

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF TOPEKA
LAGRANGE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



FILED
06/05/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	DeWayne C. Bontrager Katie Braid	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Yvonne Eash	01-01-10 to 12-31-12
Superintendent of Water Utility	Thomas Sheline	01-01-10 to 12-31-12
Superintendent of Wastewater Utility	Drew Morr	01-01-10 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF TOPEKA, LAGRANGE COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Topeka (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 23, 2012, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, and Schedule of Long-Term Debt, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 23, 2012



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF TOPEKA, LAGRANGE COUNTY, INDIANA

We have audited the financial statements of the Town of Topeka (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated May 23, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 23, 2012

FINANCIAL STATEMENTS

The financial statements and accompanying notes were approved by management of the Town. The financial statements and notes are presented as intended by the Town.

TOWN OF TOPEKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 196,601	\$ 754,157	\$ 747,435	\$ 203,323
Motor Vehicle Highway	141,341	377,271	371,655	146,957
Employee Insurance Supplement	12,129	12,115	14,561	9,683
EMS Donation	676	-	-	676
Park and Recreation	61,151	146,941	126,335	81,757
Escrow	29,424	-	17,719	11,705
Law Enforcement Continuing Education	42,298	6,923	14,524	34,697
Local Road and Street	5,609	3,621	-	9,230
FEMA Grant	12	951,017	951,030	(1)
Fire Donation	4,648	-	-	4,648
Park Donation	3,420	3,295	608	6,107
Rainy Day	16,434	106,793	7,302	115,925
Excess Levy	-	39,837	37,273	2,564
Local Major Moves Construction	606,793	7,826	-	614,619
Police Donation	1,029	-	747	282
Riverboat	37,741	7,435	1,055	44,121
Cumulative Capital Development	24,371	22,774	11,437	35,708
Cumulative Firefighting	52,440	18,185	11,361	59,264
Cumulative Sewer	284,770	86,340	94,057	277,053
General Improvements	34,034	1,720	3,220	32,534
Cumulative Capital Improvement	7,498	3,394	2,340	8,552
CEDIT	116,595	91,988	78,127	130,456
TIF Allocation	3,644,768	1,117,373	187,967	4,574,174
Payroll	229	494,365	494,606	(12)
Wastewater Utility - Operating	15,075	178,402	182,991	10,486
Wastewater Utility - Bond and Interest	49,292	81,727	68,765	62,254
Wastewater Utility - Reserve	71,910	-	-	71,910
Wastewater Utility - Depreciation	236,990	46,969	4,100	279,859
Water Utility - Operating	15,075	174,215	174,319	14,971
Water Utility - Depreciation	278,776	107,598	137,673	248,701
Water Utility - Customer Deposit	10,284	1,691	1,150	10,825
Totals	<u>\$ 6,001,413</u>	<u>\$ 4,843,972</u>	<u>\$ 3,742,357</u>	<u>\$ 7,103,028</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF TOPEKA
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 203,323	\$ 720,088	\$ 660,553	\$ 262,858
Local Road and Street	9,230	3,530	1,950	10,810
Rainy Day	115,925	21,525	54,502	82,948
Excess Levy	2,564	-	-	2,564
Local Major Moves Construction	614,619	1,763	-	616,382
Cumulative Capital Development	35,708	20,109	6,750	49,067
Cumulative Firefighting	59,264	17,461	6,038	70,687
Cumulative Sewer	277,053	53,946	24,631	306,368
General Improvements	32,534	50	-	32,584
Cumulative Capital Improvement	8,552	3,328	-	11,880
CEDIT	130,456	77,332	84,442	123,346
Motor Vehicle Highway	146,957	232,368	249,573	129,752
Employee Insurance Supplement	9,683	-	3,675	6,008
EMS Donation	676	-	193	483
Park and Recreation	81,757	119,493	109,999	91,251
Escrow	11,705	-	-	11,705
Law Enforcement Continuing Education	34,697	591	16,421	18,867
FEMA Grant	(1)	1	-	-
Fire Donation	4,648	-	-	4,648
Park Donation	6,107	1,551	2,218	5,440
Police Donation	282	-	-	282
Riverboat	44,121	7,269	1,008	50,382
TIF Allocation	4,574,174	1,586,358	1,447,020	4,713,512
Payroll	(12)	446	276	158
Wastewater Planning Fund	-	54	53	1
Wastewater Utility - Operating	10,486	255,119	251,854	13,751
Wastewater Utility - Bond and Interest	62,254	54,729	67,265	49,718
Wastewater Utility - Depreciation	279,859	56,259	39,420	296,698
Wastewater Utility - Reserve	71,910	-	-	71,910
Water Utility - Tower Maintenance	-	40,000	-	40,000
Water Utility - Operating	14,971	267,285	268,714	13,542
Water Utility - Depreciation	248,701	76,386	29,444	295,643
Water Utility - Customer Deposit	10,825	1,253	1,053	11,025
Totals	<u>\$ 7,103,028</u>	<u>\$ 3,618,294</u>	<u>\$ 3,327,052</u>	<u>\$ 7,394,270</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF TOPEKA
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, storm water, trash, and urban redevelopment and housing.

