

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF STILESVILLE

HENDRICKS COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**  
12/07/2023



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>                                      | <u>Term</u>  |
|----------------------------------|--|--|
| Clerk-Treasurer                  | Polly Carter<br>Dana Carter                          | 01-01-19 to 06-30-23<br>07-01-23 to 12-31-23                         |
| President of the<br>Town Council | Barbara Childress<br>Ernest Newby<br>Barbara Webster | 01-01-19 to 12-31-19<br>01-01-20 to 12-31-21<br>01-01-22 to 12-31-23 |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF STILESVILLE, HENDRICKS COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Stilesville (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

November 30, 2023

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CLERK-TREASURER  
TOWN OF STILESVILLE

CLERK-TREASURER  
TOWN OF STILESVILLE  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The Town's capital asset records consisted of insurance appraisals based upon replacement cost and not historical cost. The Town did not maintain a detailed listing of all capital assets owned which reflected their acquisition value. In addition, the listing was not broken down by category of asset.

*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)

**INTERNAL CONTROLS**

*Condition and Context*

There were deficiencies in the internal control system of the Town related to receipts and the financial close and reporting process.

*Receipts*

The Town had not established an effective internal control system that separated incompatible activities related to receipts. The Town had one employee who received, deposited, recorded, and reconciled the Town receipts without any oversight, review, or approval process in place.

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

*Financial Close and Reporting*

The Town had not established an effective internal control system that separated incompatible activities related to financial close and reporting. The Town had one employee who prepared and submitted the Annual Financial Report in the Indiana Gateway for Government Units financial reporting system without any oversight, review, or approval process in place.

*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. . . ."

CLERK-TREASURER  
TOWN OF STILESVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2023, with Dana Carter, Clerk-Treasurer; Barbara Webster, President of the Town Council; and Polly Carter, former Clerk-Treasurer.