

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MUNCIE COMMUNITY SCHOOLS  
DELAWARE COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**  
03/07/2012



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on the Financial Statement 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 the Financial Statement Performed in Accordance With Government Auditing Standards .....	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	8-11
Notes to Financial Statement .....	12-16
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis .....	18-41
Schedule of Capital Assets .....	42
Schedule of Long-Term Debt .....	43
Audit Results and Comments:	
Health Insurance Transactions .....	44
Educational Promotions Fund .....	44-45
School Transportation Fund Disbursements - Administrators .....	46
Collection of Amounts Due .....	46-47
Compensation and Benefits .....	47
Overdrawn Fund Balances .....	47
Capital Asset Records .....	47-48
Contracts .....	48
Academic Honors Diplomas .....	48
Fundraising - Lack of Controls .....	48
Ticket Sales Form SA-4 .....	49
Receipt Issuance .....	49
Deposits .....	50
Use of Form SA-8, Summary Financial Form .....	50
Fees .....	50
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 .....	52-53
Schedule of Expenditures of Federal Awards .....	56-57
Notes to Schedule of Expenditures of Federal Awards .....	58
Schedule of Findings and Questioned Costs .....	59-62
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	63
Corrective Action Plan .....	64-65
Exit Conference .....	66
Official Response .....	67

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mark A. Burkhart (Vacant)	07-01-09 to 06-30-10 07-01-10 to 08-01-10
Chief Financial Officer	Mark A. Burkhart	08-02-10 to 06-30-12
Superintendent of Schools	Dr. Eric King Tim Heller	07-01-09 to 06-30-11 07-01-11 to 06-30-12
President of the School Board	Jennifer Abrell Michael Gorin Michael Long	07-01-09 to 06-30-10 07-01-10 to 06-30-11 07-01-11 to 06-30-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MUNCIE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

We have audited the accompanying financial statement of the Muncie Community Schools (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As discussed in Note 1, the School Corporation 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 School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 12, 2012, on our consideration of the School Corporation'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 THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation'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 School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), 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 Schedules of Receipts, Disbursements, Other Financing Sources (Uses), 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 School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 12, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE MUNCIE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

We have audited the financial statement of the Muncie Community Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 12, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation'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 THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 12, 2012

## FINANCIAL STATEMENT

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 3,783,295	\$ 67,801,262	\$ 60,476,112	\$ 1,489,994	\$ 12,598,439	\$ 57,262,508	\$ 60,952,435	\$ 1,558,495	\$ 10,467,007
Debt Service	(190,034)	7,608,427	7,181,435	-	236,958	7,953,059	7,167,546	-	1,022,471
Retirement/Severance Bond Debt Service	(18,352)	804,024	762,401	-	23,271	884,420	760,905	-	146,786
Capital Projects	(3,527,976)	6,475,234	4,690,494	-	(1,743,236)	7,947,795	5,293,170	-	911,389
School Transportation	(259,495)	3,924,389	3,254,196	(800,000)	(389,302)	4,722,208	2,815,461	(134,606)	1,382,839
School Bus Replacement	199,960	112,948	112,028	(300,000)	(99,120)	239,925	54,433	-	86,372
Special Education Preschool	388,215	294,822	175,595	(507,442)	-	-	-	-	-
Rainy Day	3,000,000	-	-	1,100,000	4,100,000	-	-	-	4,100,000
Retirement/Severance Bond	6,644,371	-	-	-	6,644,371	-	-	-	6,644,371
Construction	(225,613)	580,279	310,923	-	43,743	31,536	14,658	-	60,621
School Lunch	549,682	3,626,898	3,253,529	-	923,051	3,354,147	3,322,670	-	954,528
Textbook Rental	(192,977)	837,708	734,657	-	(89,926)	716,548	823,716	25,542	(171,552)
Self-Insurance	6,394,267	20,654,028	20,390,658	-	6,657,637	22,327,947	21,254,765	-	7,730,819
Levy Excess	-	-	-	-	-	97,929	-	(97,929)	-
2008-2009 Delaware-Blackford Special Education	(5,608,303)	7,302,400	868,336	(825,761)	-	-	-	-	-
2009-2010 Delaware-Blackford Special Education	-	1,160,297	5,243,982	(38,374)	(4,122,059)	5,797,395	734,818	(900,000)	40,518
2010-2011 Delaware-Blackford Special Education	-	-	-	-	-	28,901	5,243,685	(92,931)	(5,307,715)
2010-2011 Special Education Preschool	-	-	-	-	-	-	397,208	(10,665)	(407,873)
2007-2008 Vocational Co-Op	(68)	-	1,606	1,674	-	-	-	-	-
2008-2009 Vocational Co-Op	(1,007,490)	1,194,711	183,435	(3,786)	-	-	-	-	-
2009-2010 Vocational Co-Op	-	-	1,070,323	94	(1,070,229)	1,241,672	192,096	-	(20,653)
2010-2011 Vocational Co-Op	-	-	-	-	-	-	888,902	-	(888,902)
2008-2009 Extended Services Clearing	34,071	-	3,004	(31,067)	-	-	-	-	-
2009-2010 Extended Services Clearing	-	50,501	78,172	58,688	31,017	14,507	1,846	(43,678)	-
2010-2011 Extended Services Clearing	-	-	-	-	-	16,716	33,785	124,693	107,624
2010-2011 Creative Child Care	18,355	12,305	8,352	(22,308)	-	186,955	214,685	17,862	(9,868)
2009-2010 Creative Child Care	-	221,036	228,973	22,308	14,371	12,114	8,623	(17,862)	-
Educational Promotions	8,805	41,798	28,334	-	22,269	20,457	30,021	-	12,705
Alternative Education Grant	115,970	58,641	93,540	(225)	80,846	38,579	396	-	119,029
2009-2010 Safe Haven Grant	-	15,000	8,105	-	6,895	-	-	(6,895)	-
2009-2010 Ready Schools-Early Intervention	-	11,640	2,900	-	8,740	-	5,281	-	3,459
2009-2010 School Intervention Career	-	15,001	16,236	-	(1,235)	15,001	21,334	-	(7,568)
Special Education Donation	4,614	-	2,049	-	2,565	-	781	-	1,784
Harry Mock Gift	9,623	16,946	21,603	(4,821)	145	-	-	-	145
2011 Ball Found. SV Smartboard	-	-	-	-	-	87,650	-	-	87,650
2007-2008 Ball Brothers Central/SSHS	1,955	-	1,955	-	-	-	-	-	-
Lowe's CHS	-	1,528	-	-	-	-	-	-	-
Be There Campaign	2,211	-	2,211	-	-	-	-	-	-
Ball Brothers Parents as Partners	-	4,901	3,004	-	1,897	-	-	-	1,897
2009-2010 Cultural Competence Lead	-	-	1,860	2,000	140	-	140	-	-
2007-2008 Opportunity School	(779)	779	-	-	-	-	-	-	-
2010-2011 Priority School	-	-	-	-	-	214,999	283,827	10,000	(58,828)

