
JOHNSON COUNTY, KANSAS

AUDITOR COMMUNICATIONS

DECEMBER 31, 2021

Board of County Commissioners
Johnson County, Kansas

We have audited 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, Kansas (County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects Of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the financial statements. During the year ended December 31, 2021, the District adopted the following standard:

- Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which changed the accounting policies for accounting for leases as stated in Note 1 to the financial statements.

During the year, the County changed its accounting practice related to the presentation of its retirement plans. GASB implementation guide 2021-1 question 4.3 clarified the definition of "control" as it pertains to the requirements to report certain defined contribution plans. Implementation of this clarification resulted in the removal of the defined contributions plans as fiduciary funds from the financial statements.

No other new accounting policies were adopted and the application of other existing policies was not changed during the year ended December 31, 2021. We noted no transactions entered into during the year for which there was a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. There are no instances where we consider a significant accounting practice that is acceptable under the applicable financial reporting framework not to be most appropriate to the particular circumstances of Johnson County, Kansas.

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures that were brought to the attention of management.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciable lives of capital assets is based on estimates of an asset's useful life. We evaluated the key factors and assumptions used to develop the depreciable lives in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the estimated liability for claims for general liability, workers' compensation and health insurance are based on estimates and calculations prepared by an actuary that the County hires for the general liability and workers' compensation estimates. For the health insurance estimates, obligations recorded are based on past history of claims recorded and estimates of the lag time between when a claim is filed and paid. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability and other related balances for total other post-employment benefits (OPEB) are based on calculations made by external actuaries. We tested census data and reviewed the actuarial reports for reasonableness, including the methods and assumptions used by the actuaries in their calculations in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the liability and other related balances from its participation in the cost-sharing, multiple employer pension plan KPERS is based on calculations made by external actuaries hired by the State of Kansas. We tested census data and reviewed the actuarial reports for reasonableness, including the methods and assumptions used by the actuaries in their calculations in determining that the estimates are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair values of investments is based on market data and other inputs. We evaluated the key factors and assumptions used to develop the fair values in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the inputs to calculating the lease assets, liabilities and deferred inflows (when applicable) are based on estimates of the interest rates implicit in the leases and the likelihood of lessees exercising options to extend the leases. We evaluated the key factors and assumptions used to develop interest rates implicit in the leases and the likelihood of lessees exercising options to extend the leases in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures to the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to the users of the financial statements. The most sensitive disclosures affecting the financial statements are:

The disclosure of Debt in Note 8 to the financial statements contains the information used to evaluate the debt position of the County.

The disclosure of Fund Balances in Note 9 to the financial statements contains the information used to evaluate the classifications of the fund balances of the County.

The disclosure of Self-Insurance in Note 10 to the financial statements contains the information used to inform readers of information related to the County's risk management.

Circumstances that Affect The Form And Content Of The Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report. The Auditors' Report contains information about the audit work performed by the component auditors as well as an emphasis of matter related to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The Auditors' report also contains information about the restatement related to GASB No. 84: *Fiduciary Activities*.

Matters Resulting In Consultation Outside The Engagement Team

During the audit, we coordinated with management of the County and consulted with the GASB related to the application of recent GASB standards and implementation guides related to the presentation of its retirement plans. There were no other significant matters which resulted in consultation outside of our engagement team.

Corrected And Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected misstatements of the financial statements. Those uncorrected misstatements are as follows:

- To increase Johnson County, Kansas General Fund expenses and fund balance for \$1,000,000; and Government-Wide expenses and net position for \$1,000,000. This entry is the result of reversing the impact from a prior year passed journal entry related to accounting for a lease, and there is no further impact to future years.
- Fire District No. 2 is currently presented with the other Fire Districts in the aggregate discretely presented component units. Due to recent changes in the governance of Fire District No. 2, generally accepted account principles would require Fire District No. 2 to be blended with the other funds of the County, rather than included in the aggregate discretely presented component units. The impact of classifying Fire District No. 2 as discretely presented rather than blended is not material to the financial statements.
- To increase Johnson County, Kansas Wastewater Enterprise Fund and Business Type Activities Charges for Services \$4,780,256 and decrease opening Net Position \$4,780,256. This total amount does not impact cash balances and is the result of revenue recognition requirements over several periods. This entry is the result of the County management identifying that the mapping from the Orion system to Oracle was not completed properly during the implementation in 2017. The mapping was corrected by management in the current year by flowing the cumulative impact since 2017 through the current year. The amount above includes an estimate of \$943,000 for the amount of Recertification Fees that had not been previously recognized from the same implementation year.

- To increase the Johnson County Park and Recreation District total assets and total liabilities by \$595,201 for a construction invoice that was not accrued at December 31, 2021. The total amount includes a projected amount of \$462,669 due to extrapolating the results of the testing sample. The Johnson County Park and Recreation District is separately audited and included in the financial statement presentation of the County as a discretely presented component unit.

