

**COUNTY OF SALEM
STATE OF NEW JERSEY
REPORT OF SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR 2018**

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable Director and
Members of the County Board of Chosen Freeholders
County of Salem
Salem, New Jersey 08079

Report on Compliance for Each Major Federal and State Program

We have audited the County of Salem's, in the State of New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the County of Salem's major federal and state programs for the year ended December 31, 2018. The County of Salem's major federal and state programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County of Salem's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08-OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County of Salem's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the County of Salem 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 and state programs for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, and which is described in the accompanying *Schedule of Findings and Questioned Costs* as 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The County of Salem's, State of New Jersey, response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County of Salem's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County of Salem is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Salem's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Salem's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as 2018-001, that we consider to be a material weakness.

The County of Salem, State of New Jersey, response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County of Salem's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Schedules of Expenditures of Federal Awards and State Financial Assistance

We have audited the financial statements regulatory basis of the County as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 30, 2019. That report indicated that the County of Salem's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The report contained an unmodified opinion on the regulatory basis of accounting. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey Circular 15-08-OMB 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 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 schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants



Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant

Woodbury, New Jersey
August 18, 2020

County of Salem
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2018

Federal Grantor / Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Matching Contributions	Program or Award Amount	Grant Period		Receipts or Revenue Recognized	Program Expenditures	Pass-Through to Subrecipients
					From	To			
U.S. DEPARTMENT OF AGRICULTURE									
Passed through State of NJ Department of Agriculture:									
Crop Insurance Education In Targeted States	10.458	13-IE-53300-013		\$ 178,665.00	10/1/2015	9/30/2016		\$ 14,709.31	
Crop Insurance Education In Targeted States	10.458	13-IE-53300-013		164,233.00	10/1/2016	9/30/2017	\$ 164,233.00		
Crop Insurance Education In Targeted States	10.458	13-IE-53300-013		175,646.00	10/1/2017	9/30/2018	175,646.00	57,565.35	
Program Total							339,879.00	72,274.66	-
Senior Farmers Market Nutrition Program	10.576	DFHS18WMN018		500.00	6/1/2018	9/30/2018	500.00	500.00	
TOTAL U.S. DEPARTMENT OF AGRICULTURE							340,379.00	72,774.66	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Passed through New Jersey Department of Health and Senior Services:									
Salem County Area Plan Grant	93.045	4275-100-046-4110-049-J004-6110		840,804.00	1/1/2017	12/31/2017	284,233.00	76,929.09	\$ 21,189.65
Title III B	93.044	4275-100-046-4110-049-J004-6110		130,908.00	1/1/2018	12/31/2018	78,312.00	121,332.00	18,349.04
Title III C	93.045	4275-100-046-4110-049-J004-6110		687,383.00	1/1/2018	12/31/2018	396,638.00	486,187.28	207,838.58
Aging Cluster Total							759,183.00	684,448.37	247,377.27
Title III D	93.043	4275-100-046-4110-049-J004-6110		22,673.00	1/1/2018	12/31/2018	8,850.00	16,409.00	
Title III E	93.052	4275-100-046-4110-049-J004-6110		27,440.00	1/1/2018	12/31/2018	14,343.00	17,777.00	
Medicaid Cluster	93.778	4275-100-046-4110-049-J004-6110		6,500.00	1/1/2018	12/31/2018	3,985.00	5,387.00	
Public Health Preparedness & Response for Bioterrorism	93.069	100-046-4L04-360-J003-6120		257,797.00	7/1/2016	6/30/2017		182,620.26	
Public Health Preparedness & Response for Bioterrorism	93.069	100-046-4L04-360-J003-6120		265,340.00	7/1/2017	6/30/2018	200,664.00	84,336.39	
Program Total							200,664.00	266,956.65	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							987,025.00	990,978.02	247,377.27
U.S. DEPARTMENT OF JUSTICE									
Passed Through New Jersey Department of Law and Public Safety									
Victims of Crime (SART/SANE) VS-39-15	16.575	15-100-066-1020-142	\$ 21,982.00	71,820.00	10/1/2016	9/30/2017		2,308.25	
Victims of Crime (SART/FNE) VS-60-15	16.575	15-100-066-1020-142	37,247.00	120,894.00	10/1/2017	9/30/2018	64,230.23	26,963.77	
Victims of Crime Act Grant Program (VOCA) V-17-14/V-92-15	16.575	15-100-066-1020-142	61,247.00	168,909.00	12/6/2015	12/5/2017	61,126.00	36,773.00	
Victims of Crime Act Grant Program (VOCA Supplemental) VCS-60-15	16.575	15-100-066-1020-142	62,467.00	201,043.00	10/1/2016	3/31/2018	120,710.15	120,710.15	
Victims of Crime Act Grant Program (VOCA) V-81-15	16.575	15-100-066-1020-142	43,059.00	152,940.60	7/1/2017	6/30/2018	152,940.60	128,878.76	
Program Total							399,006.98	315,633.93	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-100-066-1020-364		154,971.00	7/1/2016	6/30/2017	130,779.06	130,779.06	
TOTAL U.S. DEPARTMENT OF JUSTICE							529,786.04	446,412.99	-

