

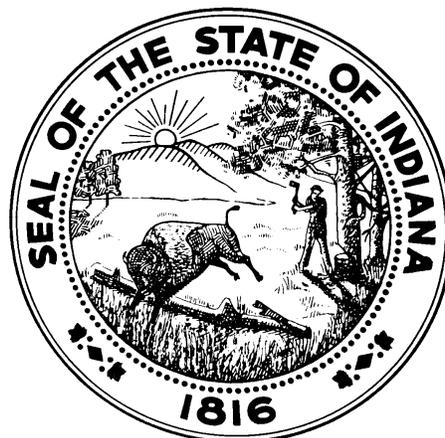
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF MUNCIE

DELAWARE COUNTY, INDIANA



FILED

10/13/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mary Ann Kratochvil, CPA	01-01-08 to 12-31-09
Mayor	Sharon McShurley	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Kelly Christy Sara Shade	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Common Council	Sam Marshall Alison Quirk	01-01-08 to 12-31-08 01-01-09 to 12-31-09
President of the Board of Sanitary Commissioners	William B. Smith Mark Miller Tom Bennington	01-01-08 to 02-26-08 02-27-08 to 12-31-08 01-01-09 to 12-31-09



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

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muncie (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 24, 2009, on our consideration of the City'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 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 opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

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

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The City provides postemployment health insurance benefits to eligible retirees. The City has not provided an actuarial study to determine the City's annual postemployment benefit costs in accordance with GASB Statement 45.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

September 24, 2009



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

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muncie (City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 24, 2009. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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 item 2008-2.

The City'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 City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Board of Public Works and Safety, Common Council, Board of Sanitary Commissioners, and 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

September 24, 2009

CITY OF MUNCIE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 16,936,225	\$ 5,815,063	\$ 401	\$ 219,285	\$ (10,901,476)	\$ -	\$ (10,901,476)
Public safety	16,768,104	420,564	390,373	454,905	(15,502,262)	-	(15,502,262)
Highways and streets	2,328,808	108,793	1,863,009	571,976	214,970	-	214,970
Health and welfare	371,952	80,390	-	-	(291,562)	-	(291,562)
Economic development	3,963,112	-	-	2,514,671	(1,448,441)	-	(1,448,441)
Culture and recreation	1,271,032	469,292	-	30,219	(771,521)	-	(771,521)
Urban redevelopment and housing	2,326,388	-	2,490,926	118,613	283,151	-	283,151
Principal and interest on indebtedness	3,230,028	-	-	-	(3,230,028)	-	(3,230,028)
Total governmental activities	47,195,649	6,894,102	4,744,709	3,909,669	(31,647,169)	-	(31,647,169)
Business-type activities:							
Sanitary District	21,883,763	11,258,815	148,487	-	-	(10,476,461)	(10,476,461)
Total business-type activities	21,883,763	11,258,815	148,487	-	-	(10,476,461)	(10,476,461)
Total primary government	\$ 69,079,412	\$ 18,152,917	\$ 4,893,196	\$ 3,909,669	(31,647,169)	(10,476,461)	(42,123,630)
General receipts:							
Property taxes					13,831,031	4,891,079	18,722,110
Intergovernmental					5,335,302	1,335,716	6,671,018
Other local sources					996,705	10,004	1,006,709
Net proceeds from borrowings					8,869,813	1,108,837	9,978,650
Grants and contributions not restricted to specific programs					348,289	90,249	438,538
Investment earnings					104,032	251,544	355,576
Transfers					1,799,406	-	1,799,406
Total general receipts and transfers					31,284,578	7,687,429	38,972,007
Change in net assets					(362,591)	(2,789,032)	(3,151,623)
Net assets - beginning					6,893,780	12,836,984	19,730,764
Net assets - ending					\$ 6,531,189	\$ 10,047,952	\$ 16,579,141
<u>Assets</u>							
Cash and investments					\$ 4,567,321	\$ 2,870,968	\$ 7,438,289
Cash with fiscal agent					623,683	-	623,683
Restricted assets:							
Cash and investments					1,105,659	3,052,072	4,157,731
Cash with fiscal agent					234,526	4,124,912	4,359,438
Total assets					\$ 6,531,189	\$ 10,047,952	\$ 16,579,141
<u>Net Assets</u>							
Restricted for:							
General government					\$ 70,220	\$ -	\$ 70,220
Public safety					547,038	-	547,038
Highways and streets					402,617	-	402,617
Health and welfare					7,500	-	7,500
Economic development					32,119	-	32,119
Culture and recreation					2,222	-	2,222
Urban redevelopment and housing					34,186	-	34,186
Debt service					244,283	3,047,185	3,291,468
Capital outlay					-	4,124,867	4,124,867
Other purposes					-	4,932	4,932
Unrestricted					5,191,004	2,870,968	8,061,972
Total net assets					\$ 6,531,189	\$ 10,047,952	\$ 16,579,141

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

CITY OF MUNCIE
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 12,289,630	\$ 1,541,401	\$ 13,831,031
Licenses and permits	166,938	19,855	186,793
Intergovernmental	4,989,318	8,988,454	13,977,772
Charges for services	291,015	651,824	942,839
Fines and forfeits	354,448	446,283	800,731
Other	<u>561,824</u>	<u>1,257,215</u>	<u>1,819,039</u>
Total receipts	<u>18,653,173</u>	<u>12,905,032</u>	<u>31,558,205</u>
Disbursements:			
General government	7,390,338	1,096,028	8,486,366
Public safety	19,159,708	602,889	19,762,597
Highways and streets	-	2,573,543	2,573,543
Health and welfare	420,764	5,438	426,202
Economic development	-	3,784,836	3,784,836
Culture and recreation	-	1,424,032	1,424,032
Urban redevelopment and housing	-	2,387,088	2,387,088
Debt service:			
Principal	-	2,642,000	2,642,000
Interest	-	624,465	624,465
Capital outlay:			
Public safety	153,307	190,529	343,836
Economic development	-	141,839	141,839
Total disbursements	<u>27,124,117</u>	<u>15,472,687</u>	<u>42,596,804</u>
Deficiency of receipts over disbursements	<u>(8,470,944)</u>	<u>(2,567,655)</u>	<u>(11,038,599)</u>
Other financing sources (uses):			
Net proceeds from borrowings	8,869,813	-	8,869,813
Transfers in	97,941	3,505,348	3,603,289
Transfers out	<u>(638)</u>	<u>(1,803,245)</u>	<u>(1,803,883)</u>
Total other financing sources (uses)	<u>8,967,116</u>	<u>1,702,103</u>	<u>10,669,219</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	496,172	(865,552)	(369,380)
Cash and investment fund balance - beginning	<u>1,530,804</u>	<u>5,362,976</u>	<u>6,893,780</u>
Cash and investment fund balance - ending	<u>\$ 2,026,976</u>	<u>\$ 4,497,424</u>	6,524,400
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:			
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			<u>6,789</u>
Net assets of governmental activities			<u>\$ 6,531,189</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 2,026,976	\$ 2,540,345	\$ 4,567,321
Cash with fiscal agent	-	623,683	623,683
Restricted assets:			
Cash and investments	-	1,098,870	1,098,870
Cash with fiscal agent	-	234,526	234,526
Total cash and investment assets - ending	<u>\$ 2,026,976</u>	<u>\$ 4,497,424</u>	<u>\$ 6,524,400</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
General government	\$ -	\$ 63,431	\$ 63,431
Public safety	-	547,038	547,038
Highways and streets	-	402,617	402,617
Health and welfare	-	7,500	7,500
Economic development	-	32,119	32,119
Culture and recreation	-	2,222	2,222
Urban redevelopment and housing	-	34,186	34,186
Debt service	-	244,283	244,283
Unrestricted	<u>2,026,976</u>	<u>3,164,028</u>	<u>5,191,004</u>
Total cash and investment fund balance - ending	<u>\$ 2,026,976</u>	<u>\$ 4,497,424</u>	<u>\$ 6,524,400</u>

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

CITY OF MUNCIE
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2008

	Enterprise Fund <u>Sanitary District</u>	Internal Service Funds <u> </u>
Operating receipts:		
Measured and flat rate receipts	\$ 10,920,392	\$ -
Special assessments	84,438	-
Operating grants	148,487	-
Reimbursements	138,864	-
Employee/employer contributions	-	9,529,356
Miscellaneous	<u>115,121</u>	<u>-</u>
Total operating receipts	<u>11,407,302</u>	<u>9,529,356</u>
Operating disbursements:		
Trash collection and recycling	6,369,698	-
Wastewater collection and treatment	10,756,659	-
Storm water collection	778,361	-
Insurance claims and expense	-	8,575,785
Customer accounts	626,261	-
Administration and general	<u>826,663</u>	<u>946,782</u>
Total operating disbursements	<u>19,357,642</u>	<u>9,522,567</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(7,950,340)</u>	<u>6,789</u>
Nonoperating receipts (disbursements):		
Property taxes	4,891,079	-
Intergovernmental	1,335,716	-
SRF loan proceeds	1,108,837	-
Investment income	251,544	-
Grants	90,249	-
Other receipts	10,004	-
Debt service of principal	(1,502,220)	-
Interest disbursements	<u>(1,023,901)</u>	<u>-</u>
Total nonoperating receipts (disbursements)	<u>5,161,308</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(2,789,032)</u>	<u>6,789</u>
Cash and investment fund balance - beginning	<u>12,836,984</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 10,047,952</u>	<u>\$ 6,789</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 2,870,968	\$ -
Restricted assets:		
Cash and investments	3,052,072	6,789
Cash with fiscal agent	<u>4,124,912</u>	<u>-</u>
Total cash and investment assets - December 31	<u>\$ 10,047,952</u>	<u>\$ 6,789</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
General government	\$ -	\$ 6,789
Debt service	3,047,185	-
Capital outlay	4,124,867	-
Other purposes	4,932	-
Unrestricted	<u>2,870,968</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 10,047,952</u>	<u>\$ 6,789</u>

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

CITY OF MUNCIE
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 2,615,561	\$ -	
Plan members	73,657	-	
State	3,769,636	-	
Other	<u>1,041</u>	<u>-</u>	
Total contributions	<u>6,459,895</u>	<u>-</u>	
Taxes	-	1,801,943	
Investment earnings:			
Interest	-	7,894	
Transfers in	<u>631,641</u>	<u>750</u>	
Total additions	<u>7,091,536</u>	<u>1,810,587</u>	
Deductions:			
Benefits	8,221,394	-	
Administrative and general	17,917	1,613	
Transfers out	<u>631,641</u>	<u>1,800,156</u>	
Total deductions	<u>8,870,952</u>	<u>1,801,769</u>	
Excess (deficiency) of total additions over total deductions	(1,779,416)	8,818	
Cash and investment fund balance - beginning	<u>1,406,793</u>	<u>116,471</u>	
Cash and investment fund balance - ending	<u><u>\$ (372,623)</u></u>	<u><u>\$ 125,289</u></u>	<u><u>\$ 2,350,011</u></u>

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

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, wastewater, storm water, sanitation, and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Muncie

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Muncie Indiana Transit System and Muncie Housing Authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental fund:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

The sanitary district fund accounts for the operation of the City's sanitary district which includes the wastewater utility, storm water utility and trash collection operations.

