

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

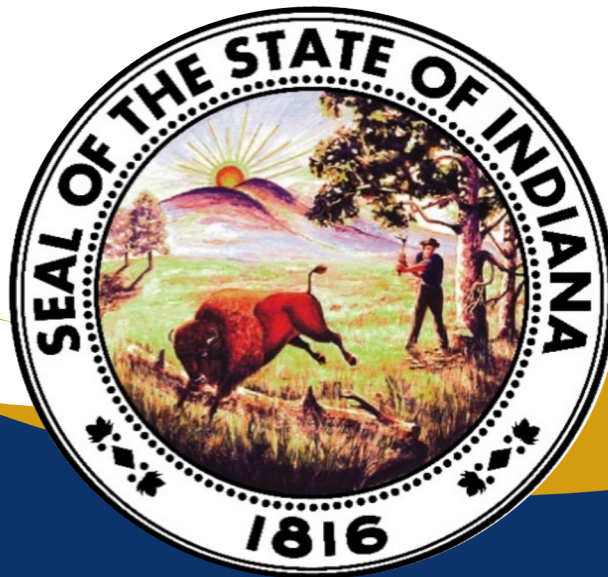
**Paul D. Joyce, CPA
State Examiner**

FEDERAL COMPLIANCE AUDIT REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED
12/23/2024

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-18
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	20-22
Corrective Action Plan	23
Other Reports.....	24

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Elizabeth A. Alvey	01-01-23 to 12-31-26
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
County Assessor	Mike Watkins	01-01-23 to 12-31-26
President of the Board of County Commissioners	Brian P. Baird	01-01-21 to 12-31-24
President of the County Council	Jonathan T. Myers Pamela J. Burton	01-01-23 to 12-31-23 01-01-24 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

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

TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Johnson County (County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 29, 2024. Our report includes a reference to other auditors who audited the financial statements of the Johnson Memorial Hospital, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be material weaknesses.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

Johnson County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 29, 2024



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF JOHNSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Johnson County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023. The County'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 County 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 County 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 County's compliance with the compliance requirements referred to above.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The County's basic financial statements include the operations of the Johnson Memorial Hospital, the Johnson County Solid Waste District, the Bargersville Fire Protection District, the Amity Fire Protection District, the Hensley Fire Protection District, the Needham Fire Protection District, the Nineveh Fire Protection District, and the Johnson County Public Library, which are component units of the County. Expenditures of federal awards for these component units, if any, are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2023. Our compliance audit, described in the *Opinion on Each Major Federal Program*, did not include the operations of the Johnson Memorial Hospital, the Johnson County Solid Waste District, the Bargersville Fire Protection District, the Amity Fire Protection District, the Hensley Fire Protection District, the Needham Fire Protection District, the Nineveh Fire Protection District, and the Johnson County Public Library as component units are legally separate entities of the County and are subject to separate audits, as applicable in accordance with Indiana state statutes or regulations, and the audit requirements of the Uniform Guidance.

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 County'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 County'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 GAAS, *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 County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 County'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 County'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 County's internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County'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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 29, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

October 29, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.



JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Calendar 2023 Juvenile Detention School Breakfast			FY 2023	\$ -	\$ 19,564
National School Lunch Program	Indiana Department of Education	10.555			
Calendar 2023 Juvenile Detention School Lunch			FY 2023	-	31,179
Calendar 2023 Juvenile Detention School Lunch - Commodities			FY 2023	-	1,820
Total - National School Lunch Program				-	32,999
Total - Child Nutrition Cluster				-	52,563
WIC Special Supplemental Nutrition Program for Women, Infants, and Children WIC - Breastfeeding/Peer Counselor (2022-2023)	Indiana Department of Health	10.557			
			Contract #65267	-	1,089,955
Child and Adult Care Food Program	Indiana Department of Education	10.558			
Calendar 2023 Juvenile Detention School Snacks			FY 2023	-	5,610
Pandemic EBT Administrative Costs	Indiana Department of Education	10.649			
Juvenile Detention SNAP State and Local EBT			FY 2023	-	628
Total - Department of Agriculture				-	1,148,756
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victim Assistance Program (2022-2024)			Contract #68595	-	62,601
VOCA Supp 2022-2023			FY 2023	-	5,736
Total - Crime Victim Assistance				-	68,337
Treatment Court Discretionary Grant Program	Direct Grant	16.585			
Drug Court Adult 2022			FY 2023	-	118,253
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
STOP Grant Domestic Violence Intervention Program (10/01/22-09/30/23)			Contract #70246	-	34,216
Total - Department of Justice				-	220,806
<u>Department of Transportation</u>					
Federal Transit Cluster					
Federal Transit Formula Grants	Indianapolis Public Transportation Corporation (IPTC), dba IndyGo	20.507			
Access Johnson County ARPA			Contract #69995	1,054,109	1,054,109
Access Johnson County (2022-2024)			FY 2023	409,850	409,850
Total - Federal Transit Formula Grants				1,463,959	1,463,959
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	Indiana Department of Transportation	20.526			
Access Vehicles			Contract #69995	-	211,000
Total - Federal Transit Cluster				1,463,959	1,674,959
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
LEC CHIRP 2023 (OPO/CITLI/BLITZ)			FY 2023	36,032	37,198
Total - Highway Safety Cluster				36,032	37,198

JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Bridge 136			Project # 1801454	-	7,768
Fairview Road and Peterman Road Intersection			Project #1601197	-	47,163
Bridge 38			Project #1702954	-	69,075
700 N and 400 W Intersection Improvement and Roundabout			Project #1801452	-	1,847
Bridge 98			Project #1902767	-	53,161
Federal Bridge Inspection Phase 1 (2022) and Phase 1A (2023)			Project #2002461	-	91,776
Clark School East			Project #2002991	-	35,162
Bridge 103			Project #2002993	-	34,191
Total - Highway Planning and Construction				-	340,143
Minimum Penalties for Repeat Offenders for Driving While Intoxicated LEC CHIRP 2023 (DUI)	Indiana Criminal Justice Institute	20.608	FY 2023	18,597	20,850
Total - Department of Transportation				1,518,588	2,073,150
<u>Department of the Treasury</u>					
Equitable Sharing Sheriff DOT Equitable Share	Direct Grant	21.016	FY 2023	-	31,329
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Health Department Asthma Grant American Rescue Plan Act 2021	Indiana Department of Health	21.027	Contract #72310 FY 2023	-	2,691 8,312,885
Total - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				-	8,315,576
Total - Department of the Treasury				-	8,346,905
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness BASE BP1 (2022-2023) CRI BP1 (2022-2023) BASE BP1 (2023-2024) CRI BP1 (2023-2024)	Indiana Department of Health	93.069	Contract #63257 Contract #63257 Contract #63257 Contract #63257	-	11,315 55,792 11,775 16,226
Total - Public Health Emergency Preparedness				-	95,108
Immunization Cooperative Agreements Supplemental Immunization	Indiana Department of Health	93.268	Contract #73663	-	33,969
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Crisis Co Ag School (2021-2022)	Indiana Department of Health	93.323	Contract #59444	-	108,173
Total - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				-	108,173
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response Crisis Co Ag School (2021-2022) Crisis Co Ag COVID 19	Indiana Department of Health	93.354	Contract #59444 Contract #64812	-	89,976 19,684
Total - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				-	109,660
Child Support Services Indirect Costs - Cost Allocation Plan Calendar 2023 Clerk Expenditures Calendar 2023 Prosecutor Expenditures Prosecutor Deferral Program (fund #2508)	Indiana Department of Child Services	93.563	FY 2023 FY 2023 FY 2023 FY 2023	-	104,018 29,677 414,607 260

JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Calendar 2023 Clerk Expenditures (Clerk Perpetuation Fund)			FY 2023	-	1,730
Calendar 2023 Juvenile Court Expenditures			FY 2023	-	60,131
Prosecutor Collection Incentives			FY 2023	-	48,272
Clerk Collection Incentives			FY 2023	-	32,085
County Collection Incentives			FY 2023	-	32,085
Total - Child Support Services				-	722,865
Voting Access for Individuals with Disabilities_Grants to States Election Reform Payments	Indiana Secretary of State	93.617	FY 2005 & FY 2012	-	73,874
Opioid STR	Indiana Office of Court Services	93.788			
SIM Grant 2022			t22-5JC89-C41-001	-	60,000
Indiana State Opioid Response			20-5JC89-C41-039	-	873
SIM Grant 2020			21-5JC89-C41-001	-	7,970
SIM Grant 2023			23-5JC89-C41-4	-	943
SIM Grant 2024			24-5JC89-C41-4	-	10,262
Total - Opioid STR				-	80,048
Total - Department of Health and Human Services				-	1,223,697
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036			
Tornado Damage for EMA			FEMA-4704-DR	-	30,166
Tornado Damage for Highway			FEMA-4704-DR	-	1,544
Tornado Damage for Highway			FEMA-4704-DR	-	9,150
Tornado Damage			PA-05-IN-4515-PW-00146	-	413,427
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	454,287
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMPG - Salaries			Contract #68316	-	67,471
2022 EMPG Competitive			Contract #68526; EMC-2022-EP-0	-	20,000
Total - Emergency Management Performance Grants				-	87,471
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
SHSP Non-Priority			EMW-2022-SS-00064; Contract #6	-	64,366
SHSP Priority			EMW-2022-SS-00064; Contract #6	-	72,538
Total - Homeland Security Grant Program				-	136,904
Total - Department of Homeland Security				-	678,662
Total federal awards expended				\$ 1,518,588	\$ 13,691,976

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

JOHNSON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2023. The information in the SEFA 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 SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

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

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental Activities	Unmodified
Aggregate discretely presented component units	Unmodified
General Fund	Unmodified
LIT Correctional/Rehab Facility Fund	Unmodified
American Rescue Plan Act 2021 Fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds Federal Transit Cluster	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2023-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition and Context

Internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the County's Schedule of Expenditures of Federal Awards (SEFA), were not effective.

