

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SCHOOL TOWN OF SPEEDWAY  
MARION COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/07/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on the Financial Statement and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	9
Notes to Financial Statement.....	10-14
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	16-23
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	26-27
Schedule of Expenditures of Federal Awards .....	30
Notes to Schedule of Expenditures of Federal Awards.....	31
Schedule of Findings and Questioned Costs .....	32-33
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings .....	34
Corrective Action Plan.....	35
Exit Conference.....	36

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Nancy M. Johnson	07-01-09 to 06-30-12
Superintendent of Schools	Kenneth Hull	07-01-09 to 06-30-12
President of the School Board	Thomas Smith Laura Daghe Debra L. Gonzales	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-12 to 06-30-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statement of the School Town of Speedway (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement 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 statement is 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 School Corporation'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 statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement 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 statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 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 February 2, 2012, on our consideration of the School Corporation'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.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

February 2, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited the financial statement of the School Town of Speedway (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 2, 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 School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation'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 statement 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 THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is 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 School Corporation's management, School Board, 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

February 2, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

∅

(This page intentionally left blank.)

SCHOOL TOWN OF SPEEDWAY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 903,850	\$ 12,047,057	\$ 10,546,774	\$ 88,055	\$ 2,492,188	\$ 10,841,013	\$ 10,653,693	\$ -	\$ 2,679,508
Referendum Tax Levy	-	-	-	-	-	1,175,991	984,593	-	191,398
Debt Service	9,215	183,354	121,327	(315)	70,927	39,488	18,754	(90,000)	1,661
Capital Projects	1,280,432	3,823,164	4,496,057	367,664	975,203	1,944,901	2,012,368	-	907,736
School Transportation	17,537	82,877	168,919	81,940	13,435	69,983	90,800	23,156	15,774
Special Education Preschool	9,447	27,134	29,607	(6,974)	-	-	-	-	-
Rainy Day	-	-	-	-	-	-	-	90,000	90,000
School Lunch	76,424	693,912	672,978	-	97,358	714,686	716,012	-	96,032
Textbook Rental	172,183	167,350	203,761	898	136,670	176,848	108,486	18,754	223,786
Self-Insurance	2,057,763	-	-	-	2,057,763	-	-	-	2,057,763
Levy Excess	531,183	-	-	(531,183)	-	23,156	-	(23,156)	-
Educational License Plates	10,481	319	-	-	10,800	225	-	-	11,025
Early Intervention Grant	-	53,202	53,202	-	-	26,067	26,067	-	-
Non-English Speaking Programs P.L. 273-1999	-	21,920	21,920	-	-	14,803	14,803	-	-
School Technology	183,425	2,568	76,371	-	109,622	110,119	78,131	-	141,610
Indpls Chamber of Commerce	5,833	43,751	42,486	-	7,098	18,750	25,848	-	-
Intervention Academy	3,442	-	3,442	-	-	-	-	-	-
AAE - Lumina Grant	4,770	6,532	11,302	-	-	5,532	5,532	-	-
Health & Hospital Corp Grant	66,404	-	1,136	-	65,268	-	-	-	65,268
State High Ability Grant	20,499	32,066	52,565	-	-	31,585	31,585	-	-
Title I	(4,322)	490,196	466,432	-	19,442	533,723	556,562	-	(3,397)
P.LInnovative Education Program Strategies Title V (Part A)	-	1,122	1,122	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	65,413	310,055	324,933	-	50,535	263,063	311,745	-	1,853
Drug Free Schools	-	4,279	4,279	-	-	8,099	8,099	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	-	71,649	71,649	-	-	71,988	71,988	-	-
Title III, Language Instruction	-	22,750	22,750	-	-	21,560	21,560	-	-
Fiscal Stabilization - Education	915,918	321,496	1,237,414	-	-	-	-	-	-
Title I - Grants to LEAs	-	256,953	248,357	-	8,596	31,534	40,614	-	(484)
Special Education - Part B	-	158,690	104,872	-	53,818	100,939	154,592	-	165
Special Education - Part B - Preschool	-	15,252	15,252	-	-	-	-	-	-
Payroll Withholdings	51,129	2,818,488	2,830,206	-	39,411	2,991,802	2,996,860	-	34,353
<b>Totals</b>	<b>\$ 6,381,026</b>	<b>\$ 21,656,136</b>	<b>\$ 21,829,113</b>	<b>\$ 85</b>	<b>\$ 6,208,134</b>	<b>\$ 19,215,855</b>	<b>\$ 18,928,692</b>	<b>\$ 18,754</b>	<b>\$ 6,514,051</b>

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

SCHOOL TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is 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.