The internal service fund accounts for the City's health care program provided to other departments on a cost-reimbursement basis.

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the cemetery clientele and a redevelopment agency.

Agency funds account for assets held by the City as an agent for individuals and other government agencies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sanitary district and other functions of the government. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Due to the late billing of property taxes in 2008 the City of Muncie received one distribution of property taxes in December 2008 and the final distribution in March 2009.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2008
Cemetery Operating	\$ (87,787)
Fire Pension	(199,603)
Police Pension	(173,020)

Cash and investment deficits at December 31, 2008, arose primarily from disbursements exceeding receipts due to anticipated tax revenue for 2008 not being received until 2009.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2008, the City had deposit balances in the amount of \$18,941,643. Of this amount, the following was exposed to custodial credit risk:

	2008
Uninsured deposits in money market mutual funds in the depositor government's name collateralized with securities not held by the pledging financial institution's trust department and not in the depositor government's name	\$ 4,791,685

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Other governmental funds	\$ 638
Other governmental funds	General Fund	97,941
	Other governmental funds	1,704,554
	All others	750
All others	Other governmental funds	1,800,156
	All others	631,641
Total		\$ 4,235,680

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Segment Information

The Muncie Sanitary District has issued revenue bonds to finance storm water drainage projects and has obtained loans from the Indiana State Revolving Loan Fund to finance improvements to the wastewater treatment facilities. Money for the loans originated from revenue bonds issued by

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

the State of Indiana. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the wastewater and storm water functions of the Muncie Sanitary District is presented below.

Condensed Statement of Cash and Investment Net Assets	
	2008
Cash and investment assets:	
Cash and investments	\$ 1,827,960
Restricted assets	7,172,052
Total cash and investment assets	\$ 9,000,012
Cash and investment net assets:	
Restricted for:	
Debt service reserve and capital improvements	\$ 7,172,052
Unrestricted	1,827,960
Total cash and investment net assets	\$ 9,000,012

Condensed Statement of Receipts, Disbursements and Changes in Cash and Investment Net Assets	
	2008
Receipts (pledged against bond)	\$ 11,086,263
Operating disbursements	(9,785,940)
Excess of receipts over disbursements	1,300,323
Nonoperating receipts (disbursements):	
Interest received	185,143
Loan proceeds	1,108,837
Other	10,004
Debt service principal	(1,502,220)
Interest on debt	(1,023,901)
Total nonoperating receipts (disbursements)	(1,222,137)
Excess of receipts over disbursements and nonoperating receipts (disbursements)	78,186
Beginning cash and investment net assets	8,921,826
Ending cash and investment net assets	\$ 9,000,012

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. New Funds represents the inclusion of existing funds which were not presented in the prior report.

Opinion Unit	Balance as Reported December 31, 2007	New Funds	Balance as Restated January 1, 2008
Government-wide	\$ 19,629,964	\$ 100,800	\$ 19,730,764
Enterprise Fund	12,736,184	100,800	12,836,984

IV. Other Information

A. Risk Management

The City is 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 (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Related Illnesses or Injuries to Employees

The City has chosen to establish a risk financing fund for risks associated with job related illnesses and injuries. The risk financing is budgeted in all funds from which payroll is paid and is paid on a claim by claim basis. Claims are paid from the same fund from which the employee's salary is paid. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per accident and \$650,000 in aggregate to a maximum of \$1,000,000. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing is accounted for in the Health Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$175,000 and \$8,641,649 in aggregate per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon Cobra rates and the number of covered employees which is applied to each affected fund and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Related Party Transactions

During the period for which financial statements are presented, the City had material transactions with Sara Shade, Board of Works Member in relation to legal fees paid to Beasley & Gilkison Attorneys, of which she is one of the partners, in the amount of \$202,612.

C. Holding Corporations

1. The City has entered into a capital lease with Muncie's EDIT Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. The Horizon Civic Center facilities under the lease are included in the capital assets of the primary government and the corresponding lease obligation has been considered to be a contingent liability as described in section F. Lease payments during the year totaled \$300,000.
2. The City has entered into an operating lease with Mun-Del Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing Justice Center facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$52,530.

D. Certified Technology Park

The Certified Technology Parks program was created as a tool to support the attraction and growth of high-technology business and promote technology transfer opportunities. Designation as a Certified Tech Park allows for the local recapture of certain state and local tax revenue which can be invested in the development of the park. The Certified Tech Park was established to purchase land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park. The Muncie Redevelopment Commission has oversight responsibilities for the Certified Tech Park. The Redevelopment Tech Park fund is maintained on the City's records and for the year 2008 included disbursements of \$1,100,000 to Muncie Innovation Connector, Inc. (Corporation). The Corporation is responsible for the construction and ongoing occupation of the business incubator. Board members of the Corporation include the Community Foundation of Muncie and Delaware County, Inc., Ball State University, Cardinal Health System, Inc., Delaware Advancement Corporation, Ball Brothers Foundation, Inc., and George and Frances Ball Foundation, Inc.

E. Subsequent Events

1. State Pension Relief Fund

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Tax Anticipation Lines of Credit

Due to the delayed receipt of the December 2008 property tax distribution the City obtained an extension for repayment of the remaining unpaid balance of \$6,000,000 borrowed on the line of credit for the year 2008. The extension changed the due date for repayment from December 31, 2008 to April 30, 2009. The loan was repaid on March 4, 2009.

For the year 2009, the City has obtained a line of credit in the amount of \$6,000,000 at an interest rate of 3.39% in anticipation of 2009 tax revenue. As of August 4, 2009, the City had borrowed \$4,570,000 against the line of credit. Property tax collection and distribution for 2009 has been delayed and the City has not yet been informed when they will receive a distribution in 2009. The due date for repayment of the money borrowed is December 31, 2009.

3. Sanitary District Construction Projects

In 2009, the Muncie Sanitary District has initiated a sanitary sewer construction project estimated to cost \$333,950 to be funded by proceeds remaining from a 2005 State Revolving Fund loan. A bid has also been accepted for a storm water sewer project in the amount of \$1,435,801. This project is being funded by proceeds from revenue bonds issued in 2007.

4. Sanitary District Bond Anticipation Notes

The Board of Sanitary Commissioners has approved the sale of Bond Anticipation Notes (BANs) in the total amount of \$9,000,000 to fund lift station improvements, a combined sewer overflow structure, and the cleaning of interceptor sewer systems. The BANs will bear interest at an annual rate of 3.45% and are expected to be repaid by bonds issued in 2012.

5. Donated Fire Trucks

On May 18, 2009, the Delaware County Redevelopment Commission gifted \$1,100,000 to the Muncie Redevelopment Commission for the purchase of fire trucks which will become the property of the City of Muncie. One fire truck was purchased for \$160,000 on May 18, 2009, and bids have been accepted for the purchase of two additional fire trucks at \$473,744 each.

F. Contingent Liabilities

1. Lease Agreement

The City, together with the Delaware Civic Center Authority (the Authority), has entered into a lease agreement with Muncie's EDIT Building Corporation to make lease rental payments on the Horizon Civic Center facility. On October 2, 2001, the City Council passed Ordinance 42-01 which limited the primary government's maximum annual payment to \$300,000. In 2008, the City made a payment of \$300,000.

2. Indiana Department of Environmental Management (IDEM) Administrative Order

In 1996 the United States Environmental Protection Agency (EPA) delegated responsibility for any ground water clean-up of a "Superfund" site known as the Muncie Race Track to the IDEM. IDEM then issued an administrative order which seeks to require Muncie Sanitary District (MSD) and other potentially responsible parties to perform and pay for additional

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

groundwater investigation and to pay unspecified costs IDEM has incurred or will incur in responding to the contamination at the site. The groundwater investigation was completed, but further actions and potential costs have not been determined.

G. Conduit Debt Obligation

The primary government has issued special facility economic development revenue bonds to provide financial assistance to the Muncie Sports Commission, Inc. (the Corporation), a not-for-profit corporation, to finance a portion of the cost of additional ball diamond facilities deemed to be in the public interest and to refinance debt issued in 1999. The bonds are secured by a loan agreement which pledges repayment of the bonds from innkeeper's tax revenues collected by the Delaware County Convention, Visitor and Tourism Commission and pledged to the Corporation for payment of the bonds and fees collected by the Corporation. The Corporation has agreed to maintain and preserve the security interest in the collateral created by the loan as long as the loan is outstanding and to not take any actions that would adversely affect the ability of the Corporation to make payments and perform its obligations required under the loan agreement. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not-for-profit entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2008, there was one series of special facility economic development revenue bonds outstanding with an aggregate principal amount payable of \$995,000.

H. Postemployment Benefits

Policemen and Firefighters

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all policemen and firefighters who retire from the City on or after attaining age 60 with at least 15 years of service and age 65 with at least 10 years of service. Currently, 307 retirees meet these eligibility requirements. The City and retirees provide 88% and 12%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, disbursements of \$2,630,826 were recognized for postemployment benefits.