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011  
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
2011-2012 Opportunity School	-	-	-	-	-	-	18,107	-	(18,107)
2008-2009 Opportunity School	(545,281)	669,642	122,465	(1,896)	-	-	-	-	-
2008-2009 Priority School	71,863	-	28,735	(43,128)	-	-	-	-	-
SHS Provisional Activity	(54,207)	54,207	-	-	-	-	-	-	-
2009-2010 Opportunity School	-	2,038	493,801	-	(491,763)	500,881	83,003	-	(73,885)
2009-2010 Priority School	-	350,000	322,995	-	27,005	-	25,342	(1,663)	-
Priority School Contingency	-	-	-	41,821	41,821	-	-	(41,821)	-
2010-2011 Opportunity School	-	10,000	333	-	9,667	-	613,205	(39,327)	(642,865)
Planetarium	1,534	-	1,534	-	-	-	-	-	-
Adventure Environmental Learning Center	17,214	5,100	20,814	-	1,500	4,900	17,897	-	(11,497)
Distance Learning Lab	1,875	-	1,875	-	-	-	-	-	-
ACC Special	715	-	-	-	715	-	-	-	715
SHS ROTC Services	(451)	1,496	3,023	-	(1,978)	3,534	736	-	820
Christmas Sing	-	13,316	8,955	-	4,361	7,581	11,083	-	859
2010-2011 Community Education/Recreation	-	-	-	-	-	28,905	65,037	41,909	5,777
2009-2010 Community Education/Recreation	-	28,609	55,621	34,342	7,330	39,635	5,056	(41,909)	-
2008-2009 Community Education/Recreation	42,848	-	8,506	(34,342)	-	-	-	-	-
Penny Seramur Scholarship	-	-	-	-	-	7,560	-	-	7,560
Walburn Scholarship	-	-	-	-	-	11,166	-	-	11,166
Demaree Scholarship	-	375	200	-	175	91	200	-	66
Keihn Scholarship	7,500	-	3,000	-	4,500	-	4,500	-	-
Gladys Arthur Hoan Scholarship	2,355	555	2,900	-	10	556	-	-	566
2010-2011 Gifted/Talented	-	-	-	-	-	55,765	48,429	(1,051)	6,285
2008-2009 Gifted/Talented	31,726	-	31,726	-	-	-	-	-	-
2009-2010 Gifted/Talented	-	56,616	52,674	-	3,942	-	4,993	1,051	-
Elementary Instruction Continuation	42,667	398	26,683	-	16,382	-	7,660	(227)	8,495
2007-2008 Gifted/Talented	344	-	344	-	-	-	-	-	-
2008-2009 Professional Development	74,275	14,248	47,540	-	40,983	-	4,378	(36,605)	-
2007-2008 Professional Development	16,959	-	16,887	(63)	9	-	-	(9)	-
2006-2007 Professional Development	-	-	63	63	-	-	-	-	-
Local Improvement Continuation	-	23,810	11,452	-	12,358	-	2,107	(10,251)	-
PL 221 Professional Development	-	18,750	9,474	-	9,276	-	54,149	75,143	30,270
ESL Clearing Account	-	-	-	-	-	928	5,065	23,335	19,198
2008-2009 Non-English Speaking Program	9,744	-	-	-	9,744	-	-	(9,744)	-
2009-2010 Non-English Speaking Program	-	9,657	1,039	-	8,618	-	-	(8,618)	-
2010-2011 Non-English Speaking Program	-	-	-	-	-	7,171	5,240	-	1,931
Technology Clearing	474	121,382	114,770	-	7,086	257,860	30,270	-	234,676
2005-2006 Buddy-Longfellow	1,570	-	1,570	-	-	-	-	-	-
2007-2008 21st Century Scholars	54,778	11,028	-	(65,806)	-	-	-	-	-
2008-2009 21st Century Scholars	(30,551)	89,123	58,632	60	-	-	-	-	-
2009-2010 Title I	-	2,710,835	2,472,644	(9,520)	228,671	574,211	437,971	(364,911)	-
2009-2010 Title I, Negl/Delinquent	-	338,788	310,861	(358)	27,569	-	56,895	29,326	-
2009-2010 Title I School Improvement	-	439,945	166,486	-	273,459	-	159,577	(85,934)	27,948

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011  
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
2010-2011 Title I	-	-	-	-	-	1,975,096	2,234,227	358,562	99,431
2009 Garfield Title I School Improvement	28,030	-	28,030	-	-	-	-	-	-
2010-2011 Title I School Improvement	-	-	-	-	-	22,980	280,039	-	(257,059)
Title I Longfellow School Improvement	93,588	-	65,104	-	28,484	-	26,919	(1,565)	-
2010-2011 Title I, Negl/Delinquent YOC	-	-	-	-	-	283,542	336,476	-	(52,934)
Title I Sutton School Improvement	39,586	-	20,825	-	18,761	-	17,719	(1,042)	-
2007-2008 Title I	-	-	1,160	1,160	-	-	-	-	-
2008-2009 Title I	189,971	380,944	570,915	-	-	297	297	-	-
2008-2009 Title I, Part D Negl/Delq	2,333	52,284	54,690	73	-	-	-	-	-
Stewart Homeless Assistance	10,000	-	10,000	-	-	-	-	-	-
2009-2010 IDEA Pre-School	-	143,828	171,235	-	(27,407)	46,486	29,744	10,665	-
2010-2011 IDEA Pre-School	-	-	-	-	-	151,017	176,385	-	(25,368)
2007-2008 IDEA-Muncie	-	-	2,353	2,353	-	-	-	-	-
2009-2010 IDEA-Muncie	-	2,128,805	1,924,850	-	203,955	-	296,887	92,932	-
2010-2011 IDEA-Muncie	-	-	-	-	-	2,042,038	1,818,983	(551,846)	(328,791)
2009-2010 IDEA Pass-Through	-	2,673,393	4,156,393	-	(1,483,000)	1,483,000	-	-	-
2010-2011 IDEA Pass-Through	-	-	-	-	-	2,740,788	3,139,651	551,846	152,983
2008-2009 IDEA Pass-Through	(400,000)	400,000	-	-	-	-	-	-	-
2008-2009 IDEA Pre-School	57,796	20,475	78,271	-	-	-	-	-	-
2008-2009 IDEA-Muncie	(144,753)	515,983	407,251	36,021	-	-	-	-	-
2009-2010 Discretionary Grant	-	80,000	80,000	-	-	-	-	-	-
Adult Education GED/TV	10,314	682	-	(10,996)	-	-	-	-	-
2008-2009 Adult Basic Education	27,441	-	16,086	(11,355)	-	-	-	-	-
2008-2009 GED-On-TV	40,330	2,722	65,402	22,350	-	-	-	-	-
2009-2010 Adult Basic Education	-	192,504	152,750	-	39,754	-	10,873	(28,881)	-
2010-2011 Adult Basic Education	-	-	-	-	-	97,927	169,085	-	(71,158)
Jobworks-Adult Education	-	-	-	-	-	10,075	-	-	10,075
2007-2008 Drug Free School Title IV	5,210	-	5,435	225	-	-	8	8	-
2008-2009 Perkins	12,320	92,650	41,382	(63,588)	-	-	-	-	-
2009-2010 Perkins	-	278,850	253,847	(10,000)	15,003	92,954	55,999	(52,135)	(177)
2010-2011 Perkins	-	-	-	-	-	161,134	208,600	(10,000)	(57,466)
BSU-PDS	13,357	6,321	7,143	-	12,535	4,999	3,085	-	14,449
2008-2009 Title II-A CSR-Imp. Teach	8,548	285,529	294,077	-	-	-	-	-	-
2009-2010 Title IIA, Imp. Teach Quality	-	712,574	518,363	-	194,211	-	67,429	(126,782)	-
2010-2011 Title IIA, Imp. Teach Quality	-	-	-	-	-	686,719	888,153	-	(201,434)
2008-2009 Title IIIA, Limited English	8,955	-	3,908	-	5,047	70	144	(4,973)	-
2006-2008 BSU Math Partnership	23,809	-	23,809	-	-	-	1,462	-	(1,462)
2010-2012 Math/Science Partner	-	134,960	50,194	-	84,766	11,078	21,047	(3,202)	71,595
2007-2008 CHS Star Grant	1,320	-	1,320	-	-	-	-	-	-
Fiscal Stabilization - Education	4,349,095	1,444,760	5,793,855	-	-	-	-	-	-
Title I - Grants to LEAs	-	999,831	820,565	-	179,266	1,186,928	1,092,252	-	273,942
Title I - School Improvement	-	-	-	-	-	25,451	-	(25,451)	-

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011  
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Special Education - Part B	-	2,144,027	2,183,080	-	(39,053)	1,590,063	1,671,284	-	(120,274)
Special Education - Part B - Preschool	-	63,961	79,915	-	(15,954)	25,428	11,264	-	(1,790)
School Lunch Equipment	-	25,586	25,586	-	-	-	-	-	-
Title I - Part D, Subpart 2	-	125,770	173,562	-	(47,792)	45,001	30,953	-	(33,744)
Bargaining Unit ERRP	-	-	-	-	-	196,572	-	-	196,572
Non-Bargaining Unit ERRP	-	-	-	-	-	43,136	-	-	43,136
Totals	<u>\$ 14,251,036</u>	<u>\$ 140,702,332</u>	<u>\$ 131,690,494</u>	<u>\$ 28,390</u>	<u>\$ 23,291,264</u>	<u>\$ 127,636,491</u>	<u>\$ 124,767,052</u>	<u>\$ 168,856</u>	<u>\$ 26,329,559</u>