Management has determined these uncorrected misstatements are not material, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any corrected misstatements that were identified by us as a result of our audit procedures.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to an entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Other Audit Findings Or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of County Commissioners and is not intended to be and should not be used by anyone other than these specified parties.

RubinBrown LLP

June 24, 2022

June 24, 2022

RubinBrown LLP
1200 Main Street
Suite 1000
Kansas City, Missouri 64105

This representation letter is provided in connection with your audit 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, Kansas as of December 31, 2021 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Johnson County, Kansas in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

We understand we are responsible for management decisions and functions, for designating a qualified employee to oversee any nonattest services you provide, and for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audit:

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) Significant assumptions used by us in making accounting estimates are reasonable.
- 5) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 6) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 7) The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 8) The effect of presenting Fire District No. 2 as a discretely presented component unit rather than a blended component unit is immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- 9) The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

- 10) With regard to items reported at fair value:
 - a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - b. The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - c. The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
 - d. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 11) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 12) All funds and activities are properly classified.
- 13) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 14) All net position components and fund balance classifications have been properly reported.
- 15) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 16) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 17) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 18) Deposit and investment risks have been properly and fully disclosed.
- 19) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 20) All required supplementary information is measured and presented within the prescribed guidelines.
- 21) Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- 22) With regard to pensions and OPEB:
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We are unable to determine the possibility of a withdrawal liability from the pension and OPEB plans of which we are a sponsor, and are not currently contemplating withdrawing from the pension and OPEB plans.
 - c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.

Information Provided

- 23) We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- 24) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 25) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 26) Other than what has been communicated to you, we have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.

- 27) We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), regulators, or others, other than what has been communicated to you.
- 28) We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 29) We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 30) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.
- 31) We have a process to track the status of audit findings and recommendations.
- 32) We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 33) We have provided views on your reported audit findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 34) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 35) We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- 36) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 37) The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 38) We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.
- 39) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 40) There are no violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
- 41) There are no other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB 62.
- 42) We have disclosed to you all known actual or possible litigation, claims and assessment whose effects should be considered when preparing the financial statements.
- 43) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral.
- 44) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 45) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB-62. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 46) We have provided you with:
 - a. A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
 - b. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditors' report.
- 47) The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
- 48) We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in

accordance with U.S. GAAP. The methods of measurement and presentation of the identify supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

- 49) We have provided you with information regarding all pending environmental remediation claims.
- 50) When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements ready available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.

With respect to the required supplementary information accompanying the financial statements:

- 51) We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- 52) We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- 53) The methods of measurement or presentation have not changed from those used in the prior period.

Use of a Specialist

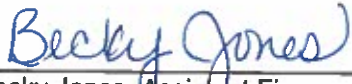
We agree with the findings of specialists in evaluating the calculations and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.



Penny Postoak Ferguson, County Manager



Brent Christensen, Director of Financial Management & Administration



Becky Jones, Assistant Finance Director

RubinBrown LLP
 Johnson County, Kansas
 Passed Journal Entries
 12/31/2021

		Debit (Credit) to Correct the Misstatements				
		Fund Balance/				
Wkp Reference	General Fund and Government Wide Description	Assets	Liabilities	Net Position	Revenue	Expenditure
1503.01	To reverse impact from PY for operating lease between Johnson County and Fire District #1 This would also carry over to the Government-Wide financial statement presentation.			(1,000,000)		1,000,000
	Subtotal	-	-	(1,000,000)	-	1,000,000
	Effect of CY Passed Journal Entries on Ending Fund Balance/Net Position			-		
	Total			-		
Wastewater Enterprise Fund and Business Type Activities						
4255a	To reflect the impact of a correction made by the County due to incorrect account mapping on implementation of the Orion system in 2017. Includes an estimate of \$943,000 for recertification fee account recognition related to the same implementation.			4,780,256	(4,780,256)	
	Subtotal	-	-	4,780,256	(4,780,256)	-
	Effect of CY Passed Journal Entries on Ending Fund Balance/Net Position			-		
	Total			-		
Aggregate Discretely Presented Component Units						
1201.1	To reflect the impact of a construction invoice that was not accrued on Johnson County Park and Recreation District. The total includes a projected amount of \$462,669 due to extrapolating the results of the sample.	462,669	(462,669)			
	Subtotal	462,669	(462,669)	-	-	-
	Effect of CY Passed Journal Entries on Ending Fund Balance/Net Position			-		
	Total			-		
Omitted Disclosures / Other						
1311.1	Fire District No. 2 is currently presented with the other Fire Districts in the aggregate discretely presented component units. Due to recent changes in the governance of Fire District No. 2, generally accepted accounting principles would require Fire District No. 2 to be blended with the other funds of the County, rather than included in the aggregate discretely presented component units.					