHIP'S HEALTH DEPT.
PROFESSIONAL SERVICE AGREEMENT
LOCAL HEALTH OUTREACH COORDINATOR
DECEMBER 31, 2023**

Term - July 1, 2022 - June 30, 2023

Amount \$ 112,000

Payment Dates

9/30/2022	\$ 28,068
12/31/2022	27,861
3/31/2023	28,243
6/30/2023	27,828
Total	<u>\$ 112,000</u>

<u>Expenditures</u>	<u>Expenditures 2022</u>	<u>Expenditures 2023</u>	<u>Total Expenditures</u>
Salary	\$ 42,886	\$ 47,586	\$ 90,472
Fringe	9,962	9,082	19,044
Program Expense	391	461	852
Consultant	2,690	(1,058)	1,632
Total	<u>\$ 55,929</u>	<u>\$ 56,071</u>	<u>\$ 112,000</u>

**ESSEX REGIONAL HEALTH COMMISSION
WEST ORANGE TOWNSHIP'S HEALTH DEPT.
PROFESSIONAL SERVICE AGREEMENT LOCAL HEALTH OUTREACH COORDINATOR
INFECTIOUS DISEASE PREPAREDNESS GENERALIST
(2) PART TIME - LOCAL HEALTH OUTREACH COORDINATOR
DECEMBER 31, 2023**

Term - July 1, 2022 - June 30, 2023

Amount \$ 235,529

Payment Dates

9/30/2022	\$ 55,962.38
12/31/2022	58,541.05
3/31/2023	57,479.91
6/30/2023	63,016.66
Total	<u>\$ 235,000.00</u>

<u>Expenditures</u>	LHOC Expenditures 2022	IDPG Expenditures 2022	LHOC Expenditures 2023	IDPG Expenditures 2023	Total Expenditures
Salary	\$ 47,180	\$ 40,429	\$ 45,295	\$ 41,440	\$ 174,344
Fringe	8,160	11,567	13,211	12,712	\$ 45,650
Program Expense	143	171	214	192	\$ 720
Consultant	4,046	2,808	4,751	2,681	\$ 14,286
Total	<u>\$ 59,529</u>	<u>\$ 54,975</u>	<u>\$ 63,471</u>	<u>\$ 57,025</u>	<u>\$ 235,000</u>

INDEPENDENT AUDITOR'S REPORTS



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

To the Board of Commissioners
Essex Regional Health Commission
Livingston, NJ 07039

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Essex Regional Health Commission (Essex), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Essex's basic financial statements, and have issued our report thereon dated December 9, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

DeSena & Company
East Hanover, New Jersey
December 9, 2024



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
Essex Regional Health Commission
Liningston, New Jersey 07039

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Essex 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, 2023. 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, 2023.

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.

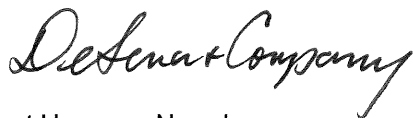
Report on Internal Control over Compliance

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

December 9, 2024

ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Part 1 - Summary of Auditor's Results

Financial Statement Section

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

Federal Awards Section

- D) Dollar threshold used to determine Type A programs \$750,000
- E) Auditee qualified as low-risk auditee? Xyes __no __n/a
- F) Type of auditor's report on compliance for major programs Unqualified
- G) Internal control over compliance:
- 1) Material weakness(es) identified? __yes X no __n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? __yes X no __n/a
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? __yes X no __n/a

I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.136	N.J. Department of Health
93.323	(Local Public Health)
93.334	(Strengthening Public Health)
93.334	Municipalities COVID19 Virus & Pandemic

ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED December 31, 2023

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

State Awards Section

- J) Dollar threshold used to determine Type A programs \$750,000
- K) Auditee qualified as low-risk auditee? Xyes _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 Xno _n/a
- 2) Were reportable condition(s) identified that were not considered to be material weaknesses? _yes Xno _n/a
- O) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? _yes Xno _n/a

P) Identification of major programs:

Contract Number(s)

Name of State Program

None

ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

ESSEX REGIONAL HEALTH COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

*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