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County of Salem
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2018

Federal Grantor / Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Matching Contributions	Program or Award Amount	Grant Period		Receipts or Revenue Recognized	Program Expenditures	Pass-Through to Subrecipients
					From	To			
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>									
Passed through South Jersey Transportation Planning Organization									
Subregional Transportation Planning Program	20.205	N/A	\$ 8,600.00	\$ 34,400.00	7/1/2017	6/30/2018	\$ 22,743.47	\$ 10,664.65	
Cohansey Friesburg Road(Highway Planning and Construction)	20.205	2016-DT-BLA-FEP-426		999,000.00		Project Completion		142,726.32	
Woodstown Road(Highway Planning and Construction)	20.205	2016-DT-BLA-FEP-425		1,220,000.00		Project Completion		574,016.94	
Centerton Traffic Signal	20.205	FAP-2017-Salem County-02567		36,406.99		Project Completion		35,539.71	
Highway Planning and Construction Cluster							22,743.47	762,947.62	-
Tiger III	20.933	DTMA1G12004	1,420,000.00	3,000,000.00	9/30/2012	9/30/2018	4,409,029.75	29,803.80	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION							4,431,773.22	792,751.42	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>									
Passed through New Jersey Office of Homeland Security									
State Homeland Security Program (SHSP)	97.067	EMW-2015-SS-00039-S01		100,000.00	9/1/2015	8/31/2018	2,378.19	5,489.19	
State Homeland Security Program (SHSP)	97.067	EMW-2016-SS-00032-S01		142,557.00	9/1/2016	8/31/2019	26,631.28	22,130.66	
State Homeland Security Program (SHSP)	97.067	EMW-2017-SS-00043-S01		164,557.68	9/1/2017	8/31/2020	136,431.55	135,993.66	
State Homeland Security Program (SHSP)	97.067	EMW-2018-SS-00028-S01		160,543.91	9/1/2018	8/31/2021		17,100.00	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY							165,441.02	180,713.51	-
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>									
Passed through New Jersey Department of Community Affairs									
Small Cities-ARC Parking Lot	14.228	2016-100-022-8020-078-F292-15SC-6120		300,000.00	1/1/2016	12/31/2017	258,219.46	56,002.42	\$ 56,002.42
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							258,219.46	56,002.42	56,002.42
TOTAL EXPENDITURES OF FEDERAL AWARDS							\$ 6,712,623.74	\$ 2,539,633.02	\$ 303,379.69

The accompanying Notes to the Schedules of Federal Awards and State Financial Assistance are an integral part of this schedule.

