

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF SPEEDWAY  
MARION COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
08/21/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	8-9
Notes to Financial Statement.....	10-15
Supplementary Information: Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	18-31
Schedule of Payables and Receivables .....	32
Schedule of Leases and Debt .....	33
Schedule of Capital Assets.....	34
Audit Results and Comments: Bank Account Reconciliations – Unsupported Adjustments .....	35
Bank Account Reconciliations – Outside Accounts.....	35
Annual Report Errors .....	35-36
Expenditures of Utility Funds.....	36
Overdrawn Appropriations.....	36
Utility Capital Asset Records .....	37
Bad Debts and Uncollectible Accounts .....	37
Supplemental Audit of Federal Awards: 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 .....	40-41
Schedule of Expenditures of Federal Awards .....	44
Note to Schedule of Expenditures of Federal Awards.....	45
Schedule of Findings and Questioned Costs .....	46-49
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings .....	50
Corrective Action Plan.....	51-52
Exit Conference.....	53
Official Response .....	54-56

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sharon L. Zishka	01-01-08 to 12-31-15
President of the Town Council	Jeff Hartman William C. Suffel II	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Stephen Hurst	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Norman Berry	01-01-11 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 SPEEDWAY, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Town of Speedway (Town), for the year ended December 31, 2011. This financial statement is the responsibility of the Town's management. Our responsibility is to express an opinion on this 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 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 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 Town 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.

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

In accordance with Government Auditing Standards, we have also issued a report dated July 12, 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 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Receivables and Payables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They 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.

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

July 12, 2012



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 TOWN OF SPEEDWAY, MARION COUNTY, INDIANA

We have audited the financial statement of the Town of Speedway (Town), for the year ended December 31, 2011, and have issued our report thereon dated July 12, 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 opinion on the financial statement, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2011-2 to be a significant deficiency.

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 Town'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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

July 12, 2012

## FINANCIAL STATEMENT

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

TOWN OF SPEEDWAY  
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 FUND	\$ 3,586,564	\$ 13,895,454	\$ 13,797,858	\$ 3,684,160
MOTOR VEHICLE HIGHWAY	556,233	712,122	816,737	451,618
LOCAL ROAD & STREET	-	169,442	4,961	164,481
REC NONREVERTING	61,193	4,000	2,813	62,380
LAW ENF CONT EDUCATION	65,173	29,445	39,292	55,326
PARKS & RECREATION	246,841	226,556	321,783	151,614
RAINY DAY	741,332	-	-	741,332
LEVY EXCESS FUND	17,031	-	-	17,031
CUM CAP DEVELOPMENT	1,043,183	204,371	296,102	951,452
POLICE PENSION	208,056	387,568	351,348	244,276
FIRE PENSION	394,823	577,098	517,757	454,164
FLEXIBLE SPENDING	25,873	73,068	74,379	24,562
FIRE TRAINING FUND	780	-	500	280
PUB SAFETY COIT	1,936	851,082	853,018	-
DONATION	489	-	-	489
CRIMINAL INVEST CHECKING	17,356	30,547	40,620	7,283
CRIMINAL INVEST SAVINGS	177,603	23,256	8,714	192,145
CRIMINAL INVEST FEDERAL	44,886	3,689	20,465	28,110
EXTRA CURRICULAR	6,608	23,160	15,418	14,350
MOTORCYCLE	45,067	20,404	1,371	64,100
DARE	6,229	2,831	794	8,266
CANINE	17,997	691	1,661	17,027
CITIZENS ACADEMY FUND	-	500	462	38
HAZARDOUS MATERIALS	905	-	394	511
2011 G.O. BOND	-	892,350	89,984	802,366
2006 G.O. BOND	376,040	22	375,908	154
2009 G.O. BOND	109,814	4,638	50,892	63,560
G.O. DEBT SERVICE	523,145	428,835	773,890	178,090
REDEVELOPMENT FUND	3,383,756	5,821,357	6,272,770	2,932,343
2009 SRA TRUST/AGENT ACCT	1,163,566	529,022	343,891	1,348,697
2010 SRA TRUST/AGENT ACCT	20,220,354	420,264	13,606,539	7,034,079
SRC/OPERATING	-	281,607	-	281,607
ECONOMIC DEVELOPMENT COMM	-	6,170,815	6,167,325	3,490
EDC DEBT SERVICE	-	118,024	118,024	-
EDC DSR	-	342,650	-	342,650
PARK BOND CASH	1	3	-	4
PARK BOND DEBT SERVICE	76,848	303,895	227,304	153,439
ENVIR LIAB INS FUND	388,321	25,000	-	413,321
UTILITY ESCROW	175,792	7,137,081	7,076,190	236,683
PAYROLL/NET	487,837	328,049	416,628	399,258
PAYROLL FEDERAL W/H	-	1,011,744	1,011,744	-
PAYROLL FICA W/H	414	510,914	511,742	(414)
PAYROLL MEDICARE W/H	97	202,418	202,626	(111)
PAYROLL STATE W/H	-	266,236	243,639	22,597
PAYROLL COUNTY ADJ. GRO	-	116,709	106,750	9,959