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 statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

SCHOOL TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

SCHOOL TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. 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 School Corporation. 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 School Corporation 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 School Corporation 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 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 School Corporation 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.

**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 School Corporation 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.

SCHOOL TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

The School Corporation 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 School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. 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 School Corporation by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plans**

*A. 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 School Corporation 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

*Funding Policy and Annual Pension Cost*

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

SCHOOL TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF 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 School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF 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) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation 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 prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

(This page intentionally left blank.)

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Capital Projects	School Transportation	Special Education Preschool	School Lunch	Textbook Rental	Self- Insurance
Cash and investments - beginning	\$ 903,850	\$ 9,215	\$ 1,280,432	\$ 17,537	\$ 9,447	\$ 76,424	\$ 172,183	\$ 2,057,763
Receipts:								
Local sources	1,336,508	183,354	3,823,164	82,877	(367)	340,535	117,023	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	10,710,383	-	-	-	27,501	6,985	50,327	-
Federal sources	-	-	-	-	-	346,392	-	-
Other	166	-	-	-	-	-	-	-
Total receipts	<u>12,047,057</u>	<u>183,354</u>	<u>3,823,164</u>	<u>82,877</u>	<u>27,134</u>	<u>693,912</u>	<u>167,350</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,856,278	-	-	-	29,607	-	-	-
Support services	3,528,300	-	1,255,460	85,800	-	-	203,761	-
Noninstructional services	182,825	-	-	-	-	672,978	-	-
Facilities acquisition and construction	-	-	857,284	-	-	-	-	-
Debt services	773,717	121,327	2,383,313	83,119	-	-	-	-
Nonprogrammed charges	205,654	-	-	-	-	-	-	-
Total disbursements	<u>10,546,774</u>	<u>121,327</u>	<u>4,496,057</u>	<u>168,919</u>	<u>29,607</u>	<u>672,978</u>	<u>203,761</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,500,283</u>	<u>62,027</u>	<u>(672,893)</u>	<u>(86,042)</u>	<u>(2,473)</u>	<u>20,934</u>	<u>(36,411)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	85	-	-	-	-	-	-	-
Transfers in	87,970	583	367,664	81,940	264	-	898	-
Transfers out	-	(898)	-	-	(7,238)	-	-	-
Total other financing sources (uses)	<u>88,055</u>	<u>(315)</u>	<u>367,664</u>	<u>81,940</u>	<u>(6,974)</u>	<u>-</u>	<u>898</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,588,338</u>	<u>61,712</u>	<u>(305,229)</u>	<u>(4,102)</u>	<u>(9,447)</u>	<u>20,934</u>	<u>(35,513)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,492,188</u>	<u>\$ 70,927</u>	<u>\$ 975,203</u>	<u>\$ 13,435</u>	<u>\$ -</u>	<u>\$ 97,358</u>	<u>\$ 136,670</u>	<u>\$ 2,057,763</u>

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Levy Excess	Educational License Plates	Early Intervention Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Indpls Chamber of Commerce	Intervention Academy	AAE - Lumina Grant
Cash and investments - beginning	\$ 531,183	\$ 10,481	\$ -	\$ -	\$ 183,425	\$ 5,833	\$ 3,442	\$ 4,770
Receipts:								
Local sources	-	-	-	-	-	43,751	-	6,532
Intermediate sources	-	319	-	-	-	-	-	-
State sources	-	-	53,202	21,920	2,568	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	319	53,202	21,920	2,568	43,751	-	6,532
Disbursements:								
Current:								
Instruction	-	-	53,202	-	-	-	3,442	11,302
Support services	-	-	-	21,920	76,371	42,486	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	53,202	21,920	76,371	42,486	3,442	11,302
Excess (deficiency) of receipts over disbursements	-	319	-	-	(73,803)	1,265	(3,442)	(4,770)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(531,183)	-	-	-	-	-	-	-
Total other financing sources (uses)	(531,183)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(531,183)	319	-	-	(73,803)	1,265	(3,442)	(4,770)
Cash and investments - ending	\$ -	\$ 10,800	\$ -	\$ -	\$ 109,622	\$ 7,098	\$ -	\$ -