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

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other financing sources and uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. 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 School Corporation. 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 School Corporation. 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 School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation 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 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 School Corporation 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.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(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 School Corporation 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 School Corporation 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 School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. 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 School Corporation by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF 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 School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,783,295	\$ (190,034)	\$ (18,352)	\$ (3,527,976)	\$ (259,495)	\$ 199,960	\$ 388,215	\$ 3,000,000	\$ 6,644,371
Receipts:									
Local sources	1,309,048	6,598,124	696,757	5,627,078	3,410,506	97,981	105,072	-	-
Intermediate sources	96	-	-	-	-	-	-	-	-
State sources	50,697,174	1,010,303	107,267	848,156	513,883	14,967	189,750	-	-
Federal sources	88,654	-	-	-	-	-	-	-	-
Temporary loans	15,700,000	-	-	-	-	-	-	-	-
Other	6,290	-	-	-	-	-	-	-	-
Total receipts	67,801,262	7,608,427	804,024	6,475,234	3,924,389	112,948	294,822	-	-
Disbursements:									
Current:									
Instruction	35,339,354	-	-	-	-	-	175,595	-	-
Support services	14,004,877	13,833	-	2,766,694	3,254,196	112,028	-	-	-
Noninstructional services	296,448	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,923,800	-	-	-	-	-
Debt services	8,275,000	7,167,602	762,401	-	-	-	-	-	-
Nonprogrammed charges	2,560,433	-	-	-	-	-	-	-	-
Total disbursements	60,476,112	7,181,435	762,401	4,690,494	3,254,196	112,028	175,595	-	-
Excess (deficiency) of receipts over disbursements	7,325,150	426,992	41,623	1,784,740	670,193	920	119,227	-	-
Other financing sources (uses):									
Sale of capital assets	28,390	-	-	-	-	-	-	-	-
Transfers in	1,463,604	-	-	-	-	-	-	1,100,000	-
Transfers out	(2,000)	-	-	-	(800,000)	(300,000)	(507,442)	-	-
Total other financing sources (uses)	1,489,994	-	-	-	(800,000)	(300,000)	(507,442)	1,100,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,815,144	426,992	41,623	1,784,740	(129,807)	(299,080)	(388,215)	1,100,000	-
Cash and investments - ending	\$ 12,598,439	\$ 236,958	\$ 23,271	\$ (1,743,236)	\$ (389,302)	\$ (99,120)	\$ -	\$ 4,100,000	\$ 6,644,371

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Construction	School Lunch	Textbook Rental	Self-Insurance	2008-2009 Delaware-Blackford Special Education	2009-2010 Delaware-Blackford Special Education	2007-2008 Vocational Co-Op	2008-2009 Vocational Co-Op	2009-2010 Vocational Co-Op
Cash and investments - beginning	\$ (225,613)	\$ 549,682	\$ (192,977)	\$ 6,394,267	\$ (5,608,303)	\$ -	\$ (68)	\$ (1,007,490)	\$ -
Receipts:									
Local sources	580,279	724,584	358,492	20,654,028	7,302,400	1,160,297	-	1,194,711	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	17,413	479,216	-	-	-	-	-	-
Federal sources	-	2,884,901	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	580,279	3,626,898	837,708	20,654,028	7,302,400	1,160,297	-	1,194,711	-
Disbursements:									
Current:									
Instruction	-	-	734,657	-	702,345	4,621,086	1,606	183,435	1,070,323
Support services	-	76	-	-	165,991	622,896	-	-	-
Noninstructional services	-	3,253,453	-	-	-	-	-	-	-
Facilities acquisition and construction	310,923	-	-	-	-	-	-	-	-
Debt services	-	-	-	189	-	-	-	-	-
Nonprogrammed charges	-	-	-	20,390,469	-	-	-	-	-
Total disbursements	310,923	3,253,529	734,657	20,390,658	868,336	5,243,982	1,606	183,435	1,070,323
Excess (deficiency) of receipts over disbursements	269,356	373,369	103,051	263,370	6,434,064	(4,083,685)	(1,606)	1,011,276	(1,070,323)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,674	-	94
Transfers out	-	-	-	-	(825,761)	(38,374)	-	(3,786)	-
Total other financing sources (uses)	-	-	-	-	(825,761)	(38,374)	1,674	(3,786)	94
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	269,356	373,369	103,051	263,370	5,608,303	(4,122,059)	68	1,007,490	(1,070,229)
Cash and investments - ending	\$ 43,743	\$ 923,051	\$ (89,926)	\$ 6,657,637	\$ -	\$ (4,122,059)	\$ -	\$ -	\$ (1,070,229)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 Extended Services Clearing	2009-2010 Extended Services Clearing	2010-2011 Creative Child Care	2009-2010 Creative Child Care	Educational Promotions	Alternative Education Grant	2009-2010 Safe Haven Grant	2009-2010 Ready Schools- Early Intervention	2009-2010 School Intervention Career
Cash and investments - beginning	\$ 34,071	\$ -	\$ 18,355	\$ -	\$ 8,805	\$ 115,970	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	50,501	12,305	221,036	-	-	-	-	-
Intermediate sources	-	-	-	-	41,798	-	-	-	-
State sources	-	-	-	-	-	58,641	15,000	11,640	15,001
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	50,501	12,305	221,036	41,798	58,641	15,000	11,640	15,001
Disbursements:									
Current:									
Instruction	-	-	-	-	-	93,540	-	2,900	-
Support services	-	-	-	-	-	-	8,105	-	16,236
Noninstructional services	3,004	78,172	8,352	228,973	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	28,334	-	-	-	-
Total disbursements	3,004	78,172	8,352	228,973	28,334	93,540	8,105	2,900	16,236
Excess (deficiency) of receipts over disbursements	(3,004)	(27,671)	3,953	(7,937)	13,464	(34,899)	6,895	8,740	(1,235)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	61,067	1,000	23,308	-	-	-	-	-
Transfers out	(31,067)	(2,379)	(23,308)	(1,000)	-	(225)	-	-	-
Total other financing sources (uses)	(31,067)	58,688	(22,308)	22,308	-	(225)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(34,071)	31,017	(18,355)	14,371	13,464	(35,124)	6,895	8,740	(1,235)
Cash and investments - ending	\$ -	\$ 31,017	\$ -	\$ 14,371	\$ 22,269	\$ 80,846	\$ 6,895	\$ 8,740	\$ (1,235)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Special Education Donation	Harry Mock Gift	2007-2008 Ball Brothers Central/SSHS	Lowe's CHS	Be There Campaign	Ball Brothers Parents as Partners	2009-2010 Cultural Competence Lead	2007-2008 Opportunity School
Cash and investments - beginning	\$ 4,614	\$ 9,623	\$ 1,955	\$ 1,528	\$ 2,211	\$ -	\$ -	\$ (779)
Receipts:								
Local sources	-	16,946	-	-	-	4,901	-	779
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	16,946	-	-	-	4,901	-	779
Disbursements:								
Current:								
Instruction	-	21,603	1,955	-	-	-	-	-
Support services	-	-	-	-	-	-	1,860	-
Noninstructional services	-	-	-	1,528	2,211	3,004	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	2,049	-	-	-	-	-	-	-
Total disbursements	2,049	21,603	1,955	1,528	2,211	3,004	1,860	-
Excess (deficiency) of receipts over disbursements	(2,049)	(4,657)	(1,955)	(1,528)	(2,211)	1,897	(1,860)	779
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	2,000	-
Transfers out	-	(4,821)	-	-	-	-	-	-
Total other financing sources (uses)	-	(4,821)	-	-	-	-	2,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,049)	(9,478)	(1,955)	(1,528)	(2,211)	1,897	140	779
Cash and investments - ending	\$ 2,565	\$ 145	\$ -	\$ -	\$ -	\$ 1,897	\$ 140	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 Opportunity School	2008-2009 Priority School	SHS Provisional Activity	2009-2010 Opportunity School	2009-2010 Priority School	Priority School Contingency	2010-2011 Opportunity School	Planetarium
Cash and investments - beginning	\$ (545,281)	\$ 71,863	\$ (54,207)	\$ -	\$ -	\$ -	\$ -	\$ 1,534
Receipts:								
Local sources	669,642	-	54,207	2,038	350,000	-	10,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	669,642	-	54,207	2,038	350,000	-	10,000	-
Disbursements:								
Current:								
Instruction	122,465	28,735	-	493,801	322,995	-	333	-
Support services	-	-	-	-	-	-	-	1,534
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	122,465	28,735	-	493,801	322,995	-	333	1,534
Excess (deficiency) of receipts over disbursements	547,177	(28,735)	54,207	(491,763)	27,005	-	9,667	(1,534)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	43,128	-	-
Transfers out	(1,896)	(43,128)	-	-	-	(1,307)	-	-
Total other financing sources (uses)	(1,896)	(43,128)	-	-	-	41,821	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	545,281	(71,863)	54,207	(491,763)	27,005	41,821	9,667	(1,534)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (491,763)	\$ 27,005	\$ 41,821	\$ 9,667	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Adventure Environmental Learning Center	Distance Learning Lab	ACC Special	SHS ROTC Services	Christmas Sing	2009-2010 Community Education/ Recreation	2008-2009 Community Education/ Recreation	Demaree Scholarship
Cash and investments - beginning	\$ 17,214	\$ 1,875	\$ 715	\$ (451)	\$ -	\$ -	\$ 42,848	\$ -
Receipts:								
Local sources	5,100	-	-	-	13,316	28,609	-	375
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	1,496	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,100</u>	<u>-</u>	<u>-</u>	<u>1,496</u>	<u>13,316</u>	<u>28,609</u>	<u>-</u>	<u>375</u>
Disbursements:								
Current:								
Instruction	-	-	-	3,023	-	-	-	-
Support services	20,814	1,875	-	-	-	-	-	-
Noninstructional services	-	-	-	-	8,955	55,621	8,506	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	200
Total disbursements	<u>20,814</u>	<u>1,875</u>	<u>-</u>	<u>3,023</u>	<u>8,955</u>	<u>55,621</u>	<u>8,506</u>	<u>200</u>
Excess (deficiency) of receipts over disbursements	<u>(15,714)</u>	<u>(1,875)</u>	<u>-</u>	<u>(1,527)</u>	<u>4,361</u>	<u>(27,012)</u>	<u>(8,506)</u>	<u>175</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	34,915	573	-
Transfers out	-	-	-	-	-	(573)	(34,915)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,342</u>	<u>(34,342)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(15,714)</u>	<u>(1,875)</u>	<u>-</u>	<u>(1,527)</u>	<u>4,361</u>	<u>7,330</u>	<u>(42,848)</u>	<u>175</u>
Cash and investments - ending	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 715</u>	<u>\$ (1,978)</u>	<u>\$ 4,361</u>	<u>\$ 7,330</u>	<u>\$ -</u>	<u>\$ 175</u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Keihn Scholarship	Gladys Arthur Hoan Scholarship	2008-2009 Gifted/ Talented	2009-2010 Gifted/ Talented	Elementary Instruction Continuation	2007-2008 Gifted/ Talented	2008-2009 Professional Development	2007-2008 Professional Development
Cash and investments - beginning	\$ 7,500	\$ 2,355	\$ 31,726	\$ -	\$ 42,667	\$ 344	\$ 74,275	\$ 16,959
Receipts:								
Local sources	-	555	-	-	398	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	56,616	-	-	14,248	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	555	-	56,616	398	-	14,248	-
Disbursements:								
Current:								
Instruction	-	-	12,979	20,462	26,683	344	-	-
Support services	-	-	18,747	32,212	-	-	47,540	16,887
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,000	2,900	-	-	-	-	-	-
Total disbursements	3,000	2,900	31,726	52,674	26,683	344	47,540	16,887
Excess (deficiency) of receipts over disbursements	(3,000)	(2,345)	(31,726)	3,942	(26,285)	(344)	(33,292)	(16,887)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(63)
Total other financing sources (uses)	-	-	-	-	-	-	-	(63)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,000)	(2,345)	(31,726)	3,942	(26,285)	(344)	(33,292)	(16,950)
Cash and investments - ending	\$ 4,500	\$ 10	\$ -	\$ 3,942	\$ 16,382	\$ -	\$ 40,983	\$ 9