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

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

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
P/R - GARN #1	-	7,332	7,332	-
P/R-GARN #2	-	151	151	-
P/R-AFLAC	3,020	39,192	38,832	3,380
P/R-FLEX SPEND MED	-	60,350	60,350	-
P/R/FLEX SPEND DAY CARE	-	11,020	11,020	-
P/R-ANTHEM BC/BS	28,034	307,193	315,938	19,289
P/R-BOSTON MUTUAL	1,962	23,277	23,208	2,031
P/R-METLIFE	2,278	26,452	26,260	2,470
P/R-EYEMED	666	8,004	7,923	747
P/R-GRANGE	936	17,647	17,101	1,482
P/R-PRE-PAID LEGAL	352	3,975	4,053	274
P/R-WADDELL & REED	10,180	143,760	142,030	11,910
P/R-PERF	19,837	77,656	77,888	19,605
P/R-PFP	55,540	233,439	230,583	58,396
P/R-PFLI	1,022	11,146	11,273	895
P/R-FOP	4,357	18,809	18,464	4,702
P/R-FFU	4,288	17,812	17,589	4,511
P/R-CHILD SUPPORT WKLY	-	8,675	8,675	-
P/R-CHILD SUPPORT SEMI	-	26,995	26,995	-
P/R-DIRECT DEPOSIT	-	5,263,720	5,263,720	-
P/R-HEALTH SAVINGS ACCT	-	101,000	101,000	-
STORMWATER MANAGEMENT	249,384	81,360	54,322	276,422
SEWER OPERATING	824,249	5,223,702	5,093,754	954,197
SEWER DEPRECIATION	1,063,434	4,309,478	4,187,657	1,185,255
SEWER BOND & INTEREST	207,422	1,729,557	1,614,717	322,262
SEWER CONSTRUCTION	22,530	-	-	22,530
SEWER PILOT CASH RESERVE	-	374,856	374,856	-
SEWER PLANT IMPROVEMENT	1,020,177	-	400,000	620,177
SEWER DEBT SERV RESERVE	6,137	147,339	147,339	6,137
SRF-SW BONY B&I	306,008	1,503,286	1,118,442	690,852
SRF-SW BONY DSR	943,679	147,343	-	1,091,022
SRF-SW BONY-CONST BOND	396,420	14,220,147	6,368,048	8,248,519
SW TRASH FEES	-	65,231	23,165	42,066
SW RECYCLING FEES	-	19,953	14,501	5,452
WATER UTILITY OPERATING	180,602	2,521,943	2,355,840	346,705
WATER DEPRECIATION	524,317	286,154	336,621	473,850
WATER BOND & INTEREST	303,947	283,560	585,783	1,724
WATER PILOT CASH RESERVE	-	99,391	99,391	-
WATER DEBT SERV RESERVE	-	729	729	-
SRF-WW BONY B&I	-	3,788	3,788	-
SRF-WW BONY DSR	-	298,839	-	298,839
SRF-WW BONY CONST	-	560,000	249,067	310,933
Totals	<u>\$ 40,352,921</u>	<u>\$ 80,431,178</u>	<u>\$ 84,200,698</u>	<u>\$ 36,583,401</u>

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

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT

**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, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

*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. 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 statement. The aggregate receipts include 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, 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, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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.

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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, 911 telephone services, recycling fees, dog pound fees, cable tv receipts, ordinance violations, and fines and fees.

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 statement. The aggregate disbursements include 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.

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.

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

**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.

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 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 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

*Funding Policy and Annual Pension Cost*

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

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

*Funding Policy*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

TOWN OF SPEEDWAY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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*

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

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## SUPPLEMENTARY INFORMATION – UNAUDITED

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 statement contained in this report and the financial information presented in the Annual Report of the Town which is 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 SPEEDWAY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	REC NONREVERTING	LAW ENF CONT EDUCATION	PARKS & RECREATION	RAINY DAY
Cash and investments - beginning	\$ 3,586,564	\$ 556,233	\$ -	\$ 61,193	\$ 65,173	\$ 246,841	\$ 741,332
Receipts:							
Taxes	8,582,750	-	-	-	-	167,830	-
Licenses and permits	334,641	-	-	-	4,300	-	-
Intergovernmental	2,625,176	396,998	151,442	-	-	-	-
Charges for services	272,820	-	-	-	1,640	25,324	-
Fines and forfeits	25,650	-	-	-	11,616	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>2,054,417</u>	<u>315,124</u>	<u>18,000</u>	<u>4,000</u>	<u>11,889</u>	<u>33,402</u>	<u>-</u>
Total receipts	<u>13,895,454</u>	<u>712,122</u>	<u>169,442</u>	<u>4,000</u>	<u>29,445</u>	<u>226,556</u>	<u>-</u>
Disbursements:							
Personal services	6,733,240	480,619	-	-	-	86,613	-
Supplies	280,972	106,398	-	-	11,298	23,281	-
Other services and charges	432,990	175,705	4,961	-	27,994	29,445	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	2,813	-	1,830	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>6,350,656</u>	<u>54,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,614</u>	<u>-</u>
Total disbursements	<u>13,797,858</u>	<u>816,737</u>	<u>4,961</u>	<u>2,813</u>	<u>39,292</u>	<u>321,783</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>97,596</u>	<u>(104,615)</u>	<u>164,481</u>	<u>1,187</u>	<u>(9,847)</u>	<u>(95,227)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,684,160</u>	<u>\$ 451,618</u>	<u>\$ 164,481</u>	<u>\$ 62,380</u>	<u>\$ 55,326</u>	<u>\$ 151,614</u>	<u>\$ 741,332</u>