County of Salem
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended December 31, 2018

State Grantor / Pass-through Grantor/Program	State G.M.I.S. No.	Matching Contributions	Program or Award Amount	Grant Period		Cash Received	Program Expenditures	Passed Through to Subrecipients	Memorandum Only
				From	To				Cumulative Cash Expenditures at 12/31/18
DEPARTMENT OF LAW AND PUBLIC SAFETY									
Prosecutor Insurance Fraud	100-066-1020-305		\$ 250,000.00	1/1/2017	12/31/2017	\$ 46,667.15	\$ 38,870.32		\$ 250,000.00
Prosecutor Insurance Fraud	100-066-1020-305		250,000.00	1/1/2018	12/31/2018	187,149.24	240,716.93		240,716.93
Program Total						233,816.39	279,587.25	-	490,716.93
Body Armor Replacement- Sheriff	1020-718-066-1020-001		17,903.10	1/1/2016	12/31/2019		7,950.00		32,747.76
Body Armor Replacement- Sheriff	1020-718-066-1020-001		17,854.54	1/1/2017	12/31/2020		4,015.00		6,998.00
Body Armor Replacement-Prosecutor	1020-718-066-1020-001		2,184.17	1/1/2016	12/31/2019		2,934.93		2,184.17
Body Armor Replacement-Prosecutor	1020-718-066-1020-001		2,187.25	1/1/2017	12/31/2020		2,187.25		2,187.25
Program Total						-	17,087.18	-	44,117.18
NJ Department of Correction- MAT Grant	18-100-026-7025-318		200,000.00	11/1/2017	3/31/2019		43,998.69		43,998.69
State Criminal Alien Assistance Program (SCAAP)	unknown		22,717.00	1/1/2016	12/31/2018		1,923.03		1,923.03
TOTAL DEPARTMENT OF LAW AND PUBLIC SAFETY						233,816.39	342,596.15	-	580,755.83
DEPARTMENT OF HEALTH									
Right to Know	100-046-4771-105-6110		8,786.00	7/1/2017	6/30/2018	8,786.00	7,977.72		19,897.97
State Health Insurance Assistance Program	7530-100-054-7530-055-LLLL-6110		33,000.00	4/1/2018	3/31/2019	4,647.00	31,778.45		40,000.00
MIPPA Outreach & Enrollment	DOAS13MPA008		40,000.00	11/1/2017	9/30/2018	40,000.00	39,923.98		39,923.98
Alcoholic Treatment Program	4240-100-046-4252-024-J002-6110	\$ 18,717.00	233,074.00	1/1/2016	12/31/2016	31,592.00		\$ 61,003.00	121,807.64
Alcoholic Treatment Program	4240-100-046-4252-024-J002-6110	17,835.00	227,800.00	1/1/2018	12/31/2018	198,859.00	121,807.64		55,523.80
Program Total						230,451.00	121,807.64	61,003.00	177,331.44
Special Child Health and Early Intervention	4220-100-045-4572-129-J002-6140	15,880.00	40,966.00	7/1/2017	6/30/2018	31,822.00	34,253.24		257,962.51
Childhood Lead Exposure Prevention	4220-100-046-4G12-501-J002-6140		174,101.00	7/1/2017	6/30/2018	174,101.00	174,101.00		10,079.91
Childhood Lead Exposure Prevention	4220-100-046-4G12-501-J002-6140		207,000.00	7/1/2018	6/30/2019	49,966.00	83,861.51		694.53
Program Total						224,067.00	257,962.51	-	10,774.44
Healthy Communities Initiative	unknown		50,000.00	1/1/2018	12/31/2018		694.53	10,419.87	53,223.95
TOTAL DEPARTMENT OF HEALTH						539,773.00	494,398.07	71,422.87	599,114.29

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County of Salem
 Schedule of Expenditures of State Financial Assistance
 For the Year Ended December 31, 2018

