

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, 2016 to December 31, 2016



FILED
03/27/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Monty W. Combs	01-01-16 to 12-31-19
President of the Town Council	David Lindsey Gary L. Raikes Jeffery Matthews	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
Superintendent of Water Utility	Steve D. Hurst	01-01-16 to 12-31-18
Superintendent of Wastewater Utility	Norman Berry	01-01-16 to 12-31-18



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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Speedway (Town), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

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 and Schedule of Leases and Debt, as listed in the Table of Contents, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2018, 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 solely 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 effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 13, 2018



INDEPENDENT AUDITOR'S 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, 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, the financial statement of the Town of Speedway (Town), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated March 13, 2018, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 Town's financial statement will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S 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

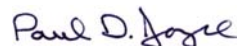
As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002.

Town of Speedway's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 13, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2016

Fund	Cash and Investments			Cash and Investments 12-31-16
	01-01-16	Receipts	Disbursements	
GENERAL FUND	\$ 4,515,312	\$ 9,688,553	\$ 8,777,894	\$ 5,425,971
MOTOR VEHICLE HIGHWAY	241,761	664,548	594,400	311,909
LOCAL ROAD & STREET	600,118	147,448	135,531	612,035
REC NONREVERTING	63,630	-	18,347	45,283
LAW ENF CONT EDUCATION	86,254	65,257	32,759	118,752
PARKS & RECREATION	63,157	317,385	270,220	110,322
RAINY DAY	711,282	574,073	137,995	1,147,360
LEVY EXCESS FUND	17,031	-	-	17,031
CUM CAP DEVELOPMENT	171,214	194,394	277,527	88,081
SRC/OPERATING FUND	59,014	6,320,118	4,546,131	1,833,001
REDEVELOPMENT FUND	482,252	2,190,106	2,408,782	263,576
POLICE PENSION	78,732	345,162	318,529	105,365
FIRE PENSION	499,823	546,842	547,901	498,764
FIRE GRANTS/STATE GRANTS	2,367	-	1,975	392
STREET IMPROV B & I	-	-	21,184	(21,184)
P/R CHILD SUPPORT	-	4,634	3,507	1,127
DONATION	13,088	35	673	12,450
2015 G.O. BOND PRINCIPAL	654,753	241,569	660,747	235,575
P/R EPIC	-	98,611	107,450	(8,839)
P/R-CHILD SUPPORT WKLY	-	34,414	34,414	-
P/R-BANKRUPTCY	-	3,598	3,600	(2)
PAYCOR	-	28,804	28,859	(55)
P/R	(12,000)	-	-	(12,000)
PAYROLL STATE W/H	-	428,357	428,287	70
SRC-FUND	1,228,065	59,014	1,287,079	-
CITIZENS ACADEMY DONATIONS	-	41	2,785	(2,744)
P/R - DIRECT DEPOSIT	-	1,915	870	1,045
SPEEDWAY REDEVELOPMENT & PRAXAIR SURFACE TECH	374,902	-	374,902	-
CRIMINAL INVEST FEDERAL (2)	-	24,933	-	24,933
PUB SAFETY COIT	128,143	1,472,495	1,589,822	10,816
CRIMINAL INVEST CHECKING	15,326	12,581	49,630	(21,723)
CRIMINAL INVEST SAVINGS	232,500	6	5,037	227,469
CRIMINAL INVEST FEDERAL	24,937	-	24,941	(4)
EXTRA CURRICULAR	43,481	38,141	44,961	36,661
MOTORCYCLE	69,186	119,582	113,923	74,845
DARE	9,436	7,452	9,959	6,929
CANINE	9,254	9,246	9,834	8,666
CITIZENS ACADEMY FUND	238	-	-	238
HAZARDOUS MATERIALS	512	-	-	512
G.O. DEBT SERVICE	214,037	329,155	448,946	94,246
PARK BOND DEBT SERVICE	96,140	225,916	193,088	128,968
UTILITY ESCROW	818,994	8,603,927	8,664,185	758,736
PAYROLL/NET	209,166	6,187,486	6,160,218	236,434
PAYROLL FEDERAL W/H	-	1,141,742	1,141,560	182
PAYROLL FICA W/H	-	87,008	-	87,008
PAYROLL MEDICARE W/H	-	900,857	900,739	118
P/R-AFLAC	-	27,497	24,856	2,641
P/R-ANTHEM BC/BS	-	1,559,148	1,588,143	(28,995)
P/R-BOSTON MUTUAL	-	16,767	15,594	1,173
P/R-GRANGE	300	11,475	10,518	1,257
P/R-WADDELL & REED	(5,658)	151,095	151,892	(6,455)
P/R-PERF	(54,072)	1,518,241	1,516,378	(52,209)
P/R-PFLI	-	22,732	22,278	454
P/R-FOP	-	20,204	20,204	-
P/R-FFU	-	18,016	18,016	-
P/R-HEALTH SAVINGS ACCT	-	334,967	334,884	83
STORMWATER MANAGEMENT	346,595	355,766	582,211	120,150
SEWER OPERATING	705,262	6,129,157	6,392,867	441,552
SEWER DEPRECIATION	666,251	1,351,225	1,341,958	675,518
SEWER BOND & INTEREST	384,525	2,361,985	2,272,510	474,000
SEWER CONSTRUCTION	22,530	-	-	22,530
SEWER PILOT CASH RESERVE	275,465	275,310	275,647	275,128
SEWER PLANT IMPROVEMENT	668,002	-	668,002	-
ENVIR LIAB INS FUND	413,321	-	-	413,321
SRF-SW BONY B&I	821,609	1,003,361	1,392,239	432,731
SRF-SW BONY DSR	1,948,867	120,372	-	2,069,239
SW TRASH FEES	446,807	256,516	260,568	442,755
SW RECYCLING FEES	78,888	81,790	78,542	82,136
SW/2013 BOND	-	350	350	-
SEWER BAN TO BOND	17,775	-	-	17,775
WATER UTILITY OPERATING	771,150	3,050,052	3,262,189	559,013
WATER DEPRECIATION	940,309	333,347	325,482	948,174
SRF/WW SPEEDWAY 11 - 148193	-	80,086	80,086	-
WATER PILOT CASH RESERVE	99,391	107,923	99,391	107,923
SRF-WW BONY B&I	81,010	400,730	123,061	358,679
SRF-WW BONY DSR	369,665	21,755	-	391,420
SRF-WW BONY CONST	847,791	1,453	2,500	846,744
Totals	\$ 21,567,888	\$ 60,726,725	\$ 61,239,557	\$ 21,055,056