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

	LEVY EXCESS FUND	CUM CAP DEVELOPMENT	POLICE PENSION	FIRE PENSION	FLEXIBLE SPENDING	FIRE TRAINING FUND	PUB SAFETY COIT
Cash and investments - beginning	\$ 17,031	\$ 1,043,183	\$ 208,056	\$ 394,823	\$ 25,873	\$ 780	\$ 1,936
Receipts:							
Taxes	-	-	-	-	-	-	851,082
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	204,371	387,568	577,098	73,068	-	-
Total receipts	-	204,371	387,568	577,098	73,068	-	851,082
Disbursements:							
Personal services	-	-	-	-	74,379	-	853,018
Supplies	-	-	-	-	-	-	-
Other services and charges	-	174,022	351,348	517,757	-	500	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	121,235	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	845	-	-	-	-	-
Total disbursements	-	296,102	351,348	517,757	74,379	500	853,018
Excess (deficiency) of receipts over disbursements	-	(91,731)	36,220	59,341	(1,311)	(500)	(1,936)
Cash and investments - ending	\$ 17,031	\$ 951,452	\$ 244,276	\$ 454,164	\$ 24,562	\$ 280	\$ -

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

	DONATION	CRIMINAL INVEST CHECKING	CRIMINAL INVEST SAVINGS	CRIMINAL INVEST FEDERAL	EXTRA CURRICULAR	MOTORCYCLE	DARE
Cash and investments - beginning	\$ 489	\$ 17,356	\$ 177,603	\$ 44,886	\$ 6,608	\$ 45,067	\$ 6,229
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	30,547	23,256	3,689	23,160	20,404	2,831
Total receipts	-	30,547	23,256	3,689	23,160	20,404	2,831
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	6,272	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	40,620	8,714	20,465	9,146	1,371	794
Total disbursements	-	40,620	8,714	20,465	15,418	1,371	794
Excess (deficiency) of receipts over disbursements	-	(10,073)	14,542	(16,776)	7,742	19,033	2,037
Cash and investments - ending	\$ 489	\$ 7,283	\$ 192,145	\$ 28,110	\$ 14,350	\$ 64,100	\$ 8,266

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

	CANINE	CITIZENS ACADEMY FUND	HAZARDOUS MATERIALS	2011 G.O. BOND	2006 G.O. BOND	2009 G.O. BOND	G.O. DEBT SERVICE
Cash and investments - beginning	\$ 17,997	\$ -	\$ 905	\$ -	\$ 376,040	\$ 109,814	\$ 523,145
Receipts:							
Taxes	-	-	-	-	-	-	360,677
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	26,143
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	691	500	-	892,350	22	4,638	42,015
Total receipts	691	500	-	892,350	22	4,638	428,835
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	462	394	-	-	-	-
Other services and charges	-	-	-	-	350	-	-
Debt service - principal and interest	-	-	-	-	-	-	731,890
Capital outlay	-	-	-	89,984	375,558	50,892	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,661	-	-	-	-	-	42,000
Total disbursements	1,661	462	394	89,984	375,908	50,892	773,890
Excess (deficiency) of receipts over disbursements	(970)	38	(394)	802,366	(375,886)	(46,254)	(345,055)
Cash and investments - ending	\$ 17,027	\$ 38	\$ 511	\$ 802,366	\$ 154	\$ 63,560	\$ 178,090

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

	REDEVELOPMENT FUND	2009 SRA TRUST/AGENT ACCT	2010 SRA TRUST/AGENT ACCT	SRC/ OPERATING	ECONOMIC DEVELOPMENT COMM	EDC DEBT SERVICE
Cash and investments - beginning	\$ 3,383,756	\$ 1,163,566	\$ 20,220,354	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	17,725	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,821,357	529,022	420,264	263,882	6,170,815	118,024
Total receipts	5,821,357	529,022	420,264	281,607	6,170,815	118,024
Disbursements:						
Personal services	130,866	-	-	-	-	-
Supplies	10,816	-	-	-	-	-
Other services and charges	1,650,628	-	8,316,024	-	5,706,651	-
Debt service - principal and interest	1,223,500	343,891	598,855	-	-	118,024
Capital outlay	3,091,424	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	165,536	-	4,691,660	-	460,674	-
Total disbursements	6,272,770	343,891	13,606,539	-	6,167,325	118,024
Excess (deficiency) of receipts over disbursements	(451,413)	185,131	(13,186,275)	281,607	3,490	-
Cash and investments - ending	\$ 2,932,343	\$ 1,348,697	\$ 7,034,079	\$ 281,607	\$ 3,490	\$ -

