

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

EXAMINATION REPORT
OF
TOWN OF SPEEDWAY
MARION COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
06/06/2007

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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	Lu Hillmer Jeff S. Hartman William T. Golay	09-01-05 to 06-30-06 07-01-06 to 03-31-07 04-01-07 to 12-31-07
Superintendent of Water	Michael Littlejohn	01-01-06 to 12-31-07
Superintendent of Wastewater	Norman Berry	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Speedway (Town), for the period of January 1, 2006 to December 31, 2006. The Town's management is responsible for the financial information presented herein. 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 financial information presented herein 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 financial information referred to above presents fairly, in all material respects, the financial information of the Town for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

May 7, 2007

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, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 786,482	\$ 7,503,743	\$ 7,089,111	\$ 1,201,114
Motor Vehicle Highway	803,964	770,828	695,267	879,525
Local Road and Street	661,179	186,543	152,307	695,415
Park and Recreation	128,960	98,962	133,108	94,814
Law Enforcement Continuing Education	149,799	34,275	70,983	113,091
Rainy Day	16,982	-	-	16,982
Cumulative Capital Development	1,003,974	401,134	486,777	918,331
Debt Service	120,532	1,535,550	1,075,802	580,280
Criminal Investigation	219,231	109,969	131,708	197,492
G.O. Bond Interest	1,301,642	33,325	1,299,000	35,967
G.O. Bond Construction	66,868	2,524,000	483,522	2,107,346
Storm Water Management	148,568	81,057	86,619	143,006
Recreation Nonreverting Capital	47,361	4,000	-	51,361
2004 Block Grant	2,308	-	2,308	-
Fire Training	83	2,720	2,307	496
Fire Act Grant	14,002	51,588	65,590	-
Hazardous Materials	4,921	-	-	4,921
Redevelopment Commission	-	2,500,000	386,874	2,113,126
Proprietary Funds:				
Water Utility - Bond and Interest	301,597	277,800	277,410	301,987
Water Utility - Operating	139,820	1,765,619	1,639,383	266,056
Water Utility - Construction	51,407	2,822	54,229	-
Water Utility - Depreciation	1,256,921	98,989	293,686	1,062,224
Water Utility - Reserve	-	32,436	32,436	-
Water Utility - Redemption	443	-	-	443
Wastewater Utility - Bond and Interest	1,158,447	861,400	859,062	1,160,785
Wastewater Utility - Operating	773,033	2,653,626	2,448,286	978,373
Wastewater Utility - Construction	304,416	2,475	-	306,891
Wastewater Utility - Depreciation	1,612,614	1,260,000	1,161,059	1,711,555
Wastewater Utility - Reserve	-	119,976	119,976	-
Wastewater Utility - Redemption	284	-	-	284
Wastewater Utility - Improvement	1,010,415	680,736	662,649	1,028,502
Internal Service Fund:				
Environmental Liability	265,906	27,544	-	293,450
Fiduciary Funds:				
Police Officers' Pension	46,638	436,829	393,612	89,855
Firefighters' Pension	95,539	871,072	910,188	56,423
Flexible Spending	10,000	48,754	47,081	11,673
Utility Escrow	5,914	5,642,941	5,541,106	107,749
Payroll II	813	2,309	2,082	1,040
Totals	\$ 12,511,063	\$ 30,623,022	\$ 26,603,528	\$ 16,530,557

The accompanying notes are an integral part of the schedules.

TOWN OF SPEEDWAY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

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 FINANCIAL INFORMATION
(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.

CIVIL TOWN OF SPEEDWAY

1450 NORTH LYNHURST DRIVE

SPEEDWAY, INDIANA 46224-6499

TELEPHONE: 317 / 246-4111

FAX: 317 / 240-1322

TOWN COUNCIL
DEAN FARMER
WILLIAM T. GOLAY
JEFF S. HARTMAN
LU HILLMER
GARY L. RAIKES

TOWN CLERK-TREASURER
SHARON L. ZISHKA

TOWN MANAGER
JOHN L. McCURTAIN

TOWN OF SPEEDWAY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
Equipment and Capital Improvements	4,195,000	900,000
Total governmental activities long-term debt	<u>\$ 4,195,000</u>	<u>\$ 900,000</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Plant Improvements	2,250,000	175,000
Total Water Utility	<u>2,250,000</u>	<u>175,000</u>
Wastewater Utility		
Revenue bonds:		
SRF Funding for Utility Construction	6,347,843	162,501
Plant Improvements	2,685,000	350,000
Total Wastewater Utility	<u>9,032,843</u>	<u>512,501</u>
Total business-type activities long-term debt:	<u>\$ 11,282,843</u>	<u>\$ 687,501</u>

TOWN OF SPEEDWAY
EXAMINATION RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

Information presented for examination 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, 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 11 previous reports.

Additionally, information presented for examination indicated the Water and Wastewater Utilities did maintain capital assets records. However, the capital assets were not recorded in the Capital Assets Ledger, 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 5 previous 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)

COMPENSATION AND BENEFITS

The Town Manager was not paid in accordance with the 2006 salary ordinance approved by the Town Council.

The difference resulted from an error in calculating a 2% increase in 2006, approved by the Town Council for all employees. On April 23, 2007, the Town Council approved a retroactive amendment to the 2006 salary ordinance to be consistent with the actual amount paid to the Town Manager.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (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 May 7, 2007, with Sharon L. Zishka, Clerk-Treasurer; and William T. Golay, President of the Town Council.