Sanitary District Employees

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all full time Sanitary District employees which consists of a continuation of insurance at the time of retirement of either single or family health insurance coverage from age sixty to the employee's "full retirement age" as defined by Social Security. Also, a Medicare supplement of the District's choice will be provided after the employee's "full retirement age" provided the employee has at least fifteen years of service with the District. A full time employee is also eligible for retiree insurance benefits, as stated above, if the employee's age in years plus years of service of Public Employees Retirement Fund (PERF) participation equals eighty-five and the employee is at least fifty-five years of age with at least fifteen years of service with the District. Currently, thirty-one (31) retirees meet these eligibility requirements. The City provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, disbursements of \$202,120 were recognized for postemployment benefits.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Loans Receivable – Indiana Department of Commerce

Industrial Development Revolving Loans

These loans were made to various businesses for the purposes of establishing a new business, business expansion, equipment purchases, and creating additional jobs. During the year 2008 new loans totaling \$1,225,000 were issued. Principal payments received on loans totaled \$554,399 and uncollectable loan balances written-off totaled \$128,921. The total balance of loans outstanding at December 31, 2008, was \$3,751,340.

J. Rate Structure – Enterprise Funds

Sanitary District

The current rate structure for the Wastewater Utility was approved by the Board of Sanitary Commissioners in Resolution 2008-15 on November 18, 2008.

The current rate structure for the Storm Water Utility was approved by the Board of Sanitary Commissioners in Resolution 2006-10 on December 19, 2006.

K. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
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Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Sanitary District is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 596,189	\$ 2,673,200	\$ 2,364,500
Interest on net pension obligation	16,356	208,500	561,700
Adjustment to annual required contribution	<u>(18,639)</u>	<u>(263,000)</u>	<u>(708,700)</u>
Annual pension cost	593,906	2,618,700	2,217,500
Contributions made	<u>552,613</u>	<u>3,129,207</u>	<u>3,887,631</u>
Increase (decrease) in net pension obligation	41,293	(510,507)	(1,670,131)
Net pension obligation, beginning of year	<u>225,606</u>	<u>3,474,646</u>	<u>9,361,807</u>
Net pension obligation, end of year	<u>\$ 266,899</u>	<u>\$ 2,964,139</u>	<u>\$ 7,691,676</u>
	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6.25%	6034%	0%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 595,313	72%	\$ 115,563
	06-30-07	578,908	81%	225,606
	06-30-08	593,906	93%	266,899
1925 Police Officers' Pension Plan	12-31-06	2,626,800	136%	5,270,444
	12-31-07	2,599,700	169%	3,474,646
	12-31-08	2,618,700	119%	2,964,139
1937 Firefighters' Pension Plan	12-31-06	2,980,900	119%	11,343,321
	12-31-07	2,693,200	174%	9,361,807
	12-31-08	2,217,500	175%	7,691,676

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	121	129
Current active employees	1	-

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENTS
(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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$1,949,870, \$1,852,975, and \$1,795,750, respectively, equal to the required contributions for each year.

CITY OF MUNCIE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 11,470,521	\$ 12,582,526	\$ (1,112,005)	91%	\$ 8,853,403	(13%)
07-01-07	12,531,938	13,594,756	(1,062,818)	92%	8,963,913	(12%)
07-01-08	12,442,393	13,742,130	(1,299,737)	91%	8,478,030	(15%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 1,826,659	\$ 39,033,500	\$ (37,206,841)	5%	\$ 488,500	(07,617%)
01-01-04	866,963	38,410,200	(37,543,237)	2%	232,200	(16,168%)
01-01-05	1,141,596	37,038,100	(35,896,504)	3%	199,400	(18,002%)
01-01-06	709,400	37,274,500	(36,565,100)	2%	163,900	(22,309%)
01-01-07	228,142	36,623,600	(36,395,458)	1%	85,000	(42,818%)
01-01-08	775,152	36,220,100	(35,444,948)	2%	44,300	(80,011%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 2,158,285	\$ 41,964,700	\$ (39,806,415)	5%	\$ 1,428,000	(2,788%)
01-01-04	1,045,651	42,225,500	(41,179,849)	2%	1,122,500	(3,669%)
01-01-05	726,383	39,111,300	(38,384,917)	2%	877,100	(4,376%)
01-01-06	837,043	40,722,200	(39,885,157)	2%	778,400	(5,124%)
01-01-07	-	37,511,600	(37,511,600)	0%	467,700	(8,020%)
01-01-08	-	32,146,500	(32,146,500)	0%	-	No covered payroll

CITY OF MUNCIE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
<u>1925 Police Officers' Pension Plan</u>			
12-31-03	4,322,700	*	*
12-31-04	4,444,700	44%	33%
12-31-05	2,673,600	54%	56%
12-31-06	2,711,400	63%	69%
12-31-07	2,676,500	103%	61%
12-31-08	2,673,200	46%	71%
<u>1937 Firefighters' Pension Plan</u>			
12-31-03	4,998,800	*	*
12-31-04	5,117,500	26%	26%
12-31-05	3,028,700	59%	55%
12-31-06	3,142,700	47%	66%
12-31-07	2,858,500	77%	87%
12-31-08	2,364,500	64%	100%

*The information to separate the percentage between City and State was not available.

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Parking Meter	Probation	Economic Development Operating	Clerk's Records Perpetuation
Receipts:							
Taxes	\$ -	\$ -	\$ 199,336	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,863,009	571,976	11,015	-	-	-	-
Charges for services	3,480	-	105,645	17,543	-	-	-
Fines and forfeits	105,313	-	-	-	55,669	-	10,743
Other	29,152	969	20,124	-	-	2,250	-
Total receipts	2,000,954	572,945	336,120	17,543	55,669	2,250	10,743
Disbursements:							
General government	-	-	446,507	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	2,073,036	500,507	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	2,073,036	500,507	446,507	-	-	-	-
Excess (deficiency) of receipts over disbursements	(72,082)	72,438	(110,387)	17,543	55,669	2,250	10,743
Other financing sources (uses):							
Transfers in	-	2,000	7,000	-	-	-	-
Transfers out	-	-	-	-	(12,667)	-	-
Total other financing sources (uses)	-	2,000	7,000	-	(12,667)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(72,082)	74,438	(103,387)	17,543	43,002	2,250	10,743
Cash and investment fund balance - beginning	98,617	301,644	15,600	51,908	29,551	29,869	42,998
Cash and investment fund balance - ending	<u>\$ 26,535</u>	<u>\$ 376,082</u>	<u>\$ (87,787)</u>	<u>\$ 69,451</u>	<u>\$ 72,553</u>	<u>\$ 32,119</u>	<u>\$ 53,741</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ (87,787)	\$ 69,451	\$ 72,553	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	26,535	376,082	-	-	-	32,119	53,741
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 26,535	\$ 376,082	\$ (87,787)	\$ 69,451	\$ 72,553	\$ 32,119	\$ 53,741
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,741
Public safety	-	-	-	-	-	-	-
Highways and streets	26,535	376,082	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	32,119	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	(87,787)	69,451	72,553	-	-
Total cash and investment fund balance - ending	\$ 26,535	\$ 376,082	\$ (87,787)	\$ 69,451	\$ 72,553	\$ 32,119	\$ 53,741

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Parks And Recreation	Rainy Day	Park Grant	Park Non-Reverting	Bert Whitely	Cumulative Building And Maintenance	M.P.D. Smart Team
Receipts:							
Taxes	\$ 640,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	46,999	297,057	13,235	-	-	-	-
Charges for services	469,292	-	-	-	-	22,213	-
Fines and forfeits	-	-	-	-	-	-	-
Other	17,456	-	2,841	2,448	3,582	8,727	-
Total receipts	1,173,937	297,057	16,076	2,448	3,582	30,940	-
Disbursements:							
General government	-	637,739	-	-	-	11,782	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	1,387,350	-	13,854	1,548	899	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	1,387,350	637,739	13,854	1,548	899	11,782	-
Excess (deficiency) of receipts over disbursements	(213,413)	(340,682)	2,222	900	2,683	19,158	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(7,000)	-
Total other financing sources (uses)	-	-	-	-	-	(7,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(213,413)	(340,682)	2,222	900	2,683	12,158	-
Cash and investment fund balance - beginning	228,104	665,799	-	16,597	8,039	104,147	46
Cash and investment fund balance - ending	<u>\$ 14,691</u>	<u>\$ 325,117</u>	<u>\$ 2,222</u>	<u>\$ 17,497</u>	<u>\$ 10,722</u>	<u>\$ 116,305</u>	<u>\$ 46</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 14,691	\$ 325,117	\$ -	\$ 17,497	\$ 10,722	\$ 116,305	\$ 46
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	2,222	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 14,691	\$ 325,117	\$ 2,222	\$ 17,497	\$ 10,722	\$ 116,305	\$ 46
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	2,222	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	14,691	325,117	-	17,497	10,722	116,305	46
Total cash and investment fund balance - ending	\$ 14,691	\$ 325,117	\$ 2,222	\$ 17,497	\$ 10,722	\$ 116,305	\$ 46

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	M.P.D. Swat Team	M.P.D. Governor Council Equipment	M.P.D. Drug Interdiction	M.P.D. Bullet Proof Vests Grant	M.P.D. Drug Task Force Forfeiture	M.P.D. Uniform Forfeiture	M.P.D. Honor Guard Donation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	12,229	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,633	-	609	-	-
Other	-	-	20	-	1,074	-	-
Total receipts	-	-	1,653	12,229	1,683	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	2,337	-	59,452	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	-	2,337	-	59,452	-	-
Excess (deficiency) of receipts over disbursements	-	-	(684)	12,229	(57,769)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(684)	12,229	(57,769)	-	-
Cash and investment fund balance - beginning	141	9,906	2,174	912	64,771	300	114
Cash and investment fund balance - ending	<u>\$ 141</u>	<u>\$ 9,906</u>	<u>\$ 1,490</u>	<u>\$ 13,141</u>	<u>\$ 7,002</u>	<u>\$ 300</u>	<u>\$ 114</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 141	\$ -	\$ 1,490	\$ -	\$ 7,002	\$ 300	\$ 114
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	9,906	-	13,141	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 141	\$ 9,906	\$ 1,490	\$ 13,141	\$ 7,002	\$ 300	\$ 114
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	9,906	-	13,141	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	141	-	1,490	-	7,002	300	114
Total cash and investment fund balance - ending	\$ 141	\$ 9,906	\$ 1,490	\$ 13,141	\$ 7,002	\$ 300	\$ 114