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

	EDC DSR	PARK BOND CASH	PARK BOND DEBT SERVICE	ENVIR LIAB INS FUND	UTILITY ESCROW	PAYROLL/NET
Cash and investments - beginning	\$ -	\$ 1	\$ 76,848	\$ 388,321	\$ 175,792	\$ 487,837
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	7,136,800	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>342,650</u>	<u>3</u>	<u>303,895</u>	<u>25,000</u>	<u>281</u>	<u>328,049</u>
Total receipts	<u>342,650</u>	<u>3</u>	<u>303,895</u>	<u>25,000</u>	<u>7,137,081</u>	<u>328,049</u>
Disbursements:						
Personal services	-	-	-	-	-	416,628
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	169,726	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	<u>57,578</u>	-	<u>7,076,190</u>	-
Total disbursements	<u>-</u>	<u>-</u>	<u>227,304</u>	<u>-</u>	<u>7,076,190</u>	<u>416,628</u>
Excess (deficiency) of receipts over disbursements	<u>342,650</u>	<u>3</u>	<u>76,591</u>	<u>25,000</u>	<u>60,891</u>	<u>(88,579)</u>
Cash and investments - ending	<u>\$ 342,650</u>	<u>\$ 4</u>	<u>\$ 153,439</u>	<u>\$ 413,321</u>	<u>\$ 236,683</u>	<u>\$ 399,258</u>

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

	PAYROLL FEDERAL W/H	PAYROLL FICA W/H	PAYROLL MEDICARE W/H	PAYROLL STATE W/H	PAYROLL COUNTY ADJ. GRO	P/R - GARN #1
Cash and investments - beginning	\$ -	\$ 414	\$ 97	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,011,744	510,914	202,418	266,236	116,709	7,332
Total receipts	1,011,744	510,914	202,418	266,236	116,709	7,332
Disbursements:						
Personal services	1,011,744	511,742	202,626	243,639	106,750	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	7,332
Total disbursements	1,011,744	511,742	202,626	243,639	106,750	7,332
Excess (deficiency) of receipts over disbursements	-	(828)	(208)	22,597	9,959	-
Cash and investments - ending	\$ -	\$ (414)	\$ (111)	\$ 22,597	\$ 9,959	\$ -

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

	P/R-GARN #2	P/R-AFLAC	P/R-FLEX SPEND MED	P/R/FLEX SPEND DAY CARE	P/R-ANTHEM BC/BS	P/R-BOSTON MUTUAL
Cash and investments - beginning	\$ -	\$ 3,020	\$ -	\$ -	\$ 28,034	\$ 1,962
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>151</u>	<u>39,192</u>	<u>60,350</u>	<u>11,020</u>	<u>307,193</u>	<u>23,277</u>
Total receipts	<u>151</u>	<u>39,192</u>	<u>60,350</u>	<u>11,020</u>	<u>307,193</u>	<u>23,277</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>151</u>	<u>38,832</u>	<u>60,350</u>	<u>11,020</u>	<u>315,938</u>	<u>23,208</u>
Total disbursements	<u>151</u>	<u>38,832</u>	<u>60,350</u>	<u>11,020</u>	<u>315,938</u>	<u>23,208</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>360</u>	<u>-</u>	<u>-</u>	<u>(8,745)</u>	<u>69</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,289</u>	<u>\$ 2,031</u>

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

	<u>P/R-METLIFE</u>	<u>P/R-EYEMED</u>	<u>P/R-GRANGE</u>	<u>P/R-PRE-PAID LEGAL</u>	<u>P/R-WADDELL &amp; REED</u>	<u>P/R-PERF</u>
Cash and investments - beginning	\$ 2,278	\$ 666	\$ 936	\$ 352	\$ 10,180	\$ 19,837
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>26,452</u>	<u>8,004</u>	<u>17,647</u>	<u>3,975</u>	<u>143,760</u>	<u>77,656</u>
Total receipts	<u>26,452</u>	<u>8,004</u>	<u>17,647</u>	<u>3,975</u>	<u>143,760</u>	<u>77,656</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>26,260</u>	<u>7,923</u>	<u>17,101</u>	<u>4,053</u>	<u>142,030</u>	<u>77,888</u>
Total disbursements	<u>26,260</u>	<u>7,923</u>	<u>17,101</u>	<u>4,053</u>	<u>142,030</u>	<u>77,888</u>
Excess (deficiency) of receipts over disbursements	<u>192</u>	<u>81</u>	<u>546</u>	<u>(78)</u>	<u>1,730</u>	<u>(232)</u>
Cash and investments - ending	<u>\$ 2,470</u>	<u>\$ 747</u>	<u>\$ 1,482</u>	<u>\$ 274</u>	<u>\$ 11,910</u>	<u>\$ 19,605</u>

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

	P/R-PFP	P/R-PFLI	P/R-FOP	P/R-FFU	P/R-CHILD SUPPORT WKLY	P/R-CHILD SUPPORT SEMI
Cash and investments - beginning	\$ 55,540	\$ 1,022	\$ 4,357	\$ 4,288	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>233,439</u>	<u>11,146</u>	<u>18,809</u>	<u>17,812</u>	<u>8,675</u>	<u>26,995</u>
Total receipts	<u>233,439</u>	<u>11,146</u>	<u>18,809</u>	<u>17,812</u>	<u>8,675</u>	<u>26,995</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>230,583</u>	<u>11,273</u>	<u>18,464</u>	<u>17,589</u>	<u>8,675</u>	<u>26,995</u>
Total disbursements	<u>230,583</u>	<u>11,273</u>	<u>18,464</u>	<u>17,589</u>	<u>8,675</u>	<u>26,995</u>
Excess (deficiency) of receipts over disbursements	<u>2,856</u>	<u>(127)</u>	<u>345</u>	<u>223</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 58,396</u>	<u>\$ 895</u>	<u>\$ 4,702</u>	<u>\$ 4,511</u>	<u>\$ -</u>	<u>\$ -</u>