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2006-2007 Professional Development	Local Improvement Continuation	PL 221 Professional Development	2008-2009 Non-English Speaking Program	2009-2010 Non-English Speaking Program	Technology Clearing	2005-2006 Buddy- Longfellow	2007-2008 21st Century Scholars
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 9,744	\$ -	\$ 474	\$ 1,570	\$ 54,778
Receipts:								
Local sources	-	23,810	-	-	-	-	-	4,548
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	18,750	-	9,657	121,382	-	6,480
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	23,810	18,750	-	9,657	121,382	-	11,028
Disbursements:								
Current:								
Instruction	-	-	-	-	1,039	-	-	-
Support services	63	11,452	9,474	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	114,770	1,570	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	63	11,452	9,474	-	1,039	114,770	1,570	-
Excess (deficiency) of receipts over disbursements	(63)	12,358	9,276	-	8,618	6,612	(1,570)	11,028
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	63	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(65,806)
Total other financing sources (uses)	63	-	-	-	-	-	-	(65,806)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,358	9,276	-	8,618	6,612	(1,570)	(54,778)
Cash and investments - ending	\$ -	\$ 12,358	\$ 9,276	\$ 9,744	\$ 8,618	\$ 7,086	\$ -	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 21st Century Scholars	2009-2010 Title I	2009-2010 Title I, Negl/Delinquent	2009-2010 Title I School Improvement	2009 Garfield Title I School Improvement	Title I Longfellow School Improvement	Title I Sutton School Improvement	2007-2008 Title I
Cash and investments - beginning	\$ (30,551)	\$ -	\$ -	\$ -	\$ 28,030	\$ 93,588	\$ 39,586	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	89,123	-	-	-	-	-	-	-
Federal sources	-	2,710,835	338,788	439,945	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	89,123	2,710,835	338,788	439,945	-	-	-	-
Disbursements:								
Current:								
Instruction	-	1,950,017	310,741	10,090	-	59,590	825	-
Support services	-	496,254	120	156,013	28,030	5,514	20,000	-
Noninstructional services	58,632	26,373	-	383	-	-	-	1,160
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	58,632	2,472,644	310,861	166,486	28,030	65,104	20,825	1,160
Excess (deficiency) of receipts over disbursements	30,491	238,191	27,927	273,459	(28,030)	(65,104)	(20,825)	(1,160)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	60	-	-	-	-	-	-	1,160
Transfers out	-	(9,520)	(358)	-	-	-	-	-
Total other financing sources (uses)	60	(9,520)	(358)	-	-	-	-	1,160
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,551	228,671	27,569	273,459	(28,030)	(65,104)	(20,825)	-
Cash and investments - ending	\$ -	\$ 228,671	\$ 27,569	\$ 273,459	\$ -	\$ 28,484	\$ 18,761	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 Title I	2008-2009 Title I, Part D Negl/Delinquent	Stewart Homeless Assistance	2009-2010 IDEA Pre-School	2007-2008 IDEA- Muncie	2009-2010 IDEA- Muncie	2009-2010 IDEA Pass-Through	2008-2009 IDEA Pass-Through
Cash and investments - beginning	\$ 189,971	\$ 2,333	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ (400,000)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	380,944	52,284	-	143,828	-	2,128,805	2,673,393	400,000
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>380,944</u>	<u>52,284</u>	<u>-</u>	<u>143,828</u>	<u>-</u>	<u>2,128,805</u>	<u>2,673,393</u>	<u>400,000</u>
Disbursements:								
Current:								
Instruction	354,436	45,641	-	171,235	2,353	1,854,812	-	-
Support services	213,415	9,049	10,000	-	-	70,038	-	-
Noninstructional services	3,064	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	4,156,393	-
Total disbursements	<u>570,915</u>	<u>54,690</u>	<u>10,000</u>	<u>171,235</u>	<u>2,353</u>	<u>1,924,850</u>	<u>4,156,393</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(189,971)</u>	<u>(2,406)</u>	<u>(10,000)</u>	<u>(27,407)</u>	<u>(2,353)</u>	<u>203,955</u>	<u>(1,483,000)</u>	<u>400,000</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	73	-	-	2,353	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>73</u>	<u>-</u>	<u>-</u>	<u>2,353</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(189,971)</u>	<u>(2,333)</u>	<u>(10,000)</u>	<u>(27,407)</u>	<u>-</u>	<u>203,955</u>	<u>(1,483,000)</u>	<u>400,000</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (27,407)</u>	<u>\$ -</u>	<u>\$ 203,955</u>	<u>\$ (1,483,000)</u>	<u>\$ -</u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 IDEA Pre-School	2008-2009 IDEA- Muncie	2009-2010 Discretionary Grant	Adult Education GED/TV	2008-2009 Adult Basic Education	2008-2009 GED-On-TV	2009-2010 Adult Basic Education	2007-2008 Drug Free School Title IV
Cash and investments - beginning	\$ 57,796	\$ (144,753)	\$ -	\$ 10,314	\$ 27,441	\$ 40,330	\$ -	\$ 5,210
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	20,475	515,983	80,000	682	-	2,722	192,504	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	20,475	515,983	80,000	682	-	2,722	192,504	-
Disbursements:								
Current:								
Instruction	78,271	389,088	80,000	-	7,569	56,031	100,208	-
Support services	-	18,163	-	-	8,517	9,371	52,542	5,435
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	78,271	407,251	80,000	-	16,086	65,402	152,750	5,435
Excess (deficiency) of receipts over disbursements	(57,796)	108,732	-	682	(16,086)	(62,680)	39,754	(5,435)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	36,021	-	9,967	-	22,350	-	225
Transfers out	-	-	-	(20,963)	(11,355)	-	-	-
Total other financing sources (uses)	-	36,021	-	(10,996)	(11,355)	22,350	-	225
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(57,796)	144,753	-	(10,314)	(27,441)	(40,330)	39,754	(5,210)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,754	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2008-2009 Perkins	2009-2010 Perkins	BSU-PDS	2008-2009 Title II-A CSR-Imp. Teach	2009-2010 Title IIA, Imp. Teach Quality	2008-2009 Title IIIA, Limited English	2006-2008 BSU Math Partnership	2010-2012 Math/Science Partner
Cash and investments - beginning	\$ 12,320	\$ -	\$ 13,357	\$ 8,548	\$ -	\$ 8,955	\$ 23,809	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	92,650	278,850	6,321	285,529	712,574	-	-	134,960
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>92,650</u>	<u>278,850</u>	<u>6,321</u>	<u>285,529</u>	<u>712,574</u>	<u>-</u>	<u>-</u>	<u>134,960</u>
Disbursements:								
Current:								
Instruction	41,382	253,847	-	294,077	515,870	3,908	-	-
Support services	-	-	7,143	-	2,493	-	23,809	50,194
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>41,382</u>	<u>253,847</u>	<u>7,143</u>	<u>294,077</u>	<u>518,363</u>	<u>3,908</u>	<u>23,809</u>	<u>50,194</u>
Excess (deficiency) of receipts over disbursements	<u>51,268</u>	<u>25,003</u>	<u>(822)</u>	<u>(8,548)</u>	<u>194,211</u>	<u>(3,908)</u>	<u>(23,809)</u>	<u>84,766</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(63,588)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(63,588)</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(12,320)</u>	<u>15,003</u>	<u>(822)</u>	<u>(8,548)</u>	<u>194,211</u>	<u>(3,908)</u>	<u>(23,809)</u>	<u>84,766</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 15,003</u>	<u>\$ 12,535</u>	<u>\$ -</u>	<u>\$ 194,211</u>	<u>\$ 5,047</u>	<u>\$ -</u>	<u>\$ 84,766</u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	2007-2008 CHS Star Grant	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	School Lunch Equipment	Title I - Part D Subpart 2	Totals
Cash and investments - beginning	\$ 1,320	\$ 4,349,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,251,036
Receipts:								
Local sources	-	-	-	-	-	-	-	51,288,423
Intermediate sources	-	-	-	-	-	-	-	41,894
State sources	-	-	-	-	-	-	-	54,294,667
Federal sources	-	1,444,760	999,831	2,144,027	63,961	25,586	125,770	19,371,058
Temporary loans	-	-	-	-	-	-	-	15,700,000
Other	-	-	-	-	-	-	-	6,290
Total receipts	<u>-</u>	<u>1,444,760</u>	<u>999,831</u>	<u>2,144,027</u>	<u>63,961</u>	<u>25,586</u>	<u>125,770</u>	<u>140,702,332</u>
Disbursements:								
Current:								
Instruction	-	-	129,226	699,998	79,915	-	168,037	51,638,425
Support services	1,320	-	688,510	185,054	-	-	5,525	23,193,899
Noninstructional services	-	-	2,829	-	-	25,586	-	4,066,254
Facilities acquisition and construction	-	-	-	-	-	-	-	2,351,063
Debt services	-	-	-	-	-	-	-	16,205,192
Nonprogrammed charges	-	5,793,855	-	1,298,028	-	-	-	34,235,661
Total disbursements	<u>1,320</u>	<u>5,793,855</u>	<u>820,565</u>	<u>2,183,080</u>	<u>79,915</u>	<u>25,586</u>	<u>173,562</u>	<u>131,690,494</u>
Excess (deficiency) of receipts over disbursements	<u>(1,320)</u>	<u>(4,349,095)</u>	<u>179,266</u>	<u>(39,053)</u>	<u>(15,954)</u>	<u>-</u>	<u>(47,792)</u>	<u>9,011,838</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	28,390
Transfers in	-	-	-	-	-	-	-	2,803,635
Transfers out	-	-	-	-	-	-	-	(2,803,635)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,390</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,320)</u>	<u>(4,349,095)</u>	<u>179,266</u>	<u>(39,053)</u>	<u>(15,954)</u>	<u>-</u>	<u>(47,792)</u>	<u>9,040,228</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,266</u>	<u>\$ (39,053)</u>	<u>\$ (15,954)</u>	<u>\$ -</u>	<u>\$ (47,792)</u>	<u>\$ 23,291,264</u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 12,598,439	\$ 236,958	\$ 23,271	\$ (1,743,236)	\$ (389,302)	\$ (99,120)	\$ 4,100,000	\$ 6,644,371	\$ 43,743
Receipts:									
Local sources	525,337	7,217,028	801,515	7,195,588	4,293,531	217,682	-	-	31,536
Intermediate sources	96	-	-	-	-	-	-	-	-
State sources	50,156,623	736,031	82,905	752,207	428,677	22,243	-	-	-
Federal sources	70,297	-	-	-	-	-	-	-	-
Temporary loans	6,500,000	-	-	-	-	-	-	-	-
Other	10,155	-	-	-	-	-	-	-	-
Total receipts	57,262,508	7,953,059	884,420	7,947,795	4,722,208	239,925	-	-	31,536
Disbursements:									
Current:									
Instruction	35,727,153	-	-	-	-	-	-	-	-
Support services	12,417,119	-	-	3,048,463	2,815,461	54,433	-	-	-
Noninstructional services	233,466	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	2,244,707	-	-	-	-	14,658
Debt services	7,425,000	7,167,546	760,905	-	-	-	-	-	-
Nonprogrammed charges	5,149,697	-	-	-	-	-	-	-	-
Total disbursements	60,952,435	7,167,546	760,905	5,293,170	2,815,461	54,433	-	-	14,658
Excess (deficiency) of receipts over disbursements	(3,689,927)	785,513	123,515	2,654,625	1,906,747	185,492	-	-	16,878
Other financing sources (uses):									
Sale of capital assets	168,857	-	-	-	-	-	-	-	-
Transfers in	1,415,831	-	-	-	97,929	-	-	-	-
Transfers out	(26,193)	-	-	-	(232,535)	-	-	-	-
Total other financing sources (uses)	1,558,495	-	-	-	(134,606)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,131,432)	785,513	123,515	2,654,625	1,772,141	185,492	-	-	16,878
Cash and investments - ending	\$ 10,467,007	\$ 1,022,471	\$ 146,786	\$ 911,389	\$ 1,382,839	\$ 86,372	\$ 4,100,000	\$ 6,644,371	\$ 60,621