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	M.P.D. Dare	M.P.D. K-9	M.P.D. Traffic Division	Police Arson Investigation	M.P.D. Cops Cold Case	Police Training	Law Enforcement Continuing Education
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	19,855
Intergovernmental	-	-	-	-	15,000	-	-
Charges for services	-	-	-	-	-	12,945	20,706
Fines and forfeits	-	-	27,600	-	-	3,575	7,965
Other	-	4,372	500	-	-	1,457	-
Total receipts	-	4,372	28,100	-	15,000	17,977	48,526
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	210	-	-	-	41,473	44,786
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	21,314	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	210	-	-	-	62,787	44,786
Excess (deficiency) of receipts over disbursements	-	4,162	28,100	-	15,000	(44,810)	3,740
Other financing sources (uses):							
Transfers in	-	-	-	-	-	14,044	638
Transfers out	-	-	-	-	-	-	(14,044)
Total other financing sources (uses)	-	-	-	-	-	14,044	(13,406)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,162	28,100	-	15,000	(30,766)	(9,666)
Cash and investment fund balance - beginning	6,127	4,635	70	1,712	938	65,564	47,357
Cash and investment fund balance - ending	<u>\$ 6,127</u>	<u>\$ 8,797</u>	<u>\$ 28,170</u>	<u>\$ 1,712</u>	<u>\$ 15,938</u>	<u>\$ 34,798</u>	<u>\$ 37,691</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,127	\$ 8,797	\$ 28,170	\$ 1,712	\$ -	\$ 34,798	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	15,938	-	37,691
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,127</u>	<u>\$ 8,797</u>	<u>\$ 28,170</u>	<u>\$ 1,712</u>	<u>\$ 15,938</u>	<u>\$ 34,798</u>	<u>\$ 37,691</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	15,938	-	37,691
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	6,127	8,797	28,170	1,712	-	34,798	-
Total cash and investment fund balance - ending	<u>\$ 6,127</u>	<u>\$ 8,797</u>	<u>\$ 28,170</u>	<u>\$ 1,712</u>	<u>\$ 15,938</u>	<u>\$ 34,798</u>	<u>\$ 37,691</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	M.P.D. Emergency Gas Award	Fire Department Donations	Smoke Alarm For Life	Mun-Del Haz-Mat Team	IRIS Camera Donation	Animal Shelter Donation	C.D. CDBG 02
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,056
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	21,989	-	-	-	12,385	-
Total receipts	-	21,989	-	-	-	12,385	1,056
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	30,043	116	-	2,783	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	5,438	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	1,004
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	30,043	116	-	2,783	5,438	1,004
Excess (deficiency) of receipts over disbursements	-	(8,054)	(116)	-	(2,783)	6,947	52
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,054)	(116)	-	(2,783)	6,947	52
Cash and investment fund balance - beginning	8,000	9,881	630	171	2,783	16,388	-
Cash and investment fund balance - ending	<u>\$ 8,000</u>	<u>\$ 1,827</u>	<u>\$ 514</u>	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 23,335</u>	<u>\$ 52</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 1,827	\$ 514	\$ 171	\$ -	\$ 23,335	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	8,000	-	-	-	-	-	52
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 8,000</u>	<u>\$ 1,827</u>	<u>\$ 514</u>	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 23,335</u>	<u>\$ 52</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	8,000	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	52
Debt service	-	-	-	-	-	-	-
Unrestricted	-	1,827	514	171	-	23,335	-
Total cash and investment fund balance - ending	<u>\$ 8,000</u>	<u>\$ 1,827</u>	<u>\$ 514</u>	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ 23,335</u>	<u>\$ 52</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	C.D. CDBG 03	C.D. CDBG 04	C.D. CDBG 05	C.D. CDBG 06	C.D. CDBG 07	C.D. CDBG 97	C.D. FY 02 Home Program
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	57	25,296	5,665	152,032	797,199	20,159	3,318
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	7,156	-	-
Total receipts	57	25,296	5,665	152,032	804,355	20,159	3,318
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	12,727	-	147,330	792,359	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	12,727	-	147,330	792,359	-	-
Excess (deficiency) of receipts over disbursements	57	12,569	5,665	4,702	11,996	20,159	3,318
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(12,115)	(681)	(4,211)	(2,443)	-	-
Total other financing sources (uses)	-	(12,115)	(681)	(4,211)	(2,443)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	57	454	4,984	491	9,553	20,159	3,318
Cash and investment fund balance - beginning	-	1,158	1,493	3,142	(9,553)	(20,159)	(3,318)
Cash and investment fund balance - ending	\$ 57	\$ 1,612	\$ 6,477	\$ 3,633	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	57	1,612	6,477	3,633	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 57	\$ 1,612	\$ 6,477	\$ 3,633	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	57	1,612	6,477	3,633	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 57	\$ 1,612	\$ 6,477	\$ 3,633	\$ -	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	C.D. FY 03 Home Program	C.D. FY 04 Home Program	C.D. FY 05 Home Program	C.D. FY 06 Home Program	C.D. FY 07 Home Program	Rails To Trails	Environmental Enhancement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	56,657	-	90,641	558,315	5,424	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	9,432	5,170
Total receipts	-	56,657	-	90,641	558,315	14,856	5,170
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	14,856	-
Urban redevelopment and housing	8,848	70	43,143	71,532	556,533	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	8,848	70	43,143	71,532	556,533	14,856	-
Excess (deficiency) of receipts over disbursements	(8,848)	56,587	(43,143)	19,109	1,782	-	5,170
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,848)	56,587	(43,143)	19,109	1,782	-	5,170
Cash and investment fund balance - beginning	9,063	(56,587)	59,253	(11,001)	(1,782)	-	223,038
Cash and investment fund balance - ending	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 16,110</u>	<u>\$ 8,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,208</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 228,208
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	215	-	16,110	8,108	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 16,110</u>	<u>\$ 8,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,208</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	215	-	16,110	8,108	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	228,208
Total cash and investment fund balance - ending	<u>\$ 215</u>	<u>\$ -</u>	<u>\$ 16,110</u>	<u>\$ 8,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,208</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Victim Advocate 07-08	A Better Way 07-08	M.P.D. Stop Domestic Violence 06-07	Seat Belt Grant 07-08	M.P.D. DUI Grant 2007-2008	M.P.D. Speed Grant	M.P.D. Fatality Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,542	55,890	-	40,500	39,500	-	17,870
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	37,041	-	-	-	-	-	700
Total receipts	46,583	55,890	-	40,500	39,500	-	18,570
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	66,679	66,640	1,014	20,380	23,242	-	17,745
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	66,679	66,640	1,014	20,380	23,242	-	17,745
Excess (deficiency) of receipts over disbursements	(20,096)	(10,750)	(1,014)	20,120	16,258	-	825
Other financing sources (uses):							
Transfers in	3,106	-	2,226	-	-	-	-
Transfers out	-	-	(2,035)	(20,353)	(19,898)	(115)	(5,425)
Total other financing sources (uses)	3,106	-	191	(20,353)	(19,898)	(115)	(5,425)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,990)	(10,750)	(823)	(233)	(3,640)	(115)	(4,600)
Cash and investment fund balance - beginning	16,990	10,750	823	7,410	3,640	115	4,600
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 7,177	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	7,177	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ 7,177	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	7,177	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 7,177	\$ -	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	M.P.D. JAG Grant	M.P.D. JAG 2006 Grant	C.D. Grants Other	Alarm Ordinance	TIF Central City	Redevelopment Tech Park	Revevelopment Commission
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 138,585	\$ 15,628	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	659	783,974	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	3,575	-	-	-
Other	476	-	-	-	16,114	14,923	47
Total receipts	476	-	-	3,575	155,358	814,525	47
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	4,476	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	221,401	1,099,999	81,315
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	422	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	36,437
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	-	-	422	4,476	221,401	1,099,999	117,752
Excess (deficiency) of receipts over disbursements	476	-	(422)	(901)	(66,043)	(285,474)	(117,705)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	268,452
Transfers out	(22,495)	-	-	-	-	-	(175,000)
Total other financing sources (uses)	(22,495)	-	-	-	-	-	93,452
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,019)	-	(422)	(901)	(66,043)	(285,474)	(24,253)
Cash and investment fund balance - beginning	22,019	14,741	2,569	2,614	801,355	600,852	86,844
Cash and investment fund balance - ending	\$ -	\$ 14,741	\$ 2,147	\$ 1,713	\$ 735,312	\$ 315,378	\$ 62,591
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 1,713	\$ 735,312	\$ 315,378	\$ -
Cash with fiscal agent	-	-	-	-	-	-	62,591
Restricted assets:							
Cash and investments	-	14,741	2,147	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 14,741	\$ 2,147	\$ 1,713	\$ 735,312	\$ 315,378	\$ 62,591
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	14,741	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	2,147	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	1,713	735,312	315,378	62,591
Total cash and investment fund balance - ending	\$ -	\$ 14,741	\$ 2,147	\$ 1,713	\$ 735,312	\$ 315,378	\$ 62,591

