

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CORYDON

HARRISON COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**  
11/27/2023



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SCHEDULE OF OFFICIALS

| <u>Office</u>                           | <u>Official</u>                                  | <u>Term</u>  |
|---|--|--|
| Clerk-Treasurer                         | Tregala M. King<br>Sondra Smith                  | 01-01-21 to 03-24-23<br>03-25-23 to 12-31-23                         |
| President of the<br>Town Council        | Lester Rhoads<br>Hope Schneider<br>Lester Rhoads | 01-01-21 to 12-31-21<br>01-01-22 to 10-18-22<br>10-19-22 to 12-31-23 |
| Superintendent of<br>Water Utility      | Stacey Sailor                                    | 01-01-21 to 12-31-23   |
| Superintendent of<br>Wastewater Utility | Larry J. Fessel                                  | 01-01-21 to 12-31-23   |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CORYDON, HARRISON COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Corydon (Town), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

November 15, 2023

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CLERK-TREASURER  
TOWN OF CORYDON

CLERK-TREASURER  
TOWN OF CORYDON  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

This same comment also appeared in prior Report B57934, entitled *INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING*.

*Condition and Context*

The Town had not established internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Town's Annual Financial Report (AFR) and financial statement.

The Town failed to properly review the financial information prepared and submitted in Gateway to ensure all transactions of the Town had been properly recorded and reported. The Clerk-Treasurer utilized a financial consultant to upload the financial information in Gateway; however, there was no oversight, review, or approval process in place to ensure financial transactions, the AFR, and the financial statement were accurate.

*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. . . ."

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

CLERK-TREASURER  
TOWN OF CORYDON  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Grants*

The Town's grant schedule for 2021 contained the following material errors.

1. A \$133,228 Community Crossings grant was included on the grant schedule, but this is a state grant and not a federal grant. This caused the grant schedule to be overstated by the amount noted.
2. The Town received a \$271,856 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii grant that was not reported on the grant schedule. This caused the grant schedule to be understated by the amount noted.

*Capital Assets*

The Town did not provide supporting documentation for the reported capital assets. The Town did not have a detailed listing of capital assets. The Town chose not to present the Schedule of Capital Assets in the Financial Statement Audit Report of the Town.

*Criteria*

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 not later than sixty (60) days after the close of each fiscal year. 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](#)."

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CLERK-TREASURER  
TOWN OF CORYDON  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CAPITAL ASSETS**

This same comment also appeared in prior Report B57934.

*Condition and Context*

As of December 31, 2022, the Town had not created a capital assets ledger to comply with the Town's capital assets policy. Additionally, the Town did not complete a physical inventory of capital assets within the last two years.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF CORYDON  
EXIT CONFERENCE

The contents of this report were discussed on November 15, 2023, with Sondra Smith, Clerk-Treasurer, and Lester Rhoads, President of the Town Council.