

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

ANNUAL FINANCIAL REPORT

2010

CITY OF MUNCIE

DELAWARE COUNTY, INDIANA



FILED
08/09/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards.....	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Financial Statement(s): Statement(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statement(s).....	10-16
Supplementary Information: Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	18-34
Schedule of Capital Assets.....	35
Schedule of Long-Term Debt	36
Audit Result(s) and Comment(s): Sanitary District Sewage Operating Fund	37
Sanitary District Temporary Loan	37-38
Sanitary District Revolving Sanitary Sewer Construction Fund – Unallowable Disbursements	38
Sanitary District Sewage Rates – Approval by the Common Council	38
Compensated Absences Policies	39
Errors on Claims	39-40
Contracts	40
Deposits Not Intact – Police Records	41
Deposits – Right-of-Way Permits	41
Appropriations.....	41
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	44-45
Schedule of Expenditures of Federal Awards	46-47
Note(s) to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49
Auditee Prepared Schedule(s): Summary Schedule of Prior Audit Findings	50
Exit Conference.....	51
Official Response	52-74

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mary Ann Kratochvil, CPA	01-01-10 to 12-31-11
Mayor	Sharon McShurley	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Sara Shade Harold Mason	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Common Council	Michael A. King Robert S. Marshall	01-01-10 to 12-31-10 01-01-11 to 12-31-11
President of the Board of Sanitary Commissioners	Tom Bennington	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 statement of the City of Muncie (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express opinions on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 30, 2011, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

The City's response to the Audit Result(s) and Comment(s) identified in our audit is described in the accompanying section of the report entitled Official Response. 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

June 30, 2011



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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 statement of the City of Muncie (City), for the year ended December 31, 2010, and have issued our report thereon dated June 30, 2011. 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 statement, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. 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

June 30, 2011

FINANCIAL STATEMENT(S)

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General Fund	\$ 2,091,923	\$ 26,428,007	\$ 24,772,015	\$ 3,747,915
Motor Vehicle Highway	298,544	2,888,668	2,220,214	966,998
Local Road And Street	407,689	639,845	392,920	654,614
Cemetery Operating	-	462,080	382,345	79,735
Parking Meter	84,969	17,945	-	102,914
Court Adult Probation	104,866	95,727	91,869	108,724
Economic Development	33,119	1,000	-	34,119
Clerk's Records Perpetuation	59,962	10,947	12,249	58,660
Parks And Recreation	120,460	865,454	794,002	191,912
Energy Grant	-	107,500	85,538	21,962
Cd Fy10 Home Program	-	188,491	188,487	4
Mpd Victim Advocate 10-11	-	19,190	18,675	515
Park Grant/Ball Foundation	-	50,000	-	50,000
Cd Fy10 Cdbg Program	-	719,621	719,621	-
Mpd Stop Domestic Violence 10	-	24	13,795	(13,771)
Rainy Day	325,117	381,150	103,474	602,793
Mpd Operation Pull Over 10-11	2,865	30,750	33,615	-
Mpd Victim Advocate 2010-2011	-	38,302	38,301	1
Park Department Grant	2,222	-	-	2,222
Mpd Stop Domestic Viol 09	-	34,669	34,669	-
Mpd Dui Grant 2010	-	9,375	2,520	6,855
Mpd Jag Grant 2009	-	63,034	28,365	34,669
Mpd Cops Hiring Recovery Grant	-	300,000	238,230	61,770
Fed Grant Des Prj 0711006	-	29,257	29,257	-
Mpd Operation Pullover Grant	-	21,250	11,180	10,070
Mpd Dangerous Driving 2010-2011	-	5,625	4,480	1,145
City Excess Levy	-	71,726	-	71,726
Mpd Donation	41	-	-	41
Prairie Creek Reservoir	73,458	572,417	546,519	99,356
Park Dept/Arborist License	-	400	-	400
Park Dept Non-Reverting	14,631	6,348	4,449	16,530
Park Dept-Bert Whitely	11,050	1,399	1,779	10,670
Beech Grove Cum Bldg Maint	35,960	97,329	108,500	24,789
Mpd Smart Team	46	-	-	46
Mpd Drug Interdiction	1,490	-	-	1,490
Mpd Lebg Safety Vest Grant	12,671	10,320	9,827	13,164
Mpd Drug Task Force Forfeiture	12,521	-	2,898	9,623
Mpd Uniform Forfeiture	300	-	-	300
Mpd Honor Guard	114	-	114	-
Mpd Dare Program	6,127	-	-	6,127
Mpd K-9 Special Olympics	1,891	50	-	1,941
Mpd Traffic Division	51,382	23,159	42,482	32,059
Mpd Arson Investigations	1,712	8,328	200	9,840
Mpd Cold Case Grant	1,352	-	1,352	-
Mpd Police Training	8,446	30,170	13,066	25,550
Law Enforcement Continuning Ed	42,843	58,773	40,148	61,468
Fire Department Donations	21,137	21,113	13,621	28,629
Fire Dept Smoke Alarms Donations	514	-	-	514
Mun-Del-Haz-Mat-Team	171	-	-	171
Animal Shelter Donation	15,722	526	3,513	12,735
Cd Fy05 Cdbg Program	-	40,274	40,274	-
Cd Fy 03 Home Program	215	-	215	-
Cd Fy06 Home Program	2,176	-	2,176	-
Cd Fy 07 Home Program	-	180,017	180,017	-
Cardinal Greenway Rails To Trails	-	120,246	120,246	-
Environmental Enhancement	230,894	1,756	-	232,650
Mpd Jag 2006 Grant	2	-	-	2
Cd Grants Other (Non-Hud)	832	-	546	286

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

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Alarm Ordinance	4,415	10,200	3,955	10,660
Tif Central City	792,587	192,735	375,460	609,862
Redevelopment Tech Park	581,101	399,181	375,000	605,282
Revevelopment Commission	56,223	227,614	224,579	59,258
Industrial Develop Revolving Loan	871,555	344,860	1,004,473	211,942
Redevelopment Comm Other Prjs	200,230	60,763	17,006	243,987
Taxable Tax Inc & Economic Income	123	596,225	596,225	123
Cd Fy 00 Cdbg Program	275	8,727	8,683	319
Cd Fy08 Cdbg Program	-	33,707	33,707	-
Cd Unsafe Building Fund	21,884	31,514	17,013	36,385
Cd Fy08 Home Program	-	183,466	183,466	-
Mpd Victim Advocate 08-09	238	81,636	81,875	(1)
Park White River Beautification	224	-	-	224
Mpd Domestic Viol 07-08	225	-	-	225
Mpd Jag 2007	27,036	1	27,037	-
Mfd Fire Safety & Equipment	532	-	-	532
Mpd Drug Task Force Federal Forfeiture	75,496	156,046	56,340	175,202
Community Development/Nsp Grant	-	777,526	777,520	6
Brownfield Grant Non-Hud	-	13,826	13,826	-
Adult Probation Services Fees	39,980	26,355	-	66,335
Mpd Cops Technology Grant 09	6,253	-	6,253	-
Mpd Operation Pull Over 09-10	5,885	37,500	43,386	(1)
Mpd Dangerous Driving Enforcement	4,950	33,750	38,700	-
Mpd Jag 2008	1,351	8,649	-	10,000
Mpd Jag Recovery 2009	156,478	-	140,773	15,705
Cdbg-R Hud Grant	-	41,552	41,552	-
Cd Fy99 Cdbg Program	-	633,259	633,259	-
Cd Demolition Co-Pay Fd	2,349	2,833	5,182	-
Cd Fy 09 Home Program	-	55,312	55,312	-
City Bond General Sinking	-	51,563	52,853	(1,290)
Mvh Principal And Interest	4,071	-	-	4,071
Redevelopment Comm/Facade	176,910	170,264	170,000	177,174
Cumulative Capl Imprv Cigarette Tax	-	197,433	197,433	-
E.D.I.T.	1,232,270	1,450,189	1,069,824	1,612,635
Urban Development	-	703	31	672
Health Ins.	2,948	7,284,732	6,326,808	960,872
Police Pension	860,261	5,731,644	3,627,874	2,964,031
Fire Pension	623,377	4,493,696	3,909,283	1,207,790
Beech Grove Thompson Trust	9,739	10	-	9,749
Beech Grove Cemetery Trust	35,234	2,354	-	37,588
Beech Grove Grace Maring	56,197	77	-	56,274
Beech Grove Hardin Rhoads	30,406	45	-	30,451
Redevelopment Comm/Allocation	1,756,631	1,264,932	598,735	2,422,828
Payroll	413,284	27,204,635	27,157,713	460,206
Insurance-Other	615,145	58,968	-	674,113
Beech Grove Pre-Need	123,988	24,100	15,631	132,457
User Fee Law Enforcement Education	42,795	14,760	13,564	43,991
Collection Agency Parking Violation	55	5,095	5,095	55
Security Deposit	3,300	-	-	3,300
Tif Muncie Mall	-	1,325,652	1,325,652	-
Court Cost Due County	-	63,802	63,802	-
City Court	338,820	1,035,468	1,224,840	149,448
Cabin Rental Deposits	560	17,040	16,960	640
Sewage General	15,161,237	29,292,359	36,233,691	8,219,905
Totals	\$ 28,416,052	\$ 118,299,020	\$ 118,118,134	\$ 28,596,938

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

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)

Note 1. 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 some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

H. 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 2010, 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 groundwater 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 and other potentially responsible parties to perform and pay for additional groundwater investigation and to pay unspecified cost IDEM has incurred or will incur in responding to the contamination at the site. The groundwater investigation was completed, but the project is continuing to be monitored on a yearly basis and some of the restrictions may soon be released.