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Industrial Development Revolving Loan	Redevelopment Commission Other Projects	C.D. CDBG 00	C.D. CDBG 08	C.D. Unsafe Building	C.D. FY 08 HOME Program	Victim Advocate 08-09
Receipts:							
Taxes	\$ -	\$ 515,000	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	543,689	-	231,333	9,542
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	7,500	-	-
Other	727,997	10,607	21,473	20,264	-	-	5,750
Total receipts	727,997	525,607	21,473	563,953	7,500	231,333	15,292
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	12,186
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	1,267,943	6,466	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	21,436	371,967	-	231,333	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	1,267,943	6,466	21,436	371,967	-	231,333	12,186
Excess (deficiency) of receipts over disbursements	(539,946)	519,141	37	191,986	7,500	-	3,106
Other financing sources (uses):							
Transfers in	-	180,091	-	-	-	-	-
Transfers out	-	(850,000)	-	(191,986)	-	-	(3,106)
Total other financing sources (uses)	-	(669,909)	-	(191,986)	-	-	(3,106)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(539,946)	(150,768)	37	-	7,500	-	-
Cash and investment fund balance - beginning	1,045,440	206,366	-	-	-	-	-
Cash and investment fund balance - ending	\$ 505,494	\$ 55,598	\$ 37	\$ -	\$ 7,500	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	505,494	55,598	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	37	-	7,500	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 505,494	\$ 55,598	\$ 37	\$ -	\$ 7,500	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	7,500	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	37	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	505,494	55,598	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 505,494	\$ 55,598	\$ 37	\$ -	\$ 7,500	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Victim Advocate 2008-2009	M.P.D. COPS Technology Grant 08	Park/Muncie Ball Sports	Park/ Beautification Program	Fire Dept. 2008 DHS Grant	M.P.D. Drug Task Force 2007-2008	M.P.D. Stop Domestic Violence 07-08
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	266,561	-	-	169,215	86,315	20,598
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	3,750	-	300	5,450	-	125	-
Total receipts	3,750	266,561	300	5,450	169,215	86,440	20,598
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	4,201	-	-	-	-	86,440	18,372
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	140	5,385	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	169,215	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	4,201	-	140	5,385	169,215	86,440	18,372
Excess (deficiency) of receipts over disbursements	(451)	266,561	160	65	-	-	2,226
Other financing sources (uses):							
Transfers in	-	-	-	160	-	-	-
Transfers out	-	-	(160)	-	-	-	(2,226)
Total other financing sources (uses)	-	-	(160)	160	-	-	(2,226)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(451)	266,561	-	225	-	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ (451)</u>	<u>\$ 266,561</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 225	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	(451)	266,561	-	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (451)</u>	<u>\$ 266,561</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	(451)	266,561	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	225	-	-	-
Total cash and investment fund balance - ending	<u>\$ (451)</u>	<u>\$ 266,561</u>	<u>\$ -</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	M.P.D. Stop Domestic Violence 08	M.P.D. OPO	M.P.D. DUI 2008-2009	M.P.D. Fatality Grant 08	M.P.D. JAG 2007	Fire Safety And Equipment	M.P.D. Federal Forfeiture
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,360	12,625	13,750	7,500	49,536	6,900	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	187,563
Other	-	-	-	-	-	-	2,369
Total receipts	9,360	12,625	13,750	7,500	49,536	6,900	189,932
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	12,825	875	3,325	1,400	22,500	6,369	53,020
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	12,825	875	3,325	1,400	22,500	6,369	53,020
Excess (deficiency) of receipts over disbursements	(3,465)	11,750	10,425	6,100	27,036	531	136,912
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(377)	(9,608)	(3,395)	(1,575)	-	-	-
Total other financing sources (uses)	(377)	(9,608)	(3,395)	(1,575)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,842)	2,142	7,030	4,525	27,036	531	136,912
Cash and investment fund balance - beginning	-	-	-	-	-	-	-
Cash and investment fund balance - ending	\$ (3,842)	\$ 2,142	\$ 7,030	\$ 4,525	\$ 27,036	\$ 531	\$ 136,912
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	(3,842)	2,142	7,030	4,525	27,036	531	136,912
Cash with fiscal agent	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (3,842)	\$ 2,142	\$ 7,030	\$ 4,525	\$ 27,036	\$ 531	\$ 136,912
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	(3,842)	2,142	7,030	4,525	27,036	531	136,912
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ (3,842)	\$ 2,142	\$ 7,030	\$ 4,525	\$ 27,036	\$ 531	\$ 136,912

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Communtiy Development/Nsp Grant	Brownfield Grant Non-Hud	Adult Probation Services Fees	City Bond General	MVH Principal Interest	Redevelopment Commission I and P Series A	Redevelopment Commission I and P Series B
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 32,662	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,509	118,613	-	1,814	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	34,538	-	-	-	-
Other	-	-	-	-	-	2,624	3,320
Total receipts	5,509	118,613	34,538	34,476	-	2,624	3,320
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	5,541	122,843	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	145,000	990,000	1,270,000
Interest	-	-	-	52,530	6,835	72,570	89,218
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	5,541	122,843	-	52,530	151,835	1,062,570	1,359,218
Excess (deficiency) of receipts over disbursements	(32)	(4,230)	34,538	(18,054)	(151,835)	(1,059,946)	(1,355,898)
Other financing sources (uses):							
Transfers in	-	-	-	-	153,078	1,086,499	1,382,816
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	153,078	1,086,499	1,382,816
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32)	(4,230)	34,538	(18,054)	1,243	26,553	26,918
Cash and investment fund balance - beginning	-	-	-	23,617	2,828	151	4,400
Cash and investment fund balance - ending	<u>\$ (32)</u>	<u>\$ (4,230)</u>	<u>\$ 34,538</u>	<u>\$ 5,563</u>	<u>\$ 4,071</u>	<u>\$ 26,704</u>	<u>\$ 31,318</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 34,538	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	(32)	(4,230)	-	5,563	4,071	-	-
Cash with fiscal agent	-	-	-	-	-	26,704	31,318
Total cash and investment assets - ending	<u>\$ (32)</u>	<u>\$ (4,230)</u>	<u>\$ 34,538</u>	<u>\$ 5,563</u>	<u>\$ 4,071</u>	<u>\$ 26,704</u>	<u>\$ 31,318</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	(32)	(4,230)	-	-	-	-	-
Debt service	-	-	-	5,563	4,071	26,704	31,318
Unrestricted	-	-	34,538	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ (32)</u>	<u>\$ (4,230)</u>	<u>\$ 34,538</u>	<u>\$ 5,563</u>	<u>\$ 4,071</u>	<u>\$ 26,704</u>	<u>\$ 31,318</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Redevelopment Commission Façade Restoration	Economic Income Tax Revenue Bonds 06	Cumulative Capital Improvement	E.D.I.T.	Urban Development	Beech Grove Cemetery Thompson Trust	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,541,401
Licenses and permits	-	-	-	-	-	-	19,855
Intergovernmental	-	-	219,285	1,667,830	54,205	-	8,988,454
Charges for services	-	-	-	-	-	-	651,824
Fines and forfeits	-	-	-	-	-	-	446,283
Other	2,718	214,559	-	15,103	-	401	1,257,215
Total receipts	2,718	214,559	219,285	1,682,933	54,205	401	12,905,032
Disbursements:							
General government	-	-	-	-	-	-	1,096,028
Public safety	-	-	-	-	-	-	602,889
Highways and streets	-	-	-	-	-	-	2,573,543
Health and welfare	-	-	-	-	-	-	5,438
Economic development	-	-	219,285	823,602	64,825	-	3,784,836
Culture and recreation	-	-	-	-	-	-	1,424,032
Urban redevelopment and housing	-	-	-	-	-	-	2,387,088
Debt service:							
Principal	145,000	92,000	-	-	-	-	2,642,000
Interest	30,000	336,875	-	-	-	-	624,465
Capital outlay:							
Public safety	-	-	-	-	-	-	190,529
Economic development	-	-	-	141,839	-	-	141,839
Total disbursements	175,000	428,875	219,285	965,441	64,825	-	15,472,687
Excess (deficiency) of receipts over disbursements	(172,282)	(214,316)	-	717,492	(10,620)	401	(2,567,655)
Other financing sources (uses):							
Transfers in	175,000	214,438	-	15,800	-	-	3,505,348
Transfers out	-	-	-	(424,530)	(17,800)	-	(1,803,245)
Total other financing sources (uses)	175,000	214,438	-	(408,730)	(17,800)	-	1,702,103
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,718	122	-	308,762	(28,420)	401	(865,552)
Cash and investment fund balance - beginning	173,786	1	-	263,116	28,420	9,289	5,362,976
Cash and investment fund balance - ending	<u>\$ 176,504</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 571,878</u>	<u>\$ -</u>	<u>\$ 9,690</u>	<u>\$ 4,497,424</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ 571,878	\$ -	\$ -	\$ 2,540,345
Cash with fiscal agent	-	-	-	-	-	-	623,683
Restricted assets:							
Cash and investments	-	123	-	-	-	9,690	1,098,870
Cash with fiscal agent	176,504	-	-	-	-	-	234,526
Total cash and investment assets - ending	\$ 176,504	\$ 123	\$ -	\$ 571,878	\$ -	\$ 9,690	\$ 4,497,424
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,690	\$ 63,431
Public safety	-	-	-	-	-	-	547,038
Highways and streets	-	-	-	-	-	-	402,617
Health and welfare	-	-	-	-	-	-	7,500
Economic development	-	-	-	-	-	-	32,119
Culture and recreation	-	-	-	-	-	-	2,222
Urban redevelopment and housing	-	-	-	-	-	-	34,186
Debt service	176,504	123	-	-	-	-	244,283
Unrestricted	-	-	-	571,878	-	-	3,164,028
Total cash and investment fund balance - ending	\$ 176,504	\$ 123	\$ -	\$ 571,878	\$ -	\$ 9,690	\$ 4,497,424

CITY OF MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2008

	Police Pension	Fire Pension	Transfer Pension Drop	Totals
Additions:				
Contributions:				
Employer	\$ 1,166,109	\$ 1,449,452	\$ -	\$ 2,615,561
Plan members	45,059	28,598	-	73,657
State	1,331,457	2,438,179	-	3,769,636
Other	-	1,041	-	1,041
Total contributions	<u>2,542,625</u>	<u>3,917,270</u>	<u>-</u>	<u>6,459,895</u>
Transfers in	<u>631,641</u>	<u>-</u>	<u>-</u>	<u>631,641</u>
Total additions	<u>3,174,266</u>	<u>3,917,270</u>	<u>-</u>	<u>7,091,536</u>
Deductions:				
Benefits	4,117,195	4,104,199	-	8,221,394
Administrative and general	5,243	12,674	-	17,917
Transfers out	-	-	631,641	631,641
Total deductions	<u>4,122,438</u>	<u>4,116,873</u>	<u>631,641</u>	<u>8,870,952</u>
Deficiency of total additions over total deductions	(948,172)	(199,603)	(631,641)	(1,779,416)
Cash and investment fund balance - beginning	<u>775,152</u>	<u>-</u>	<u>631,641</u>	<u>1,406,793</u>
Cash and investment fund balance - ending	<u>\$ (173,020)</u>	<u>\$ (199,603)</u>	<u>\$ -</u>	<u>\$ (372,623)</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2008