The accompanying financial statements present the financial information for the Town (primary government), and does not include financial information for any of the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the Town (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF TOPEKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, recycling fees, dog pound fees, emergency medical service fees, park rental fees, cable tv receipts, ordinance violations, fines and fees, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

TOWN OF TOPEKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF TOPEKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the Town by recording as a disbursement any replacement items purchased.

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF TOPEKA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Annual Reports of the Town which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Employee Insurance Supplement	EMS Donation	Park and Recreation	Escrow	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 196,601	\$ 141,341	\$ 12,129	\$ 676	\$ 61,151	\$ 29,424	\$ 42,298
Receipts:							
Taxes	333,106	192,016	-	-	104,093	-	-
Licenses and permits	70	-	-	-	-	-	450
Intergovernmental	314,424	45,098	-	-	6,049	-	-
Charges for services	71,705	-	-	-	11,575	-	3,935
Fines and forfeits	765	-	-	-	-	-	2,500
Other receipts	34,087	140,157	12,115	-	25,224	-	38
Total receipts	<u>754,157</u>	<u>377,271</u>	<u>12,115</u>	<u>-</u>	<u>146,941</u>	<u>-</u>	<u>6,923</u>
Disbursements:							
Personal services	397,984	61,267	14,561	-	55,030	-	-
Supplies	33,627	19,629	-	-	8,478	-	-
Other services and charges	277,991	68,642	-	-	16,767	17,719	8,049
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,311	192,601	-	-	1,145	-	6,475
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	33,522	29,516	-	-	44,915	-	-
Total disbursements	<u>747,435</u>	<u>371,655</u>	<u>14,561</u>	<u>-</u>	<u>126,335</u>	<u>17,719</u>	<u>14,524</u>
Excess (deficiency) of receipts over disbursements	<u>6,722</u>	<u>5,616</u>	<u>(2,446)</u>	<u>-</u>	<u>20,606</u>	<u>(17,719)</u>	<u>(7,601)</u>
Cash and investments - ending	<u>\$ 203,323</u>	<u>\$ 146,957</u>	<u>\$ 9,683</u>	<u>\$ 676</u>	<u>\$ 81,757</u>	<u>\$ 11,705</u>	<u>\$ 34,697</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Local Road and Street	FEMA Grant	Fire Donation	Park Donation	Rainy Day	Excess Levy	Local Major Moves Construction
Cash and investments - beginning	\$ 5,609	\$ 12	\$ 4,648	\$ 3,420	\$ 16,434	\$ -	\$ 606,793
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,621	951,017	-	-	18,505	2,564	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	3,295	88,288	37,273	7,826
Total receipts	<u>3,621</u>	<u>951,017</u>	<u>-</u>	<u>3,295</u>	<u>106,793</u>	<u>39,837</u>	<u>7,826</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	71,186	-	608	7,302	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	879,844	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	37,273	-
Total disbursements	<u>-</u>	<u>951,030</u>	<u>-</u>	<u>608</u>	<u>7,302</u>	<u>37,273</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,621</u>	<u>(13)</u>	<u>-</u>	<u>2,687</u>	<u>99,491</u>	<u>2,564</u>	<u>7,826</u>
Cash and investments - ending	<u>\$ 9,230</u>	<u>\$ (1)</u>	<u>\$ 4,648</u>	<u>\$ 6,107</u>	<u>\$ 115,925</u>	<u>\$ 2,564</u>	<u>\$ 614,619</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Police Donation	Riverboat	Cumulative Capital Development	Cumulative Firefighting	Cumulative Sewer	General Improvements
Cash and investments - beginning	\$ 1,029	\$ 37,741	\$ 24,371	\$ 52,440	\$ 284,770	\$ 34,034
Receipts:						
Taxes	-	-	20,256	13,533	54,090	-
Licenses and permits	-	-	-	-	-	30
Intergovernmental	-	7,253	1,205	818	3,219	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	182	1,313	3,834	29,031	1,690
Total receipts	-	7,435	22,774	18,185	86,340	1,720
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	747	-	-	-	828	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	1,055	10,124	10,486	29,925	3,220
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,313	875	63,304	-
Total disbursements	747	1,055	11,437	11,361	94,057	3,220
Excess (deficiency) of receipts over disbursements	(747)	6,380	11,337	6,824	(7,717)	(1,500)
Cash and investments - ending	\$ 282	\$ 44,121	\$ 35,708	\$ 59,264	\$ 277,053	\$ 32,534