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, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants,

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received 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. Amounts received from charges for current services.

Other receipts. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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.

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

F. Interfund Transfers

The Town may, from time to time, make transfers 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 amounts 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 amounts 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

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, the following: 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.

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 a cost-sharing 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.

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, 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.

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.

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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
One North Capitol, 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.

E. Additional Pension Plan

The Town also contributes to an additional pension plan 457 B unique to the Town. Information regarding this plan may be obtained from the Town.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of numerous posting errors over several years.

Note 8. Other Postemployment Benefits

The Town provides to eligible retirees and their spouses the following benefits: Post Employment Health Plan (PEHP). These benefits pose a liability to the Town for this year and in future years. Information regarding the benefits can be obtained by contacting the Town.

TOWN OF SPEEDWAY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Restatements

For the year ended December 31, 2016, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2015	Prior Period Adjustment	Balance as of January 1, 2016
Redevelopment Fund	\$ (70,392)	\$ 552,644	\$ 482,252
SRC-Fund	1,535,742	(307,677)	1,228,065
SRC/Operating Fund	597,774	(538,760)	59,014
SRF-WW Bony Const	794,443	53,348	847,791
P/R-Waddell & Reed	-	(5,658)	(5,658)
P/R-PERF	-	(54,072)	(54,072)
2009 SRA Trust/Agent Acct	1,386,256	(1,386,256)	-
2010 SRA Trust/Agent Ac	1,604,963	(1,604,963)	-
Redevelopment Authority Bonds 2015A	1,457,540	(1,457,540)	-
Redevelopment Authority Bonds 2015B	2,922,514	(2,922,514)	-

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OTHER INFORMATION - UNAUDITED

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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 Town's Annual Financial Report 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 other 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, 2016