	Beech Grove Cemetery Trust	Beech Grove Cemetery Grace Maring	Beech Grove Hardin-Rhoads	Redevelopment Commission Allocation	Totals
Additions:					
Taxes	\$ -	\$ -	\$ -	\$ 1,801,943	\$ 1,801,943
Transfer in	-	-	-	750	750
Investment earnings:					
Interest	<u>1,455</u>	<u>2,316</u>	<u>1,254</u>	<u>2,869</u>	<u>7,894</u>
Total additions	<u>1,455</u>	<u>2,316</u>	<u>1,254</u>	<u>1,805,562</u>	<u>1,810,587</u>
Deductions:					
Administrative and general	113	-	-	1,500	1,613
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800,156</u>	<u>1,800,156</u>
Total deductions	<u>113</u>	<u>-</u>	<u>-</u>	<u>1,801,656</u>	<u>1,801,769</u>
Excess of total additions over total deductions	1,342	2,316	1,254	3,906	8,818
Cash and investment fund balance - beginning	<u>33,715</u>	<u>53,599</u>	<u>28,999</u>	<u>158</u>	<u>116,471</u>
Cash and investment fund balance - ending	<u>\$ 35,057</u>	<u>\$ 55,915</u>	<u>\$ 30,253</u>	<u>\$ 4,064</u>	<u>\$ 125,289</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Insurance Other	Beech Grove Cemetery Pre-Need	User Fee Law Enforcement Education	Collection Agency Parking Violations	Security Deposits
Additions:						
Agency fund additions	\$ 28,520,291	\$ 482,364	\$ 10,169	\$ 14,453	\$ 1,350	\$ 2,500
Deductions:						
Agency fund deductions	28,515,855	235,421	10,644	12,911	1,290	-
Excess (deficiency) of total additions over total deductions	4,436	246,943	(475)	1,542	60	2,500
Cash and investment fund balance - beginning	420,498	55,005	115,201	40,208	55	3,300
Cash and investment fund balance - ending	<u>\$ 424,934</u>	<u>\$ 301,948</u>	<u>\$ 114,726</u>	<u>\$ 41,750</u>	<u>\$ 115</u>	<u>\$ 5,800</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	TIF Muncie Mall	Court Costs Due County	City Court	Park Damage Deposit Refund Account	Totals
Additions:					
Agency fund additions	\$ 1,307,986	\$ 77,011	\$ 1,278,637	\$ 17,520	\$ 31,712,281
Deductions:					
Agency fund deductions	<u>2,905,801</u>	<u>77,011</u>	<u>1,233,739</u>	<u>18,240</u>	<u>33,010,912</u>
Excess (deficiency) of total additions over total deductions	(1,597,815)	-	44,898	(720)	(1,298,631)
Cash and investment fund balance - beginning	<u>2,901,943</u>	<u>-</u>	<u>110,752</u>	<u>1,680</u>	<u>3,648,642</u>
Cash and investment fund balance - ending	<u>\$ 1,304,128</u>	<u>\$ -</u>	<u>\$ 155,650</u>	<u>\$ 960</u>	<u>\$ 2,350,011</u>

CITY OF MUNCIE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2008

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,693,100
Infrastructure	16,443,939
Buildings	30,909,219
Improvements other than buildings	5,333,271
Machinery and equipment	<u>9,326,573</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 64,706,102</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Sanitary District:	
Capital assets, not being depreciated:	
Land	\$ 255,670
Construction in progress	17,000,000
Buildings	9,393,769
Improvements other than buildings	25,533,879
Machinery and equipment	<u>17,568,327</u>
 Total business-type activities, capital assets not being depreciated	 <u><u>\$ 69,751,645</u></u>

CITY OF MUNCIE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Copiers	\$ 79,611	\$ 26,411
Two Dump Trucks	45,164	31,384
2005 Ford Expedition	9,650	7,585
2005 Chevrolet Tahoe	10,828	8,134
2008 Chevrolet Suburban	21,390	7,167
2008 Chevrolet Tahoe	21,581	7,231
Bonds payable:		
General obligation bonds:		
Downtown Façade Restoration Bonds	840,000	206,616
Revenue bonds:		
Series A TIF Bonds	307,599	23,070
Series B TIF Bonds	344,670	25,843
TIF Economic Development Bonds of 2007	<u>5,408,000</u>	<u>596,038</u>
Total governmental activities debt	<u>\$ 7,088,493</u>	<u>\$ 939,479</u>
Business-type Activities:		
Sanitary District		
Capital leases:		
Case Wheel Loader	\$ 15,063	\$ 15,411
Terex Rough Terrain Crane	44,069	39,446
Revenue bonds:		
Storm Water Bonds of 2007	4,920,000	361,798
State Revolving Fund Loans:		
Loan No. CS18231001	11,400,000	1,030,525
Loan No. WW06121802	<u>15,646,339</u>	<u>*</u>
Total business-type activities debt	<u>\$ 32,025,471</u>	<u>\$ 1,447,180</u>

* A maximum draw of \$17,960,000 was approved for this loan. As of December 31, 2008, \$17,004,339 had been drawn and \$1,358,000 had been repaid. Annual debt service requirements for the loan will not be determined until the final draw down has been made on the loan.

CITY OF MUNCIE
AUDIT RESULTS AND COMMENTS

PAID LEAVE ORDINANCE - APPOINTED EXEMPT/CONFIDENTIAL EMPLOYEES

Paid leave policies for employees not covered by contracts and appointed exempt/confidential employees have been set in a policy handbook and in additional supplemental policies which have all been approved by the Mayor, but not the common council.

IC 5-10-6-1(b) states in part: "Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city . . ."

APPROVAL OF DISBURSEMENTS

The following types of disbursements are entered and approved by the Controller's Office rather than by the various departments: utility bills, health insurance billings, some grant expenditures, street paving disbursements, etc.

The City's policy is to have Department Heads or other authorized employees authorize and approve disbursements through the computerized accounting system. This results in evidence of authorizing disbursements and attesting the receipt of goods or services by the personnel who have direct knowledge of the purchase and receipt of the goods or service.

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)

MUNCIE SANITARY DISTRICT SEWAGE RATES - APPROVAL BY THE COMMON COUNCIL

The sewage rates in effect for charges billed to Muncie Sanitary District Wastewater Utility customers in 2008, and currently in 2009, were established in Resolutions 2005-14 and 2008-15 respectively. The Resolutions were approved by the Sanitary Board of Commissioners. Before taking effect, the sewage rates were not approved by ordinance of the municipal legislative body.

IC 36-9-25-11(a) states in part:

"In connection with its duties, the board may fix fees for the treatment and disposal of sewage and other waste discharged into the sewerage system, collect the fees, and establish and enforce rules governing the furnishing of and payment for sewage treatment and disposal service. The fees must be just and equitable and shall be paid by any user of the sewage works and the owner of every lot, parcel of real property, or building that is connected with and uses the sewage works of the district by or through any part of the sewerage system. This section applies to owners of property that is partially or wholly exempt from taxation, as well as owners of property subject to full taxation. . . . (c) . . . However, fees related to property that is subject to full taxation do not take effect until they have been approved by ordinance of the municipal legislative body . . ."

CITY OF MUNCIE
 AUDIT RESULTS AND COMMENTS
 (Continued)

OVERDRAWN CASH BALANCES

The cash balances of the Cemetery Operating Fund, Police Pension Fund, and Fire Pension Fund were overdrawn at December 31, 2008. The December 2008 tax distributions for these funds were not received until March 2009. The tax distributions were sufficient to cover the overdrawn balances at December 31, 2008. The cash balances of the Victim Advocate 2008-2009 Fund, M.P.D. Stop Domestic Violence 08 Fund, Community Development/Nsp Grant Fund, Brownfield Grant Non-Hud Fund, Recycled Clothing Grant Fund, Sanitary District Grants Fund, P2 Shopping Bags Grant Fund, and IRG Recycling BSU Grant Fund were also overdrawn in 2008.

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS

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

Fund	Year	Excess Amount Expended
Cemetery Operating	2008	\$ 12,563

IC 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."

INTERNAL CONTROLS - SEWER BILLING

In four of the accounts included in our test of billings, the nonmetered fixed consumption amount being billed at metered consumption rates could not be verified. Supporting documentation showing how the nonmetered consumption amount being billed was calculated was not presented for audit. There was also nothing presented for audit to indicate that the consumption amounts were periodically reviewed and updated. For good internal control there should be a regular review of the nonmetered fixed consumption amounts and documentation supporting how the amount was calculated should be available for review.

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)

CITY OF MUNCIE
AUDIT RESULTS AND COMMENTS
(Continued)

BIDS NOT TAKEN ON STORM WATER PROJECT

A contract was accepted in the amount of \$1,850 for installing a manhole. The same vendor was paid \$125,322 for installing a new line in the same location. No bids were taken for the line installation. Bids were not advertised for either project. No retainage was withheld and a performance bond was not obtained for either project.

IC 36-9-25-26 states in part:

"(a) If the board, or the court hearing an appeal, finally confirms the resolution, the board shall have published, in accordance with IC 5-3-1, a notice of the general nature of the work and of the fact that detailed plans, drawings, and specifications are on file in the office of the board.

(b) The board may advertise for and receive construction bids at any time after confirming the resolution. The board shall require each bidder to deposit with his bid a certified check or satisfactory bond by an incorporated surety company in good standing and qualified to do business in Indiana in an amount that the board determines to be at least sufficient to insure the execution of the contract for which the bid is made . . ."

PENSION OVERPAYMENTS - 1937 FIREFIGHTERS' PENSION FUND

The test of payments made to pensioners in the 1937 Firefighters' Pension Fund concluded that, based on information presented for audit, payments to eight of the pensioners tested were in excess of the amount that should have been paid. Overpayments as of December 31, 2008, ranged in amount from \$642 for a pensioner who retired in 2007 to \$12,297 for a pensioner who retired in 2000. Seven of the pensions involved were for pensions that had been converted to the provisions of the 1977 Firefighters' Pension Fund. The overpayments were the result of a combination of errors in the calculation of benefits and the timing of cost of living increases. We instructed the Officials to verify the overpayments and to review all pension calculations in order to determine that current payments are being made at a monthly amount that complies with the provisions of IC 36-8-7 and IC 36-8-8-9. Overpayments should be collected.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS - PARKING TICKET FORMS

Controls over accounting for parking ticket forms were insufficient. An inventory was not maintained of the forms purchased and issued to the police and code enforcement officers. There were also no written guidelines which stated who is allowed to void a parking ticket, under what circumstances a parking ticket may be voided, or that required the voided ticket to be retained with an explanation of why it was voided.