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	School Lunch	Textbook Rental	Self-Insurance	Levy Excess	2009-2010 Delaware-Blackford Special Education	2010-2011 Delaware-Blackford Special Education	2010-2011 Special Education Preschool	2009-2010 Vocational Co-Op	2010-2011 Vocational Co-Op
Cash and investments - beginning	\$ 923,051	\$ (89,926)	\$ 6,657,637	\$ -	\$ (4,122,059)	\$ -	\$ -	\$ (1,070,229)	\$ -
Receipts:									
Local sources	694,448	295,576	22,327,947	97,929	5,797,395	28,901	-	1,241,672	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	15,551	420,972	-	-	-	-	-	-	-
Federal sources	2,644,148	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,354,147</u>	<u>716,548</u>	<u>22,327,947</u>	<u>97,929</u>	<u>5,797,395</u>	<u>28,901</u>	<u>-</u>	<u>1,241,672</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	823,716	-	-	587,913	4,742,213	397,208	192,096	888,902
Support services	238	-	-	-	146,905	501,472	-	-	-
Noninstructional services	3,322,432	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	21,254,765	-	-	-	-	-	-
Total disbursements	<u>3,322,670</u>	<u>823,716</u>	<u>21,254,765</u>	<u>-</u>	<u>734,818</u>	<u>5,243,685</u>	<u>397,208</u>	<u>192,096</u>	<u>888,902</u>
Excess (deficiency) of receipts over disbursements	<u>31,477</u>	<u>(107,168)</u>	<u>1,073,182</u>	<u>97,929</u>	<u>5,062,577</u>	<u>(5,214,784)</u>	<u>(397,208)</u>	<u>1,049,576</u>	<u>(888,902)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	25,542	-	-	-	-	-	-	-
Transfers out	-	-	-	(97,929)	(900,000)	(92,931)	(10,665)	-	-
Total other financing sources (uses)	<u>-</u>	<u>25,542</u>	<u>-</u>	<u>(97,929)</u>	<u>(900,000)</u>	<u>(92,931)</u>	<u>(10,665)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>31,477</u>	<u>(81,626)</u>	<u>1,073,182</u>	<u>-</u>	<u>4,162,577</u>	<u>(5,307,715)</u>	<u>(407,873)</u>	<u>1,049,576</u>	<u>(888,902)</u>
Cash and investments - ending	<u>\$ 954,528</u>	<u>\$ (171,552)</u>	<u>\$ 7,730,819</u>	<u>\$ -</u>	<u>\$ 40,518</u>	<u>\$ (5,307,715)</u>	<u>\$ (407,873)</u>	<u>\$ (20,653)</u>	<u>\$ (888,902)</u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	2009-2010 Extended Services Clearing	2010-2011 Extended Services Clearing	2010-2011 Creative Child Care	2009-2010 Creative Child Care	Educational Promotions	Alternative Education Grant	2009-2010 Safe Haven Grant	2009-2010 Ready Schools- Early Intervention	2009-2010 School Intervention Career
Cash and investments - beginning	\$ 31,017	\$ -	\$ -	\$ 14,371	\$ 22,269	\$ 80,846	\$ 6,895	\$ 8,740	\$ (1,235)
Receipts:									
Local sources	14,507	16,716	186,955	12,114	-	-	-	-	-
Intermediate sources	-	-	-	-	20,457	-	-	-	-
State sources	-	-	-	-	-	38,579	-	-	15,001
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	14,507	16,716	186,955	12,114	20,457	38,579	-	-	15,001
Disbursements:									
Current:									
Instruction	-	-	-	-	-	396	-	5,281	-
Support services	-	-	-	-	13,163	-	-	-	21,334
Noninstructional services	1,846	33,785	214,685	8,623	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	16,858	-	-	-	-
Total disbursements	1,846	33,785	214,685	8,623	30,021	396	-	5,281	21,334
Excess (deficiency) of receipts over disbursements	12,661	(17,069)	(27,730)	3,491	(9,564)	38,183	-	(5,281)	(6,333)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	124,693	17,922	60	-	-	-	-	-
Transfers out	(43,678)	-	(60)	(17,922)	-	-	(6,895)	-	-
Total other financing sources (uses)	(43,678)	124,693	17,862	(17,862)	-	-	(6,895)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,017)	107,624	(9,868)	(14,371)	(9,564)	38,183	(6,895)	(5,281)	(6,333)
Cash and investments - ending	\$ -	\$ 107,624	\$ (9,868)	\$ -	\$ 12,705	\$ 119,029	\$ -	\$ 3,459	\$ (7,568)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Special Education Donation	Harry Mock Gift	2011 Ball Found SV Smartboard	Ball Brothers Parents as Partners	2009-2010 Cultural Competence Lead	2010-2011 Priority School	2011-2012 Opportunity School	2009-2010 Opportunity School	2009-2010 Priority School
Cash and investments - beginning	\$ 2,565	\$ 145	\$ -	\$ 1,897	\$ 140	\$ -	\$ -	\$ (491,763)	\$ 27,005
Receipts:									
Local sources	-	-	87,650	-	-	214,999	-	500,881	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	87,650	-	-	214,999	-	500,881	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	283,827	18,107	83,003	23,200
Support services	-	-	-	-	140	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	781	-	-	-	-	-	-	-	2,142
Total disbursements	781	-	-	-	140	283,827	18,107	83,003	25,342
Excess (deficiency) of receipts over disbursements	(781)	-	87,650	-	(140)	(68,828)	(18,107)	417,878	(25,342)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	10,000	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(1,663)
Total other financing sources (uses)	-	-	-	-	-	10,000	-	-	(1,663)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(781)	-	87,650	-	(140)	(58,828)	(18,107)	417,878	(27,005)
Cash and investments - ending	\$ 1,784	\$ 145	\$ 87,650	\$ 1,897	\$ -	\$ (58,828)	\$ (18,107)	\$ (73,885)	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Priority School Contingency	2010-2011 Opportunity School	Adventure Environmental Learning Center	ACC Special	SHS ROTC Services	Christmas Sing	2010-2011 Community Education/ Recreation	2009-2010 Community Education/ Recreation	Penny Seramur Scholarship
Cash and investments - beginning	\$ 41,821	\$ 9,667	\$ 1,500	\$ 715	\$ (1,978)	\$ 4,361	\$ -	\$ 7,330	\$ -
Receipts:									
Local sources	-	-	4,900	-	-	7,581	28,905	39,635	7,560
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	3,534	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	4,900	-	3,534	7,581	28,905	39,635	7,560
Disbursements:									
Current:									
Instruction	-	613,205	-	-	736	-	-	-	-
Support services	-	-	17,897	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	11,083	65,037	5,056	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	613,205	17,897	-	736	11,083	65,037	5,056	-
Excess (deficiency) of receipts over disbursements	-	(613,205)	(12,997)	-	2,798	(3,502)	(36,132)	34,579	7,560
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	41,916	7	-
Transfers out	(41,821)	(39,327)	-	-	-	-	(7)	(41,916)	-
Total other financing sources (uses)	(41,821)	(39,327)	-	-	-	-	41,909	(41,909)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,821)	(652,532)	(12,997)	-	2,798	(3,502)	5,777	(7,330)	7,560
Cash and investments - ending	\$ -	\$ (642,865)	\$ (11,497)	\$ 715	\$ 820	\$ 859	\$ 5,777	\$ -	\$ 7,560