	GENERAL FUND	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	REC NONREVERTING	LAW ENF CONT EDUCATION	PARKS & RECREATION	RAINY DAY
Cash and investments - beginning	\$ 4,515,312	\$ 241,761	\$ 600,118	\$ 63,630	\$ 86,254	\$ 63,157	\$ 711,282
Receipts:							
Taxes	4,929,232	-	-	-	-	231,136	430,555
Licenses and permits	581,031	-	-	-	10,340	-	-
Intergovernmental	2,763,128	635,917	147,327	-	-	28,311	-
Charges for services	276,937	-	-	-	11,619	53,480	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,138,225	28,631	121	-	43,298	4,458	143,518
Total receipts	9,688,553	664,548	147,448	-	65,257	317,385	574,073
Disbursements:							
Personal services	7,502,431	422,005	-	-	-	132,950	-
Supplies	145,332	13,896	-	-	6,324	18,053	-
Other services and charges	305,853	158,499	114,237	-	13,196	48,903	-
Debt service - principal and interest	-	-	21,294	-	-	-	-
Capital outlay	-	-	-	-	7,336	11,340	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	824,278	-	-	18,347	5,903	58,974	137,995
Total disbursements	8,777,894	594,400	135,531	18,347	32,759	270,220	137,995
Excess (deficiency) of receipts over disbursements	910,659	70,148	11,917	(18,347)	32,498	47,165	436,078
Cash and investments - ending	\$ 5,425,971	\$ 311,909	\$ 612,035	\$ 45,283	\$ 118,752	\$ 110,322	\$ 1,147,360

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	LEVY EXCESS FUND	CUM CAP DEVELOPMENT	SRC/OPERATING FUND	REDEVELOPMENT FUND	POLICE PENSION	FIRE PENSION
Cash and investments - beginning	\$ 17,031	\$ 171,214	\$ 59,014	\$ 482,252	\$ 78,732	\$ 499,823
Receipts:						
Taxes	-	172,230	3,032,015	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	12,164	-	-	-	-
Charges for services	-	10,000	-	126,237	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	3,288,103	2,063,869	345,162	546,842
Total receipts	-	194,394	6,320,118	2,190,106	345,162	546,842
Disbursements:						
Personal services	-	-	-	50,605	-	-
Supplies	-	-	-	8,724	-	-
Other services and charges	-	112,002	-	1,618,746	318,529	547,901
Debt service - principal and interest	-	42,478	1,199,014	484,270	-	-
Capital outlay	-	-	-	71,613	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	123,047	3,347,117	174,824	-	-
Total disbursements	-	277,527	4,546,131	2,408,782	318,529	547,901
Excess (deficiency) of receipts over disbursements	-	(83,133)	1,773,987	(218,676)	26,633	(1,059)
Cash and investments - ending	\$ 17,031	\$ 88,081	\$ 1,833,001	\$ 263,576	\$ 105,365	\$ 498,764

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	FIRE GRANTS/STATE GRANTS	STREET IMPROV B & I	P/R CHILD SUPPORT	DONATION	2015 G.O. BOND PRINCIPAL	P/R EPIC	P/R-CHILD SUPPORT WKLY
Cash and investments - beginning	\$ 2,367	\$ -	\$ -	\$ 13,088	\$ 654,753	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	10,081	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	4,634	35	231,488	98,611	34,414
Total receipts	-	-	4,634	35	241,569	98,611	34,414
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	21,184	-	-	5,994	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,975	-	3,507	673	654,753	107,450	34,414
Total disbursements	1,975	21,184	3,507	673	660,747	107,450	34,414
Excess (deficiency) of receipts over disbursements	(1,975)	(21,184)	1,127	(638)	(419,178)	(8,839)	-
Cash and investments - ending	\$ 392	\$ (21,184)	\$ 1,127	\$ 12,450	\$ 235,575	\$ (8,839)	\$ -

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	P/R-BANKRUPTCY	PAYCOR	P/R	PAYROLL STATE W/H	SRC-FUND	CITIZENS ACADEMY DONATIONS
Cash and investments - beginning	\$ -	\$ -	\$ (12,000)	\$ -	\$ 1,228,065	\$ -
Receipts:						
Taxes	-	-	-	-	59,014	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,598	28,804	-	428,357	-	41
Total receipts	<u>3,598</u>	<u>28,804</u>	<u>-</u>	<u>428,357</u>	<u>59,014</u>	<u>41</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	1,287,079	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,600	28,859	-	428,287	-	2,785
Total disbursements	<u>3,600</u>	<u>28,859</u>	<u>-</u>	<u>428,287</u>	<u>1,287,079</u>	<u>2,785</u>
Excess (deficiency) of receipts over disbursements	<u>(2)</u>	<u>(55)</u>	<u>-</u>	<u>70</u>	<u>(1,228,065)</u>	<u>(2,744)</u>
Cash and investments - ending	<u>\$ (2)</u>	<u>\$ (55)</u>	<u>\$ (12,000)</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ (2,744)</u>