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

I. 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 2010 disbursed \$375,000 to the Muncie Innovation Connector, Inc. (Corporation). The Corporation is responsible for the construction and ongoing occupation of the business incubator. Partners of the Corporation include the City of Muncie, Ball State University and Clarian Health Partners.

J. 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 2010 new loans totaling \$950,000 were issued. Principal payments received on loans totaled \$225,090. The total balance of loans outstanding at December 31, 2010 was \$3,905,751.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

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

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. That report may be obtained by contacting:

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF MUNCIE
NOTES TO THE FINANCIAL STATEMENT(S)
(Continued)

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

Plan Description

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

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

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

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

Note 7. Subsequent Events

The City of Muncie issued ten year bonds in the amount of \$2,000,000 in March 2011 for the renovation of Tuhey Pool.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Muncie's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General Fund	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Parking Meter	Court Adult Probation	Economic Development
Cash and investments - beginning	\$ 2,091,923	\$ 298,544	\$ 407,689	\$ -	\$ 84,969	\$ 104,866	\$ 33,119
Receipts:							
Taxes	18,275,541	-	-	328,096	-	-	-
Licenses and permits	291,558	24,597	-	-	-	-	-
Intergovernmental	5,838,501	2,791,354	620,651	29,014	-	-	-
Charges for services	817,073	-	-	83,478	17,945	-	-
Fines and forfeits	413,639	56,686	-	-	-	95,727	-
Utility fees	-	-	-	-	-	-	-
Other receipts	791,695	16,031	19,194	21,492	-	-	1,000
Total receipts	<u>26,428,007</u>	<u>2,888,668</u>	<u>639,845</u>	<u>462,080</u>	<u>17,945</u>	<u>95,727</u>	<u>1,000</u>
Disbursements:							
Personal services	16,216,180	1,111,859	-	271,084	-	-	-
Supplies	446,536	284,458	-	32,917	-	-	-
Other services and charges	7,992,241	823,897	392,920	78,344	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,105	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	95,953	-	-	-	-	91,869	-
Total disbursements	<u>24,772,015</u>	<u>2,220,214</u>	<u>392,920</u>	<u>382,345</u>	<u>-</u>	<u>91,869</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,655,992</u>	<u>668,454</u>	<u>246,925</u>	<u>79,735</u>	<u>17,945</u>	<u>3,858</u>	<u>1,000</u>
Cash and investments - ending	<u>\$ 3,747,915</u>	<u>\$ 966,998</u>	<u>\$ 654,614</u>	<u>\$ 79,735</u>	<u>\$ 102,914</u>	<u>\$ 108,724</u>	<u>\$ 34,119</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Clerk's Records Perpetuation	Parks And Recreation	Energy Grant	Cd Fy10 Home Program	Mpd Victim Advocate 10-11	Park Grant/Ball Foundation	Cd Fy10 Cdbg Program
Cash and investments - beginning	\$ 59,962	\$ 120,460	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	752,325	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	83,613	107,500	188,491	3,750	-	712,671
Charges for services	-	21,350	-	-	-	-	-
Fines and forfeits	10,947	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	8,166	-	-	15,440	50,000	6,950
Total receipts	<u>10,947</u>	<u>865,454</u>	<u>107,500</u>	<u>188,491</u>	<u>19,190</u>	<u>50,000</u>	<u>719,621</u>
Disbursements:							
Personal services	-	612,944	-	24,093	18,603	-	68,608
Supplies	-	56,029	-	-	72	-	-
Other services and charges	12,249	125,029	85,538	164,394	-	-	468,250
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	182,763
Total disbursements	<u>12,249</u>	<u>794,002</u>	<u>85,538</u>	<u>188,487</u>	<u>18,675</u>	<u>-</u>	<u>719,621</u>
Excess (deficiency) of receipts over disbursements	<u>(1,302)</u>	<u>71,452</u>	<u>21,962</u>	<u>4</u>	<u>515</u>	<u>50,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 58,660</u>	<u>\$ 191,912</u>	<u>\$ 21,962</u>	<u>\$ 4</u>	<u>\$ 515</u>	<u>\$ 50,000</u>	<u>\$ -</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Mpd Stop Domestic Violence 10	Rainy Day	Mpd Operation Pull Over 10-11	Mpd Victim Advocate 2010-2011	Park Department Grant	Mpd Stop Domestic Viol 09	Mpd Dui Grant 2010
Cash and investments - beginning	\$ -	\$ 325,117	\$ 2,865	\$ -	\$ 2,222	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	285,386	30,750	14,940	-	34,669	9,375
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	24	95,764	-	23,362	-	-	-
Total receipts	24	381,150	30,750	38,302	-	34,669	9,375
Disbursements:							
Personal services	11,660	-	-	21,847	-	12,284	-
Supplies	-	-	-	1,014	-	-	-
Other services and charges	2,135	-	22,345	-	-	22,385	2,520
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	103,474	11,270	15,440	-	-	-
Total disbursements	13,795	103,474	33,615	38,301	-	34,669	2,520
Excess (deficiency) of receipts over disbursements	(13,771)	277,676	(2,865)	1	-	-	6,855
Cash and investments - ending	\$ (13,771)	\$ 602,793	\$ -	\$ 1	\$ 2,222	\$ -	\$ 6,855

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Mpd Jag Grant 2009	Mpd Cops Hiring Recovery Grant	Fed Grant Des Prj 0711006	Mpd Operation Pullover Grant	Mpd Dangerous Driving 2010-2011	City Excess Levy	Mpd Donation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	63,034	300,000	29,257	21,250	5,625	71,726	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>63,034</u>	<u>300,000</u>	<u>29,257</u>	<u>21,250</u>	<u>5,625</u>	<u>71,726</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	28,365	238,230	29,257	2,780	4,480	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	8,400	-	-	-
Total disbursements	<u>28,365</u>	<u>238,230</u>	<u>29,257</u>	<u>11,180</u>	<u>4,480</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>34,669</u>	<u>61,770</u>	<u>-</u>	<u>10,070</u>	<u>1,145</u>	<u>71,726</u>	<u>-</u>
Cash and investments - ending	<u>\$ 34,669</u>	<u>\$ 61,770</u>	<u>\$ -</u>	<u>\$ 10,070</u>	<u>\$ 1,145</u>	<u>\$ 71,726</u>	<u>\$ 41</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Prairie Creek Reservoir	Park Dept/Arborist License	Park Dept Non-Reverting	Park Dept-Bert Whitely	Beech Grove Cum Bldg Maint	Mpd Smart Team	Mpd Drug Interdiction
Cash and investments - beginning	\$ 73,458	\$ -	\$ 14,631	\$ 11,050	\$ 35,960	\$ 46	\$ 1,490
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	400	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	561,329	-	-	-	25,593	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,088	-	6,348	1,399	71,736	-	-
Total receipts	<u>572,417</u>	<u>400</u>	<u>6,348</u>	<u>1,399</u>	<u>97,329</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	355,673	-	-	-	23,079	-	-
Supplies	68,375	-	-	-	-	-	-
Other services and charges	113,412	-	4,449	1,779	85,421	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	9,059	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>546,519</u>	<u>-</u>	<u>4,449</u>	<u>1,779</u>	<u>108,500</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>25,898</u>	<u>400</u>	<u>1,899</u>	<u>(380)</u>	<u>(11,171)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 99,356</u>	<u>\$ 400</u>	<u>\$ 16,530</u>	<u>\$ 10,670</u>	<u>\$ 24,789</u>	<u>\$ 46</u>	<u>\$ 1,490</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Mpd Lebg Safety Vest Grant	Mpd Drug Task Force Forfeiture	Mpd Uniform Forfeiture	Mpd Honor Guard	Mpd Dare Program	Mpd K-9 Special Olympics	Mpd Traffic Division
Cash and investments - beginning	\$ 12,671	\$ 12,521	\$ 300	\$ 114	\$ 6,127	\$ 1,891	\$ 51,382
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	10,320	-	-	-	-	-	6,089
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	17,070
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	50	-
Total receipts	<u>10,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>23,159</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	9,827	2,898	-	114	-	-	7,057
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	35,425
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>9,827</u>	<u>2,898</u>	<u>-</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>42,482</u>
Excess (deficiency) of receipts over disbursements	<u>493</u>	<u>(2,898)</u>	<u>-</u>	<u>(114)</u>	<u>-</u>	<u>50</u>	<u>(19,323)</u>
Cash and investments - ending	<u>\$ 13,164</u>	<u>\$ 9,623</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 6,127</u>	<u>\$ 1,941</u>	<u>\$ 32,059</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Mpd Arson Investigations	Mpd Cold Case Grant	Mpd Police Training	Law Enforcement Continuing Ed	Fire Department Donations	Fire Dept Smoke Alarms Donations	Mun-Del-Haz-Mat-Team
Cash and investments - beginning	\$ 1,712	\$ 1,352	\$ 8,446	\$ 42,843	\$ 21,137	\$ 514	\$ 171
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	725	19,170	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	12,185	29,456	-	-	-
Fines and forfeits	-	-	17,130	9,061	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>8,328</u>	<u>-</u>	<u>130</u>	<u>1,086</u>	<u>21,113</u>	<u>-</u>	<u>-</u>
Total receipts	<u>8,328</u>	<u>-</u>	<u>30,170</u>	<u>58,773</u>	<u>21,113</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	200	1,352	13,066	40,148	13,621	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>200</u>	<u>1,352</u>	<u>13,066</u>	<u>40,148</u>	<u>13,621</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,128</u>	<u>(1,352)</u>	<u>17,104</u>	<u>18,625</u>	<u>7,492</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 9,840</u>	<u>\$ -</u>	<u>\$ 25,550</u>	<u>\$ 61,468</u>	<u>\$ 28,629</u>	<u>\$ 514</u>	<u>\$ 171</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Animal Shelter Donation	Cd Fy05 Cdbg Program	Cd Fy 03 Home Program	Cd Fy06 Home Program	Cd Fy 07 Home Program	Cardinal Greenway Rails To Trails	Environmental Enhancement
Cash and investments - beginning	\$ 15,722	\$ -	\$ 215	\$ 2,176	\$ -	\$ -	\$ 230,894
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	40,274	-	-	180,017	120,246	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	526	-	-	-	-	-	1,756
Total receipts	526	40,274	-	-	180,017	120,246	1,756
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	3,513	40,274	215	2,176	180,017	120,246	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,513	40,274	215	2,176	180,017	120,246	-
Excess (deficiency) of receipts over disbursements	(2,987)	-	(215)	(2,176)	-	-	1,756
Cash and investments - ending	\$ 12,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 232,650