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Walburn Scholarship	Demaree Scholarship	Keihn Scholarship	Gladys Arthur Hoan Scholarship	2010-2011 Gifted/ Talented	2009-2010 Gifted/ Talented	Elementary Instruction Continuation	2008-2009 Professional Development	2007-2008 Professional Development
Cash and investments - beginning	\$ -	\$ 175	\$ 4,500	\$ 10	\$ -	\$ 3,942	\$ 16,382	\$ 40,983	\$ 9
Receipts:									
Local sources	11,166	91	-	556	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	55,765	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	11,166	91	-	556	55,765	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	31,356	4,368	7,660	-	-
Support services	-	-	-	-	17,073	625	-	4,378	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	200	4,500	-	-	-	-	-	-
Total disbursements	-	200	4,500	-	48,429	4,993	7,660	4,378	-
Excess (deficiency) of receipts over disbursements	11,166	(109)	(4,500)	556	7,336	(4,993)	(7,660)	(4,378)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,051	-	55	-
Transfers out	-	-	-	-	(1,051)	-	(227)	(36,660)	(9)
Total other financing sources (uses)	-	-	-	-	(1,051)	1,051	(227)	(36,605)	(9)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,166	(109)	(4,500)	556	6,285	(3,942)	(7,887)	(40,983)	(9)
Cash and investments - ending	\$ 11,166	\$ 66	\$ -	\$ 566	\$ 6,285	\$ -	\$ 8,495	\$ -	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Local Improvement Continuation	PL 221 Professional Development	ESL Clearing Account	2008-2009 Non-English Speaking Program	2009-2010 Non-English Speaking Program	2010-2011 Non-English Speaking Program	Technology Clearing	2009-2010 Title I	2009-2010 Title I, Negl/Delinquent
Cash and investments - beginning	\$ 12,358	\$ 9,276	\$ -	\$ 9,744	\$ 8,618	\$ -	\$ 7,086	\$ 228,671	\$ 27,569
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	928	-	-	7,171	257,860	-	-
Federal sources	-	-	-	-	-	-	-	574,211	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	928	-	-	7,171	257,860	574,211	-
Disbursements:									
Current:									
Instruction	-	-	5,065	-	-	657	-	338,499	56,570
Support services	2,107	54,149	-	-	-	4,583	-	97,905	325
Noninstructional services	-	-	-	-	-	-	-	1,567	-
Facilities acquisition and construction	-	-	-	-	-	-	30,270	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,107	54,149	5,065	-	-	5,240	30,270	437,971	56,895
Excess (deficiency) of receipts over disbursements	(2,107)	(54,149)	(4,137)	-	-	1,931	227,590	136,240	(56,895)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	220	75,198	23,335	-	-	-	-	-	29,326
Transfers out	(10,471)	(55)	-	(9,744)	(8,618)	-	-	(364,911)	-
Total other financing sources (uses)	(10,251)	75,143	23,335	(9,744)	(8,618)	-	-	(364,911)	29,326
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,358)	20,994	19,198	(9,744)	(8,618)	1,931	227,590	(228,671)	(27,569)
Cash and investments - ending	\$ -	\$ 30,270	\$ 19,198	\$ -	\$ -	\$ 1,931	\$ 234,676	\$ -	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	2009-2010 Title I School Improvement	2010-2011 Title I School Improvement	2010-2011 Title I School Improvement	Title I Longfellow School Improvement	2010-2011 Title I, Negl/Delinquent YOC	Title I Sutton School Improvement	2008-2009 Title I	2009-2010 IDEA Pre-School	2010-2011 IDEA Pre-School
Cash and investments - beginning	\$ 273,459	\$ -	\$ -	\$ 28,484	\$ -	\$ 18,761	\$ -	\$ (27,407)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	1,975,096	22,980	-	283,542	-	297	46,486	151,017
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,975,096	22,980	-	283,542	-	297	46,486	151,017
Disbursements:									
Current:									
Instruction	77,416	1,769,263	42,205	26,919	336,476	17,719	-	29,744	176,385
Support services	36,537	444,152	236,429	-	-	-	-	-	-
Noninstructional services	2,830	20,812	1,405	-	-	-	297	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	42,794	-	-	-	-	-	-	-	-
Total disbursements	159,577	2,234,227	280,039	26,919	336,476	17,719	297	29,744	176,385
Excess (deficiency) of receipts over disbursements	(159,577)	(259,131)	(257,059)	(26,919)	(52,934)	(17,719)	-	16,742	(25,368)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	365,562	-	-	-	-	-	10,665	-
Transfers out	(85,934)	(7,000)	-	(1,565)	-	(1,042)	-	-	-
Total other financing sources (uses)	(85,934)	358,562	-	(1,565)	-	(1,042)	-	10,665	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(245,511)	99,431	(257,059)	(28,484)	(52,934)	(18,761)	-	27,407	(25,368)
Cash and investments - ending	\$ 27,948	\$ 99,431	\$ (257,059)	\$ -	\$ (52,934)	\$ -	\$ -	\$ -	\$ (25,368)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	2009-2010 IDEA- Muncie	2010-2011 IDEA- Muncie	2009-2010 IDEA Pass-Through	2010-2011 IDEA Pass-Through	2009-2010 Adult Basic Education	2010-2011 Adult Basic Education	Jobworks- Adult Education	2007-2008 Drug Free School Title IV
Cash and investments - beginning	\$ 203,955	\$ -	\$ (1,483,000)	\$ -	\$ 39,754	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	2,042,038	1,483,000	2,740,788	-	97,927	10,075	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	2,042,038	1,483,000	2,740,788	-	97,927	10,075	-
Disbursements:								
Current:								
Instruction	280,109	1,759,081	-	-	9,743	169,085	-	-
Support services	16,778	59,902	-	-	1,130	-	-	8
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,139,651	-	-	-	-
Total disbursements	296,887	1,818,983	-	3,139,651	10,873	169,085	-	8
Excess (deficiency) of receipts over disbursements	(296,887)	223,055	1,483,000	(398,863)	(10,873)	(71,158)	10,075	(8)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	92,932	-	-	551,846	-	-	-	8
Transfers out	-	(551,846)	-	-	(28,881)	-	-	-
Total other financing sources (uses)	92,932	(551,846)	-	551,846	(28,881)	-	-	8
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(203,955)	(328,791)	1,483,000	152,983	(39,754)	(71,158)	10,075	-
Cash and investments - ending	\$ -	\$ (328,791)	\$ -	\$ 152,983	\$ -	\$ (71,158)	\$ 10,075	\$ -