State Grantor / Pass-through Grantor/Program	State G.M.I.S. No.	Matching Contributions	Program or Award Amount	Grant Period		Cash Received	Program Expenditures	Passed Through to Subrecipients	Memorandum Only
				From	To				Cumulative Cash Expenditures at 12/31/18
DEPARTMENT OF STATE									
Local Arts Program	2530-100-074-2530-032-S003-6130		\$ 46,843.00	1/1/2017	12/31/2017	\$ 4,685.00	\$ 11,200.00	\$ 11,200.00	\$ 46,843.00
Local Arts Program	2530-100-074-2530-032-S003-6130		46,843.00	1/1/2018	12/31/2018	42,158.00	38,700.00	36,200.00	38,700.00
Program Total						46,843.00	49,900.00	47,400.00	85,543.00
Historical Commission Grant	2540-100-074-2540-105-S020-6110		14,310.00	1/1/2017	12/31/2017	3,577.00	8,160.00		24,744.00
Historical Commission Grant	2540-100-074-2540-105-S020-6110		14,310.00	1/1/2018	12/31/2018	12,163.50	11,500.00	11,500.00	11,500.00
Program Total						15,740.50	19,660.00	11,500.00	36,244.00
TOTAL DEPARTMENT OF STATE						62,583.50	69,560.00	58,900.00	121,787.00
DEPARTMENT OF ENVIRONMENTAL PROTECTION									
County Environmental Health Act (CEHA)	495-042-4855-001-V83K-6010		134,282.00	7/1/2017	6/30/2018	133,282.00	7,498.93	7,498.93	187,487.93
Clean Communities	unknown		500.00	1/1/2018	12/31/2018	500.00	475.00		475.00
TOTAL DEPARTMENT OF ENVIRONMENTAL PROTECTION						133,782.00	7,973.93	7,498.93	187,962.93
DEPARTMENT OF TRANSPORTATION									
Local Bridges, Future Needs- Kings Hwy, CR#620	09-480-078-6320-AKD-6010		1,000,000.00	Project Completion		246,397.39	600,575.18		600,575.18
Short Line Track Rehabilitation Phase VI	unknown	\$ 210,125.00	1,891,127.00	Project Completion			3,441,612.07		5,516,689.07
New Jersey Transit									
Senior Citizen and Disabled Resident Trans. Prog.	N.J. Transit Corp.		537,574.00	1/1/2016	12/31/2016		200,023.18	30,749.64	246,134.18
Senior Citizen and Disabled Resident Trans. Prog.	N.J. Transit Corp.		327,180.00	1/1/2017	12/31/2017	333,541.09	65,119.19	52,081.77	346,779.19
Senior Citizen and Disabled Resident Trans. Prog.	N.J. Transit Corp.		332,284.00	1/1/2018	12/31/2018	202,390.36	210,066.71		210,066.71
Program Total						535,931.45	475,209.08	82,831.41	802,980.08
Section 5311	N.J. Transit Corp.	73,084.50	235,153.50	1/1/2017	12/31/2017	126,482.91	16,503.93	16,503.93	16,503.93
Section 5311	N.J. Transit Corp.	74,949.50	251,098.50	1/1/2018	12/31/2018	101,781.66	177,773.71	14,062.50	387,840.42
Program Total						228,264.57	194,277.64	30,566.43	404,344.35
State Aid Highway Projects									
2012 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		1,823,000.00	Project Completion			143,480.54		2,896,895.54
2013 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		1,807,000.00	Project Completion			218,637.92		2,025,637.92
2014 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		2,365,000.00	Project Completion		670,626.00	938,052.12		6,154,418.12
2016 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		2,365,000.00	Project Completion			992,716.88		992,716.88
2017 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		2,399,200.00	Project Completion			117,231.24		582,037.24
2018 County Aid Improvement Program	6320-480-078-6320-TCAP-6010		4,842,538.00	Project Completion			1,389,910.82		1,401,618.70
Program Total						670,626.00	3,800,029.52	-	14,053,324.40
TOTAL DEPARTMENT OF TRANSPORTATION						1,681,219.41	8,511,703.49	113,397.84	21,377,913.08
DEPARTMENT OF TREASURY									
Governor's Council on Alcoholism and Drug Abuse									
Muni. Alliance to Prevent Alcoholism & Drug Abuse	2000-100-082-C001-044-0999-6010		137,801.00	7/1/2015	6/30/2016	59,897.01	3,400.00		114,462.00
Muni. Alliance to Prevent Alcoholism & Drug Abuse	2000-100-082-C001-044-0999-6010		137,801.00	7/1/2016	6/30/2017	55,547.05	93,674.56	58,714.18	122,742.56
Muni. Alliance to Prevent Alcoholism & Drug Abuse	2000-100-082-C001-044-0999-6010		137,801.00	7/1/2017	6/30/2018		30,341.10	8,432.01	127,415.66
TOTAL DEPARTMENT OF TREASURY						115,444.06	127,415.66	67,146.19	364,620.22

