

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GOSPORT

OWEN COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
05/07/2018



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Wyatt Holsapple (Vacant) Donald Hall	01-01-12 to 05-30-14 05-31-14 to 07-13-14 07-14-14 to 12-31-20
President of the Town Council	Donald Hall (Vacant) Jamie Neibel Mitch Pearce	01-01-12 to 07-08-14 07-09-14 to 08-11-14 08-12-14 to 12-31-14 01-01-15 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF THE TOWN OF GOSPORT, OWEN COUNTY, INDIANA

This report is supplemental to our examination report of the Town of Gosport (Town), for the period from January 1, 2012 to December 31, 2016. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion 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 Examination 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 Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

March 8, 2018

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TOWN COUNCIL  
TOWN OF GOSPORT

TOWN COUNCIL  
TOWN OF GOSPORT  
EXAMINATION RESULTS AND COMMENTS

**APPROPRIATIONS**

The same comment also appeared in prior Report B40516.

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Amount
Local Road and Street	2013	\$ 2,585
Local Road and Street	2015	5,592
General	2015	13,212
General	2016	4,296
Rainy Day	2016	8,205

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**TRAINING ON INTERNAL CONTROL STANDARDS**

The Town Council had not provided training concerning internal control standards as required by Indiana Code 5-11-1-27.

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF GOSPORT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***INTERNAL CONTROLS***

The Town did not have sufficient controls in place to prevent, or detect and correct errors in the payroll process.

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. . . ."

TOWN COUNCIL  
TOWN OF GOSPORT  
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2018, with Donald Hall, Clerk-Treasurer, and Brian Gessler, Town Council member.

CLERK-TREASURER  
TOWN OF GOSPORT

CLERK-TREASURER  
TOWN OF GOSPORT  
EXAMINATION RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Report B40516, titled *ANNUAL REPORTS*.

The 2013 Annual Financial Report was not submitted until June 5, 2014, which is 96 days late.

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

**APPROPRIATIONS**

The same comment also appeared in prior Report B40516.

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Amount
Local Road and Street	2013	\$ 2,585
Local Road and Street	2015	5,592
General	2015	13,212
General	2016	4,296
Rainy Day	2016	8,205

Indiana Code 36-5-4-2 states in part: "Unless a statute provides otherwise, town monies may be disbursed only after an appropriation made by ordinance of the town legislative body . . ."

**OVERPAYMENT OF COMPENSATION**

Wyatt Holsapple (Holsapple), former Clerk-Treasurer, resigned effective May 30, 2014. Based on the approved Salary Ordinance for 2014, Holsapple should have been paid \$11,880. Instead, he was paid \$13,608 resulting in an overpayment of \$1,728.

We requested that Holsapple reimburse The Town of Gosport for the overpayment of compensation in the amount of \$1,728. (See Summary of Charges, page 13)

Martha Douglas (Douglas), former Utility Clerk, resigned effective May 30, 2014. Based on the approved Salary Ordinance for 2014, Douglas should have been paid \$1,760. Instead, she was paid \$2,435 resulting in an overpayment of \$675.

CLERK-TREASURER  
TOWN OF GOSPORT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

In addition, Douglas was paid \$800 for vacation pay for years 2010 and 2011. The personnel policy adopted by the Town Council stated in part: "a full-time employee shall be construed as a person working 40 or more hours per week." It also stated "full time employees may be granted vacation or leave time" and "employees shall not be granted pay in lieu of vacation." Douglas worked thirty hours per week in 2010 and 2011 and was not eligible for vacation leave.

We requested that Douglas reimburse the Town of Gosport for the overpayment of compensation in the amount of \$1,475. (See Summary of Charges, page 13)

Donald Hall (Hall), Clerk-Treasurer, was overpaid in 2016 in the amount of \$1,080. The error was due to 2016 having 27 pays in the year instead of 26. Hall brought this to our attention during the examination.

Hall deposited \$1,080 on December 18, 2017, into the Town, Water, and Wastewater depository accounts, collectively, for the overpayment of compensation.

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OFFICIAL BOND**

Holsapple, was covered by an official bond as follows.

Bond Period	Amount
08-15-13 to 07-17-14	\$ 15,000

**INTERNAL CONTROLS**

The Town did not have sufficient controls in place to prevent, or detect and correct, errors in the payroll process.

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:

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CLERK-TREASURER  
TOWN OF GOSPORT  
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2018, with Donald Hall, Clerk-Treasurer, and Brian Gessler, Council member.

The contents of this report were discussed on March 8, 2018, with Wyatt Holsapple, former Clerk-Treasurer, and Martha Douglas, former Utility Clerk.

TOWN OF GOSPORT  
SUMMARY OF CHARGES  
(Due to Malfeasance, Misfeasance, or Nonfeasance)

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Wyatt Holsapple, former Clerk-Treasurer:			
Overpayment of Compensation, pages 10 and 11	\$ 1,728	\$ -	\$ 1,728
Martha Douglas, former Utility Clerk:			
Overpayment of Compensation, pages 10 and 11	<u>1,475</u>	<u>1,475</u>	<u>-</u>
Totals	<u>\$ 3,203</u>	<u>\$ 1,475</u>	<u>\$ 1,728</u>

This report was forwarded to the Office of the Indiana Attorney General.

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AFFIDAVIT

STATE OF INDIANA            )  
Greene                    )  
                                  COUNTY)

I, Annette Ladson, Field Examiner, being duly sworn on my oath, state that the foregoing report based on the official records of the Town of Gosport, Owen County, Indiana, for the period from January 1, 2012 to December 31, 2016, is true and correct to the best of my knowledge and belief.

Annette Ladson

Subscribed and sworn to before me this 25 day of April, 2018

[Signature]  
Notary Public

My Commission Expires: 1-22-2025

County of Residence: Greene