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	P/R - DIRECT DEPOSIT	SPEEDWAY REDEVELOPMENT & PRAXAIR SURFACE TECH	CRIMINAL INVEST FEDERAL (2)	PUB SAFETY COIT	CRIMINAL INVEST CHECKING	CRIMINAL INVEST SAVINGS
Cash and investments - beginning	\$ -	\$ 374,902	\$ -	\$ 128,143	\$ 15,326	\$ 232,500
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	1,472,495	-	-
Charges for services	-	-	-	-	560	-
Fines and forfeits	-	-	-	-	6,751	-
Utility fees	-	-	-	-	-	-
Other receipts	1,915	-	24,933	-	5,270	6
Total receipts	1,915	-	24,933	1,472,495	12,581	6
Disbursements:						
Personal services	-	-	-	1,088,796	-	-
Supplies	-	-	-	135,827	-	-
Other services and charges	-	-	-	227,726	49,630	5,037
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	870	374,902	-	137,473	-	-
Total disbursements	870	374,902	-	1,589,822	49,630	5,037
Excess (deficiency) of receipts over disbursements	1,045	(374,902)	24,933	(117,327)	(37,049)	(5,031)
Cash and investments - ending	\$ 1,045	\$ -	\$ 24,933	\$ 10,816	\$ (21,723)	\$ 227,469

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	CRIMINAL INVEST FEDERAL	EXTRA CURRICULAR	MOTORCYCLE	DARE	CANINE	CITIZENS ACADEMY FUND	HAZARDOUS MATERIALS
Cash and investments - beginning	\$ 24,937	\$ 43,481	\$ 69,186	\$ 9,436	\$ 9,254	\$ 238	\$ 512
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	38,141	119,582	7,452	9,246	-	-
Total receipts	-	38,141	119,582	7,452	9,246	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	78	-	-	-	-	-
Other services and charges	-	44,883	113,923	9,959	9,834	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,941	-	-	-	-	-	-
Total disbursements	24,941	44,961	113,923	9,959	9,834	-	-
Excess (deficiency) of receipts over disbursements	(24,941)	(6,820)	5,659	(2,507)	(588)	-	-
Cash and investments - ending	\$ (4)	\$ 36,661	\$ 74,845	\$ 6,929	\$ 8,666	\$ 238	\$ 512

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	G.O. DEBT SERVICE	PARK BOND DEBT SERVICE	UTILITY ESCROW	PAYROLL/NET	PAYROLL FEDERAL W/H	PAYROLL FICA W/H	PAYROLL MEDICARE W/H
Cash and investments - beginning	\$ 214,037	\$ 96,140	\$ 818,994	\$ 209,166	\$ -	\$ -	\$ -
Receipts:							
Taxes	268,163	149,229	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	18,365	10,229	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	42,627	66,458	8,603,927	6,187,486	1,141,742	87,008	900,857
Total receipts	<u>329,155</u>	<u>225,916</u>	<u>8,603,927</u>	<u>6,187,486</u>	<u>1,141,742</u>	<u>87,008</u>	<u>900,857</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	448,946	193,088	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	8,664,185	6,160,218	1,141,560	-	900,739
Total disbursements	<u>448,946</u>	<u>193,088</u>	<u>8,664,185</u>	<u>6,160,218</u>	<u>1,141,560</u>	<u>-</u>	<u>900,739</u>
Excess (deficiency) of receipts over disbursements	<u>(119,791)</u>	<u>32,828</u>	<u>(60,258)</u>	<u>27,268</u>	<u>182</u>	<u>87,008</u>	<u>118</u>
Cash and investments - ending	<u>\$ 94,246</u>	<u>\$ 128,968</u>	<u>\$ 758,736</u>	<u>\$ 236,434</u>	<u>\$ 182</u>	<u>\$ 87,008</u>	<u>\$ 118</u>

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	P/R-AFLAC	P/R-ANTHEM BC/BS	P/R-BOSTON MUTUAL	P/R-GRANGE	P/R-WADDELL & REED	P/R-PERF	P/R-PFLI
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 300	\$ (5,658)	\$ (54,072)	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	27,497	1,559,148	16,767	11,475	151,095	1,518,241	22,732
Total receipts	<u>27,497</u>	<u>1,559,148</u>	<u>16,767</u>	<u>11,475</u>	<u>151,095</u>	<u>1,518,241</u>	<u>22,732</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	24,856	1,588,143	15,594	10,518	151,892	1,516,378	22,278
Total disbursements	<u>24,856</u>	<u>1,588,143</u>	<u>15,594</u>	<u>10,518</u>	<u>151,892</u>	<u>1,516,378</u>	<u>22,278</u>
Excess (deficiency) of receipts over disbursements	<u>2,641</u>	<u>(28,995)</u>	<u>1,173</u>	<u>957</u>	<u>(797)</u>	<u>1,863</u>	<u>454</u>
Cash and investments - ending	<u>\$ 2,641</u>	<u>\$ (28,995)</u>	<u>\$ 1,173</u>	<u>\$ 1,257</u>	<u>\$ (6,455)</u>	<u>\$ (52,209)</u>	<u>\$ 454</u>