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cumulative Capital Improvement	CEDIT	TIF Allocation	Payroll	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest
Cash and investments - beginning	\$ 7,498	\$ 116,595	\$ 3,644,768	\$ 229	\$ 15,075	\$ 49,292
Receipts:						
Taxes	-	-	1,066,192	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	3,394	91,595	6,241	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	393	44,940	494,365	178,402	81,727
Total receipts	<u>3,394</u>	<u>91,988</u>	<u>1,117,373</u>	<u>494,365</u>	<u>178,402</u>	<u>81,727</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	47,890	53,519	-	-	-
Debt service - principal and interest	-	-	-	-	-	68,015
Capital outlay	2,340	30,237	134,448	-	2,108	-
Utility operating expenses	-	-	-	-	175,224	-
Other disbursements	-	-	-	494,606	5,659	750
Total disbursements	<u>2,340</u>	<u>78,127</u>	<u>187,967</u>	<u>494,606</u>	<u>182,991</u>	<u>68,765</u>
Excess (deficiency) of receipts over disbursements	<u>1,054</u>	<u>13,861</u>	<u>929,406</u>	<u>(241)</u>	<u>(4,589)</u>	<u>12,962</u>
Cash and investments - ending	<u>\$ 8,552</u>	<u>\$ 130,456</u>	<u>\$ 4,574,174</u>	<u>\$ (12)</u>	<u>\$ 10,486</u>	<u>\$ 62,254</u>

TOWN OF TOPEKA
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Wastewater Utility - Reserve	Wastewater Utility - Depreciation	Water Utility - Operating	Water Utility - Depreciation	Water Utility - Customer Deposit	Totals
Cash and investments - beginning	\$ 71,910	\$ 236,990	\$ 15,075	\$ 278,776	\$ 10,284	\$ 6,001,413
Receipts:						
Taxes	-	-	-	-	-	1,783,286
Licenses and permits	-	-	-	-	-	550
Intergovernmental	-	-	-	-	-	1,455,003
Charges for services	-	-	-	-	-	87,215
Fines and forfeits	-	-	-	-	-	3,265
Other receipts	-	46,969	174,215	107,598	1,691	1,514,653
Total receipts	-	46,969	174,215	107,598	1,691	4,843,972
Disbursements:						
Personal services	-	-	-	-	-	528,842
Supplies	-	-	-	-	-	61,734
Other services and charges	-	-	-	-	-	571,248
Debt service - principal and interest	-	-	-	-	-	68,015
Capital outlay	-	4,100	5,808	120,464	-	1,438,691
Utility operating expenses	-	-	149,783	-	1,150	326,157
Other disbursements	-	-	18,728	17,209	-	747,670
Total disbursements	-	4,100	174,319	137,673	1,150	3,742,357
Excess (deficiency) of receipts over disbursements	-	42,869	(104)	(30,075)	541	1,101,615
Cash and investments - ending	\$ 71,910	\$ 279,859	\$ 14,971	\$ 248,701	\$ 10,825	\$ 7,103,028