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Mpd Jag 2006 Grant	Cd Grants Other (Non-Hud)	Alarm Ordinance	Tif Central City	Redevelopment Tech Park	Revevelopment Commission	Industrial Develop Revolving Loan
Cash and investments - beginning	\$ 2	\$ 832	\$ 4,415	\$ 792,587	\$ 581,101	\$ 56,223	\$ 871,555
Receipts:							
Taxes	-	-	-	186,345	396,173	-	344,860
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	10,200	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	6,390	3,008	227,614	-
Total receipts	-	-	10,200	192,735	399,181	227,614	344,860
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	546	3,955	375,460	375,000	-	-
Debt service - principal and interest	-	-	-	-	-	12,736	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	211,843	1,004,473
Total disbursements	-	546	3,955	375,460	375,000	224,579	1,004,473
Excess (deficiency) of receipts over disbursements	-	(546)	6,245	(182,725)	24,181	3,035	(659,613)
Cash and investments - ending	<u>\$ 2</u>	<u>\$ 286</u>	<u>\$ 10,660</u>	<u>\$ 609,862</u>	<u>\$ 605,282</u>	<u>\$ 59,258</u>	<u>\$ 211,942</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Redevelopment Comm Other Prjs	Taxable Tax Inc & Economic Income	Cd Fy 00 Cdbg Program	Cd Fy08 Cdbg Program	Cd Unsafe Building Fund	Cd Fy08 Home Program	Mpd Victim Advocate 08-09
Cash and investments - beginning	\$ 200,230	\$ 123	\$ 275	\$ -	\$ 21,884	\$ -	\$ 238
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	8,727	33,707	-	178,466	80,611
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	31,514	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	60,763	596,225	-	-	-	5,000	1,025
Total receipts	<u>60,763</u>	<u>596,225</u>	<u>8,727</u>	<u>33,707</u>	<u>31,514</u>	<u>183,466</u>	<u>81,636</u>
Disbursements:							
Personal services	-	-	-	76	-	-	45,240
Supplies	-	-	-	-	-	-	12,029
Other services and charges	-	-	8,683	33,631	17,013	183,466	1,244
Debt service - principal and interest	-	596,225	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	17,006	-	-	-	-	-	23,362
Total disbursements	<u>17,006</u>	<u>596,225</u>	<u>8,683</u>	<u>33,707</u>	<u>17,013</u>	<u>183,466</u>	<u>81,875</u>
Excess (deficiency) of receipts over disbursements	<u>43,757</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>14,501</u>	<u>-</u>	<u>(239)</u>
Cash and investments - ending	<u>\$ 243,987</u>	<u>\$ 123</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ 36,385</u>	<u>\$ -</u>	<u>\$ (1)</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Park White River Beautification	Mpd Domestic Viol 07-08	Mpd Jag 2007	Mfd Fire Safety & Equipment	Mpd Drug Task Force Federal Forfeiture	Community Development/Nsp Grant	Brownfield Grant Non-Hud
Cash and investments - beginning	\$ 224	\$ 225	\$ 27,036	\$ 532	\$ 75,496	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1	-	-	775,388	13,826
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	156,046	2,138	-
Total receipts	-	-	1	-	156,046	777,526	13,826
Disbursements:							
Personal services	-	-	-	-	-	66,583	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	56,340	710,937	12,289
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	27,037	-	-	-	1,537
Total disbursements	-	-	27,037	-	56,340	777,520	13,826
Excess (deficiency) of receipts over disbursements	-	-	(27,036)	-	99,706	6	-
Cash and investments - ending	\$ 224	\$ 225	\$ -	\$ 532	\$ 175,202	\$ 6	\$ -

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Adult Probation Services Fees	Mpd Cops Technology Grant 09	Mpd Operation Pull Over 09-10	Mpd Dangerous Driving Enforcement	Mpd Jag 2008	Mpd Jag Recovery 2009
Cash and investments - beginning	\$ 39,980	\$ 6,253	\$ 5,885	\$ 4,950	\$ 1,351	\$ 156,478
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	37,500	33,750	8,649	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	26,355	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>26,355</u>	<u>-</u>	<u>37,500</u>	<u>33,750</u>	<u>8,649</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	6,253	3	27,325	-	140,773
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	43,383	11,375	-	-
Total disbursements	<u>-</u>	<u>6,253</u>	<u>43,386</u>	<u>38,700</u>	<u>-</u>	<u>140,773</u>
Excess (deficiency) of receipts over disbursements	<u>26,355</u>	<u>(6,253)</u>	<u>(5,886)</u>	<u>(4,950)</u>	<u>8,649</u>	<u>(140,773)</u>
Cash and investments - ending	<u>\$ 66,335</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 15,705</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Cdbg-R Hud Grant	Cd Fy99 Cdbg Program	Cd Demolition Co-Pay Fd	Cd Fy 09 Home Program	City Bond General Sinking	Mvh Principal And Interest
Cash and investments - beginning	\$ -	\$ -	\$ 2,349	\$ -	\$ -	\$ 4,071
Receipts:						
Taxes	-	-	-	-	47,382	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	41,552	624,270	-	55,312	4,181	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	8,989	2,833	-	-	-
Total receipts	<u>41,552</u>	<u>633,259</u>	<u>2,833</u>	<u>55,312</u>	<u>51,563</u>	<u>-</u>
Disbursements:						
Personal services	2,399	180,755	-	40,669	-	-
Supplies	-	-	-	-	-	-
Other services and charges	39,153	452,504	5,182	14,643	-	-
Debt service - principal and interest	-	-	-	-	52,853	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>41,552</u>	<u>633,259</u>	<u>5,182</u>	<u>55,312</u>	<u>52,853</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(2,349)</u>	<u>-</u>	<u>(1,290)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,290)</u>	<u>\$ 4,071</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Redevelopment Comm/Facade	Cumulative Capl Imprv Cigarette Tax	E.D.I.T.	Urban Development	Health Ins.	Police Pension
Cash and investments - beginning	\$ 176,910	\$ -	\$ 1,232,270	\$ -	\$ 2,948	\$ 860,261
Receipts:						
Taxes	-	-	1,265,712	-	-	2,762,552
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	197,433	166,554	703	-	2,918,684
Charges for services	-	-	-	-	7,284,732	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	170,264	-	17,923	-	-	50,408
Total receipts	<u>170,264</u>	<u>197,433</u>	<u>1,450,189</u>	<u>703</u>	<u>7,284,732</u>	<u>5,731,644</u>
Disbursements:						
Personal services	-	-	-	-	-	3,618,487
Supplies	-	-	-	-	-	-
Other services and charges	-	-	1,031,226	31	-	9,387
Debt service - principal and interest	170,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	197,433	38,598	-	6,326,808	-
Total disbursements	<u>170,000</u>	<u>197,433</u>	<u>1,069,824</u>	<u>31</u>	<u>6,326,808</u>	<u>3,627,874</u>
Excess (deficiency) of receipts over disbursements	<u>264</u>	<u>-</u>	<u>380,365</u>	<u>672</u>	<u>957,924</u>	<u>2,103,770</u>
Cash and investments - ending	<u>\$ 177,174</u>	<u>\$ -</u>	<u>\$ 1,612,635</u>	<u>\$ 672</u>	<u>\$ 960,872</u>	<u>\$ 2,964,031</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Fire Pension	Beech Grove Thompson Trust	Beech Grove Cemetery Trust	Beech Grove Grace Maring	Beech Grove Hardin Rhoads	Redevelopment Comm/Allocation
Cash and investments - beginning	\$ 623,377	\$ 9,739	\$ 35,234	\$ 56,197	\$ 30,406	\$ 1,756,631
Receipts:						
Taxes	1,558,282	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,904,193	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	31,221	10	2,354	77	45	1,264,932
Total receipts	4,493,696	10	2,354	77	45	1,264,932
Disbursements:						
Personal services	3,904,251	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	2,510
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	5,032	-	-	-	-	596,225
Total disbursements	3,909,283	-	-	-	-	598,735
Excess (deficiency) of receipts over disbursements	584,413	10	2,354	77	45	666,197
Cash and investments - ending	\$ 1,207,790	\$ 9,749	\$ 37,588	\$ 56,274	\$ 30,451	\$ 2,422,828