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

	P/R-DIRECT DEPOSIT	P/R-HEALTH SAVINGS ACCT	STORMWATER MANAGEMENT	SEWER OPERATING	SEWER DEPRECIATION	SEWER BOND & INTEREST
Cash and investments - beginning	\$ -	\$ -	\$ 249,384	\$ 824,249	\$ 1,063,434	\$ 207,422
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	750	4,715,673	-	-
Other receipts	<u>5,263,720</u>	<u>101,000</u>	<u>80,610</u>	<u>508,029</u>	<u>4,309,478</u>	<u>1,729,557</u>
Total receipts	<u>5,263,720</u>	<u>101,000</u>	<u>81,360</u>	<u>5,223,702</u>	<u>4,309,478</u>	<u>1,729,557</u>
Disbursements:						
Personal services	-	101,000	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	111,432
Capital outlay	-	-	2,430	17,600	2,150,770	-
Utility operating expenses	-	-	51,892	2,472,510	2,034,887	-
Other disbursements	<u>5,263,720</u>	<u>-</u>	<u>-</u>	<u>2,603,644</u>	<u>2,000</u>	<u>1,503,285</u>
Total disbursements	<u>5,263,720</u>	<u>101,000</u>	<u>54,322</u>	<u>5,093,754</u>	<u>4,187,657</u>	<u>1,614,717</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>27,038</u>	<u>129,948</u>	<u>121,821</u>	<u>114,840</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,422</u>	<u>\$ 954,197</u>	<u>\$ 1,185,255</u>	<u>\$ 322,262</u>

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

	SEWER CONSTRUCTION	SEWER PILOT CASH RESERVE	SEWER PLANT IMPROVEMENT	SEWER DEBT SERV RESERVE	SRF-SW BONY B&I	SRF-SW BONY DSR
Cash and investments - beginning	\$ 22,530	\$ -	\$ 1,020,177	\$ 6,137	\$ 306,008	\$ 943,679
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	374,856	-	147,339	1,503,286	147,343
Total receipts	-	374,856	-	147,339	1,503,286	147,343
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,088,675	-
Capital outlay	-	-	400,000	-	-	-
Utility operating expenses	-	-	-	-	29,767	-
Other disbursements	-	374,856	-	147,339	-	-
Total disbursements	-	374,856	400,000	147,339	1,118,442	-
Excess (deficiency) of receipts over disbursements	-	-	(400,000)	-	384,844	147,343
Cash and investments - ending	\$ 22,530	\$ -	\$ 620,177	\$ 6,137	\$ 690,852	\$ 1,091,022

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

	SRF-SW BONY-CONST BOND	SW TRASH FEES	SW RECYCLING FEES	WATER UTILITY OPERATING	WATER DEPRECIATION	WATER BOND & INTEREST
Cash and investments - beginning	\$ 396,420	\$ -	\$ -	\$ 180,602	\$ 524,317	\$ 303,947
Receipts:						
Taxes	-	-	-	35,138	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	65,231	19,953	2,484,930	-	-
Other receipts	14,220,147	-	-	1,875	286,154	283,560
Total receipts	<u>14,220,147</u>	<u>65,231</u>	<u>19,953</u>	<u>2,521,943</u>	<u>286,154</u>	<u>283,560</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	283,185
Capital outlay	6,368,048	-	-	-	336,621	-
Utility operating expenses	-	-	-	1,709,489	-	-
Other disbursements	-	23,165	14,501	646,351	-	302,598
Total disbursements	<u>6,368,048</u>	<u>23,165</u>	<u>14,501</u>	<u>2,355,840</u>	<u>336,621</u>	<u>585,783</u>
Excess (deficiency) of receipts over disbursements	<u>7,852,099</u>	<u>42,066</u>	<u>5,452</u>	<u>166,103</u>	<u>(50,467)</u>	<u>(302,223)</u>
Cash and investments - ending	<u>\$ 8,248,519</u>	<u>\$ 42,066</u>	<u>\$ 5,452</u>	<u>\$ 346,705</u>	<u>\$ 473,850</u>	<u>\$ 1,724</u>

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

	WATER PILOT CASH RESERVE	WATER DEBT SERV RESERVE	SRF-WW BONY B&I	SRF-WW BONY DSR	SRF-WW BONY CONST	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,352,921
Receipts:						
Taxes	-	-	-	-	-	9,997,477
Licenses and permits	-	-	-	-	-	338,941
Intergovernmental	-	-	-	-	-	3,199,759
Charges for services	-	-	-	-	-	7,454,309
Fines and forfeits	-	-	-	-	-	37,266
Utility fees	-	-	-	-	-	7,286,537
Other receipts	99,391	729	3,788	298,839	560,000	52,116,889
Total receipts	99,391	729	3,788	298,839	560,000	80,431,178
Disbursements:						
Personal services	-	-	-	-	-	10,952,864
Supplies	-	-	-	-	-	439,893
Other services and charges	-	-	-	-	-	17,388,375
Debt service - principal and interest	-	-	3,788	-	-	4,672,966
Capital outlay	-	-	-	-	249,067	13,258,272
Utility operating expenses	-	-	-	-	-	6,298,545
Other disbursements	99,391	729	-	-	-	31,189,783
Total disbursements	99,391	729	3,788	-	249,067	84,200,698
Excess (deficiency) of receipts over disbursements	-	-	-	298,839	310,933	(3,769,520)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 298,839	\$ 310,933	\$ 36,583,401