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County of Salem
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2018

State Grantor / Pass-through Grantor/Program	State G.M.I.S. No.	Matching Contributions	Program or Award Amount	Grant Period		Cash Received	Program Expenditures	Passed Through to Subrecipients	Memorandum Only
				From	To				Cumulative Cash Expenditures at 12/31/18
DEPARTMENT OF HUMAN SERVICES									
PASP- Personal Assistance Services	7570-100-054-7570-361-LLLL-6130		\$ 11,114.00	1/1/2017	12/31/2017	\$ 1,852.34	\$ 926.15		\$ 32,416.15
PASP- Personal Assistance Services	7570-100-054-7570-361-LLLL-6130		11,114.10	1/1/2018	12/31/2018	10,187.82	11,114.00		11,114.00
Program Total						12,040.16	12,040.15	-	43,530.15
One Stop/ WIA	100-054-7550-121		1,261,166.00	7/1/2015	6/30/2016	277,879.17	268,078.88	\$ 268,078.88	268,078.88
One Stop/ WIA	100-054-7550-121		1,452,321.00	7/1/2016	6/30/2017	710,209.10	749,348.40	749,348.40	1,748,661.40
One Stop/ WIA	100-054-7550-121		1,268,244.00	7/1/2017	6/30/2018	288,236.71	269,474.91	269,474.91	470,914.91
Program Total						1,276,324.98	1,286,902.19	1,286,902.19	2,487,655.19
TOTAL DEPARTMENT OF HUMAN SERVICES						1,288,365.14	1,298,942.34	1,286,902.19	2,531,185.34
DEPARTMENT OF MILITARY AND VETERANS AFFAIRS									
Veterans Transportation	100-067-3610-058		13,000.00	7/1/2017	6/30/2018	10,413.00	9,739.00		34,061.00
Veterans Transportation	100-067-3610-058		13,000.00	7/1/2018	6/30/2019	5,416.65	4,348.00		16,305.00
TOTAL DEPARTMENT OF MILITARY AND VETERANS AFFAIRS						15,829.65	14,087.00	-	50,366.00
JUVENILE JUSTICE COMMISSION									
State/Community Partnership	100-066-1500-007		200,966.00	1/1/2017	12/31/2017	160,095.93	81,670.93	79,670.93	116,777.93
State/Community Partnership	100-066-1500-007		200,966.00	1/1/2018	12/31/2018	92,022.10	92,022.10	92,022.10	92,022.10
Program Total						252,118.03	173,693.03	171,693.03	208,800.03
Family Court Services	100-066-1500-021		100,261.00	1/1/2017	12/31/2017	45,621.69	34,136.18	34,136.18	69,243.18
Family Court Services	100-066-1500-021		100,261.00	1/1/2018	12/31/2018	59,765.04	59,765.04	59,765.04	59,765.04
Program Total						105,386.73	93,901.22	93,901.22	129,008.22
Justice Assistance Grant (JAG)- Megan's Law	2016-DJ-BX-0318		3,648.00	1/15/2017	1/14/2018	3,648.00	912.00		912.00
TOTAL JUVENILE JUSTICE COMMISSION						361,152.76	268,506.25	265,594.25	338,720.25
DEPARTMENT OF AGRICULTURE									
Salem County AG Development Board	unknown		45,000.00	1/1/2018	12/31/2018		45,000.00		45,000.00
TOTAL DEPARTMENT OF AGRICULTURE						-	45,000.00	-	45,000.00
OTHER STATE PROGRAMS									
NJ Dept of Emergency Management-RERP	unknown		258,988.00	7/1/2017	6/30/2018	256,112.98	202,050.35	1,223.96	421,776.35
EMPG/EMMA	unknown		55,000.00	7/1/2017	6/30/2018	55,000.00	55,000.00		55,000.00
TOTAL OTHER STATE PROGRAMS						311,112.98	257,050.35	1,223.96	476,776.35
TOTAL STATE FINANCIAL ASSISTANCE						\$ 4,743,078.89	\$ 11,437,233.24	\$ 1,872,086.23	\$ 26,674,201.29

The accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

COUNTY OF SALEM

Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2018

Note 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "schedules") include federal and state award activity of the County of Salem (hereafter referred to as the "County") under programs of the federal government and state government for the year ended December 31, 2018. The County is defined in note 1 in the County's basic financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules. Because these schedules present only a selected portion of the operations of the County, it is not intended to and does not present the financial position and changes in operations of the County.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the modified accrual basis of accounting as promulgated by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. This basis of accounting is described in note 1 in the County's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3: INDIRECT COST RATE

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

Note 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules support the amounts reported in the related federal and state financial reports.

Note 5: MAJOR PROGRAMS

Major programs are identified in the *Summary of Auditor's Results* section of the *Schedule of Findings and Questioned Costs*.

COUNTY OF SALEM
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2018

Section 1- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> X </u> yes	_____ no
Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance)?	<u> X </u> yes	_____ no

Identification of major programs:

CFDA Number(s)

20.205

93.044 & 93.045

Name of Federal Program or Cluster

Highway Planning and Construction Cluster

Aging Cluster

Dollar threshold used to determine Type A programs	\$	<u>750,000.00</u>
Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no

COUNTY OF SALEM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

None.

COUNTY OF SALEM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section 3 - Schedule of Federal Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding No. 2018-001

Criteria or Specific Requirement

The County should maintain their grant records in a manner that facilitates the timely preparation of schedules of expenditures of federal awards and state financial assistance ("schedules") and allows for the timely submission of the single audit to the Federal Audit Clearinghouse.

Condition

The grant records maintained by the County did not easily facilitate the timely preparation of the schedules of expenditures of federal awards and state financial assistance.

Context

Although the County did have all the required documentation to complete the schedules of expenditures of federal awards and state financial assistance, the accumulation and review of the information required additional analysis and adjustment to prepare the schedules.

Effect

The schedules were not completed in a timely manner and resulted in a delayed submission to the Federal Audit Clearinghouse.

Cause

Due to a transition in the finance department, the County was unable to timely gather and prepare the schedules.

Recommendation

The County should implement internal controls and review their grant documentation to allow for the timely completion of the schedules of expenditures of federal awards and state financial assistance and submission to the Federal Audit Clearinghouse.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

COUNTY OF SALEM
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

Section 4 - Schedule of State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major State programs, as required by State of New Jersey Circular 15-08-OMB.

Finding No. 2018-001

Criteria or Specific Requirement

The County should maintain their grant records in a manner that facilitates the timely preparation of schedules of expenditures of federal awards and state financial assistance ("schedules") and allows for the timely submission of the single audit to the Federal Audit Clearinghouse.

Condition

The grant records maintained by the County did not easily facilitate the timely preparation of the schedules of expenditures of federal awards and state financial assistance.

Context

Although the County did have all the required documentation to complete the schedules of expenditures of federal awards and state financial assistance, the accumulation and review of the information required additional analysis and adjustment to prepare the schedules.

Effect

The schedules were not completed in a timely manner and resulted in a delayed submission to the Federal Audit Clearinghouse.

Cause

Due to a transition in the finance department, the County was unable to timely gather and prepare the schedules.

Recommendation

The County should implement internal controls and review their grant documentation to allow for the timely completion of the schedules of expenditures of federal awards and state financial assistance and submission to the Federal Audit Clearinghouse.

View of Responsible Officials and Planned Corrective Action

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

COUNTY OF SALEM
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, the Uniform Guidance and State of New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARDS

Finding No. 2017-001

Condition

The County did not complete the schedules in a timely manner, thus was unable to file the audit with the federal clearinghouse in a timely manner.

Current Status

This condition still exists, see Finding 2018-001.