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll	Insurance-Other	Beech Grove Pre-Need	User Fee Law Enforcement Education	Collection Agency Parking Violation	Security Deposit
Cash and investments - beginning	\$ 413,284	\$ 615,145	\$ 123,988	\$ 42,795	\$ 55	\$ 3,300
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>27,204,635</u>	<u>58,968</u>	<u>24,100</u>	<u>14,760</u>	<u>5,095</u>	<u>-</u>
Total receipts	<u>27,204,635</u>	<u>58,968</u>	<u>24,100</u>	<u>14,760</u>	<u>5,095</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>27,157,713</u>	<u>-</u>	<u>15,631</u>	<u>13,564</u>	<u>5,095</u>	<u>-</u>
Total disbursements	<u>27,157,713</u>	<u>-</u>	<u>15,631</u>	<u>13,564</u>	<u>5,095</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>46,922</u>	<u>58,968</u>	<u>8,469</u>	<u>1,196</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 460,206</u>	<u>\$ 674,113</u>	<u>\$ 132,457</u>	<u>\$ 43,991</u>	<u>\$ 55</u>	<u>\$ 3,300</u>

MUNCIE CIVIL CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tif Muncie Mall	Court Cost Due County	City Court	Cabin Rental Deposits	Sewage General	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 338,820	\$ 560	\$ 15,161,237	\$ 28,416,052
Receipts:						
Taxes	-	-	-	-	7,677,062	33,594,330
Licenses and permits	-	-	-	-	-	336,450
Intergovernmental	-	-	-	-	3,069,543	22,751,553
Charges for services	-	-	-	-	-	8,853,141
Fines and forfeits	-	-	-	-	-	688,329
Utility fees	-	-	-	-	11,578,985	11,578,985
Other receipts	<u>1,325,652</u>	<u>63,802</u>	<u>1,035,468</u>	<u>17,040</u>	<u>6,966,769</u>	<u>40,496,232</u>
Total receipts	<u>1,325,652</u>	<u>63,802</u>	<u>1,035,468</u>	<u>17,040</u>	<u>29,292,359</u>	<u>118,299,020</u>
Disbursements:						
Personal services	-	-	-	-	-	26,606,374
Supplies	-	-	-	-	-	901,430
Other services and charges	-	-	-	-	-	14,642,698
Debt service - principal and interest	-	-	-	-	2,866,200	3,698,014
Capital outlay	-	-	-	-	830,595	896,184
Utility operating expenses	-	-	-	-	28,598,896	28,598,896
Other disbursements	<u>1,325,652</u>	<u>63,802</u>	<u>1,224,840</u>	<u>16,960</u>	<u>3,938,000</u>	<u>42,774,538</u>
Total disbursements	<u>1,325,652</u>	<u>63,802</u>	<u>1,224,840</u>	<u>16,960</u>	<u>36,233,691</u>	<u>118,118,134</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(189,372)</u>	<u>80</u>	<u>(6,941,332)</u>	<u>180,886</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,448</u>	<u>\$ 640</u>	<u>\$ 8,219,905</u>	<u>\$ 28,596,938</u>

CITY OF MUNCIE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2010

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	\$ 2,602,049
Infrastructure	28,596,938
Buildings	30,850,605
Improvements other than buildings	5,618,431
Machinery and equipment	<u>10,247,307</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 77,915,330</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Sanitary District:	
Capital assets, not being depreciated:	
Land	\$ 235,920
Construction in progress	647,383
Buildings	9,626,267
Improvements other than buildings	59,847,477
Machinery and equipment	<u>20,423,914</u>
 Total business-type activities capital assets	 <u><u>\$ 90,780,961</u></u>

CITY OF MUNCIE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Copiers	\$ 33,761	\$ 26,411
Bonds payable:		
General obligation bonds:		
Downtown Façade Restoration Bonds	530,000	187,437
Revenue bonds:		
TIF Economic Development Bonds of 2007	<u>5,005,000</u>	<u>596,250</u>
Total governmental activities debt	<u>\$ 5,568,761</u>	<u>\$ 810,098</u>
Business-type activities:		
Sanitary District:		
Revenue bonds:		
Storm Water Bonds of 2007	\$ 4,580,000	\$ 362,998
Notes:		
Bond Anticipation Note	9,000,000	310,500
State Revolving Loan Funds:		
Loan No. CS18231001	9,970,000	1,028,765
Loan No. CS10208836	<u>14,991,678</u>	<u>*</u>
Total business-type activities debt	<u>\$ 38,541,678</u>	<u>\$ 1,702,263</u>

*A maximum draw of \$17,960,000 was approved for this loan. As of December 31, 2010, \$17,789,678 had been drawn and \$2,798,000 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 RESULT(S) AND COMMENT(S)

SANITARY DISTRICT SEWAGE OPERATING FUND

The following items were noted during a review of the Sanitary District's Sewage Operating Fund:

1. The month end balance of the Sewage Operating Fund was as follows for 2010:

Month	Cash Balance
January	\$ (553,197)
February	(610,301)
March	(358,426)
April	(491,362)
May	(454,751)
June	(332,907)
July	(716,814)
August	(839,344)
September	(677,182)
October	(1,374,300)
November	(1,378,511)
December (Prior to loan)	(296,442)

2. Engineering disbursements in the amount of \$1,008,622 were made from the Sanitation Fund rather than the Sewage Operating Fund. Recycling disbursements of \$284,061 were made from the Sewage Operating Fund rather than the Sanitation Fund.
3. A temporary loan was made on December 31, 2010, from the Sewage Debt Service Reserve Fund to the Sewage Operating Fund in the amount of \$296,442.

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)

SANITARY DISTRICT TEMPORARY LOAN

A temporary loan of \$500,000 was made July 15, 2010, from the Sanitation Fund to the Cumulative Building and Sinking Fund. The loan was not repaid by December 31, 2010. The Board of Sanitary Commissioners did not pass a resolution declaring an emergency. The loan has not been repaid as of June 30, 2011.

Indiana Code 36-1-8-4 concerning temporary loans states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

CITY OF MUNCIE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

SANITARY DISTRICT REVOLVING SANITARY SEWER CONSTRUCTION FUND – UNALLOWABLE DISBURSEMENTS

Disbursements in the amount of \$655,865 were made from the Revolving Sanitary Sewer Construction Fund. Receipts into the fund were assessments collected from property owners. Disbursements were for construction projects in non-assessed areas. It is unclear whether this is a Barrett Law or General Improvement fund since a resolution creating the fund was not presented for audit.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SANITARY DISTRICT SEWAGE RATES - APPROVAL BY THE COMMON COUNCIL

The Wastewater rates in effect for charges billed to Muncie Sanitary District Wastewater Utility customers in 2010 were established in Resolutions 2005-14 and 2008-15. The Resolutions were approved by the Board of Sanitary Commissioners. Before taking effect, the wastewater rates were not approved by ordinance of the municipal legislative body.

Indiana Code 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 RESULT(S) AND COMMENT(S)
(Continued)

COMPENSATED ABSENCES POLICIES

The following items were noted in prior Report B37241 and during the current audit period:

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 only by the Mayor.

A written policy concerning the accrual, recordkeeping, and use of compensatory time approved by the Common Council was not presented for audit.

Indiana Code 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 . . ."

ERRORS ON CLAIMS

The following deficiencies were noted during a review of claims:

1. Claims were not adequately itemized. Supporting documentation for some claims reviewed included: copies of credit card slips rather than actual receipts; no receipts to support credit card charges; copies of invoices; and hotel charges with no supporting invoice.
2. Disbursements were not posted to the proper appropriation line item. An employee recognition dinner, donuts for meetings, supplies, boutonnieres for the Fire Department, a funeral planter, and computer with other equipment were erroneously charged to Other Services and Charges. In 2010, \$33,155 was disbursed for equipment and contractual services for Channel 60 from the Communication Center appropriation line in the General Fund. A review of the records indicated that for the years 2004 through 2009 the only type of disbursement paid from the Communication Center appropriation line was for Enhanced 911 expenses.
3. Sales tax was paid on some purchases.
4. Authorization for purchases was not always performed by the appropriate department. The Controller's office approved various purchases such as supplies purchased by the Sanitary District, demolition services overseen by Community Development, vehicles purchased by the Police Department, and payments disbursed to Cardinal Greenway for the Rails to Trails project which is overseen by the Street Department.

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

CITY OF MUNCIE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (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)

CONTRACTS

Payments for administrative costs totaling \$687,266 were made to Anthem Blue Cross and Blue Shield for the period from January 1, 2009 to February 28, 2011, without a contract. The effective date of the contract was January 1, 2009 to date; however, the contract was not signed by the City and Anthem until March 2011.

Contract payments during 2010 for a paving project (18th Street, Walnut Street to Mock Avenue) exceeded the contract amount by \$13,750. Change orders for the 2010 paving projects were not approved by the Board of Works until April 20, 2011.

Contract payments during 2010 for the paving of streets and a park parking lot, which was overseen by Community Development, exceeded the contract amount by \$4,056.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 36-1-12-18(a) states:

"If, in the course of the construction, reconstruction, or repair of a public work project, it becomes necessary to change or alter the original specifications, a change order may be issued to add, delete, or change an item or items in the original contract. The change order becomes an addendum to the contract and must be approved and signed by the board and the contractor."