TOWN OF SPEEDWAY  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 69,038	\$ -
Storm Water	-	-
Wastewater	25,710	618,615
Water	<u>-</u>	<u>159,073</u>
Totals	<u>\$ 94,748</u>	<u>\$ 777,688</u>

TOWN OF SPEEDWAY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	Police, Fire and Park Capital Equipment, 2005 Issue	\$ 650,000	\$ 161,412
General obligation bonds	Fire Department Capital Equipment, 2009 Issue	190,000	191,330
General obligation bonds	General Obligation Bonds, Series 2011	900,000	9,248
General obligation bonds	Park Capital Equipment, 2008 Issue	<u>1,795,000</u>	<u>170,925</u>
Total governmental activities		<u>3,535,000</u>	<u>532,915</u>
Wastewater:			
Revenue bonds	SRF Funding for Utility Construction, 1999A Issue	4,029,452	586,191
Revenue bonds	SRF Funding for Utility Construction, 1999B Issue	300,832	43,764
Revenue bonds	SRF Funding for Utility Construction, 2000 Issue	797,208	115,975
Revenue bonds	Wastewater Plant Improvements, 2004 Issue	1,115,000	114,031
Revenue bonds	Wastewater Revenue Bonds, 2009 Issue	5,039,128	368,249
Revenue bonds	Redevelopment Authority 2009 Series A-1	13,185,000	908,157
Revenue bonds	Redevelopment Authority 2009 Series A-2	1,425,000	123,875
Revenue bonds	Redevelopment Authority 2010	<u>20,550,000</u>	<u>1,197,710</u>
Total Wastewater		<u>46,441,620</u>	<u>3,457,952</u>
Water:			
Revenue bonds	Waterworks Plant Improvements, 2001 Issue	1,050,000	288,060
Revenue bonds	Water Revenue Bonds, 2011 issue	<u>560,000</u>	<u>14,276</u>
Total Water		<u>1,610,000</u>	<u>302,336</u>
Totals		<u>\$ 51,586,620</u>	<u>\$ 4,293,203</u>

TOWN OF SPEEDWAY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 7,502,120
Infrastructure	23,000
Buildings	4,116,657
Improvements other than buildings	707,100
Machinery, equipment and vehicles	4,962,540
Total governmental activities	17,311,417
Wastewater:	
Land	300,000
Infrastructure	5,647,134
Buildings	1,043,139
Improvements other than buildings	233,269
Machinery, equipment and vehicles	5,737,999
Total Wastewater	12,961,541
Water:	
Land	13,047
Infrastructure	7,951,649
Buildings	776,272
Improvements other than buildings	2,814,936
Machinery, equipment and vehicles	1,108,698
Total Water	12,664,602
Total capital assets	\$ 42,937,560

TOWN OF SPEEDWAY  
AUDIT RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS - UNSUPPORTED ADJUSTMENTS***

The Town of Speedway has 37 separate bank accounts and prepares 23 separate reconcilements. While monthly reconcilements were made, 2 of the reconcilements included unsupported balancing adjustments. At December 31, 2011, the General Fund reconcilement had an unsupported adjustment of \$5,957. The Payroll Fund reconcilement had a series of unsupported adjustments which totaled (\$1,050.50). With the unsupported adjustments omitted from the reconcilements, the Town would have a net cash long of \$4,906.50.

The Town investigated and identified one of the unsupported adjustments in the Payroll Fund in the amount of \$63.54. Although the reconciling item was identified it was not fully explained. The Town has contacted their software vendor Keystone in an effort to identify the source of the discrepancies.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***BANK ACCOUNT RECONCILIATIONS - OUTSIDE ACCOUNTS***

Depository reconciliations of the fund balances to the bank account balances were incorrect for the SRF-SW Bony Const Bond Fund. The Town did not post a reimbursement transaction for the SRF-SW Bony Const Bond fund in 2011 resulting in cash long of \$370,147. This fund accounts for monies assigned to the Town that are in possession of the State Revolving Fund.

A similar comment appeared in the prior report B39097.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsibility for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***ANNUAL REPORT ERRORS***

The Town's Fund Report and Annual Report were not accurate for three Funds.

A refund credit in the amount of \$370,146.88 for the SRF-SW Bony Const Bond Fund was not recorded in the records of the Town. The SRF-SW Bony Const Bond Fund accounts for monies assigned to the Town that are in possession of the State Revolving Fund. Due to the materiality of the amount, an audit adjustment was recommend and approved for the financials presented.

TOWN OF SPEEDWAY  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

Additionally, a series of posting errors resulted in the December 31, 2011 balances of the Sewer Operating Fund and Water Utility Operating Fund being understated by \$144,956 and \$26,363, respectively. The unit has not yet made the adjustments to the financial statements for these errors.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

**EXPENDITURES OF UTILITY FUNDS**

As stated in several prior reports, beginning in 2006, all salaries of the employees in the Clerk-Treasurer's Office, as well as the Town Manager's position, were paid on a 50-50 ratio by the Water Utility and Wastewater Utility with none paid by the Town. Only one employee's work schedule approximates this ratio. The remaining salaries should be prorated based on the percentage of their duties spent for each entity.

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner.

