

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF TOPEKA

LAGRANGE COUNTY, INDIANA

January 1, 2012 to December 31, 2016



**FILED**  
10/30/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Katie Braid (Vacant) Tanner Troyer Naomi Miller	01-01-12 to 10-19-12 10-20-12 to 11-11-12 11-12-12 to 10-23-16 10-24-16 to 12-31-19
President of the Town Council	Yvonne Eash	01-01-12 to 12-31-17
Superintendent of Water Utility	Thomas Sheline	01-01-12 to 12-31-17
Superintendent of Wastewater Utility	Andrew Morr	01-01-12 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the Town of Topeka (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

September 13, 2017

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CLERK-TREASURER  
TOWN OF TOPEKA

CLERK-TREASURER  
TOWN OF TOPEKA  
EXAMINATION RESULTS AND COMMENTS

**INVESTMENTS**

Investment transactions and balances were not properly recorded on the Town's financial accounting system. As of December 31, 2016, investments totaling \$1,218,462 were not included in the Fund Report.

A similar comment also appeared in prior Reports B37854 and B40482, entitled *CONDITION OF RECORDS*.

1. At the time investments are purchased, the fiscal officer and/or bookkeeper should enter the full cost of the securities (purchase price plus accrued interest) as a disbursement from the fund or funds from which the investment is made. Where investment is made from "total monies on deposit," the warrant or check issued will not be posted in the ledger, but a memorandum account should be set up in a separate section of the ledger to which investment transactions will be posted.
2. When investment is made from a specific fund, a new fund entitled "Investments Fund" should be set up on the records. The net price (purchase price less accrued interest) should be entered as a receipt to this fund. The Investment Register, General Form 350, or an alternative form providing the same information should be used for keeping a record of all investments purchased by the political subdivision.
3. Interest received in such investments by fund should be entered as a receipt to the fund from which the investment was purchased. Interest received from investment of "total monies on deposit" should be receipted to the general fund or the fund specified by the governing board.
4. When the investments by fund are sold, the full amount of such sale should be entered as receipt to the fund from which the investment was made. The receipt should show separately the principal (purchase price) received and the interest received from the investment. At this time, the net purchase price (purchase price less accrued interest) should also be entered as a disbursement from the "Investments Fund." When the investment from "total monies on deposit" is sold the principal (purchase price) will not be posted as a receipt to the ledger but the interest thereon will be posted as a receipt to the general fund or fund designated by governing board. Proper entry shall be made also in the memorandum account, as well as in the Investment Register.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ANNUAL FINANCIAL REPORTS**

The Annual Financial Reports for 2012, 2013, 2014, 2015, and 2016 contained a number of errors and did not match the Town's records. These errors were primarily the result of investments not recorded properly as noted above.

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."

CLERK-TREASURER  
TOWN OF TOPEKA  
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2017, with Naomi Miller, Clerk-Treasurer, and Yvonne Eash, President of the Town Council.