CITY OF MUNCIE
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

DEPOSITS NOT INTACT - POLICE RECORDS

In 50 percent of the days tested, the breakdown of cash, checks, and money orders per the Police Records' receipts could not be traced to the breakdown of cash, checks, and money orders per the Controller's receipts. Police Records' receipts did not always indicate payment method.

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DEPOSITS – RIGHT-OF-WAY PERMITS

Receipts for right-of-way permits were deposited later than the next business day. Collections totaling \$4,800, which were for the period from November 1, 2010 through December 7, 2010, were remitted to the Controller's office on December 8, 2010.

Indiana Code 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."

APPROPRIATIONS

Budgets were not approved by the Common Council for the following funds: Rainy Day, User Fee Law Enforcement Continuing Education, Clerk's Records Perpetuation, and Cd Unsafe Building Fund.

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

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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, 2010. 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 non-compliance 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, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

June 30, 2011

CITY OF MUNCIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

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 HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement Grants Cluster			
Community Development Block Grants/Entitlement Grants	14.218		
		B-05-MC-18-0010	\$ 40,274
		B-08-MC-18-0010	33,707
		B-09-MC-18-00102	624,271
		B-10-MC-18-00102	712,671
Community Development Block Grants ARRA Entitlement Grants	14.253		
		B-09-MY-18-0010	41,552
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.254		
		B-08-MN-18-009	<u>775,388</u>
Total for cluster			<u>2,227,863</u>
Direct Grant			
Home Investment Partnerships Program			
	14.239		
		M-07-MC-18-0206	180,017
		M-08-MC-18-0206	178,466
		M-09-MC-18-0206	55,312
		M-10-MC-18-0206	<u>188,490</u>
Total for program			<u>602,285</u>
Total for federal grantor agency			<u>2,830,148</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Pass-Through Department of Natural Resources			
Historic Preservation Fund Grants-In-Aid	15.904		
		18-05-21517-CA-3	<u>546</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program			
	16.607		
		2010	<u>9,827</u>
Direct Grant			
Public Safety Partnership and Community Policing Grants			
	16.710		
		2008CCKWX0817	6,253
		2009RKWX0039	<u>208,230</u>
Total for program			<u>214,483</u>
Pass-Through Indiana Criminal Justice Institute			
Violence Against Women Formula Grants			
	16.588		
		09VALE200	11,189
		2009-WF-AX-0006	<u>34,669</u>
Total for program			<u>45,858</u>
Edward Byrne Memorial Justice Assistance Grant Program			
	16.738		
		2007-DJ-BX-1062	27,037
		2009-SB-B9-2257	140,773
		2009-DJ-BX-1001	<u>28,365</u>
Total for program			<u>196,175</u>
Total for federal grantor agency			<u>466,343</u>

The accompanying note(s) 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, 2010
(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 Cluster Highway Planning and Construction	20.205	DES#0301164 DES#0301159 DES#0600202 DES#0401076 DES#9522040 DES#0711006 DES#0900598 DES#0900600	56,402 13,560 50,238 45,142 28,731 29,257 121,677 <u>273,248</u>
Total for cluster			<u>618,255</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	PT-10-04-04-07 PT-11-04-04-02	43,385 11,180
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2010-03-03-07 K8-2011-03-03-06 K4-2010-08-01-03 CA-2011-08-01-03	30,700 2,520 38,640 <u>4,480</u>
Total for cluster			<u>130,905</u>
Total for federal grantor agency			<u>749,160</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-OOE43101	<u>13,826</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW06121802	<u>176,648</u>
Total for federal grantor agency			<u>190,474</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant Energy Efficiency and Conservation Block Grant Program	81.128	DE-SC0003154	<u>85,538</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Grant Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	FY 10	<u>44,357</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2009-FH-01268	<u>437,719</u>
Total federal awards expended			<u>\$ 4,804,285</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MUNCIE
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Muncie (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.083	CDBG – Entitlement Grants Cluster Highway Planning and Construction Cluster Staffing for Adequate Fire and Emergency Response (SAFER)

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

Auditee qualified as low-risk auditee?	yes
--	-----

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MUNCIE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF MUNCIE
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2010, with Mary Ann Kratochvil, CPA, Controller; Sharon McShurley, Mayor; Daniel Gibson, Secretary of the Board of Public Works and Safety; Robert S. Marshall, President of the Common Council; and Tom 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 52 through 74.



City of MUNCIE

MUNCIE, INDIANA

Sharon McShurley, Mayor

July 20, 2011

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

RE: 2010 Audit Results and City of Muncie's Response-REVISED

Dear State Board of Accounts:

Thank you for the opportunity to respond to the findings of the 2010 audit for the City of Muncie that was completed this year.

The Muncie Sanitary District will be responding separately to their findings.

Compensated Absences Policies

Response: Policy was to have been rescinded by former Personnel Manager but was not done formally due to transition of department heads.

Errors on Claims

Response: Internal controls are difficult to manage with shortage of staff in most administrative offices. Outdated accounting software is being replaced to increase internal control capability.

Contracts

Response: All department heads have been advised that change orders must be approved by Board of Works prior to payment.

Deposits Not Intact-Police Records

Response: Accounting software does not have capability to designate breakdown of payment. Outdated accounting software is being replaced.

Deposits-Right-of-Way Permits

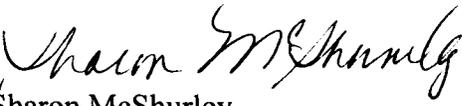
Response: All monies will be deposited in a timely manner.

State Board of Accounts
July 20, 2011
Page Two

Appropriations

Response: Budgets for Rainy Day, Law Enforcement Continuing Education, Clerk's Record Perpetuation, and CD Unsafe Building Fund will be presented to Common Council.

Sincerely,


Sharon McShurley
Mayor
City of Muncie



Administration

300 N. High Street | Muncie, Indiana 47305 | Phone (765) 747-4863 | Fax (765) 747-4719

July 21, 2011

SANITARY DISTRICT SEWAGE OPERATING FUND

The following items were noted during a review the Sanitary District's Sewage Operating fund:

1. The month end balance of the Sewage Operating fund was as follows for 2010:

Month	Cash Balance
January	\$ (553,197)
February	(610,301)
March	(358,426)
April	(491,362)
May	(454,751)
June	(332,907)
July	(716,814)
August	(839,344)
September	(677,182)
October	(1,374,300)
November	(1,378,511)
December (Prior to loan)	(296,442)

During 2010 the MSD completed a significant cleaning project of the main sewer interceptor from the High Street Bridge to the Wastewater Treatment Facility. Temporary funding for this project was provided using the Sewage Operating Fund pending approval of the project by the State Revolving Fund (SRF). Once completed the project costs were approved by SRF, made a part of our Bond Anticipation Note (BAN) and the Operating Fund was repaid. It is noteworthy that there have been no negative balances to date in 2011.

2. Engineering disbursements in the amount of \$1,008,622 were made from the Sanitation fund rather than the Sewage Operating fund. Recycling disbursements of \$284,061 were made from the Sewage Operating fund rather than the Sanitation fund.

The Engineering Department has been funded from the Sanitation property tax revenue since the 1970's with no comments from SBA about this practice. In view of this change by SBA, MSD will begin the process of changing the way we fund the Engineering Department. Engineering also utilizes an account called the Cumulative Building Fund that is Tax funded. We believe therefore that operation of this important department should have revenue from both the tax side and the sewer rate side.



In addition, our Recycling Program was once funded on the property tax side of our revenue stream but sometime between 2007 and 2008 the State Board of Accounts told MSD to move Recycling to the Sewer Revenue side because our programs and public education material could not be funded from tax revenue. SBA now wants Recycling moved back to the Sanitation (property tax) side for payroll and services and the Public Outreach programs to have a separate fund from the General Utility Fund. This program is funded almost entirely from property taxes paid to the East Central Indiana Solid Waste District (ECISWD) and granted to MSD from them.

3. A temporary loan was made on December 31, 2010 from the Sewage Debt Service Reserve fund to the Sewage Operating fund in the amount of \$296,442.

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)

This matter has been corrected.

SANITARY DISTRICT TEMPORARY LOAN

A temporary loan of \$500,000 was made July 15, 2010 from the Sanitation Fund to the Cumulative Building and Sinking Fund. The loan was not repaid by December 31, 2010. The Board of Sanitary Commissioners did not pass a resolution declaring an emergency. The loan has not been repaid as of June 30, 2011.

IC 36-1-8-4 concerning temporary loans states, in part: "(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
 - (A) A statement that the fiscal body has determined that an emergency exists.
 - (B) A brief description of the grounds for the emergency.
 - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

MSD will correct this error in the future. Please see attachments 2 and 3 for prior actions of this nature that were approved in prior audits.

SANITARY DISTRICT REVOLVING SANITARY SEWER CONSTRUCTION FUND - UNALLOWABLE DISBURSEMENTS

Disbursements in the amount of \$655,865 were made from the Revolving Sanitary Sewer Construction fund. Receipts into the fund were assessments collected from property owners. Disbursements were for construction projects in non-assessed areas. It is unclear whether this is a Barrett Law or General Improvement fund since a resolution creating the fund was not presented for audit.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

At one time the MSD did have Barrett Law authority. Recent discovery of documents prior to July of 1975 indicate that the Revolving Sanitary Sewer Construction Fund (RSSCF) was created by resolution. In these records monies were to be placed into or taken from the RSSCF to fund projects. After a diligent search the District has been unable to locate a signed copy of the RSSCF resolution. An unsigned copy of said resolution is included in our attachments to this document as attachment #1. MSD will pass a second resolution in 2011 to recreate the account and restate its purposes.