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	P/R-FOP	P/R-FFU	P/R-HEALTH SAVINGS ACCT	STORMWATER MANAGEMENT	SEWER OPERATING	SEWER DEPRECIATION	SEWER BOND & INTEREST
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 346,595	\$ 705,262	\$ 666,251	\$ 384,525
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	67,828	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	287,938	5,817,872	-	-
Other receipts	20,204	18,016	334,967	-	311,285	1,351,225	2,361,985
Total receipts	20,204	18,016	334,967	355,766	6,129,157	1,351,225	2,361,985
Disbursements:							
Personal services	-	-	-	-	1,557,355	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	118,654	-	-
Debt service - principal and interest	-	-	-	-	-	-	2,272,510
Capital outlay	-	-	-	136,018	-	-	-
Utility operating expenses	-	-	-	161,231	4,414,141	-	-
Other disbursements	20,204	18,016	334,884	284,962	302,717	1,341,958	-
Total disbursements	20,204	18,016	334,884	582,211	6,392,867	1,341,958	2,272,510
Excess (deficiency) of receipts over disbursements	-	-	83	(226,445)	(263,710)	9,267	89,475
Cash and investments - ending	\$ -	\$ -	\$ 83	\$ 120,150	\$ 441,552	\$ 675,518	\$ 474,000

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	SEWER CONSTRUCTION	SEWER PILOT CASH RESERVE	SEWER PLANT IMPROVEMENT	ENVIR LIAB INS FUND	SRF-SW BONY B&I	SRF-SW BONY DSR
Cash and investments - beginning	\$ 22,530	\$ 275,465	\$ 668,002	\$ 413,321	\$ 821,609	\$ 1,948,867
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	275,310	-	-	1,003,361	120,372
Total receipts	-	275,310	-	-	1,003,361	120,372
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	275,647	668,002	-	1,392,239	-
Total disbursements	-	275,647	668,002	-	1,392,239	-
Excess (deficiency) of receipts over disbursements	-	(337)	(668,002)	-	(388,878)	120,372
Cash and investments - ending	\$ 22,530	\$ 275,128	\$ -	\$ 413,321	\$ 432,731	\$ 2,069,239

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	SW TRASH FEES	SW RECYCLING FEES	SW/2013 BOND	SEWER BAN TO BOND	WATER UTILITY OPERATING	WATER DEPRECIATION
Cash and investments - beginning	\$ 446,807	\$ 78,888	\$ -	\$ 17,775	\$ 771,150	\$ 940,309
Receipts:						
Taxes	-	-	-	-	149,263	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	256,516	81,790	-	-	1,944,228	-
Other receipts	-	-	350	-	956,561	333,347
Total receipts	256,516	81,790	350	-	3,050,052	333,347
Disbursements:						
Personal services	-	-	-	-	659,851	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	69,871	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	2,038,984	-
Other disbursements	260,568	78,542	350	-	493,483	325,482
Total disbursements	260,568	78,542	350	-	3,262,189	325,482
Excess (deficiency) of receipts over disbursements	(4,052)	3,248	-	-	(212,137)	7,865
Cash and investments - ending	\$ 442,755	\$ 82,136	\$ -	\$ 17,775	\$ 559,013	\$ 948,174