Establishment of a Cash Reserve Fund permits transfer of surplus utility funds to the city or town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**OVERDRAWN APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Excess Amount Expended
General Fund	\$ 1,825,196
Parks & Recreation	122,877
Park Bond Debt Service	40,079

A similar comment appeared in the prior report B39097.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TOWN OF SPEEDWAY  
AUDIT RESULTS AND COMMENTS  
(Continued)

***UTILITY CAPITAL ASSET RECORDS***

The Town of Speedway did not maintain a complete inventory of construction in progress or infrastructure assets for the wastewater construction projects funded by the capitalization grants for Clean Water State Revolving Funds. The Town was able to provide a partial inventory. The partial inventory included descriptions but did not include acquisition costs.

Similarly, the Town did not maintain an inventory of construction in progress or infrastructure assets for the sewer separation project funded by the Community Development Block Grants/State's program and Non-Entitlement Grants.

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 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)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***BAD DEBTS AND UNCOLLECTIBLE ACCOUNTS***

The Town does not have a written policy documenting the procedures for writing off bad debt for the utility accounts receivable.

The governing body of a governmental unit should have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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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 SPEEDWAY, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Speedway (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 year ended December 31, 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 year ended December 31, 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 2011-3.

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)

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-3 to be material weaknesses.

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

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

July 12, 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 SPEEDWAY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 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 12-31-11
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Indiana Office of Community and Rural Affairs CDBG - State - Administered CDBG Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	A192-11-DR2-09-210	\$ 1,812,614
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	302DU2	46,946
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Brownfields Assessment and Cleanup Cooperative Agreements	66.818	2011	1,368
Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds 2011 SRF Wastewater Project	66.458	WW09154905	2,200,981
2009 SRF Wastewater Project		WW09154904	188,704
Total for program			<u>2,389,685</u>
Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW11074902	<u>122,890</u>
Total for federal grantor agency			<u>2,513,943</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	1155601	<u>29,389</u>
Total federal awards expended			<u>\$ 4,402,892</u>

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

TOWN OF SPEEDWAY  
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 Speedway 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.

TOWN OF SPEEDWAY  
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?	yes
Significant deficiencies identified?	yes
Noncompliance material to the financial statement noted?	No

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies 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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG - State-Administered CDBG Cluster Capitalization Grants for Clean Water State Revolving Funds

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**

**FINDING 2011-1 - INTERNAL CONTROLS OVER STATE REVOLVING LOAN MONIES**

We noted a deficiency in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

Depository reconciliations of the fund balances to the bank account balances were incorrect for the SRF-SW Bony Const Bond Fund. The Town did not post a prominent reimbursement refund transaction for the SRF-SW Bony Const Bond Fund in 2011 resulting in a cash long of \$370,147.

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

The SRF-SW Bony Const Bond fund accounts for monies assigned to the Town that are in possession of the State Revolving Fund. The Town has assigned an employee to track the fund's construction activities and fund balance. The assigned employee was aware of the refund transaction but the transaction was not posted to the Town's financial system.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***FINDING 2011-2 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted significant deficiencies in the internal control system of the Town related to financial transactions and reporting.

The cash reconcilements included unsupported items. The Town of Speedway has 37 separate bank accounts and prepares 23 separate reconcilements. While monthly reconcilements were made, 2 of the reconcilements included unsupported balancing adjustments.

At December 31, 2011, the General Fund reconciliation had an unsupported adjustment of \$5,957. The Payroll Fund reconciliation had a series of unsupported adjustments which totaled a negative adjustment of \$1,050.50. Omitting the unsupported adjustments from the reconcilements would have resulted in a net cash long of \$4,906.50.

The Town investigated and identified one of the unsupported adjustments in the payroll fund in the amount of \$63.54. Although the reconciling item was identified, it was not fully explained. The Town has contacted their software vendor in an effort to identify the source of the discrepancy.

Additionally, a series of posting errors resulted in the December 31, 2011 balances of the Sewer Operating Fund and Water Utility Operating Fund being understated by \$144,956 and \$26,363, respectively. The Town has not yet made the adjustments to the financial statements for these errors. The Town has contacted their software vendor in an effort to correct the original misposted entries.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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

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

**FINDING 2011-3 - EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agencies: Environmental Protection Agency, U.S. Department of Housing and Urban Development

Federal Programs: Capitalization Grants for Clean Water State Revolving Funds, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

CFDA Numbers: 66.458 and 14.228

Federal Award Numbers and Year (or Other Identifying Number): WW09154905, A192-11-DR2-09-210

Pass-through Entities: Indiana Department of Environmental Management, Indiana Office of Community and Rural Affairs

No controls have been established by the Town to ensure proper recording of capital assets. As a result, the Town did not maintain a complete inventory of construction in progress or infrastructure assets for the wastewater construction projects funded by the Capitalization Grants for Clean Water State Revolving Funds. The Town was able to provide a partial inventory. The partial inventory included descriptions but did not include acquisition costs. The Town spent \$2,389,685 in construction costs for this grant in 2011.

Similarly, the Town did not maintain an inventory of construction in progress or infrastructure assets for the sewer separation project funded by the Community Development Block Grants/State's program and Non-Entitlement Grants. The Town spent \$1,812,614 in construction costs for this grant in 2011.

The Wastewater Utility does not maintain adequate records for construction in progress, equipment or infrastructure purchased with Federal monies. No system exists to provide separated identification for items acquired with Federal and non-Federal funds. Without adequate records, periodic physical inventories cannot be compared to property records. The capital asset record is also materially inaccurate.