SANITARY DISTRICT SEWAGE RATES - APPROVAL BY THE COMMON COUNCIL

The wastewater rates in effect for charges billed to Muncie Sanitary District Wastewater Utility customers in 2010 were established in Resolutions 2005-14 and 2008-15. The Resolutions were approved by the Board of Sanitary Commissioners. Before taking effect, the wastewater 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 ..."

This has been an ongoing issue since establishment of the enabling statutes in 1964. Of more recent interest however, is the requirement stated at our 2010 DLGF meeting. Recent changes in statutes require MSD to submit budgets to the County Fiscal body for review. This was done in 2010 as directed. Sanitary District boundaries extend beyond the boundaries of the City of Muncie and, in fact, extend into all Townships contiguous to the city. See letter of June 20, 2011 from MSD attorney Peter Drumm and the attachment to that letter.

COMPENSATED ABSENCES POLICIES

The following items were noted in prior report number B37241 and during the current audit period:

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 only by the Mayor.

A written policy concerning the accrual, record keeping and use of compensatory time approved by the Common Council was not presented for audit.

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..."

ERRORS ON CLAIMS

The following deficiencies were noted during a review of claims:

- (1) Claims were not adequately itemized. Claims reviewed included copies of credit card slips rather than actual receipts, no receipts to support credit card charges, copies of invoices and hotel charges with no supporting invoice.
- (2) Disbursements were not posted to the proper appropriation line item. An employee recognition dinner, donuts for meetings, supplies, boutonniers for the Fire Department, a funeral planter and computer with other equipment were erroneously charged to Other Services and Charges. In 2010, \$33,155 was disbursed for equipment and contractual services for Channel 60 from the Communication Center appropriation line in the General Fund. A review of the records indicated that for the years 2004 through 2009 the only type of disbursement paid from the Communication Center appropriation line was for Enhanced 911 expenses.
- (3) Sales tax was paid on some purchases.
- (4) Authorization for purchases was not always performed by the appropriate department. The Controller's office approved various purchases such as supplies purchased by the Sanitary District, demolition services overseen by Community Development, vehicles purchased by the Police Department, payments disbursed to Cardinal Greenway for the Rails to Trails project which is overseen by the Street Department.

IC 5-11-10-1.6 states, in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services."

"(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
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Receipts for right-of-way permits were deposited later than the next business day. Collections totaling \$4,800, which were for the period November 1, 2010 thru December 7, 2010, were remitted to the Controller's office on December 8, 2010.

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APPROPRIATIONS

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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."

Respectfully,

A handwritten signature in cursive script that reads "Tom Bennington".

Tom Bennington
President, Board of Commissioners

BENADUM, CECIL & DRUMM

Attorneys at Law

Clarence E. Benadum
(1889-1978)

207 North High Street-Muncie, Indiana 47305
Telephone (765) 288-8884 - Facsimile (765) 284-9522

Ralph V. Cecil
(1911 -1988)

Peter H. Drumm

July 20, 2011

Indiana State Board of Accounts
202 West Washington, Street
4th Floor, Room E418
Indianapolis, IN 46204-2765
ATTN: Mr. William Vinson

VIA: Email (bvinson@sboafe.in.gov)

Re: Muncie Sanitary District Sewage Fees

Dear Mr. Vinson:

I have been asked to address the recent audit of the City of Muncie regarding comments from the auditor concerning the procedures the Sanitary District uses in setting sewage rates for the District.

Specifically, the auditor has concluded that the District's sewage rates must be established in accordance with IC-36-9-25-11(a) which provides in pertinent part that "...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...." The concern of the auditor is that the District's fees should not be put in place until they are approved by the Muncie City Council.

The position of your auditors has been presented in successive audit reports of your Department for several years and has been addressed by the District on numerous occasions including a letter from me dated September 24, 2009 and June 16, 2010. I have also attached to this letter an outside legal opinion obtained by the District June 14, 1988 that discusses this very issue and which has been given to the SBA on numerous occasions. I would also note that the law addressed in that 1988 opinion has not been changed or amended since the date of that letter.

In each instance the District has consistently expressed its position through its legal advisors that the provision of the Indiana Code cited in the audit report does not apply to the Muncie Sanitary District in its rate setting process. The reason this section of the law does not apply is that the fees established by the District do not relate in any way to the status of property as being "subject to full taxation" (or partially or wholly tax exempt for that matter).

The courts in interpreting any statute first look to the plain and ordinary meaning of the statute to see if any conflict may exist. (See Armstrong v. State, 818 NE2d 93, (2008). And in determining that plain and ordinary meaning of a statutory term (such as in this instance, "related to") the courts may use English language dictionaries as well as consider the relationship of other

words and phrases. (Again see 818 NE2d 93).

The term, "related" has a simple and unambiguous meaning. The term means "connected", "allied"; or "akin" as defined by the Black's Law Dictionary and as defined by Webster's Unabridged it means "connected by reason of an established or discoverable relation." (Again, please look at the attached legal opinion.) Both the legal and common meaning of "related to" are identical and the term "related to" is identical to the term "connected to."

Another way to have crafted the statute to have the same meaning would have been to provide that "...fees connected to the full taxation of property do not take effect until they have been approved by ordinance of the municipal legislative body....". But in either event it is reasonable to give the words of the statute their plain and ordinary meaning. It is also reasonable for the Muncie Sanitary District to interpret the language to mean that the approval of the City Council is required if fees are based on the full assessed value of a property and that therefore vary by the amount of a property's assessed value. Thus, the higher the assessed value the higher the rate paid (or inversely the lower the assessed value the lower the rate paid).

But in reality the rates of the District are not "related to" or "connected to" the assessed value of property that is subject to full taxation as opposed to any other kind of property. The fees are actually related to (and based upon) water usage of property as a fair and equitable means of measuring the volume of sewage treated for each property in the District. (Of course other factors such as type of chemicals discharged from activities such as manufacturing or other commercial uses may also influence their rate beyond the amount of water used.)

There are innumerable ways in which a sewage district can set its rates. (See section IC 36-9-25-12(a) of the law establishing the District.) Certainly, one of these ways would be to set or base the rates on the values of fully assessed property so that the rates charged would then be in some manner "related to" or "connected to" each property's full taxation value (in much the same way as property taxes are assessed). Such rates would then vary from property to property based on the full tax value of the assessed property.

The District could also establish classes of users that are related to or connected to the taxable value of the user's property served by the District such as a class for fully exempted property, one for partially exempted property and one for fully taxed property. These classes would then directly relate to or be connected to the actual tax status of the property being served so that the user fee would again be "related" or "connected" to the fully taxable property.

If user fees are not directly or indirectly dependent upon the taxable status of the property served by the District, the user fee does not need to be approved by the Muncie City Council. On the other hand if a user fee is directly or indirectly dependent upon the taxable status of the property served then the Muncie City Council must give its approval of the user rate set by the District prior to that rate going into effect.

The District's fees do not take into consideration the tax status of property when establishing rates. The rates are based upon and therefore only vary by the amount of water used by each property served. The taxable status of the property plays no role whatsoever in the rate setting process for user fees for the treatment and disposal of sewage.

I hope that this letter and the attached legal opinion resolve any questions that you may

have concerning the sewage rates charged by the Muncie Sanitary. However, should you have any further questions, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter H. Drumm", written over a horizontal line.

Peter H. Drumm
Attorney for the Muncie Sanitary

DEFUR, VORAN, HANLEY, RADCLIFF & REED

ATTORNEYS AT LAW

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JAMES P. BORGMANN

June 14, 1988

Robert L. Stephenson, President
Board of Sanitary Commissioners
Muncie Sanitary District
220 East Jackson Street
Muncie, Indiana 47305

Re: Necessity for City Council Approval of
Sanitary District Taxes, Bonds and User Fees

Dear Mr. Stephenson:

You have requested we research and advise you concerning the following questions: (1) whether or not taxes levied by the Muncie Sanitary District must be approved by the Muncie City Council; (2) whether or not bonds issued by the Muncie Sanitary District must be approved by the Muncie City Council; and, (3) whether or not user fees established by the Muncie Sanitary District must be approved by the Muncie City Council.

As explained in the remainder of this letter, in our opinion, neither taxes levied nor bonds issued by the Muncie Sanitary District require approval of the Muncie City Council. User fees established by the Muncie Sanitary District do not require City Council approval unless the fees relate to fully taxable property.

Initially, as explained more fully in our letter to you of February 18, 1988, concerning whether or not Muncie City Council has the power to impose a duty on the Muncie Sanitary District to engage in collective bargaining, it should be remembered that the Muncie Sanitary District is a "special taxing district" and a "political subdivision" within the meaning of the Home Rule Legislation which became effective September 1, 1981. As a result, the Muncie City Council is without power to impose a duty upon the Sanitary District unless there is a statute expressly granting City Council that power [I.C. 36-1-3-8(3)]. Similarly, it should be noted that the Muncie Sanitary District also constitutes a "political subdivision" separate from the City of Muncie under the various Indiana statutes dealing with the fixing and reviewing of budgets, tax rates, and tax levies (see, I.C. 6-1.1-1-12, I.C. 16-1.1-17-1 et seq.). Unless an Indiana statute expressly provides for City Council approval of a particular Sanitary District action, approval of the Muncie City Council is not required.