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	2009-2010 Perkins	2010-2011 Perkins	BSU-PDS	2009-2010 Title IIA, Imp. Teach Quality	2010-2011 Title IIA, Imp. Teach Quality	2008-2009 Title IIIA, Limited English	2006-2008 BSU Math Partnership	2010-2012 Math/Science Partner
Cash and investments - beginning	\$ 15,003	\$ -	\$ 12,535	\$ 194,211	\$ -	\$ 5,047	\$ -	\$ 84,766
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	70	-	-
Federal sources	92,954	161,134	4,999	-	686,719	-	-	11,078
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>92,954</u>	<u>161,134</u>	<u>4,999</u>	<u>-</u>	<u>686,719</u>	<u>70</u>	<u>-</u>	<u>11,078</u>
Disbursements:								
Current:								
Instruction	55,999	208,600	-	67,429	887,759	144	-	18,150
Support services	-	-	3,085	-	394	-	1,462	2,897
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>55,999</u>	<u>208,600</u>	<u>3,085</u>	<u>67,429</u>	<u>888,153</u>	<u>144</u>	<u>1,462</u>	<u>21,047</u>
Excess (deficiency) of receipts over disbursements	<u>36,955</u>	<u>(47,466)</u>	<u>1,914</u>	<u>(67,429)</u>	<u>(201,434)</u>	<u>(74)</u>	<u>(1,462)</u>	<u>(9,969)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	<u>(52,135)</u>	<u>(10,000)</u>	<u>-</u>	<u>(126,782)</u>	<u>-</u>	<u>(4,973)</u>	<u>-</u>	<u>(3,202)</u>
Total other financing sources (uses)	<u>(52,135)</u>	<u>(10,000)</u>	<u>-</u>	<u>(126,782)</u>	<u>-</u>	<u>(4,973)</u>	<u>-</u>	<u>(3,202)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(15,180)</u>	<u>(57,466)</u>	<u>1,914</u>	<u>(194,211)</u>	<u>(201,434)</u>	<u>(5,047)</u>	<u>(1,462)</u>	<u>(13,171)</u>
Cash and investments - ending	<u><u>\$ (177)</u></u>	<u><u>\$ (57,466)</u></u>	<u><u>\$ 14,449</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (201,434)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (1,462)</u></u>	<u><u>\$ 71,595</u></u>

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	Title I - Grants to LEAs	Title I - School Improvement	Special Education - Part B	Special Education - Part B - Preschool	Title I - Part D Subpart 2	Bargaining Unit ERRP	Non-Bargaining Unit ERRP	Totals
Cash and investments - beginning	\$ 179,266	\$ -	\$ (39,053)	\$ (15,954)	\$ (47,792)	\$ -	\$ -	\$ 23,291,264
Receipts:								
Local sources	-	-	-	-	-	-	-	51,900,301
Intermediate sources	-	-	-	-	-	-	-	20,553
State sources	-	-	-	-	-	-	-	52,990,583
Federal sources	1,186,928	25,451	1,590,063	25,428	45,001	196,572	43,136	16,214,899
Temporary loans	-	-	-	-	-	-	-	6,500,000
Other	-	-	-	-	-	-	-	10,155
Total receipts	<u>1,186,928</u>	<u>25,451</u>	<u>1,590,063</u>	<u>25,428</u>	<u>45,001</u>	<u>196,572</u>	<u>43,136</u>	<u>127,636,491</u>
Disbursements:								
Current:								
Instruction	307,740	-	932,282	11,264	30,953	-	-	52,045,596
Support services	776,669	-	82,914	-	-	-	-	20,880,127
Noninstructional services	7,843	-	-	-	-	-	-	3,930,767
Facilities acquisition and construction	-	-	-	-	-	-	-	2,289,635
Debt services	-	-	-	-	-	-	-	15,353,451
Nonprogrammed charges	-	-	656,088	-	-	-	-	30,267,476
Total disbursements	<u>1,092,252</u>	<u>-</u>	<u>1,671,284</u>	<u>11,264</u>	<u>30,953</u>	<u>-</u>	<u>-</u>	<u>124,767,052</u>
Excess (deficiency) of receipts over disbursements	<u>94,676</u>	<u>25,451</u>	<u>(81,221)</u>	<u>14,164</u>	<u>14,048</u>	<u>196,572</u>	<u>43,136</u>	<u>2,869,439</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	168,857
Transfers in	-	-	-	-	-	-	-	2,884,098
Transfers out	-	(25,451)	-	-	-	-	-	(2,884,099)
Total other financing sources (uses)	<u>-</u>	<u>(25,451)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,856</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>94,676</u>	<u>-</u>	<u>(81,221)</u>	<u>14,164</u>	<u>14,048</u>	<u>196,572</u>	<u>43,136</u>	<u>3,038,295</u>
Cash and investments - ending	<u>\$ 273,942</u>	<u>\$ -</u>	<u>\$ (120,274)</u>	<u>\$ (1,790)</u>	<u>\$ (33,744)</u>	<u>\$ 196,572</u>	<u>\$ 43,136</u>	<u>\$ 26,329,559</u>

MUNCIE COMMUNITY SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended June 30, 2011

Capital assets are reported at replacement cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 484,050
Buildings	117,919,519
Improvements other than buildings	2,282,717
Machinery and equipment	<u>5,146,094</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 125,832,380</u>

