

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT

OF

TOWN OF SPEEDWAY

MARION COUNTY, INDIANA

January 1, 2005 to December 31, 2005



**FILED**  
7/31/06



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedule of Receipts, Disbursements, and Cash and Investment Balances.....	4
Notes to Schedule .....	5-6
Examination Result and Comment: Capital Asset Records .....	7
Exit Conference .....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon L. Zishka	01-01-04 to 12-31-07
President of the Town Council	Dean Farmer Lu Hillmer	11-01-04 to 08-31-05 09-01-05 to 06-30-06
Superintendent of Water	Michael Littlejohn	01-01-05 to 12-31-06
Superintendent of Wastewater Utility	Norman Berry	01-01-05 to 12-31-06



**STATE OF INDIANA**  
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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SPEEDWAY, MARION COUNTY, INDIANA

We have examined the schedule of receipts, disbursements, and cash and investment balances of the Town of Speedway (Town), for the period of January 1, 2005 to December 31, 2005. The Town's management is responsible for the schedule. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the schedule of receipts, disbursements, and cash and investment balances and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents fairly, in all material respects, the cash transactions of the Town for the year ended December 31, 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 27, 2006

TOWN OF SPEEDWAY  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, INTERNAL SERVICE, AND FIDUCIARY FUND TYPES  
As Of And For The Year Ended December 31, 2005

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
<b>Governmental Funds:</b>				
General	\$ 1,578,941	\$ 6,473,147	\$ 7,265,606	\$ 786,482
Motor Vehicle Highway	722,211	672,948	591,195	803,964
Local Road and Street	667,402	175,804	182,027	661,179
Park and Recreation	77,340	144,779	93,159	128,960
Law Enforcement Continuing Education	131,177	70,893	52,271	149,799
Rainy Day	16,982	-	-	16,982
Cumulative Capital Development	910,064	727,248	633,338	1,003,974
Debt Service	348,518	813,057	1,041,043	120,532
Criminal Investigation	116,897	212,760	110,426	219,231
G.O. Bond Interest	1,006	1,300,636	-	1,301,642
G.O. Bond Construction	76,396	568,832	578,360	66,868
Storm Water Management	250,846	81,224	183,502	148,568
Recreation Non-Reverting Capital	43,361	4,000	-	47,361
2004 Block Grant	2,308	-	-	2,308
Fire Training	-	920	837	83
Fire Act Grant	-	100,257	86,255	14,002
Hazardous Materials	3,448	2,500	1,027	4,921
<b>Proprietary Funds:</b>				
Water Utility - Bond & Interest	241,512	334,920	274,835	301,597
Water Utility - Operating	127,329	1,429,635	1,417,144	139,820
Water Utility - Construction	208,038	1,538	158,169	51,407
Water Utility - Depreciation	1,254,470	77,674	75,223	1,256,921
Water Utility - Reserve	-	32,436	32,436	-
Water Utility - Redemption	443	-	-	443
Wastewater Utility - Bond and Interest	1,106,059	914,000	861,612	1,158,447
Wastewater Utility - Operating	512,293	2,600,282	2,339,542	773,033
Wastewater Utility - Construction	1,149,079	2,113	846,776	304,416
Wastewater Utility - Depreciation	1,630,481	660,000	677,867	1,612,614
Wastewater Utility - Reserve	284	-	-	284
Wastewater Utility - Redemption	-	119,976	119,976	-
Wastewater Utility - Improvement	1,006,415	504,000	500,000	1,010,415
<b>Internal Service Fund:</b>				
Environmental Liability	238,734	27,172	-	265,906
<b>Fiduciary Funds:</b>				
Police Officers' Pension	57,144	379,800	390,306	46,638
Firefighters' Pension	86,116	479,927	470,504	95,539
Flexible Spending	-	10,000	-	10,000
Utility Escrow	8,404	4,749,131	4,751,621	5,914
Payroll	5,382	-	5,382	-
Payroll II	896	2,600	2,683	813
<b>Totals</b>	<u>\$ 12,579,976</u>	<u>\$ 23,674,209</u>	<u>\$ 23,743,122</u>	<u>\$ 12,511,063</u>

The accompanying notes are an integral part of the schedules.

TOWN OF SPEEDWAY  
NOTES TO SCHEDULE

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were 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 statute (IC 5-13-9) authorizes 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.

TOWN OF SPEEDWAY  
NOTES TO SCHEDULE  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 PERF 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% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

Note 7. Long-Term Debt

The Town has entered into various debts such as bonds for acquisition and construction of major capital facilities and the purchase of equipment. The outstanding principal at December 31, 2005, was \$3,675,000.

The Town has entered into various debts relating to the Water and Wastewater Utilities, such as bonds for the restoration and construction of utility facilities. The outstanding principal at December 31, 2005, was \$2,250,000 and \$9,521,086, respectively.

TOWN OF SPEEDWAY  
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

Information presented for audit indicated the Park, Street, Police, and Fire Departments did maintain capital assets records. However, the capital assets were not recorded in the Capital Assets Ledger form, or a properly approved form. Additionally, the additions and deletions of the capital assets are not easily identifiable in the records presented. A similar comment appeared in the previous 10 audit reports.

Additionally, information presented for audit indicated the Water and Wastewater Utilities did maintain capital assets records. However, the capital assets were not recorded in the Capital Assets Ledger form or a properly approved form. Additionally, the additions and deletions of the capital assets are not easily identifiable in the records provided. A similar comment appeared in the previous 4 audit reports.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. 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)

TOWN OF SPEEDWAY  
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2006, with Sharon L. Zishka, Clerk-Treasurer; and Lu Hillmer, President of the Town Council.