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Health & Hospital Corp Grant	State High Ability Grant	Title I	P.LInnovative Education Program Strategies Title V (Part A)	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 66,404	\$ 20,499	\$ (4,322)	\$ -	\$ 65,413	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	32,066	-	-	-	-	-
Federal sources	-	-	490,196	1,122	310,055	4,279	71,649
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>32,066</u>	<u>490,196</u>	<u>1,122</u>	<u>310,055</u>	<u>4,279</u>	<u>71,649</u>
Disbursements:							
Current:							
Instruction	-	52,565	363,392	-	324,933	-	71,649
Support services	1,136	-	95,250	1,122	-	4,279	-
Noninstructional services	-	-	7,790	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>1,136</u>	<u>52,565</u>	<u>466,432</u>	<u>1,122</u>	<u>324,933</u>	<u>4,279</u>	<u>71,649</u>
Excess (deficiency) of receipts over disbursements	<u>(1,136)</u>	<u>(20,499)</u>	<u>23,764</u>	<u>-</u>	<u>(14,878)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,136)</u>	<u>(20,499)</u>	<u>23,764</u>	<u>-</u>	<u>(14,878)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 65,268</u>	<u>\$ -</u>	<u>\$ 19,442</u>	<u>\$ -</u>	<u>\$ 50,535</u>	<u>\$ -</u>	<u>\$ -</u>

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Title III, Language Instruction	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 915,918	\$ -	\$ -	\$ -	\$ 51,129	\$ 6,381,026
Receipts:							
Local sources	-	-	-	-	-	-	5,933,377
Intermediate sources	-	-	-	-	-	-	319
State sources	-	-	-	-	-	-	10,904,952
Federal sources	22,750	321,496	256,953	158,690	15,252	-	1,998,834
Other	-	-	-	-	-	2,818,488	2,818,654
Total receipts	<u>22,750</u>	<u>321,496</u>	<u>256,953</u>	<u>158,690</u>	<u>15,252</u>	<u>2,818,488</u>	<u>21,656,136</u>
Disbursements:							
Current:							
Instruction	-	875,441	232,693	76,065	15,252	-	7,965,821
Support services	22,750	354,813	15,664	10,461	-	2,830,206	8,549,779
Noninstructional services	-	7,160	-	-	-	-	870,753
Facilities acquisition and construction	-	-	-	-	-	-	857,284
Debt services	-	-	-	-	-	-	3,361,476
Nonprogrammed charges	-	-	-	18,346	-	-	224,000
Total disbursements	<u>22,750</u>	<u>1,237,414</u>	<u>248,357</u>	<u>104,872</u>	<u>15,252</u>	<u>2,830,206</u>	<u>21,829,113</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(915,918)</u>	<u>8,596</u>	<u>53,818</u>	<u>-</u>	<u>(11,718)</u>	<u>(172,977)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	85
Transfers in	-	-	-	-	-	-	539,319
Transfers out	-	-	-	-	-	-	(539,319)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(915,918)</u>	<u>8,596</u>	<u>53,818</u>	<u>-</u>	<u>(11,718)</u>	<u>(172,892)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,596</u>	<u>\$ 53,818</u>	<u>\$ -</u>	<u>\$ 39,411</u>	<u>\$ 6,208,134</u>