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011

	General	Local Road and Street	Rainy Day	Excess Levy	Local Major Moves Construction	Cumulative Capital Development	Cumulative Firefighting
Cash and investments - beginning	\$ 203,323	\$ 9,230	\$ 115,925	\$ 2,564	\$ 614,619	\$ 35,708	\$ 59,264
Receipts:							
Taxes	370,854	-	-	-	-	19,927	13,314
Licenses and permits	72	-	-	-	-	-	-
Intergovernmental	260,848	3,530	-	-	-	182	121
Charges for services	80,461	-	-	-	-	-	-
Fines and forfeits	100	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	7,753	-	21,525	-	1,763	-	4,026
Total receipts	<u>720,088</u>	<u>3,530</u>	<u>21,525</u>	<u>-</u>	<u>1,763</u>	<u>20,109</u>	<u>17,461</u>
Disbursements:							
Personal services	410,815	-	-	-	-	-	-
Supplies	33,548	-	2,925	-	-	-	-
Other services and charges	214,590	-	51,577	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,320	1,950	-	-	-	6,750	6,038
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	280	-	-	-	-	-	-
Total disbursements	<u>660,553</u>	<u>1,950</u>	<u>54,502</u>	<u>-</u>	<u>-</u>	<u>6,750</u>	<u>6,038</u>
Excess (deficiency) of receipts over disbursements	<u>59,535</u>	<u>1,580</u>	<u>(32,977)</u>	<u>-</u>	<u>1,763</u>	<u>13,359</u>	<u>11,423</u>
Cash and investments - ending	<u>\$ 262,858</u>	<u>\$ 10,810</u>	<u>\$ 82,948</u>	<u>\$ 2,564</u>	<u>\$ 616,382</u>	<u>\$ 49,067</u>	<u>\$ 70,687</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Cumulative Sewer	General Improvements	Cumulative Capital Improvement	CEDIT	Motor Vehicle Highway	Employee Insurance Supplement	EMS Donation
Cash and investments - beginning	\$ 277,053	\$ 32,534	\$ 8,552	\$ 130,456	\$ 146,957	\$ 9,683	\$ 676
Receipts:							
Taxes	53,211	-	-	-	200,425	-	-
Licenses and permits	-	50	-	-	-	-	-
Intergovernmental	484	-	3,328	77,248	30,743	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	251	-	-	84	1,200	-	-
Total receipts	<u>53,946</u>	<u>50</u>	<u>3,328</u>	<u>77,332</u>	<u>232,368</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	57,054	3,675	-
Supplies	-	-	-	-	25,320	-	-
Other services and charges	3,131	-	-	51,413	56,244	-	193
Debt service - principal and interest	-	-	-	-	110,955	-	-
Capital outlay	-	-	-	33,029	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	21,500	-	-	-	-	-	-
Total disbursements	<u>24,631</u>	<u>-</u>	<u>-</u>	<u>84,442</u>	<u>249,573</u>	<u>3,675</u>	<u>193</u>
Excess (deficiency) of receipts over disbursements	<u>29,315</u>	<u>50</u>	<u>3,328</u>	<u>(7,110)</u>	<u>(17,205)</u>	<u>(3,675)</u>	<u>(193)</u>
Cash and investments - ending	<u>\$ 306,368</u>	<u>\$ 32,584</u>	<u>\$ 11,880</u>	<u>\$ 123,346</u>	<u>\$ 129,752</u>	<u>\$ 6,008</u>	<u>\$ 483</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Park and Recreation	Escrow	Law Enforcement Continuing Education	FEMA Grant	Fire Donation	Park Donation	Police Donation
Cash and investments - beginning	\$ 81,757	\$ 11,705	\$ 34,697	\$ (1)	\$ 4,648	\$ 6,107	\$ 282
Receipts:							
Taxes	107,503	-	-	-	-	-	-
Licenses and permits	-	-	260	-	-	-	-
Intergovernmental	976	-	-	-	-	-	-
Charges for services	10,925	-	100	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Penalties	-	-	-	-	-	-	-
Other receipts	89	-	231	1	-	1,551	-
Total receipts	<u>119,493</u>	<u>-</u>	<u>591</u>	<u>1</u>	<u>-</u>	<u>1,551</u>	<u>-</u>
Disbursements:							
Personal services	47,053	-	-	-	-	-	-
Supplies	11,563	-	-	-	-	-	-
Other services and charges	26,782	-	8,000	-	-	718	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	24,601	-	8,421	-	-	1,500	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>109,999</u>	<u>-</u>	<u>16,421</u>	<u>-</u>	<u>-</u>	<u>2,218</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>9,494</u>	<u>-</u>	<u>(15,830)</u>	<u>1</u>	<u>-</u>	<u>(667)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 91,251</u>	<u>\$ 11,705</u>	<u>\$ 18,867</u>	<u>\$ -</u>	<u>\$ 4,648</u>	<u>\$ 5,440</u>	<u>\$ 282</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Riverboat	TIF Allocation	Payroll	Wastewater Planning Fund	Wastewater Utility - Operating	Wastewater Utility - Bond and Interest	Wastewater Utility - Depreciation
Cash and investments - beginning	\$ 44,121	\$ 4,574,174	\$ (12)	\$ -	\$ 10,486	\$ 62,254	\$ 279,859
Receipts:							
Taxes	7,253	999,197	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	492,011	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	50,996	-	-
Penalties	-	-	-	-	3,639	-	-
Other receipts	16	95,150	446	54	200,484	54,729	56,259
Total receipts	7,269	1,586,358	446	54	255,119	54,729	56,259
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	156,222	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	67,265	-
Capital outlay	1,008	1,290,798	-	-	3,149	-	-
Utility operating expenses	-	-	-	53	192,446	-	39,420
Other disbursements	-	-	276	-	56,259	-	-
Total disbursements	1,008	1,447,020	276	53	251,854	67,265	39,420
Excess (deficiency) of receipts over disbursements	6,261	139,338	170	1	3,265	(12,536)	16,839
Cash and investments - ending	<u>\$ 50,382</u>	<u>\$ 4,713,512</u>	<u>\$ 158</u>	<u>\$ 1</u>	<u>\$ 13,751</u>	<u>\$ 49,718</u>	<u>\$ 296,698</u>