TOWN OF SPEEDWAY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2016

	SRFWW SPEEDWAY 11 - 148193	WATER PILOT CASH RESERVE	SRF-WW BONY B&I	SRF-WW BONY DSR	SRF-WW BONY CONST	Totals
Cash and investments - beginning	\$ -	\$ 99,391	\$ 81,010	\$ 369,665	\$ 847,791	\$ 21,567,888
Receipts:						
Taxes	-	-	-	-	-	9,420,837
Licenses and permits	-	-	-	-	-	591,371
Intergovernmental	-	-	-	-	-	5,165,845
Charges for services	-	-	-	-	-	478,833
Fines and forfeits	-	-	-	-	-	6,751
Utility fees	-	-	-	-	-	8,388,344
Other receipts	80,086	107,923	400,730	21,755	1,453	36,674,744
Total receipts	80,086	107,923	400,730	21,755	1,453	60,726,725
Disbursements:						
Personal services	-	-	-	-	-	11,413,993
Supplies	-	-	-	-	-	328,234
Other services and charges	-	-	-	-	-	3,887,383
Debt service - principal and interest	-	-	105,487	-	-	6,081,344
Capital outlay	-	-	-	-	-	226,307
Utility operating expenses	-	-	-	-	-	6,614,356
Other disbursements	80,086	99,391	17,574	-	2,500	32,687,940
Total disbursements	80,086	99,391	123,061	-	2,500	61,239,557
Excess (deficiency) of receipts over disbursements	-	8,532	277,669	21,755	(1,047)	(512,832)
Cash and investments - ending	\$ -	\$ 107,923	\$ 358,679	\$ 391,420	\$ 846,744	\$ 21,055,056

TOWN OF SPEEDWAY
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Oshkosh Capital	Fire Truck for Department	\$ 105,859	4/25/2013	4/25/2020
Oshkosh Capital	2014 Pierce Saber Pumper	<u>70,059</u>	5/9/2014	1/9/2021
Total governmental activities		<u>175,918</u>		
Total of annual lease payments		<u>\$ 175,918</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds Series 2011	\$ 200,000	\$ 203,375
General obligation bonds	2013 Street Improvements Bond	1,175,000	168,075
General obligation bonds	Redevelopment Commission - Lease Rental Revenue Bonds of 2010	18,065,000	1,757,872
General obligation bonds	Redevelopment Commission - Redevelopment District Bonds Series 2013	2,040,000	182,316
General obligation bonds	Town of Speedway Indiana General Obligation Bonds Series 2015	685,000	230,063
General obligation bonds	Park District Refunding Bonds Series 2016	1,460,000	154,272
General obligation bonds	Lease Rental Revenue Bonds of 2016 Series A-1	10,450,000	671,872
General obligation bonds	Lease Rental Revenue Bonds of 2016 Series A-2	1,375,000	77,634
General obligation bonds	Lease Rental Revenue Bonds Series 2015 B	5,130,000	187,758
General obligation bonds	Town of Speedway Redevelopment Authority Lease Rental Revenue Bonds Series 2015A	<u>8,210,000</u>	<u>277,088</u>
Total governmental activities		<u>48,790,000</u>	<u>3,910,325</u>
Wastewater:			
Revenue bonds	2013 Sewage Works Refunding Revenue Bonds	2,097,000	723,908
Revenue bonds	2013 Sewage Works Revenue Bonds	3,860,000	318,250
Revenue bonds	Sewage Works Revenue Bonds Series 2004	765,000	114,844
Revenue bonds	Sewage Works Revenue Bonds of 2009	3,901,331	368,249
Revenue bonds	Sewage Works Revenue Bonds Series 2011	<u>12,779,000</u>	<u>633,704</u>
Total Wastewater		<u>23,402,331</u>	<u>2,158,955</u>
Water:			
Revenue bonds	Waterworks Revenue Bonds Series 2011	556,000	48,594
Revenue bonds	Waterworks Revenue Bonds Series 2012	<u>5,296,947</u>	<u>349,925</u>
Total Water		<u>5,852,947</u>	<u>398,519</u>
Totals		<u>\$ 78,045,278</u>	<u>\$ 6,467,799</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the Town of Speedway's (Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-003. Our opinion on the major federal program is not modified with respect to these matters.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2016-003, that we consider to be a material weakness.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 13, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TOWN OF SPEEDWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228		
Dry Run Stormwater Diversion Project			B-14-DC-18-0001	\$ 287,858
Speedway Parks Master Plan			PL-15-017	<u>12,000</u>
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>299,858</u>
Total - Department of Housing and Urban Development				<u>299,858</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Realignment of 10th Street			DES1172450	446,970
Right of Way Acquisition			DES1173522	3,534,949
B&O Trail from Main to Eagle Creek			DES1173576	<u>202,881</u>
Total - Highway Planning and Construction				<u>4,184,800</u>
Total - Highway Planning and Construction Cluster				<u>4,184,800</u>
Total - Department of Transportation				<u>4,184,800</u>
Total federal awards expended				<u>\$ 4,484,658</u>

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

TOWN OF SPEEDWAY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The Town has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF SPEEDWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Highway Planning and Construction Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2016-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

An effective internal control system was not in place at the Town over Financial Transactions and Reporting. The Town did not have a proper system of internal controls in place to prevent, or detect and correct, errors over the bank reconciliations, payroll transactions, or the Annual Financial Report (AFR) and financial statement.