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Referendum Tax Levy	Debt Service	Capital Projects	School Transportation	Rainy Day	School Lunch	Textbook Rental	Self- Insurance
Cash and investments - beginning	\$ 2,492,188	\$ -	\$ 70,927	\$ 975,203	\$ 13,435	\$ -	\$ 97,358	\$ 136,670	\$ 2,057,763
Receipts:									
Local sources	95,624	1,175,991	39,488	1,944,901	69,983	-	318,391	128,585	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,745,278	-	-	-	-	-	13,239	48,263	-
Federal sources	-	-	-	-	-	-	383,056	-	-
Other	111	-	-	-	-	-	-	-	-
Total receipts	<u>10,841,013</u>	<u>1,175,991</u>	<u>39,488</u>	<u>1,944,901</u>	<u>69,983</u>	<u>-</u>	<u>714,686</u>	<u>176,848</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	6,542,928	543,943	-	-	-	-	-	-	-
Support services	3,835,995	328,463	-	1,394,916	90,800	-	-	108,486	-
Noninstructional services	102,011	112,187	-	-	-	-	716,012	-	-
Facilities acquisition and construction	-	-	-	617,452	-	-	-	-	-
Debt services	-	-	18,754	-	-	-	-	-	-
Nonprogrammed charges	172,759	-	-	-	-	-	-	-	-
Total disbursements	<u>10,653,693</u>	<u>984,593</u>	<u>18,754</u>	<u>2,012,368</u>	<u>90,800</u>	<u>-</u>	<u>716,012</u>	<u>108,486</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>187,320</u>	<u>191,398</u>	<u>20,734</u>	<u>(67,467)</u>	<u>(20,817)</u>	<u>-</u>	<u>(1,326)</u>	<u>68,362</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	18,754	-
Transfers in	-	-	-	-	23,156	90,000	-	-	-
Transfers out	-	-	(90,000)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>23,156</u>	<u>90,000</u>	<u>-</u>	<u>18,754</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>187,320</u>	<u>191,398</u>	<u>(69,266)</u>	<u>(67,467)</u>	<u>2,339</u>	<u>90,000</u>	<u>(1,326)</u>	<u>87,116</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,679,508</u>	<u>\$ 191,398</u>	<u>\$ 1,661</u>	<u>\$ 907,736</u>	<u>\$ 15,774</u>	<u>\$ 90,000</u>	<u>\$ 96,032</u>	<u>\$ 223,786</u>	<u>\$ 2,057,763</u>

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Levy Excess	Educational License Plates	Early Intervention Grant	Non-English Speaking Programs P.L. 273-1999	School Technology	Indpls Chamber of Commerce	AAE - Lumina Grant	Health & Hospital Corp Grant	State High Ability Grant
Cash and investments - beginning	\$ -	\$ 10,800	\$ -	\$ -	\$ 109,622	\$ 7,098	\$ -	\$ 65,268	\$ -
Receipts:									
Local sources	23,156	-	-	-	-	18,750	5,532	-	-
Intermediate sources	-	225	-	-	-	-	-	-	-
State sources	-	-	26,067	14,803	110,119	-	-	-	31,585
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>23,156</u>	<u>225</u>	<u>26,067</u>	<u>14,803</u>	<u>110,119</u>	<u>18,750</u>	<u>5,532</u>	<u>-</u>	<u>31,585</u>
Disbursements:									
Current:									
Instruction	-	-	26,067	-	-	-	5,532	-	31,585
Support services	-	-	-	14,803	78,131	25,848	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>26,067</u>	<u>14,803</u>	<u>78,131</u>	<u>25,848</u>	<u>5,532</u>	<u>-</u>	<u>31,585</u>
Excess (deficiency) of receipts over disbursements	<u>23,156</u>	<u>225</u>	<u>-</u>	<u>-</u>	<u>31,988</u>	<u>(7,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(23,156)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(23,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>225</u>	<u>-</u>	<u>-</u>	<u>31,988</u>	<u>(7,098)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 11,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,268</u>	<u>\$ -</u>