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

CITY OF MUNCIE
AUDIT RESULTS AND COMMENTS
(Continued)

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)

INTERNAL CONTROLS - CONTROLLER'S OFFICE

The City's Controller's Office has a lack of segregation of duties. The bank reconciliation, which is not reviewed by management, and other record posting and billing duties are performed by the same individual.

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)

POLICIES - ANIMAL SHELTER

Testing of the Animal Shelter Daily Record of Outgoing Animals for the months of October 2008 and November 2008 disclosed that in the two month period 38 dogs, 11 cats, and 10 other types were released as adoptions, reclaims, or rescues at no charge. The Daily Record dated November 14, 2008, indicated 20 animals were noted as being rescued; however, the individual or organization was not named and there was no signed agreement presented for audit. The City has Ordinance 16-03 concerning the collection of fees for adoption and reclaiming of animals at the City Animal Shelter; however, the provisions of this ordinance were not followed.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (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)

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)

DEPOSITS - PRAIRIE CREEK PARK

As also reported in the prior Report Numbers B25557, B27632, B30391, B32459, and during the current audit period, there were instances where receipts collected at Prairie Creek Park were not deposited by the next business day.

CITY OF MUNCIE
AUDIT RESULTS AND COMMENTS
(Continued)

IC 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

PARK BOARD POLICIES NOT FOLLOWED

In 2008 the Park Board approved the following policies:

1. Pier and Camp Site Transfers

In the event a lessee should sell a watercraft or a camper, the lessee will be allowed to transfer the dock space or camp site to the purchaser if a \$100 transfer fee is paid to the Prairie Creek Office. However, in approving this policy the Board voted to allow this for only the year 2008. The policy has continued in 2009 and nothing was presented for audit to indicate the Park Board had approved the continuation of the policy.

2. Golf Cart Registration and Fee

The policy approved for golf cart use at Prairie Creek Reservoir allowed one golf cart per camp site which was required to be registered with the Park Office and a \$25 fee paid for the registration. Nothing was presented for audit which indicated that any golf carts had been registered and a \$25 fee collected. Neither was anything presented for audit which documented that the Park Board had changed the policy.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF MUNCIE, DELAWARE COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Muncie (City) 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, 2008. The City'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 City's management. Our responsibility is to express an opinion on the City'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 City'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 City's compliance with those requirements.

In our opinion, the City 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, 2008. However, the results of our auditing procedures disclosed 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 2008-2.

Internal Control Over Compliance

The management of the City 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 City'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, 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 City's internal control over compliance.

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

A control deficiency in a City's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The City'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 City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Board of Public Works and Safety, Common Council, Board of Sanitary Commissioners, and 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

September 24, 2009

CITY OF MUNCIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Natural Resources Cooperative Forestry Assistance	10.664	300FR108CUF6000	\$ 11,560
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Community Development Block Grants/Entitlement Grants	14.218		
		B-04-MC-18-0010	12,902
		B-05-MC-18-0010	7,972
		B-06-MC-18-0010	166,503
		B-07-MC-18-0010	729,425
		B-08-MC-18-0010	743,642
		B-08-MC-18-0010	<u>6,272</u>
Total for program			<u>1,666,716</u>
Direct Grant			
Home Investment Partnerships Program	14.239		
		M-05-MC-18-0206	7,600
		M-06-MC-18-0206	47,379
		M-07-MC-18-0206	555,012
		M-08-MC-18-0206	<u>223,712</u>
Total for program			<u>833,703</u>
Direct Grant			
Economic Development Initiative-Special Projects, Neighborhood Initiative and Miscellaneous Grants	14.251		
		B-06-SP-IN-0346	<u>3,268</u>
Total for federal grantor agency			<u>2,503,687</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Historic Preservation Fund Grants-In-Aid	15.904		
		18-06-21517-18	<u>947</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		
		2005-DN-BX-K036	<u>14,586</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
		06VA156	42,270
		07VA019	6,424
		07VA169	9,542
		08VA025	<u>3,779</u>
Total for program			<u>62,015</u>
Edward Byrne Memorial Formula Grant Program	16.579		
		07-DJ-019	<u>86,315</u>
Violence Against Women Formula Grants	16.588		
		07ST004	20,598
		08ST005	<u>15,328</u>
Total for program			<u>35,926</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
		2005DJBX1158	22,738
		2007DJBX1062	<u>22,500</u>
Total for program			<u>45,238</u>
Total for federal grantor agency			<u>244,080</u>

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

CITY OF MUNCIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008
(Continued)

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	DEM-IN 40(001) STP-M480(003) DEM-IN-48(001)(02) 0401046 0501032	2,153 2,400 3,335 5,193 <u>6,486</u>
Total for program			<u>19,567</u>
Pass-Through Indiana Department of Natural Resources Recreational Trails Program	20.219	STP-BIKE(1)	<u>5,424</u>
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety	20.600	154HE-2008-08-01-08 PT-08-04-01-03 PT-09-04-01-03 K4-2009-08-01-03	19,110 28,075 10,483 <u>4,550</u>
Total for program			<u>62,218</u>
Alcohol Traffic Safety and Drunk Driving Preventive Incentive Grants	20.601	K8-2008-02-03-06 K8-2009-03-03-08	33,023 <u>11,970</u>
Total for program			<u>44,993</u>
Incentive Traffic Safety Grant	20.XXX	157-PT-2006-04-06-09	<u>115</u>
Total for federal grantor agency			<u>132,317</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-OOE43101	<u>132,426</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW06121802	<u>380,106</u>
Total for federal grantor agency			<u>512,532</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	1U88EH000277-07 5U88EH000271-02	33,393 <u>1,523</u>
Total for federal grantor agency			<u>34,916</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2007-FO-07910	<u>175,584</u>
Total federal awards expended			<u>\$ 3,615,623</u>

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

CITY OF MUNCIE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Muncie (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2008:

Program Title	Federal CFDA Number	2008
Community Development Block Grants/Entitlement Grants	14.218	\$ 347,316
Home Investment Partnerships Program	14.239	819,960
Crime Victim Assistance	16.575	66,640
Edward Byrne Memorial Formula Grant Program	16.579	32,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	22,500
State and Community Highway Safety	20.600	21,945
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	24,535

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	no

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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS

The City Controller's Office has a lack of segregation of duties. The bank reconciliation, which is not reviewed by management, and other record posting and billing duties are performed by the same individual.

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-2, SUBRECIPIENTS

Federal Agency: Department of Housing and Urban Development
Federal Program: Home Investment Partnerships Program
CFDA Number: 14.239

There were no records indicating that regular monitoring for program compliance was taking place for subrecipients. There were two subrecipients that required monitoring during the audit period; however, no monitoring was performed. There was no management oversight to ensure required monitoring was performed.

HOME Regulations 24 CFR 92.508 (a)(6)(i) states: "Records demonstrating compliance with written agreements required by 92.504."

HOME Regulations 24CFR 92.504(c)(2) states in part: "A subrecipient is a public agency or nonprofit selected by the participating jurisdiction to administer all or a portion of the participating jurisdiction's HOME Program. The agreement between the participating jurisdiction and the subrecipient must include: . . ."

The City has experienced turnover of key staff for the past few years. This factor has curtailed the City's capacity to keep up on HUD compliance requirements. The City does not have a proper control system for monitoring subrecipients.

Subrecipients are operating with federal funds without the oversight of the City.

We recommended the unit monitor subrecipients in accordance with HOME regulations.



City of MUNCIE

MUNCIE, INDIANA

Sharon McShurley, Mayor

July 1, 2009

STATE BOARD OF ACCOUNTS

CITY OF MUNCIE SCHEDULE OF FINDINGS AND QUESTIONED COSTS RESPONSE

Following are actions taken since the City's response to these findings dated July 16, 2008.

Section III – Federal Award Findings and Questioned Costs

Finding 2007-1, UNALLOWABLE ACTIVITIES AND COSTS

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239

1. The City requested on March 18, 2009, the reduction of the FY2009 HOME allocation by the amount of unallowable costs for activity 2015 in the amount of \$117,375. The City received notice from HUD on 5/5/09 that the FY2009 HOME allocation had been reduced by that amount.

2. Christian Ministries provided rent and security deposit assistance in the amount of \$21,670, which includes \$6,077 paid after 5/31/05.

CD staff documented inspections for units that were assisted, in the amount of \$2,034. For units assisted that did not have documented Housing Quality Standards inspections, the City reimbursed HUD using non-federal funds in the amount of \$17,966 by ACH transfer on 10/01/08. However, the total assistance for units with undocumented inspections did not take into account those units assisted using program income in the amount of \$1,670. The City repaid \$1,670 to HUD today by wire transfer using non-federal funds.

3. The contract with Muncie Home Ownership and Development Center states downpayment assistance may not exceed \$5,000, and gap financing may not exceed \$14,999. The claim for payment on activity 2133 clearly identifies downpayment assistance in the amount of \$5,000 and gap financing in the amount of \$14,999, in accordance with the contract.

Finding 2007-2, ELIGIBILITY

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239

The HOME Coordinator maintains a schedule of on-site monitoring visits for units within the period of affordability, according to HUD requirements, including eight properties in 2008. On-site monitoring visits

were completed by 12/31/08. Monitoring records are available for review in the CD HOME Coordinator's office.

Finding 2007-3, ON-SITE INSPECTIONS

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239

The CD Construction Specialist completed HQS inspections of 24 individual HOME-assisted units scheduled for 2008. Documentation is available for review in the CD office. It should be noted that inspections were not completed for properties owned by East Central Reinvestment Corporation that are in foreclosure and are unoccupied.