Bank Reconciliations

The Town did not have internal controls in place to ensure accurate ledger-to-bank reconciliations were prepared and reviewed. The outstanding check lists for six of the Town's bank accounts were not accurate. The outstanding check lists were either not complete or included checks that were either voided or cleared during the year.

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

Payroll Transactions

The Town utilized an outside vendor to process payroll. The Clerk-Treasurer was the only individual involved in entering and finalizing information used by the outside vendor to process payroll. Once payroll was processed, the Clerk-Treasurer summarized the information to post to the records.

Financial Statement

At year end, the Town uploaded its financial information into the Indiana Gateway for Government Units financial reporting system (Gateway). This information is the source for the AFR and the financial statement. The AFR and the financial statement contained the errors noted in the *Context* below. Audit adjustments for the errors noted below were proposed, accepted by the Town, and made to the AFR and financial statement.

Context

The AFR and financial statement contained the following errors:

Fund Name	Beginning Balance - Overstatement (Understatement)	Receipts - Overstatement (Understatement)	Disbursements - Overstatement (Understatement)	Ending Balance - Overstatement (Understatement)
General Fund	\$ -	\$ (41,030)	\$ -	\$ (41,030)
Parks & Recreation	-	135	1,674	(1,539)
Pub Safety COIT	-	41,030	-	41,030
2015 Series A Bond	1,457,540	-	-	1,457,540
2015 Series B Bond	2,922,514	-	-	2,922,514
Redevelopment Fund	(552,644)	982,170	-	429,526
2009 SRA Trust/Agent Acct	1,386,256	525,008	-	1,911,264
2010 SRA Trust/Agent Acct	1,604,963	-	67,856	1,537,107
SRC-Fund	307,677	(1,000)	-	306,677
SRC/Operating Fund	538,759	(982,569)	(59,014)	(384,796)
Water Utility Operating	-	(145,963)	252,594	(398,557)
Sewer Operating	-	629,549	678,943	(49,394)
SRF-SW BONY B&I	-	-	(1,000)	1,000
SRF-WW BONY B&I	-	307,482	476,078	(168,596)
SRF-WW BONY DSR	-	49,010	-	49,010
SRF-WW BONY CONST	1	-	-	1
Payroll/Net	-	353,330	(25,570)	378,900
Payroll Federal W/H	-	(39,489)	182	(39,671)
Payroll FICA W/H	-	80	-	80
Payroll Medicare W/H	-	28,604	118	28,486
Payroll State W/H	-	(13,405)	70	(13,475)
P/R-AFLAC	-	(815)	(142)	(673)
P/R-Anthem BC/BS	-	(100,122)	-	(100,122)
P/R-Boston Mutual	-	(418)	-	(418)
P/R-Grange	-	(383)	-	(383)
P/R-Waddell & Reed	5,658	56,634	(280)	62,572
P/R-PERF	54,072	(156,369)	56,660	(158,957)
P/R-PFLI	-	(881)	-	(881)
P/R-FOP	-	(2,526)	-	(2,526)
P/R-FFU	-	935	-	935
P/R-Child Support Wkly	-	(801)	(2,570)	1,769
P/R Child Support	-	50,075	2,570	47,505
P/R-Health Savings Acct	-	(11,518)	83	(11,601)
P/R EPIC	-	(3,186)	-	(3,186)
P/R-Bankruptcy	-	(150)	-	(150)
Paycor	-	(1,587)	(3,218)	1,631
P/R	-	12,000	-	12,000
Total - Overstatement (Understatement)	\$ 7,724,796	\$ 1,533,830	\$ 1,445,034	\$ 7,813,592

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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."

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."

Cause

Management of the Town had not established an effective system of internal control to ensure accurate recording of Financial Transactions or to ensure accurate Financial Reporting.

Effect

The failure to establish controls enabled material misstatements or irregularities to remain undetected as identified in the *Context*.

Recommendation

We recommended that the Town institute a system of controls over Financial Transactions and Reporting. This includes, but is not limited to, submission of the financial information in Gateway and the preparation of the bank reconciliations.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Auditor's Response

The Clerk-Treasurer was the only individual involved in accumulating the information to post to the Town's ledgers. Multiple errors in postings to the payroll funds were identified as noted in the table in the *Context* above.