SCHOOL TOWN OF SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Title I	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools	Improving Teaching Quality, No Child Left, Title II, Part A	Title III, Language Instruction	Title I - Grants to LEAs	Special Education - Part B	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 19,442	\$ 50,535	\$ -	\$ -	\$ -	\$ 8,596	\$ 53,818	\$ 39,411	\$ 6,208,134
Receipts:									
Local sources	-	-	-	-	-	-	-	-	3,820,401
Intermediate sources	-	-	-	-	-	-	-	-	225
State sources	-	-	-	-	-	-	-	-	10,989,354
Federal sources	533,723	263,063	8,099	71,988	21,560	31,534	100,939	-	1,413,962
Other	-	-	-	-	-	-	-	2,991,802	2,991,913
Total receipts	533,723	263,063	8,099	71,988	21,560	31,534	100,939	2,991,802	19,215,855
Disbursements:									
Current:									
Instruction	325,308	311,745	-	71,988	-	15,590	91,948	-	7,966,634
Support services	225,041	-	8,099	-	21,560	24,922	3,400	2,996,860	9,157,324
Noninstructional services	6,213	-	-	-	-	102	-	-	936,525
Facilities acquisition and construction	-	-	-	-	-	-	-	-	617,452
Debt services	-	-	-	-	-	-	-	-	18,754
Nonprogrammed charges	-	-	-	-	-	-	59,244	-	232,003
Total disbursements	556,562	311,745	8,099	71,988	21,560	40,614	154,592	2,996,860	18,928,692
Excess (deficiency) of receipts over disbursements	(22,839)	(48,682)	-	-	-	(9,080)	(53,653)	(5,058)	287,163
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	18,754
Transfers in	-	-	-	-	-	-	-	-	113,156
Transfers out	-	-	-	-	-	-	-	-	(113,156)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	18,754
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,839)	(48,682)	-	-	-	(9,080)	(53,653)	(5,058)	305,917
Cash and investments - ending	\$ (3,397)	\$ 1,853	\$ -	\$ -	\$ -	\$ (484)	\$ 165	\$ 34,353	\$ 6,514,051

(This page intentionally left blank.)

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the School Town of Speedway (School Corporation) 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 June 30, 2010 and 2011. The School Corporation'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 School Corporation's management. Our responsibility is to express an opinion on the School Corporation'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 School Corporation'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 School Corporation's compliance with those requirements.

In our opinion, the School Corporation 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 June 30, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

Management of the School Corporation 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 School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

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 School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weakness.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, School Board, 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

February 2, 2012

(This page intentionally left blank.)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

SCHOOL TOWN OF SPEEDWAY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 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 06-30-10	Total Federal Awards Expended 06-30-11
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY2010	\$ 58,198	\$ -
		FY2011	-	68,532
			<u>58,198</u>	<u>68,532</u>
Total for program				
			<u>58,198</u>	<u>68,532</u>
National School Lunch Program				
	10.555			
		FY2010	331,502	-
		FY2011	-	352,829
			<u>331,502</u>	<u>352,829</u>
Total for program				
			<u>331,502</u>	<u>352,829</u>
Total for federal grantor agency				
			<u>389,700</u>	<u>421,361</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		10-5400	466,432	-
		11-5400	-	556,562
			<u>466,432</u>	<u>556,562</u>
Total for program				
			<u>466,432</u>	<u>556,562</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		10-5400	248,357	-
		11-5400	-	40,614
			<u>248,357</u>	<u>40,614</u>
Total for program				
			<u>248,357</u>	<u>40,614</u>
Total for cluster				
			<u>714,789</u>	<u>597,176</u>
Pass-Through West Central Joint Services, MSD Wayne Township				
Special Education Cluster				
Special Education - Grants to States				
	84.027			
		14210-063-PN01	319,232	-
		14211-063-PN01	-	304,702
			<u>319,232</u>	<u>304,702</u>
Total for program				
			<u>319,232</u>	<u>304,702</u>
Special Education - Preschool Grants				
	84.173			
		45710-063-PN01	5,701	-
		45711-063-PN01	-	7,043
			<u>5,701</u>	<u>7,043</u>
Total for program				
			<u>5,701</u>	<u>7,043</u>
ARRA - Special Education - Grants to States, Recovery Act				
	84.391			
		09-5400	104,872	-
		10-5400	-	154,592
			<u>104,872</u>	<u>154,592</u>
Total for program				
			<u>104,872</u>	<u>154,592</u>
ARRA - Special Education - Preschool Grants, Recovery Act				
	84.392			
		09-5400	15,252	-
			<u>15,252</u>	<u>-</u>
Total for cluster				
			<u>445,057</u>	<u>466,337</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394			
		FY2009-10	1,237,414	-
Total for program				
			<u>1,237,414</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186			
		09-5400	4,279	-
		10-5400	-	8,099
			<u>4,279</u>	<u>8,099</u>
Total for program				
			<u>4,279</u>	<u>8,099</u>
State Grant for Innovative Programs				
	84.298			
		09-5400	1,122	-
Total for program				
			<u>1,122</u>	<u>-</u>
English Language Acquisition Grants				
	84.365			
		09-5400	22,750	-
		10-5400	-	21,560
			<u>22,750</u>	<u>21,560</u>
Total for program				
			<u>22,750</u>	<u>21,560</u>
Improving Teacher Quality State Grants				
	84.367			
		09-5400	71,649	-
		10-5400	-	71,988
			<u>71,649</u>	<u>71,988</u>
Total for program				
			<u>71,649</u>	<u>71,988</u>
Total for federal grantor agency				
			<u>2,497,060</u>	<u>1,165,160</u>
Total federal awards expended			<u>\$ 2,886,760</u>	<u>\$ 1,586,521</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SCHOOL TOWN OF SPEEDWAY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Town of Speedway (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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 school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
National School Lunch Program	10.555	\$ 43,308	\$ 38,305