Finding No. 2017-002

Condition

The County did not maintain ongoing records of expenditures to sub-recipients, thus was unable to include this expenditure information in the schedule of expenditures of federal awards.

Current Status

This condition has been resolved.

Finding No. 2017-003

Condition

The County did not properly budget for and track expenditures of federal awards by CFDA number and cluster, as applicable, in the County's accounting system. Area Plan expenditures were reported on the schedule of expenditures of federal awards under CFDA number 93.045 instead of the proper breakdown between the various Area Plan programs and clusters under CFDA numbers 93.043, 93.044, 93.045, 93.052, 93.053, and 93.778. Similarly, State funded portions of Area Plan awards and expenditures were not separated from the Federally funded portions for reporting purposes. Programmatically, however, the County Health and Human Services department responsible for managing the Area Plan grant funds did track and spend funds in line with proper funding sources and requirements.

Current Status

This condition has been resolved.

COUNTY OF SALEM
Summary Schedule of Prior Year Audit Findings
and Questioned Costs as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and Federal Awards and State Financial Assistance that are required to be reported in accordance with *Government Auditing Standards*, the Uniform Guidance and State of New Jersey Circular 15-08-OMB.

FEDERAL AWARDS (CONT'D)

Finding No. 2017-004

Condition

The County commingled Area Plan grant receipts and advanced funds with other County Funds and grants.

Current Status

This condition has been resolved.

STATE FINANCIAL ASSISTANCE PROGRAMS

Finding No. 2017-001

Condition

The County did not complete the schedules in a timely manner, thus was unable to file the audit with the federal clearinghouse in a timely manner.

Current Status

This condition still exists, see Finding 2018-001.

Finding No. 2017-002

Condition

The County did not maintain ongoing records of expenditures to sub-recipients, thus was unable to include this expenditure information in the schedule of expenditures of federal awards.

Current Status

This condition has been resolved.

COUNTY OF SALEM
 Officials in Office and Surety Bonds

The following officials were in office during the period under audit:

<u>Name</u>	<u>Title</u>	<u>Amount of Surety Bond</u>	
Melissa DeCastro	Director of the Board of Chosen Freeholders	\$ 5,000,000	(A)
Charles V. Hassler	Deputy Director of the Board of Chosen Freeholders	5,000,000	(A)
Benjamin H. Laury	Freeholder	50,000	(B)
Lee R. Ware	Freeholder	5,000,000	(A)
R. Scott Griscom	Freeholder	5,000,000	(A)
Jeffrey T. Ridgway Sr.	Administrator	50,000	(B)
Brenda P. Banks	Clerk of the Board	50,000	(B)
Kelly A. Hannigan	Chief Financial Officer/Treasurer	568,000	(B)
Gilda T. Gill	CountyClerk	50,000	(B)
Curtis Harker	Deputy County Clerk	50,000	(B)
Nicki A. Burke	Surrogate	35,000	(B)
Charles Miller	Sheriff	50,000	(B)
Warren Mabey	Undersheriff	50,000	(B)
John Cuzzupe	Undersheriff / Warden	50,000	(B)
Vacant	Undersheriff / Deputy Warden	N/A	
Kenneth Miller	County Adjuster	5,000,000	(A)
John T. Lenahan	Prosecutor	5,000,000	(A)
Adam Telsey	Labor Counsel		
Parker McKay PA	Bond Counsel		
Michael M. Mulligan	County Counsel		
Federici & Akin PA	Engineer		

(A) Covered by Public Employees Liability Policy in the Amount of \$5,000,000 with Travelers Casualty and Surety Company.

(B) RLI Insurance Company

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APPRECIATION

I express my appreciation for the assistance and courtesies rendered by the County officials during the course of the audit.

Respectfully submitted,

BOWMAN & COMPANY LLP
Certified Public Accountants
& Consultants

A handwritten signature in black ink, appearing to read "Henry J. Ludwigsen". The signature is written in a cursive style with a prominent initial "H".

Henry J. Ludwigsen
Certified Public Accountant
Registered Municipal Accountant