



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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May 9, 2023

To: The Officials of Johnson County  
Johnson County  
86 W Court St.  
Franklin, IN 46131

This report is supplemental to the audit report of Johnson County (County), for the period January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Examination Findings that pertain to the County. It should be read in conjunction with the financial statement audit report of the County, which provides an opinion on the County's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Findings and Results contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the Supplemental Audit Report for Johnson County, prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period January 1, 2021 to December 31, 2021. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 6.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**JOHNSON COUNTY, INDIANA  
COMPLIANCE REPORT  
YEAR ENDED DECEMBER 31, 2021**



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**JOHNSON COUNTY, INDIANA  
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YEAR ENDED DECEMBER 31, 2021**

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**JOHNSON COUNTY, INDIANA  
SCHEDULE OF OFFICIALS  
YEAR ENDED DECEMBER 31, 2021**

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Pamela J. Burton Elizabeth Alvey	01-01-21 to 12-31-22 01-01-23 to 12-31-23
County Treasurer	Michele Ann Graves	01-01-21 to 12-31-23
Clerk of the Circuit Court	Trena McLaughlin	01-01-21 to 12-31-22 01-01-23 to 12-31-23
County Sheriff	Duane E. Burgess	01-01-21 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Teresa K. Petro	01-01-21 to 12-31-22 01-01-23 to 12-31-23
President of the Board of County Commissioners	Brian P. Baird	01-01-21 to 12-31-23
President of the County Council	James Ison Jonathon T. Myers	01-01-21 to 12-31-22 01-01-23 to 12-31-23



## INDEPENDENT AUDITORS' REPORT

County Officials of Johnson County, Indiana  
Franklin, 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 basic financial statements of Johnson County, Indiana, as of December 31, 2021 and for the year then ended, and have issued our report thereon dated March 29, 2023.

In connection with our audit, we noted Johnson County, Indiana failed to comply with certain provisions established by the Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana (the Manual) issued by the Indiana State Board of Account (SBOA), insofar as they related to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether Johnson County, Indiana failed to comply with the terms, covenants, provisions, or conditions of the guidelines of SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-reference terms, covenants, provisions, or conditions the guidelines of the SBOA, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the Manual and the results of that testing, and not to provide an opinion on compliance. Accordingly, the report is not suitable for any other purpose.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 29, 2023

**JOHNSON COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS  
YEAR ENDED DECEMBER 31, 2021**

**FINANCIAL STATEMENT CORRECTIONS**

**Condition:** Several corrections were made to the financial statements, as follows:

- Internal services funds were being shown in the financial statements; however these did not operate as an internal service fund (self-insurance) under the GASB 34 definition. These funds are now combined into the general fund to properly reflect the activity. Beginning fund balance of the general fund was restated, increasing it \$903,758.
- Related to the above, the risk management footnote misstated claims incurred and paid by approximately \$5 million.
- Errors were noted in several discretely presented component units balances, including (approximately) taxes receivable (\$19 million), net pension assets (\$3 million), deferred inflows for pensions (\$6 million), unavailable revenue (\$18 million), intergovernmental receivables (\$700,000), and capital assets (\$5 million), and other related revenues and expenses, which have been corrected.
- All custodial funds reported remaining balances as liabilities in the prior year financial statements. These funds were analyzed and corrected this year to comply with GASB 84, thus many balances are now reflected in net position. Beginning net position was restated for those that had a significant correction, increasing it \$12,624,447.
- Local income tax (LIT) receivable balance was calculated incorrectly at the end of last year as \$2,911,651 should have been allocated to the general fund, but was all recorded in the LIT correctional rehab facility fund. In addition, an error was made in the calculation of the LIT receivable which resulted in the general fund receivable being overstated by \$1,206,652 and the LIT correctional rehab facility fund being overstated by \$7,605,236, which has been corrected.
- Cash held in a custodial fund at year-end, that will be distributed to County funds, was not reclassified to the appropriate County fund at December 31, 2021. An adjustment of \$552,786 was made to correct the 2021 year-end balances for the general fund and the custodial fund.

**Criteria or specific requirement:** The County is responsible for the accuracy of the financial statements in accordance with generally accepted accounting principles. The County is required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1).

**JOHNSON COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

**FINANCIAL STATEMENT CORRECTIONS (CONTINUED)**

**Criteria or specific requirement (continued):**

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

Accurate and timely recording of transactions. . . ."

**PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

**Condition:** A federal program with expenditures of \$2,009,607 was reported under the incorrect Assistance Listing Number on the original SEFA.

**Criteria or specific requirement:** 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.

**JOHNSON COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

**PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)  
(CONTINUED)**

**Criteria or specific requirement (continued):**

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. . . ."

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 § 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:

**JOHNSON COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2021**

**PREPARATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)  
(CONTINUED)**

**Criteria or specific requirement (continued):**

- (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.
- (3) Provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings 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."

**JOHNSON COUNTY, INDIANA  
EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2021**

The contents of this report were discussed on March 29, 2023, with Elizabeth Alvey, County Auditor; Amy Thompson, Deputy County Auditor; Ron West, County Commissioner; Jonathon Myers, President of the County Council; Barb Davis, County Coordinator; Sommer Cannon, Baker Tilly consultant; Bill Prybylla, Baker Tilly consultant; Adam Gadberry, County Attorney; and Lynn Kelly, Bookkeeper.