Robert L. Stephenson
June 14, 1988
Page Two

The remainder of this letter quotes from a number of Indiana statutes which refer to "the board." In each case, the reference to "the board" means the Board of Sanitary Commissioners of the Muncie Sanitary District (I.C. 36-9-25-2).

(1) Taxes Levied by the Muncie Sanitary District Do No Require Approval of the Muncie City Council.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 et seq.) expressly empower the Board of Sanitary Commissioners of the Sanitary District to levy taxes for the purposes set forth in the governing statutes. There is no requirement that such taxes must be approved by the Muncie City Council.

The basic statutory provision in this regard is I.C. 36-9-25-10(19), which states:

"In performing its duties, the board may do the following:

(19) Pay for the services rendered or any other obligations incurred by the board while executing its powers, or pay any judgments, including interest and costs, by issuing and selling bonds of the district, or obtaining temporary loans or levying taxes as authorized by this or other statutes for any other purpose."
(Emphasis added).

Three sections of the governing statutes then expressly authorize the Sanitary District to levy taxes for particular purposes:

(1) I.C. 36-9-25-32. This section authorizes the Board of Sanitary Commissioners to levy a tax annually to fund the operations of the Sanitary District:

"(a) To provide money to pay:

(1) All general expenses of the board, including salaries of officers and employees, fees and expenses for professional services, and other items of expense not chargeable to the cost of property acquisition or work done under a resolution of the board for which bonds of the district are issued; and

(2) For the operation, maintenance, and repair of sewage works, including the cost of the collection and removal of garbage and ashes;

a tax on all the taxable property in the district, at the rate required to provide the money needed to defray all expenses, shall be levied annually by the board."
(Emphasis added).

Robert L. Stephenson
June 14, 1988
Page Three

- (2) I.C. 36-9-25-19 and I.C. 36-9-25-29. These sections authorize a special tax to be levied by the Board of Sanitary Commissioners to pay the total cost of the construction of sewage works and the payment of bonds and interest in that regard. The sections state in relevant part:

"...all property located within the boundaries of the district is subject to a special tax to provide money to pay the total cost of the construction of the sewage works, including the acquisition of all necessary land or rights-of-way as described in the resolution of the board and all necessary incidental expenses. The special tax constitutes the amount of benefits resulting to the property from the proceedings and shall be levied as provided in this chapter." I.C. 36-9-25-19.

"(a) In order to raise money to pay all bonds issued under section 27 of this chapter, including interest, the board shall levy each year a special tax upon all the property of the district, to meet and pay the principal of the bonds as they mature, together with all accrued interest. The board shall have the tax levied each year certified to the municipal fiscal officer and to the auditor of the county in which the district is located by October 1. The tax as levied and certified shall be estimated and entered upon the tax duplicate by the county auditor. The tax shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected and enforced. I.C. 36-9-25-29. (Emphasis added).

There is nothing in the statutes which in any way requires the Muncie City Council to approve any of the taxes levied by the Board of Sanitary Commissioners of the Muncie Sanitary District.

That Muncie City Council's approval is not required for taxes levied by the Sanitary District is further reinforced by I.C. 36-9-25-8 applicable to cities in counties having a population between 135,000 and 165,000. There, the legislature has required the city's legislative body to approve taxes of a sanitary district located in such county. The section states in relevant part:

"(a) This section applies only to cities in counties having a population between one hundred thirty-eight thousand (138,000) and one hundred sixty-five thousand (165,000).

(d) Bonds of the district may not be sold without the prior approval of the city legislative body. In addition, the legislative body must approve all budgets and tax levies of the district." I.C. 36-9-25-8.

Robert L. Stephenson
June 14, 1988
Page Four

This express statutory requirement of city legislative body approval does not apply to the City of Muncie and Delaware County. The only county to which that section applies is Madison County; under the 1980 census, Delaware County's population was 128,587.

(2) Bonds Issued by the Muncie Sanitary District Do Not Require Approval of the Muncie City Council.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 et seq.) in several sections expressly empower the Board of Sanitary Commissioners to issue and sell bonds for the purposes set forth in the statutes. There is no requirement that such bonds be approved by the Muncie City Council.

Once again, the basic statutory provision is I.C. 36-9-25-10(19) quoted on page two of this letter.

Two sections of the governing statutes then expressly authorize the Sanitary District to issue and sell bonds:

- (1) I.C. 36-9-25-27. This section authorizes the Board of Sanitary Commissioners to issue bonds of the district for property and construction. Although the City's executive officer (the mayor) must sign the bonds and the fiscal officer sell them, their actions in that regard are ministerial; the bonds are not obligations of the City of Muncie:

"(a) To raise money to pay for the property and the construction, and in anticipation of the special tax to be levied as provided in sections 19 and 29 of this chapter, the board shall have issued, in the name of the municipality, the bonds of the district. . .

(c) Upon adoption of a resolution ordering bonds, the board shall certify a copy of the resolution to the municipal fiscal officer, who shall then prepare the bonds. The municipal executive shall execute the bonds and the fiscal officer shall attest them. . .

(d) The bonds are not a corporate obligation or indebtedness of the municipality, but constitute an indebtedness of the district as a special taxing district. The bonds and interest are payable only out of a special tax levied upon all the property of the district as provided in this chapter. The bonds must recite these terms upon their face, together with the purpose for which they are issued.

Robert L. Stephenson
June 14, 1988
Page Five

(e) Instead of selling the bonds in series, the board may sell bonds of the district to run for a period of five (5) years from the date of sale. The five (5) year bonds are exempt from taxation for all purposes. The board may sell bonds of the district in series for the purposes of refunding at any time the five (5) year bonds. . . I.C. 36-9-25-27. (Emphasis added).

- (2) I.C. 36-9-25-31. This section authorizes the Board of Sanitary Commissioners to issue bonds of the district to pay for general expenses of the Board:

"To provide money to pay for general expenses of the board not chargeable to the cost of any property acquired or work done under a resolution of the board for which bonds of the district are issued, the board may issue the bonds of the district in an aggregate amount not to exceed two percent (2%) of the total assessed valuation (after deducting all mortgage exemptions) of the property within the district. The bonds are payable from a special tax, which the board shall levy annually at the rate required to finance the bonds. The tax shall be levied, collected and expended according to section 32 of this chapter." I.C. 36-9-25-31. (Emphasis added).

There is nothing in any of the statutes which govern the Muncie Sanitary District which in any way requires the Muncie City Council to approve the issuance and sale of bonds of the Sanitary District.

Once again, the absence of such a requirement is particularly significant when compared to a county having a population between 138,000 and 165,000. In such counties, a sanitary district must have city council approval of bonds it issues (I.C. 36-9-25-8, quoted on page three of this letter). That requirement is not stated for counties with the population of Delaware County.

- (3) User Fees Established By the Muncie Sanitary District Do Not Require Approval of the Muncie City Council Unless the Fees Are Related to Property That Is Subject to Full Taxation.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 et seq.) in several sections expressly empower the Board of Sanitary Commissioners to establish user fees for the district's services. There is no requirement that such fees be approved by Muncie City Council unless the fees are related to property that is subject to full taxation.

Three sections of the governing statute address the establishment of user fees by a sanitary district:

- (1) I.C. 36-9-25-11(17). This section empowers the Board of Sanitary Commissioners to establish the fees applicable to persons who own, lease, or possess or control certain property located outside of the district:

"In performing its duties, the board may do the following:

(17) Prepare a schedule of reasonable service fees and collect them from persons who own, lease or possess or control as tenants or as agents lots or lands located outside the boundaries of the district if the lots or lands are benefited by connection into the sanitary sewer system of the district as described in this chapter, with the proceeds from sewage connections and treatment service credited to the general fund of the district for general use and maintenance purposes. The fees may be fixed, repealed, or amended, or the service discontinued, by the board at its discretion."
(Emphasis added).

- (2) I.C. 36-9-25-11. This section is the basic statute addressing the establishment and change of fees by the Sanitary District. As relevant to this letter, that section provides:

"(a) In connection with its duties, the board may fix fees for the treatment and disposal of sewage and other waste discharged into the sewage 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 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 sewage system or that in any way uses or is served by the works. 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.

(b) The board may change fees from time to time. The fees, together with the taxes levied under this chapter, must at all times be sufficient to produce revenues sufficient to pay operation, maintenance and administration expenses, to pay the principal and interest on bonds as they become due and payable, and to provide money for the revolving fund authorized by this chapter.

Robert L. Stephenson
June 14, 1988
Page Seven

(c) Fees may not be established until a public hearing has been held at which all the users of the sewage works and owners of property served or to be served by the works, including interested parties, have had an opportunity to be heard concerning the proposed fees. After introduction of the resolution fixing fees, and before they are finally adopted, notice of the hearing setting forth the proposed schedule of fees shall be given by publication in accordance with I.C. 5-3-1. After the hearing the resolution establishing fees, either as originally introduced or as amended, shall be passed and put into effect. 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.

(d) A copy of the schedule of the fees shall be kept on file in the office of the board and must be open to inspection by all interested parties. The fees established for any class of users or property served shall be extended to cover any additional premises thereafter served that fall within the same class, without the necessity of hearing or notice.

(e) A change of fees may be made in the same manner as fees were originally established. However, if a change is made substantially pro rata for all classes of service, hearing or notice is not required, but approval of the change by ordinance of the municipal legislative body is required. . . ." (Emphasis added).