We recommended that the Town record their Wastewater Utility capital assets on the prescribed Capital Asset ledger (City and Town form number 211) in the appropriate classifications. We also recommended that the assets be identifiable as Federal assets. This is commonly done by associating the assets (by name) to the specific Federal Construction project. Additionally, we recommended that proper controls be established to ensure the recording of these assets.

OMB Circular A133 Section .300(b) states:

"The auditee shall:

Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

40 CFR 31.32 (d) and 24 CFR 85.32 (d) states in part:

*"Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

TOWN OF SPEEDWAY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Corrective Action Plan  
(Financial Statement Findings)

Finding No. 2011-1 Internal Controls Over State Revolving Loan Monies

The refund of \$370,147 was held by the SRF Registrar and Paying Agent, The Bank of New York Mellon Trust Company (“BONY”). BONY did not provide monthly trust statements that reflected the trust item of \$370,147. When this matter was brought to my attention, we contacted BONY, received a confirming statement as of December 31, 2011 reflecting the trust amount of \$370,147 and the amount was corrected in the financial statements.

Finding No. 2011-2 Internal Controls Over Financial Transactions and Reporting

The reconciling item of \$4,906.50 is a cash long continuing from calendar year 2010. The amount was preliminarily investigated and required significant amounts of time to reconcile a portion of the amount. Efforts will continue to identify the amount in question and the records will be adjusted to reflect this correction. This matter will be resolved prior to December 31, 2012.

The adjustments for \$144,956 and \$26,363 reflect input actions to the computer system to correct previously erroneous entries. The internal controls of the software system allowed these entries to be made and the cash funds were unaffected by the entries.

We have asked Keystone Software to correct the entries and provide information on how they were made. We have not received a complete response from the software vendor to date. We will renew the request and work to see that the matter is resolved by December 31, 2012.

Corrective Action Plan  
(Federal Award Findings and Questioned Costs)

Finding No. 2011-3 (Equipment and Real Property Management)

Federal Agencies: Environmental Protection Agency, U.S. Department of Housing and Urban Development

Federal Program: Capitalization Grants for Clean Water State Revolving Funds, Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

CFDA Numbers: 66.458 and 14.228

Auditee Contact Person: Sharon L. Zishka

Title of Contact Person: Clerk-Treasurer

Phone Number: 317-246-4110

Expected Completion Date: September 1, 2012

Work In Progress and ongoing infrastructure has been documented and accumulated at the department level. When complete, that Work In Progress has then been submitted to the Clerk-Treasurer's Office and the assets recorded in the asset register.

The Capital Asset Ledger will be augmented in a manner to reflect the recommendations included in these findings in accordance with Federal Grants and OMB Circular A133. I will provide a written policy to each department in order to expedite information and recording of Work In Progress in a more timely manner.

TOWN OF SPEEDWAY  
EXIT CONFERENCE

The contents of this report were discussed on July 12, 2012, with Sharon L. Zishka, Clerk-Treasurer; Jim Gutting, Town Attorney; and Lori Allen, Accounts Payable Clerk. The Official Response has been made a part of this report and may be found on pages 54 through 56.

Town of Speedway

Response to Audit Results and Corrections

1. Bank Account Reconciliations--Unsupported Adjustments

The bank reconciliation has been identified as cash long and not cash short. The Town has requested Keystone Software to identify certain computer issues and will identify the adjustments necessary to balance. See Corrective Action Plan Finding No. 2011-2.

2. Bank Account Reconciliation Outside Accounts

Speedway Funds are reconciled to the Bank Statements. In the instance referred to certain funds were held by other financial institutes and not physically present in the Town of Speedway bank accounts. The Bank of New York ("BONY") holds certain trust accounts which have not been reported to the Town on a monthly basis. The BONY was contacted, the Town received statements as of December 31, 2011 and the financial statement was adjusted accordingly. See Corrective Action Plan Finding No. 2011-1.

3. Annual Report Errors

The annual report errors were identified as Item 2 above with the BONY and computer issues identified from specific transactions. Keystone Software has been asked to correct the computer entries and has not successfully completed that task. We have renewed our request to Keystone for assistance.

4. Expenditures of Utility Fees

The Town's 2012 budget was reviewed and approved by the Town Council. I have asked and received assurance that a study of utility expenses will be conducted by the Town's financial adviser and adjustments will be made in the 2013 budget.

5. Overdrawn Appropriations

Certain appropriations were overdrawn due to transfers of settlement monies between funds. Settlements from the Marion County Auditor were receipted into one fund. Transfers of monies were then made to other funds to distribute the settlements to the proper funds for expenditures. Overdrawn Appropriations were a factor of transfer of settlement monies and not expenditures.

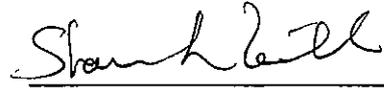
6. Utility Capital Asset Records

I have reviewed this issue with applicable departments and received assurance that capital asset expenditures will be reported to my office on a more timely basis. See Corrective Action Plan Finding No. 2011-3.

7. Bad Debts and Uncollectible Accounts

The Town will re-adopt a policy for handling bad debts of the utilities.

Respectfully submitted,



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Sharon Zishka,  
Clerk-Treasurer