

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED

04/15/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Elizabeth A. Alvey	01-01-23 to 12-31-26
	Pamela J. Burton	01-01-15 to 12-31-22
County Treasurer	Michele Ann Graves	01-01-17 to 12-31-24
Clerk of the Circuit Court	Trena McLaughlin	01-01-19 to 12-31-26
County Recorder	Teresa Petro	01-01-19 to 12-31-26
County Sheriff	Duane Burgess	01-01-19 to 12-31-26
County Surveyor	Gregg Cantwell	01-01-17 to 12-31-24
County Coroner	Mike Pruitt	01-01-21 to 12-31-24
County Prosecutor	Lance Hamner	01-01-23 to 12-31-26
	Joe Villanueva	08-29-19 to 12-31-22
County Assessor	Mike Watkins	01-01-23 to 12-31-26
	Mark Alexander	01-01-07 to 12-31-22
President of the Board of County Commissioners	Brian P. Baird	01-01-21 to 12-31-24
President of the County Council	Pamela J. Burton	01-01-24 to 12-31-24
	Jonathan T. Myers	01-01-23 to 12-31-23
	Jim Ison	01-01-22 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

This report is supplemental to the audit report of Johnson County (County), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the County. It should be read in conjunction with the Financial Statement Audit Report of the County, which provides our opinion on the County's financial statements. This report may be found at www.in.gov/sboa.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Result and Comment contained herein describes the identified reportable instance of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

March 7, 2024

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COUNTY AUDITOR
JOHNSON COUNTY

COUNTY AUDITOR
JOHNSON COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS AND REPORTING

The same comment also appeared in prior Report B61433.

Condition and Context

All financial activity of the County was provided to a third-party compiler. The compiler, utilizing the data provided, prepared the County's financial statements. Once the financial statements were prepared, they were provided to the County. The County then reviewed the financial statements to ensure they were complete and accurate; however, the County's review was not effective and did not detect and allow for correction of errors.

Due to the lack of effective internal controls, the financial statements presented for audit included the following errors:

- The Discretely Presented Component Units capital asset additions and deletions were understated by \$8,292,569 and \$9,400,000, respectively.
- The Discretely Presented Component Units capital asset accumulated depreciation additions and deletions were understated by \$331,752 and \$504,000, respectively.
- The Discretely Presented Component Units Net Position was understated by \$935,183.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

COUNTY AUDITOR
JOHNSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2024, with Elizabeth A. Alvey, County Auditor; Amy Thompson, Deputy County Auditor; Adam Gadberry, County Attorney; Tiffany Costley, Assistant County Attorney; Pamela J. Burton, former County Auditor and President of the County Council; Brian P. Baird, County Commissioner; and Barb Davis, County Coordinator.