(3) I.C. 36-9-25-12. This section states the basis which may be used for fees established by the Sanitary District. The first portion of that section states:

"(a) The fees for the treatment and disposal of sewage may be based on:

- (1) A flat charge for each sewer connection;
- (2) The amount of water used on the premises;
- (3) The number and size of water outlets on the premises;
- (4) The amount, strength, or character of sewage discharged into the sewers;
- (5) The size of sewer connections; or
- (6) Any combination of these factors or other factors that the board determines necessary in order to establish just and equitable rates and charges. . . ."

Robert L. Stephenson
June 14, 1988
Page Eight

You will note that factors other than those stated in this section may be used by the board. The factors stated are not the exclusive ones available. Other factors which may be appropriate are illustrated in I.C. 36-9-23-25(d); that statute does not apply to the Muncie Sanitary District, but does contain examples of other types of factors which could be used in establishing fees.

As can be seen from the foregoing statutory sections, the only situation in which the establishment of or a change in user fees requires approval of the Muncie City Council (i.e., the municipal legislative body) is if the fees "relate to property that is subject to full taxation." Therefore, the key question in determining whether or not approval of the Muncie City Council must be obtained for Sanitary District user fees is whether or not the fees as established or changed by the Sanitary District result in user fees "related to property that is subject to full taxation."

Our research has not revealed any Indiana court decision or attorney general's opinion interpreting the "related to" criteria. However, the common meaning of the word "relate" and the provisions of the governing and related statutes provide the basis for distinguishing between user fees which relate to fully taxable property and those which do not.

Black's Law Dictionary (5th Edition) defines "related" to mean "connected." Webster's Ninth Collegiate Dictionary defines "related" to mean "connected by reason of an established or discoverable relation." In other words, user fees are connected to fully taxable property if there is an established or discoverable relationship between the fees and fully taxable property.

X If a user fee is not directly or indirectly dependent upon the taxable status of the property served, the user fee does not need to be approved by the Muncie City Council. If, on the other hand, a user fee is directly or indirectly dependent upon the taxable status of the property served, approval of the Muncie City Council must be obtained before it goes into effect.

The current fee structure of the Muncie Sanitary District is based upon the quantity of water used on or in the property or the premises served (see, I.C. 36-9-25-12[a][2], quoted on page seven of this letter). The Muncie Sanitary District's user fees are not in any way, directly or indirectly, connected to or established based upon whether or not the premises or property served is fully taxable or wholly or partially tax exempt. It makes no difference whatsoever whether or not the property or premises served is subject to full taxation. As a result, such a user fee structure, and any changes in the amount of the fees under that structure, are not "related to property which is subject to full taxation" and therefore do not need to be approved by the Muncie City Council.

As a general matter, any user fee structure based solely on: a flat charge for each sewer connection; the amount of water used on the premises; the number and size of water outlets on the premises; the amount, strength, or character of sewage discharged into the sewers; the size of the sewer connections; or any combination of those factors, would not relate to the tax status of the property served and will not require approval of the Muncie City Council.

Robert L. Stephenson
June 14, 1988
Page Nine

If, however, the Muncie Sanitary District were to establish a fee structure based upon some other factor or factors which make the user fees directly or indirectly affected by the tax status of the property served, approval of the Muncie City Council would be required. For example, if user fees were to be established for different classes of users (see, I.C. 36-9-25-11[d]) where the classes established were directly or indirectly related to the tax status of the property or premises served, then the user fees would be "related to property that is subject to full taxation," and would not take effect until they were approved by Muncie City Council (an example of such an "other factor" is illustrated by I.C. 36-9-23-25[d][6], which refers to user fees based upon whether or not the property has been or will be required to pay separately for any part of the sewage works; a user fee established directly or indirectly on that basis would appear to be "related to" the taxability of the property involved).

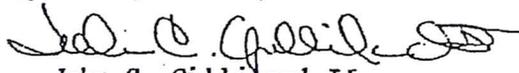
* * * * *

If you should have any questions concerning the content of this letter, please do not hesitate to contact me.

Very truly yours,

DE FUR, VORAN, HANLEY, RADCLIFF & REED

By


John C. Gilliland II

JCG/teg

cc: Thomas A. Cannon, Sr.

Attachment #1

RESOLUTION

WHEREAS, The Board of Sanitary Commissioners, having jurisdiction over the finances of the Muncie Sanitary District; and

WHEREAS, Burns Indiana Statutes, 5-13-1 and 36-9-25-33, do provide a procedure for investment of public funds; and

WHEREAS, A need for a policy for adding accrued interest to specific invested accounts exists;

BE IT HEREBY RESOLVED, that the Board of Sanitary Commissioners authorizes the City Controller for Muncie, Indiana to invest and reinvest monies under the control of the Board of Sanitary Commissioners; and

BE IT FURTHER RESOLVED, that all interest received from the investments from the following funds be returned to the respective fund:

Fund 30	Sanitary Operating
Fund 32	C B S F
Fund 33	Sanitary District Sinking (Bond Fund)
Fund 40	Sewage Works Operating
Fund 46	1976 Sanitary Bond Construction

BE IT FURTHER RESOLVED, that all interest received from the investments from the following funds be deposited in the given fund:

Fund 49 - Revolving Sanitary Construction to Fund 32-05-200 a new Sanitary Construction Fund to be used for Sanitary Sewer Construction.

Approved this day of January, 1982.

BOARD OF SANITARY COMMISSIONERS
Muncie Sanitary District

E.R. Elliott, President

Stanley E. Hiatt, Vice-President

Elmer Cox, Secretary

CC: William Barnes

RESOLUTION NO. 9-94

A TRANSFER OF FUNDS WITHIN THE MUNCIE SANITARY DISTRICT

WHEREAS, the Muncie Sanitary District being a governmental entity of the State of Indiana; and

WHEREAS, the Board of Sanitary Commissioners, having jurisdiction over the finances and operations of the Muncie Sanitary District; and

WHEREAS, Fund 611, Sewage Utility Operating, has a sufficient balance to transfer to Fund 435, 5 Year Planned Replacement Program; and

WHEREAS, Fund 427, Revolving Sewer Assessment Fund, has a sufficient balance to transfer to Fund 423, Cumulative Building and Sinking Fund; and

WHEREAS, a need exists to transfer funds within the Sanitary District to meet necessary requirements.

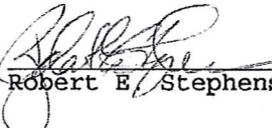
THEREFORE, BE IT RESOLVED, by the Board of Sanitary Commissioners of the Muncie Sanitary District, Delaware County, State of Indiana, that the following transfer of funds within the Sanitary District be made to meet necessary requirements.

FROM FUND:	AMOUNT:
611 Sewage Utility Operating	\$250,000.00
TO FUND:	AMOUNT:
435 5 Year Planned Replacement Program	\$250,000.00
FROM FUND:	AMOUNT:
427 Revolving Sewer Assessment Fund	\$130,000.00
TO FUND:	AMOUNT:
423 Cumulative Building and Sinking Fund	\$130,000.00

Approved this 6th day of December, 1994.

BOARD OF SANITARY COMMISSIONERS
MUNCIE SANITARY DISTRICT
MUNCIE, INDIANA

Effective Date:
December 6, 1994


Robert E. Stephenson, President


Michael K. Rost, Vice-President


Steven E. Varner, P.E., Secretary


James N. Hendershot, District Administrator

RESOLUTION NO. 15-96

A TRANSFER OF FUNDS WITHIN THE MUNCIE SANITARY DISTRICT

WHEREAS, the Muncie Sanitary District being a governmental entity of the State of Indiana; and

WHEREAS, the Board of Sanitary Commissioners, having jurisdiction over the finances and operations of the Muncie Sanitary District; and

WHEREAS, a need exists to transfer funds within the Sanitary District to meet necessary expenditures for 1996 for sewer projects.

THEREFORE, BE IT RESOLVED, by the Board of Sanitary Commissioners of the Muncie Sanitary District, Delaware County, State of Indiana, that the following transfer of funds within the Sanitary District be made to meet necessary expenditures for 1996 for sewer projects.

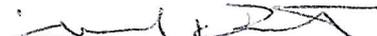
FROM FUND:	AMOUNT:
275-78-422021 Gasoline and Oil	\$ 15,000.00
275-78-431023 Legal Services	40,000.00
275-78-431031 Engineering Services	20,000.00
275-78-432021 Travel	2,000.00
275-78-435011 Electricity	12,000.00
275-78-439011 Awards and Indemnities	5,000.00
275-78-439071 Other Services & Charges	60,000.00
275-78-444056 Other Equipment	20,000.00
275-78-444057 Motor Equipment	30,000.00
275-78-444063 Radio Equipment	3,000.00
275-78-444071 Surveying Equipment	4,000.00
275-77-431023 Legal Services	120,000.00
275-77-435051 Disposal Services	<u>80,000.00</u>
Total Amount	\$411,000.00

TO FUND:	AMOUNT:
275-78-436012 Repair & Maint. & Construction	\$331,000.00
423-77-439071 Other Contractual Services	<u>80,000.00</u>
Total Amount	\$411,000.00

Approved this 13th day of August, 1996.

BOARD OF SANITARY COMMISSIONERS
MUNCIE SANITARY DISTRICT
MUNCIE, INDIANA

Effective Date:
August 13, 1996

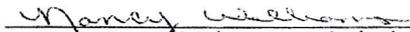


Michael K. Rost, President

Arlen L. Kirklin, P.E., Vice-President



Steven E. Varner, P.E., Secretary



Nancy Williams Administrative Assistant