TOWN OF TOPEKA
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2011
 (Continued)

	Wastewater Utility - Reserve	Water Utility - Tower Maintenance	Water Utility - Operating	Water Utility - Depreciation	Water Utility - Customer Deposit	Totals
Cash and investments - beginning	\$ 71,910	\$ -	\$ 14,971	\$ 248,701	\$ 10,825	\$ 7,103,028
Receipts:						
Taxes	-	-	-	-	-	1,771,684
Licenses and permits	-	-	-	-	-	382
Intergovernmental	-	-	-	-	-	869,471
Charges for services	-	-	-	-	-	91,486
Fines and forfeits	-	-	-	-	-	100
Utility fees	-	-	55,677	-	1,253	107,926
Penalties	-	-	836	-	-	4,475
Other receipts	-	40,000	210,772	76,386	-	772,770
Total receipts	-	40,000	267,285	76,386	1,253	3,618,294
Disbursements:						
Personal services	-	-	-	-	-	518,597
Supplies	-	-	-	-	-	73,356
Other services and charges	-	-	-	-	-	568,870
Debt service - principal and interest	-	-	-	-	-	178,220
Capital outlay	-	-	13,800	-	-	1,392,364
Utility operating expenses	-	-	158,528	29,444	-	419,891
Other disbursements	-	-	96,386	-	1,053	175,754
Total disbursements	-	-	268,714	29,444	1,053	3,327,052
Excess (deficiency) of receipts over disbursements	-	40,000	(1,429)	46,942	200	291,242
Cash and investments - ending	\$ 71,910	\$ 40,000	\$ 13,542	\$ 295,643	\$ 11,025	\$ 7,394,270