SCHOOL TOWN OF SPEEDWAY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2011-1, CASH MANAGEMENT**

Federal Agency: U. S. Department of Education  
Federal Program: Special Education – Grants to States, Special Education - Preschool Grants,  
ARRA – Special Education – Grants to States, Recovery Act  
CFDA Number: 84.027, 84.137, 84.391  
Federal Award Number and Year: 14210-063-PN01, 45710-063-PN01, 09-5400  
Pass-Through Entity: Indiana Department of Education

Amounts received by the School Corporation for the Special Education - Grants to States, Special Education - Preschool Grants, ARRA – Special Education – Grants to States, Recovery Act were drawn down in advance. School Corporation officials were required to review needs and draw funds as needed in accordance with federal guidelines. The cash balance of these funds exceeded the allowable cash balance for future monthly requirements during the 2009-2010 school year. The Special Education, Grants to States, Special Education - Preschool Grants Funds had an excessive cash balance 5 out of 12 months and the ARRA - Special Education – Grants to States Recovery Act Fund had an excessive cash balance for 11 out of 12 months.

34 CFR 80.20(b)(7) states:

"Cash Management: Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to comply with cash management requirement could raise the School Corporation to be deemed ineligible to receive federal funds in the future.

We recommended School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized.

SCHOOL TOWN OF SPEEDWAY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# SPEEDWAY PUBLIC SCHOOLS

5335 West 25<sup>th</sup> Street  
SPEEDWAY, IN 46224

## BOARD OF TRUSTEES

DEBRA L. GONZALES  
President

TERRY E. REED  
Vice President

WILLIAM H. SCOTT  
Secretary

THOMAS M. SMITH  
Member

LAURA B. DAGHE  
Member

## FEDERAL FINDING 2011-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: Special Education Part B, Preschool – ARRA

CFDA Number: 84.027, 84.173, 84.391

Auditee Contact Person: Nancy Johnson

Title of Contact Person: Corporation Treasurer

Expected Completion Date: Corrective Action Plan has been implemented prior to the Exit Conference.

## ADMINISTRATION

KENNETH E. HULL  
Superintendent  
of Schools

PATTI S. BOCK  
Director  
of Curriculum

TIMOTHY D. McROBERTS  
Principal  
Howard J. Lacy II  
Speedway High School

JOHN W. DIZNEY  
Principal  
Speedway Junior  
High School

Based on the procedural changes at the Indiana Department of Education, distributions of Special Education Funds are no longer received on a drawdown method, but on a reimbursement basis. Therefore, the cash management issue described above no longer exists. The School Town of Speedway is currently making every effort to comply with the reimbursement method.

KATHRYN K. RICHARDS  
Director of Sp. Ed.  
Principal  
Carl G. Fisher  
Elementary School

  
\_\_\_\_\_  
Corporation Treasurer

  
\_\_\_\_\_  
Date

ANTHONY V. GAGLIANO  
Principal  
Arthur C. Newby  
Elementary School

JAY L. BEDWELL  
Principal  
James A. Allison  
Elementary School

BRENDA L. WOLFE  
Principal  
Frank H. Wheeler  
Elementary School

SCHOOL TOWN OF SPEEDWAY  
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2012, with Nancy M. Johnson, Treasurer; Kenneth Hull, Superintendent of Schools; and Debra L. Gonzales, President of the School Board. Our audit disclosed no material items that warrant comment at this time.