

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CORUNNA

DEKALB COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

01/10/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Cassandra Lynch	01-01-19 to 12-31-23
President of the Town Council	Steve Faulkner Tresa Bishop	01-01-19 to 11-15-22 11-16-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CORUNNA, DEKALB COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Corunna (Town), for the period from January 1, 2019 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 Statements Audit Report of the Town, which provides our opinions on the Town'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 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

December 18, 2023

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CLERK-TREASURER  
TOWN OF CORUNNA

CLERK-TREASURER  
TOWN OF CORUNNA  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Supplemental schedules are required to be reported annually on the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town was not in compliance with the Other Information as follows:

*Schedule of Leases and Debt*

The ending principal balance and principal due within one year, as of December 31, 2022, of the 2021 Waterworks Construction bonds were understated by \$9,900 and \$540, respectively.

The Town omitted the 2015 Water Tower Repairs loan payable, the 1986 Sewage Works Construction bonds, and the 2005 Sewage Works Extension bonds from the schedule. The ending principal balance, as of December 31, 2022, was understated by \$17,688, \$23,500, and \$35,000, respectively. The principal due within one year, as of December 31, 2022, was understated by \$6,000, \$9,000, and \$11,000, respectively.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report of the Town.

*Schedule of Capital Assets*

The capital asset amounts reported in Gateway did not agree to the detailed capital asset listing. Errors were noted in the detailed listing provided. The Town approved the omission of the Schedule of Capital Assets from the Financial Statements Audit Report.

*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](#)."

**CAPITAL ASSETS**

A similar comment also appeared in prior Reports B48628 and B54828, entitled *CAPITAL ASSETS*.

*Condition and Context*

The Town has not properly maintained a complete detailed inventory of capital assets owned. Capital asset additions and deletions have not been recorded on the capital asset ledger form for numerous years. Additionally, the Town did not complete a physical inventory at least every two years.

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

*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)

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

*Condition and Context*

ARPA funds were receipted into Town fund 300, Hospital Aid. This fund was already an established fund of the Town with its own cash balance. A separate fund must be established for ARPA monies.

*Criteria*

Assistance provided through the ARPA must be received into a separate fund. There are many funding provisions in this Act. A separate fund must be established for each separately identified assistance provided with ARPA in the naming title.

The fund name and number for each ARPA grant fund must be assigned as follows: . . .

Cities and Towns: ARP (or ARPA) [Name of Grant]; Fund Number Range 2401-2499  
(formerly 176-199 on the chart of accounts in effect prior to January 1, 2022)

(Amended State Examiner Directive 2021-1)

When funds are provided by the federal government either directly to a city or town or through a state agency for any program or project, the following procedures should be followed:

**A separate Fund for each grant is required.**

(Cities and Towns Bulletin and Uniform Compliance Guidelines, June 2020)

Units are 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 Cities and Towns, Chapter 1)

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

**MOTOR VEHICLE HIGHWAY (MVH) - RISTRICTED FUND**

*Condition and Context*

The Town did not create the Motor Vehicle Highway (MVH) - Restricted sub-fund until December 2022. Therefore, the Town did not allocate or record at least 50 percent of the distribution from the State Motor Vehicle Highway (MVH) Account at the time of the receipt into the MVH- Restricted sub-fund. Since the MVH Restricted sub-fund had not been created, we were not able to determine if the Town used at least 50 percent for the purposes specified in Indiana Code 8-14-1-5(c).

*Criteria*

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

Units are 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 Cities and Towns, Chapter 1)

**CHART OF ACCOUNTS**

*Condition and Context*

The Town did not follow the prescribed chart of accounts. The Town used incorrect fund numbers and/or names for their General Fund, special revenue funds, debt service funds, capital projects funds, permanent funds, and proprietary funds.

*Criteria*

The following prescribed fund names are required by statute or are currently in use by municipalities pursuant to annual reports filed with the State Board of Accounts. Further funds will be added as required. Fund numbers shall be used as listed. Numbers include fund type, for instance (2)01, etc. . . . (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3)

CLERK-TREASURER  
TOWN OF CORUNNA  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2023, with Cassandra Lynch, Clerk-Treasurer, and Tresa Bishop, President of the Town Council.