FINDING 2016-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The Town had not established a proper system of internal control to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The grant schedule information entered into the Indiana Gateway for Government Units financial reporting system (Gateway), which is the financial information used to compile the SEFA, was not checked for accuracy and completeness.

Context

The lack of internal controls was a systemic problem during the audit period.

The SEFA was understated by \$4,184,800 due to the omission of the Highway Planning and Construction grant. Audit adjustments were proposed, accepted by the Town, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the Town's management establish effective controls over the preparation of the SEFA to ensure accurate reporting of federal awards.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-003

Subject: Highway Planning and Construction Cluster - Suspension and Debarment

Federal Agency: Department of Transportation

Federal Program: Highway Planning and Construction

CFDA Number: 20.205

Federal Award Numbers and Years (or Other Identifying Numbers): DES 1173522, DES 1172450,
DES 1173576

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Condition

An effective control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Suspension and Debarment compliance requirement.

According to the Town's procedures, the Town should have used contracts with vendors that contained a suspension and debarment clause within the contract. However, a contract did not contain the required suspension and debarment clause.

Context

Of the two vendors tested, one did not have a suspension and debarment clause included in the contract.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) 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. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the Town in noncompliance with the Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls and ensure compliance related to the grant agreement and the Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.



CIVIL TOWN OF SPEEDWAY

1450 NORTH LYNHURST DRIVE
SPEEDWAY, INDIANA 46224-6499

TOWN COUNCIL

JEFFERY R. MATTHEWS, President
DAVID LINDSEY, Vice President
GARY L. RAIKES
EILEEN FISHER
JASON DELISLE

TELEPHONE: 317/ 246-4111

FAX: 317/ 240-1322

TOWN CLERK TREASURER

MONTY W. COMBS

TOWN MANAGER

JACOB BLASDEL

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Monty W. Combs, Clerk-Treasurer
Contact Phone Number: 317 246-4111

Bank Reconciliations

The Town also did not have internal controls in place to ensure accurate ledger to bank reconciliations were prepared and reviewed. The outstanding check lists for six of the Town's bank accounts were not accurate. The outstanding check lists were either not complete or included checks that were either voided or cleared during the year.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The employees that were responsible for the reconciliations in 2016 are no longer working for the Town of Speedway. Current staff has 2017 reconciled and accurate.

Payroll Transactions

The Town utilized an outside vendor to process payroll. The Clerk-Treasurer was the only individual involved in entering and finalizing information used by the outside vendor to process payroll. Once payroll was processed, the Clerk-Treasurer summarized the information to post to the records.

View of Responsible Official and Description of Corrective Action Plan: I disagree in the assessment of the Payroll issue. Yes, I as the Clerk-Treasurer was the primary Payroll processor. The only entrees necessary were based upon the Salary Ordinance approved by the Town Council each year. Salary staff was paid the same amount each of the twenty-four pays, so changes were very minor and only when a change in an employee status. Such as a Firefighter reaching a year of service which they became a first-class Firefighter instead of a probation officer. The hourly staff entered their work time in the vendor software for the pay period, which was approved by the Department Supervisor prior to being paid and was imported into the pay grid by the Clerk-Treasurer and reviewed.

Financial Statement

At year-end, the Town uploaded their financial information into the Indiana Gateway for Governmental Units financial reporting system (Gateway). This information is the basis for the Annual Financial Report (AFR) and the financial statement. The AFR and the financial statement contained the errors noted in the *Context* below. Audit adjustments for the errors noted below were proposed, accepted by the Town, and made to the financial statement.

Views of Responsible Official and Description of Corrective Action Plan: We concur with the finding. We contracted outside assistance with the AFR, but previous entrees were incorrect and flawed by staff at the time.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Monty W. Combs, Clerk-Treasurer
Contact Phone Number: 317 246-4111

The Town had not established a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The information included in the SEFA was not checked for accuracy and completeness before it was submitted. The Town should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards.

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will correct these issues moving forward.

FINDING 2016-003

Subject: Highway Planning and Construction Cluster - Suspension and Debarment
Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): DES 1173522; DES 1172450; DES 1173576
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirement: Suspension and Debarment
Audit Findings: Material Weakness; Other Matters

Contact Person Responsible for Corrective Action: Monty W. Combs, Clerk-Treasurer
Contact Phone Number: 317 246-4111

Views of Responsible Official: This finding occurred one time from the review and we agree with the error.

Description of Corrective Action Plan: It has been addressed from this point forward.

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.