TOWN OF TOPEKA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2011

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Wastewater Utility:		
Revenue bonds:		
1998 Wastewater Bonds	\$ 395,000	\$ 69,127

TOWN OF TOPEKA
AUDIT RESULTS AND COMMENTS

UTILITY RECEIPTS TAX

The Water Utility did not pay Utility Receipts Tax to the Indiana Department of Revenue during the audit period.

Generally, retail receipts from all utility services consumed within Indiana are subject to the utility receipts tax regardless of the point of generation or transmission across state lines. Receipts from the provision of mobile telecommunication service are subject to utility receipts tax to the extent that the receipts are sourced to Indiana pursuant to IC 6-8.1-15. However, gross receipts received by a political subdivision for sewage and sewage service are not subject to the tax. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The Town does not have a complete set of capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS

The Town paid \$960 per month and \$833.34 per month for 2010 and 2011, respectively, for the health insurance plan of a Town Council member. The Town does not offer this insurance plan to the other employees of the Town to qualify as a group insurance plan in accordance with Indiana Code 5-10-8-2.6. Since the payments are not for a group insurance plan, the payments may be considered income to the employee receiving the benefit. The Town should contact the Internal Revenue Service for further guidance. This was mentioned in prior Report B37854.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should 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 7)

TOWN OF TOPEKA
AUDIT RESULTS AND COMMENTS
(Continued)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC RECORDS RETENTION

A detailed listing of General Ledger transactions from December 8, 2011 through December 31, 2011, was not present for audit. The December 31, 2011 Fund Report presented for audit included the above transactions. The above transactions were erased from the computer after the December 31, 2011 Fund Report was printed. As stated in prior Report B37854, erasure of records has been a recurring problem. The Town hired a consultant to reconstruct the erased transactions and prepare the Annual Report.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

CONDITION OF RECORDS

As stated in prior Report B37854, the following deficiencies, relating to the recordkeeping were again present:

1. There were a considerable number of posting errors. These errors included deposits not receipted, checks, and receipts not recorded in the proper amounts, and interest not posted.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

2. Investment balances in the ledger do not agree with bank statements. The interest earned on investments was not receipted to the ledger.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF TOPEKA, LAGRANGE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Topeka (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2010 and 2011. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2010 and 2011.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Town's management, Town Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

May 23, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF TOPEKA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Grant				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	11.300	60-01-05572	\$ -	\$ 492,011
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Bulletproof Vest Partnership Program	16.607	FY 2011	-	570
<u>U.S. DEPARTMENT OF ENERGY</u>				
Pass-Through Indiana Office of Community and Rural Affairs				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	038-ARRA-EECBGX	4,000	20,573
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Direct Grant				
Assistance to Firefighters Grant	97.044	EMW-2009-FR-00077	855,915	-
Total federal awards expended			<u>\$ 859,915</u>	<u>\$ 513,154</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF TOPEKA
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Topeka (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF TOPEKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
11.300	Investment for Public Works and Economic Development Facilities
97.044	Assistance to Firefighter Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF TOPEKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF TOPEKA
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2012, with Katie Braid, Clerk-Treasurer, and Yvonne Eash, President of the Town Council. The officials concurred with our audit findings.