The list of units requiring HQS inspections varies from year to year for the following reasons:

- a. The number and location of units to be inspected each year varies with the period of affordability (POA); therefore, units on the list examined in 2007 may have been removed because the POA had expired.
- b. Specific apartments in multi-family projects that were assisted with HOME funds may vary, as CD is required to inspect a minimum of one apartment in each building per year, but it does not have to be the same ones each year.
- c. When the HOME Coordinator or HQS Inspector discovers during monitoring that a HOME-assisted unit is occupied by a tenant receiving Section 8 assistance, a copy of the HQS inspection report will be obtained from the Muncie Housing Authority; CD will not inspect the unit.

Finding 2007-4, UNALLOWABLE ACTIVITIES AND COSTS

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Grants/Entitlement Grants
CFDA Number: 14.218

On 8/15/08, the City of Muncie reimbursed CD accounts for the construction of the equipment barn in the amount of \$29,304, check #149643. The finding regarding installation of a light at Cooley Park in the amount of \$4,356 was inadvertently overlooked and has not been addressed. The City repaid \$4,356 to HUD today by wire transfer using non-federal funds.

All current CD employees are committed to ensuring all expenditures are eligible and meet a national objective. All proposed activities are reviewed and discussed thoroughly by CD staff and Director, and eligibility is determined before committing funds.

New procedures were implemented in developing the FY2009 Annual Action Plan of the Consolidated Plan, which included requiring prospective subrecipients to complete a pre-application form for each proposed project activity. The CD Director reviewed each to determine eligibility, and then only pre-applicants with eligible proposals were provided an application form. The CD Director entered all proposed projects on a spreadsheet that included citation of HUD eligibility codes.

Finding 2007-5, UNALLOWABLE ACTIVITIES AND COSTS

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants
CFDA Number 14.251

Responsibilities of various departments involved in administration of this grant have been detailed in writing to ensure all required tasks are completed in a timely manner.

As noted in the previous audit response, CD staff completed their responsibilities for this grant, including completing drawdowns and submitting reports (final closeout report for B-06-SP-IN-0352 on 9/30/08, progress report for B-06-SP-IN-0346 on 12/10/08 and correction 1/9/09). Documentation is on file in the CD office.

In January 2009, CD staff was reminded by Angela Dyer at HUD that Urban Park grant funds "had to be obligated by 9/30/08 and spent by 9/30/13". Since the City had no executed contracts with vendors to complete the park project, and thus not obligated, we believed the balance of unspent funds in the amount of \$196,311.41 would be automatically returned to the U.S. Treasury. In a subsequent discussion with Ms. Dyer, she clarified that for EDI grants, "obligated" means that the City must have an executed grant agreement with HUD, which we do have. CD Director Gregory confirmed by email to/from Francis McNally, Director of HUD Congressional Grants Division, that Urban Park grant funds are available for disbursement until 9/30/13. *See related finding below.*

Finding 2007-6, ACTIVITIES ALLOWED OR UNALLOWED

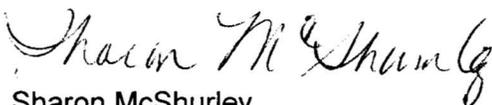
Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants
CFDA Number 14.251

As noted in the previous audit response, CD staff submitted a revised budget to HUD. The only payment subsequent to the previous audit response was to reimburse the City of Muncie for costs related to the SBA audit of the above named grant in the amount of \$721. Documentation is on file in the CD office. *See related finding above.*

If you need additional information, please contact Connie Gregory, Community Development Director at 765-747-4825, via email at cgregory@cityofmuncie.com or via postal service at 300 N. High St., Muncie, IN 47305.

Sincerely,



Sharon McShurley
Mayor, City of Muncie

cc: Connie Gregory, Community Development Director
Doug Zook, Park Superintendent



City of MUNCIE

MUNCIE, INDIANA

Sharon McShurley, Mayor

September 21, 2009

STATE BOARD OF ACCOUNTS
CITY OF MUNCIE
RESPONSE TO SCHEDULED FINDINGS

Finding 2008-1, Internal Controls

Auditee Contact Person: Mary Ann Kratochvil
Title of Contact Person: City Controller
Phone Number: 765-747-4828

The City Controller's office has put into practice the following corrective actions that address the findings regarding the lack of segregation of duties.

They are as follows:

- City Controller will review and approve in a timely manner all bank reconciliations.
- The Investment Clerk will no longer have the ability to issue receipts, collect monies, or post the collections of said monies.
- The Investment Clerk will on a rotational basis with other Controller Office staff will remit the bank deposits to the bank as they will be reconciled before said delivery.
- All health insurance premium bills will be generated by the Health Insurance Department, and
- The affected departments will prepare their own purchase orders for payments.
- The separation of these duties will allow the Investment Clerk to continue to post the insurance payments.

If you need additional information, please contact Mary Ann Kratochvil, City Controller, at 765-747-4828, via e-mail at mkratochvil@cityofmuncie.com or via postal service at 300 N High St., Muncie, IN 47305.

Sincerely,

Sharon McShurley
Mayor

PC: Mary Ann Kratochvil, City Controller



City of MUNCIE

MUNCIE, INDIANA

Sharon McShurley, Mayor

August 31, 2009

STATE BOARD OF ACCOUNTS

CITY OF MUNCIE SCHEDULE OF FINDINGS AND QUESTIONED COSTS RESPONSE

Section III – Federal Award Findings and Questioned Costs

Finding 2008-2, SUBRECIPIENTS

Auditee Contact Person: Connie Gregory
Title of Contact Person: Community Development Director
Phone Number: 765-747-4825

Federal Agency: Department of Housing and Urban Development
Federal Program: HOME Investment Partnerships Program
CFDA Number: 14.239

Several corrective actions have been implemented by the Community Development Department (CD). CD staff has begun using a common online calendar on which all program deadlines and appointments are posted. This will enable the CD Director to oversee schedules to ensure compliance with program requirements, e.g., monitoring appointments and reporting deadlines.

The HOME Coordinator will schedule monitoring visits for the three FY2009 HOME subrecipients before 12/31/09, one each in early October, November, and December, which will provide 30 days to complete each on-site monitoring, assemble and organize related documents, and send a timely follow-up letter to the subrecipient detailing the results of the visit. If significant findings are discovered, a follow-up visit will be scheduled within 60 days of the original monitoring visit.

The HOME Coordinator will use a monitoring checklist provided by HUD (and customized for the Muncie program) to ensure all relevant issues and contract terms are monitored. To ensure all documents related to each subrecipient contract are readily available and well-organized, staff will begin using a single divided folder for each, with clip-in sections for each concern, e.g., contract documents, compliance monitoring, and claims for payment.

At the time of contract execution of all future HOME subrecipient contracts, typically in June of the fiscal year, the HOME Coordinator will schedule tentative monitoring appointments to be completed between October and December, and will post on the CD calendar to ensue oversight.

If you need additional information, please contact Connie Gregory, Community Development Director at 765-747-4825, via email at cgregory@cityofmuncie.com or via postal service at 300 N. High St., Muncie, IN 47305.

Sincerely,

Sharon McShurley
Mayor

cc: Connie Gregory, Community Development Director

CITY OF MUNCIE
EXIT CONFERENCE

The contents of this report were discussed on September 24, 2009 with Mary Ann Kratochvil, CPA, City Controller; Sharon McShurley, Mayor; Richard L. Shirey, Deputy Mayor; Sara Shade, President of the Board of Public Works and Safety; Michael A. King, City Council member; Barbara Smith, Muncie Sanitary District Administrator; and Tom L. Bennington, President of the Board of Sanitary Commissioners. The official response has been made a part of this report and may be found on pages 69 and 70.



City of MUNCIE

MUNCIE, INDIANA

Sharon McShurley, Mayor

October 1, 2009

State Board of Accounts
Room E-418
Government Center South
Indianapolis, IN 46204-2765

Re: Audit Results and City of Muncie's Response

Dear State Board of Accounts:

Thank you for the opportunity to respond to the findings of the 2008 audit for the City of Muncie that was completed this year.

Finding 2008-1, Subrecipients

Response: Covered in CAP

Internal Controls (Management Letter)

Response: Covered in CAP

Internal Controls – Controller's Office

Response: Covered in CAP

Deposits (Prairie Creek Park)

Response: All monies received at Prairie Creek Park will be deposited on a daily basis and proof of same will be provided to Mayor upon random request.

Park Board Policies Not Followed

Response #1: The Park Board approved a resolution at the September 2009 meeting to continue transfers for use of piers and camp sites.

Response #2: The Park Board re-affirmed at the September 2009 meeting that a \$25 fee will be charged and collected for golf carts at Prairie Creek Park.

Muncie Sanitary District Sewage Rates – Approval by the City Council

Response: Documentation provided by Muncie Sanitary District to auditors at exit interview.

Overdrawn Cash Balances

Response: Controller will monitor accounts closely to ensure appropriate transfers are made.

Appropriations

Response: Controller will monitor accounts closely to ensure appropriate transfers are made.

Internal Controls – Sewage Billing

Response: Muncie Sanitary District will regularly review the non-metered fixed consumption amounts and provide documentation upon request supporting how the amount was calculated.

Bids Not Taken On Storm Water Project

Response: Muncie Sanitary District has changed procedures for emergency projects.

Pension Overpayments – 1937 Firefighters’ Pension Fund

Response: Procedures are being changed by the Pension Board secretary to ensure calculations are correct before being submitted to Controller for payment.

Internal Controls – Parking Ticket Forms

Response: Guidelines will be developed from issuance of parking ticket forms to submission of parking tickets to City Clerk. Written guidelines will be developed including who is allowed to void a parking ticket, under what circumstances a parking ticket may be voided, and that voided ticket will be filed with explanation of when, why and who voided and guidelines will be presented to Muncie Common Council for approval.

Policies – Animal Shelter

Response: The City of Muncie has contracted with an individual who has experience working with a Humane Society to develop procedures for Shelter operations and provide training to employees.

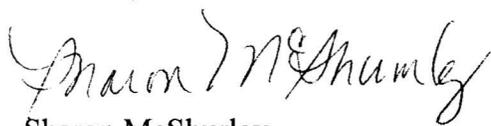
Paid Leave Ordinance – Appointed Exempt/Confidential Employees

Response: Policies for employees not covered by contracts and appointed exempt/confidential employees will be presented to Muncie Common Council.

Approval of Disbursements

Response: Controller’s Office will pay claims only upon authorization and approval by Department heads or other authorized employees.

Sincerely,



Sharon McShurley
Mayor