

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SPEEDWAY

MARION COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
03/15/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Monty W. Combs	11-01-13 to 12-31-19
President of the Town Council	David Lindsey Gary L. Raikes	01-01-15 to 12-31-16 01-01-17 to 12-31-17
Superintendent of Water Utility	Steve D. Hurst	01-01-15 to 12-31-17
Superintendent of Wastewater Utility	Norman Berry	01-01-15 to 12-31-17



**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)

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

This report is supplemental to our examination report of the Town of Speedway (Town), for the period from January 1, 2015 to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Examination Report of the Town, which provides our opinion on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

January 25, 2017

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CLERK-TREASURER  
TOWN OF SPEEDWAY

CLERK-TREASURER  
TOWN OF SPEEDWAY  
EXAMINATION RESULTS AND COMMENTS

***BANK ACCOUNT RECONCILIATIONS***

Depository reconciliations for some of the Town's fund balances to the bank account balances were conducted; however, the reconciliations did not balance with the fund report for the following bank accounts: General account, Redevelopment Commission Operating account, PD DARE account, 2010 Bonds account, and SRC Fund account.

Also, the Town did not conduct depository reconciliations for all accounts on a monthly basis. There were two bank accounts that did not have any reconcilements performed during 2015 and seven that only had December 2015 reconcilements performed. There were three bank accounts that had activity during 2015; however, the funds were not included by the Town on their fund report or financial statement.

The bank account reconciliations reported adjustments that were not corrected in a timely basis. A combined reconciliation of the Town's depository accounts contained numerous errors, and fund balances exceeded bank balances by \$281,493.

A similar comment appeared in prior Report B45891.

Indiana Code 5-13-6-1(e) states: "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."

***ANNUAL FINANCIAL REPORT***

The Annual Financial Report (AFR) was the basis for the Town's financial statement. However, the 2015 AFR did not match the Town's records. When compared to the Town's ledger, the AFR included the following errors:

1. The beginning cash balance was overstated \$8,851,106, receipts were understated \$6,799,952, and disbursements were overstated \$69,849.
2. Three funds were not included in the AFR.
3. Total fund receipts and disbursements reported on the Town's Fund Report did not agree to the AFR.
4. Federal grants expenditures totaling \$515,140 were not included. The grants for which activity was not included were Clean Water State Revolving Funds Cluster, Drinking Water State Revolving Funds Cluster, Highway Planning and Construction Cluster, and Disaster Grants - Public Assistance.

Adjustments were proposed, accepted by management, and made to the Town's financial statement.



CLERK-TREASURER  
TOWN OF SPEEDWAY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

**OVERDRAWN CASH**

The financial statement presented for examination included the following funds with overdrawn cash balances at December 31, 2015:

Fund	Amount Overdrawn
Redevelopment Fund	\$ 70,392
P/R	12,000

A similar comment appeared in prior Report B45891.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**APPROPRIATIONS**

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

Fund	Excess Amount Expended
Local Road & Street	\$ 109
Stormwater Management	16,274
Parks & Recreation	11,140

A similar comment appeared in prior Report B45891.

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."

CLERK-TREASURER  
TOWN OF SPEEDWAY  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

***PENALTIES, INTEREST, AND OTHER CHARGES***

The Town paid penalties, interest, and other charges to the Indiana Department of Revenue in the amount of \$1,030 because the Town did not remit a Utility Receipt Tax payment on a timely basis.

A similar comment appeared in prior Report B45891.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF SPEEDWAY  
EXIT CONFERENCE

The contents of this report were discussed on January 25, 2017, with Monty W. Combs, Clerk-Treasurer, and Gary L. Raikes, President of the Town Council.