

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

JOHNSON COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
12/31/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Pamela J. Burton	01-01-19 to 12-31-20
Treasurer	Michele Ann Graves	01-01-19 to 12-31-20
Clerk	Trena McLaughlin	01-01-19 to 12-31-20
Sheriff	Duane E. Burgess	01-01-19 to 12-31-20
Recorder	Teresa K. Petro	01-01-19 to 12-31-20
President of the Board of County Commissioners	Brian P. Baird	01-01-19 to 12-31-20
President of the County Council	Joshua C. McCarty John Myers	01-01-19 to 12-31-19 01-01-20 to 12-31-20



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 business-type 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, 2019, 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 17, 2020. Our report includes a reference to other auditors who audited the financial statements of Johnson Memorial Hospital, as described in our report on 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.

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) to determine the 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. 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.


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)

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 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 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.


Paul D. Joyce, CPA
State Examiner

December 17, 2020



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

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, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal 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; 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). Those standards and the Uniform Guidance 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 program occurred. An audit includes examining, on a test basis, evidence about the County'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 program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

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, 2019.

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 Internal Control over Compliance

Management of the County 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 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.

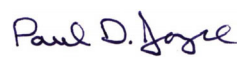
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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 governmental activities, the business-type 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted 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.


Paul D. Joyce, CPA
State Examiner

December 17, 2020

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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.

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JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA 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 2019 Juvenile Detention School Breakfast			FY 2019	\$ -	\$ 12,780
National School Lunch Program	Indiana Department of Education	10.555			
Calendar 2019 Juvenile Detention School Lunch			FY 2019	-	19,752
Calendar 2019 Juvenile Detention School Lunch - Commodities			FY 2019	-	3,200
Total - National School Lunch Program				-	22,951
Total - Child Nutrition Cluster				-	35,731
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana Department of Health	10.557			
WIC - Breastfeeding/Peer Counselor (2018/2019)			Contract #28841	-	1,200,057
WIC - Breastfeeding/Peer Counselor (2019/2020)			Contract #38131	-	10,158
Total - Special Supplemental Nutrition Program for Women Infants and Children				-	1,210,215
Child and Adult Care Food Program	Indiana Department of Education	10.558			
Calendar 2019 Juvenile Detention School Snacks			FY 2019	-	4,133
Total - Department of Agriculture				-	1,245,946
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program	City of Greenwood	16.738			
Justice Assistance Grant Program			2018-DJ-BX-0306	-	8,200
Juvenile Justice and Delinquency Prevention	Indiana Criminal Justice Institute	16.540			
Title II Juvenile Probation			2018-JF-FX-0058	-	13,368
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
Victim Assistance Program (10/1/18-9/30/20)			#7034	-	65,948
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588			
STOP Grant Domestic Violence Intervention Program (7/1/18-6/30/19)			EDS #D3-18-12245	-	40,778
Total - Department of Justice				-	128,294
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Replacement of Bridge 96			Project #1005699	-	20,389
Connector Rd from Worthsville Rd to South Franklin Rd/Worthsville Rd/Clark School Rd			Project #1005947	-	14,512

JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Reconstruction on 200 N Beginning at SR 144 Ending W of Centerline Rd			Project #1173122	-	17,751
Reconstruction on 200 N Beginning at SR 144 Ending W of Centerline Rd			Project #1173122	-	1,654
Reconstruction on 200 N Beginning at SR 144 Ending W of Centerline Rd			Project #1173573	-	1,654
Reconstruction on 200 N Beginning at SR 144 Ending W of Centerline Rd			Project #1173573	-	17,751
Federal Bridge Inspection (Bridge 502)			Project #1383129	-	76,386
Federal Bridge Inspection (Bridge 604)			Project #1383133	-	11,956
Federal Bridge Inspection Bridge (604)			Project #1383134	-	11,956
Federal Bridge Inspection Phase 1 (2018) and Phase 2 (2020)			Project #1500209	-	116,152
Total - Highway Planning and Construction				-	290,160
Total - Highway Planning and Construction Cluster				-	290,160
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Section 5339	Indiana Department of Transportation	20.526	Project #1803727O	225,701	225,701
Total - Federal Transit Cluster				225,701	225,701
Highway Safety Cluster					
State and Community Highway Safety Big City/Big County Enforcement (2018/2019)	Indiana Criminal Justice Institute	20.600	OP-2019-02-00-00	36,297	40,509
National Priority Safety Programs DUI Task Force Indiana Enforcement Grant (2018/2019)	Indiana Criminal Justice Institute	20.616	M6X-2019-15-00-09	19,771	24,542
Total - Highway Safety Cluster				36,297	65,051
Formula Grants for Rural Areas and Tribal Transit Program ACCESS - Public Transit (Federal Share)	Indiana Department of Transportation	20.509	Project #1803727O	584,260	584,260
Interagency Hazardous Materials Public Sector Training and Planning Grants HMEP/LEPC	Indiana Department of Homeland Security	20.703	693JK31940014HMEP	-	10,000
Total - Department of Transportation				866,030	1,175,172
Election Assistance Commission					
2018 HAVA Election Security Grants Election Security Improvement	Indiana Secretary of State	90.404	IN18101001	-	8,105
Total - Election Assistance Commission				-	8,105
Department of Health and Human Services					
Public Health Emergency Preparedness BASE BP1 (2019/2020)	Indiana Department of Health	93.069	Contract #35409	-	9,936
Total - Public Health Emergency Preparedness				-	9,936

JOHNSON COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Health	93.074			
District 5 DPC HPP			Contract #19366	-	21,739
Base BP1S (2018/2019)			Contract #26919	-	16,262
CRI BP1S (2018/2019)			Contract #26919	-	<u>27,287</u>
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				-	<u>65,287</u>
Child Support Enforcement	Indiana Department of Child Services	93.563			
Clerk Collection Incentives			FY 2019	-	42,909
Calendar 2019 Clerk Expenditures			FY 2019	-	29,448
Calendar 2019 Clerk Expenditures (Clerk Perpetuation Fund)			FY 2019	-	12
County Collection Incentives			FY 2019	-	31,184
Indirect Costs - Cost Allocation Plan			FY 2019	-	117,416
Calendar 2019 Juvenile Court Expenditures			FY 2019	-	77,285
Prosecutor Collection Incentives			FY 2019	-	48,208
Calendar 2019 Prosecutor Expenditures			FY 2019	-	470,299
Prosecutor Deferral Program (fund #2508)			FY 2019	-	4,010
Pretrial Diversion Program (fund #2509)			FY 2019	-	<u>1,066</u>
Total - Child Support Enforcement				-	<u>821,837</u>
Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems Election Reform Payments	Indiana Secretary of State	93.617			
			FY 2005 & FY 2012	-	<u>28,731</u>
Total - Department of Health and Human Services				-	<u>925,792</u>
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants EMPG - Salaries	Indiana Department of Homeland Security	97.042			
			Contract #31245	-	<u>65,564</u>
Pre-Disaster Mitigation Multi Hazard Mitigation	Indiana Department of Homeland Security	97.047			
			Contract #30292	-	<u>6,521</u>
Homeland Security Grant Program Wireless System for Robot	Indiana Department of Homeland Security	97.067			
			EMW-2018-SS-00011	-	<u>7,675</u>
Total - Department of Homeland Security				-	<u>79,760</u>
Total federal awards expended				<u>\$ 866,030</u>	<u>\$ 3,567,202</u>

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, 2019. 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
Business-type activities	Unmodified
Aggregate discretely presented component units	Unmodified
Each major fund	Unmodified
Aggregate remaining funds	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

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:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
10.557	Highway Planning and Construction Cluster	Unmodified
	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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/>.