The County had not properly reviewed the federal grant information prepared and submitted into Gateway. Although the Deputy County Auditor entered the federal award information into Gateway, and the County Auditor reviewed it prior to submission, the internal controls over the federal award information entered were not effective and did not detect or correct errors prior to submission.

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

- The Disaster Grants - Public Assistance (Presidentially Declared Disasters) program expenditures were understated by \$413,427 due to the County not including the discretely presented component unit's federal expenditures on the SEFA.
- The Federal Transit Formula Grants expenditures were overstated by \$409,850 due to a program erroneously being included on the SEFA twice. Additionally, the Assistance Listings Number was incorrect, and the expenditures should have been reported as the Federal Transit Formula Grants instead of the Formula Grants for Rural Areas and Tribal Transit Program.
- Ten additional grants had individually immaterial errors that led to misstatements of expenditures of \$59,237, in total.

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

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. . . ."

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner as set forth in the uniform compliance guidelines. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control . . ."

2 CFR 200.1 states in part:

". . . *Internal controls* for non-Federal entities means:

- (1) Processes designed and implemented by non-Federal entities to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

- (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section § 200.510 . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

JOHNSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414."

Cause

Management of the County had not established an effective system of internal controls that would have ensured proper reporting of the SEFA. As such, a discretely presented component unit's federal expenditures were not included, and expenditures were duplicated.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition and Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



Elizabeth Ann Alvey
Auditor of Johnson County

86 W Court St, Franklin, IN 46131

Office
317-346-4310

Direct
317-346-4312

Fax
317-736-7021

ealvey@co.johnson.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001 and 2021-001

Fiscal year in which the finding initially occurred: 2021

Current Audit Period: 2023

Finding Subject: Financial Transactions and Reporting

Summary of Finding: Material Weakness, Noncompliance

The discretely presented component units capital assets and accumulated depreciation were understated. Additionally, the net position was understated.

Status of Audit Finding:

Partially Corrected

Response Comments:

There is one discretely presented component unit that has misclassified capital assets and unavailable revenue. For the next audit year, we plan to review the discretely presented component units more closely to ensure accurate reporting.



Elizabeth Ann Alvey
Auditor of Johnson County

86 W Court St, Franklin, IN 46131

Office
317-346-4310

Direct
317-346-4312
ealvey@co.johnson.in.us

Fax
317-736-7021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-002

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: COVID-19 Coronavirus State and Local Fiscal Recovery Funds – Reporting

Summary of Finding:

2022 Q4 P&E report did not include all expenditures for the SLFRF Grant. This was fully corrected when we had the last audit. Our County Attorney completed the report to include all transactions in the reports due.

Status of Audit Finding:

Fully Corrected

Response Comments:



Elizabeth Ann Alvey
Auditor of Johnson County

86 W Court St, Franklin, IN 46131

Office
317-346-4310

Direct
317-346-4312
éalvey@co.johnson.in.us

Fax
317-736-7021

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-003

Fiscal year in which the finding initially occurred: 2022

Current Audit Period: 2023

Finding Subject: COVID-19 Coronavirus State and Local Fiscal Recovery

Summary of Finding:

Three contracts out of seven did not include the suspension and debarment requirements. The County has already executed addendums with the contractors to correct this issue.

Status of Audit Finding:

Fully Corrected

Response Comments:



Elizabeth Ann Alvey
Auditor of Johnson County

86 W Court St, Franklin, IN 46131

Office
317-346-4310

Direct
317-346-4312

Fax
317-736-7021

ealvey@co.johnson.in.us

CORRECTIVE ACTION PLAN

FINDING 2023-001

Finding Subject: Preparation of the Schedule of Expenditures of Federal Awards

Summary of Finding: Errors in grant reporting resulting in misstatements.

Contact Person Responsible for Corrective Action: Elizabeth Alvey

Contact Phone Number and Email Address: 317-346-4312, ealvey@co.johnson.in.us

Views of Responsible Officials:

We concur with the finding.

Description of Corrective Action Plan:

First, our office will strengthen our internal controls by printing out a hard copy of the SEFA report each time a change is made in Gateway. This will be proofed by an employee who did not make the change in Gateway. We will also begin this process a little earlier to allow more time for review.

Second, our office will determine whether the grant is Advanced or Reimbursable and make a note in our software then run a report at the end of the year to double-check the information entered on the SEFA.

Lastly, our office will reach out to the component units annually to see if they received any federal dollars the prior year.

Anticipated Completion Date:

March 2025

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.