MUNCIE COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

The school corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Facilities	\$ 62,005,000	\$ 3,474,866
Bonds payable:		
Revenue bonds:		
Pension Bonds	<u>2,420,000</u>	<u>379,722</u>
Total governmental activities debt	<u>\$ 64,425,000</u>	<u>\$ 3,854,588</u>

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**HEALTH INSURANCE TRANSACTIONS**

The School Corporation maintains health insurance funds for Union and Non-Union employees. The Self-Insurance Fund (Fund 1100) was used to pay health insurance claims of Union employees. The Health Reimbursement Account (Fund 1110) was used to account for employer contributions to individual health insurance accounts for Non-Union employees and payment of health insurance claims from these contributions. The Health Insurance Account Claims Fund (Fund 1120) was used to pay health insurance claims of Non-Union employees. The Fringe Benefit Clearing Fund (Fund 8990) was used to hold insurance payments received from the various funds for both Union and Non-Union employees until transfers were made to the other insurance funds. For reporting purposes, the Health Insurance Reimbursement (Fund 1110), the Health Insurance Account Claims (Fund 1120), and the Fringe Benefit Clearing (Fund 8990) were included in the Self-Insurance fund (Fund 1100) on the financial statement and the supplementary schedules.

Based on a review of the health insurance funds, the following items were noted:

1. In FY 2009-2010, \$78,000 of payroll withholdings from Non-Union employees was receipted to the Self-Insurance Fund (Fund 1100), which was used to pay health insurance claims of Union employees.
2. In FY 2009-2010 and FY 2010-2011, the School Corporation received stop loss refunds in the amount of \$653,407 and \$578,799 respectively. The refunds were posted to the Fringe Benefit Clearing Fund (Fund 8990) rather than to the Union or Non-Union insurance funds, for the amounts applicable for each.
3. All funds, other than the General Fund, were charged insurance premiums based on the number of employees paid from the fund and the plan type of employees. Disbursements were made from the General Fund when cash balances of the health insurance funds were insufficient to pay health insurance premium.

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 Indiana Public School Corporations, Chapter 9)

**EDUCATIONAL PROMOTIONS FUND**

The following items were noted during a review of the Educational Promotions Fund:

1. Educational license fees paid in the amount of \$1,688 and \$1,557 were posted to the Educational Promotions Fund in 2009-2010 and 2010-2011, respectively.
2. In 2009-2010, dormant funds in the amount of \$8,224 were transferred to the Educational Promotions Fund. School Board approval was not obtained.
3. In 2009-2010, transfers were made to the Educational Promotions Fund from funds that were to be used specifically for special education and scholarships in the amount of \$17,821 and \$2,900, respectively.
4. In 2010-2011, collections in the amount of \$6,000 for rental of school facilities were posted to the Educational Promotions Fund rather than the General Fund.

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

5. In 2010-2011, donations in the amount of \$12,901 were received by the School and posted to the Educational Promotions Fund. Information supporting the donations was not provided for audit making it difficult to determine if the donations were to be used for restricted or unrestricted purposes.
6. Disbursements during the audit period were made to Muncie Times in the amount of \$31,000 for advertising. Disbursements were paid in advance. A disbursement in the amount of \$12,000 was paid on March 30, 2011, for an entire year of full page advertisements for the period June 2011 to May 2012. The Muncie Times is no longer published. School employees requested a refund of the advertising payment from the Muncie Times. No response was received from the vendor.
7. Other disbursements from the fund were for School Board Associations in the amount of \$11,500 and for other promotional type disbursements in the amount of \$15,856.

Each governmental unit is responsible for complying with any requirements of trust agreements or endowments received which are not contrary to state statute or constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 Indiana Public School Corporations, Chapter 9)

Cash donations that are extra-curricular in nature may be accounted for in the Extra-Curricular Account. Any school corporation donations shall be accounted for in the school corporation records. The acceptance of these donations shall have prior approval by the Board of School Trustees. Either the School Corporation Treasurer or Extra-Curricular Treasurer will be responsible for the accounting of these funds as applicable. (The School Administrator and Uniform Compliance Guidelines, Volume 180, page 5)

Compensation and any other payments for goods and services should not be paid in advance of receipt of the goods or services unless specifically authorized by statute. Payments made for goods or services which are not received may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Indiana Code 20-26-5-4(3) states:

"To appropriate from the school corporation's **general fund** an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through:

- (A) the purchase of meals, decorations, memorabilia, or awards;
- (B) provision for expenses incurred in interviewing job applicants; or
- (C) developing relations with other governmental units."

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**SCHOOL TRANSPORTATION FUND DISBURSEMENTS - ADMINISTRATORS**

In Fiscal Year 2010-2011, \$199,025 of administrator's salaries were paid from the School Transportation Fund.

Indiana Code 20-40-6-6 states:

"(a) The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation related employees.
- (2) Contracted transportation service.
- (3) Wages of independent contractors.
- (4) Contracts with common carriers.
- (5) Student fares.
- (6) Transportation related insurance.
- (7) Other expenses of operating the school corporation's transportation service, including gasoline, lubricants, tires, repairs, contracted repairs, parts, supplies, equipment, and other related expenses.

(b) Percentages or parts of salaries of teaching personnel or principals are not attributable to Transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund.

(c) Costs for a calendar year are those costs attributable to transportation for students during the school year ending in the calendar year."

**COLLECTION OF AMOUNTS DUE**

The review of reasonableness of textbook rental revealed that textbook rental fees are not being pursued for students who move out of the school district, not all students are being included in the textbook reimbursement claims, some students who owed textbook rental were not included on the delinquency list in the business office, and unpaid amounts were not being pursued by a collection agency or other means.

Deficiencies over textbook rental procedures were noted during the review of the Southside High School records. Southside High School students not on the business office delinquency list and withdrawn students accounted for 34 students owing \$4,500 in fiscal year 2010-2011. These amounts were not collected. Also, 23 Southside High School students who had approved free lunch applications prior to October 15, 2010, were not included on the textbook reimbursement claim filed with Indiana Department of Education.

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

The balances of the Textbook Rental fund at June 30, 2010, and June 30, 2011, were overdrawn in the amounts of \$89,926 and \$171,552, respectively.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

The fund 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 Indiana Public School Corporations, Chapter 9)

**COMPENSATION AND BENEFITS**

As noted in prior Reports B31744 and B35887 and during the current audit period, stipends were paid to certified personnel and not included in the payroll system.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

**OVERDRAWN FUND BALANCES**

The fund balances of the Capital Projects Fund, School Transportation Fund, School Bus Replacement Fund, Textbook Rental Fund, 2009-2010 Delaware-Blackford Special Education Fund, 2009-2010 Vocational Co-Op Fund and the 2009-2010 Opportunity School Fund were overdrawn as of June 30, 2010.

The fund balances of the Textbook Rental Fund, 2010-2011 Delaware-Blackford Special Education Fund, 2010-2011 Special Education Preschool Fund, 2009-2010 Vocational Co-Op Fund, 2010-2011 Vocational Co-Op Fund, 2010-2011 Priority School Fund, 2011-2012 School Opportunity Fund, 2009-2010 Opportunity School Fund, 2010-2011 Opportunity School Fund and the Adventure Environmental Learning Center Fund were overdrawn as of June 30, 2011.

The fund 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 Indiana Public School Corporations, Chapter 9)

**CAPITAL ASSET RECORDS**

As noted in Report B35887 and during the current period, deficiencies were noted during a review of capital assets.

1. Capital asset additions in the amount of \$127,427 were not posted to the capital asset records.

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. Capital assets, totaling \$591,512, were noted as not found during the inventory of capital assets as of June 30, 2011. Officials are currently investigating the missing items noted and correcting the capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

### **CONTRACTS**

Muncie Community Schools disbursed funds for the priority school which totaled \$43,000 less than the amount noted in the interlocal agreement.

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 Indiana Public School Corporations, Chapter 9)

### **ACADEMIC HONORS DIPLOMAS**

Honors Diplomas certified for the 2010-2011 school year to the Indiana Department of Education totaled 85. The actual Honors Diplomas per the School Corporation records totaled 81. Honors Diplomas were over reported for the 2010-2011 school year.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

### ***FUND RAISING - LACK OF CONTROLS (Applies to Central High School and Southside High School)***

Central High School held fundraisers for the choir, the band, and the cheerleaders. The costs of the fundraisers exceeded the revenues generated resulting in losses of \$2,207, \$101, and \$723, respectively.

Expenses for concessions for the Southside High School Athletic Fund exceeded revenues by \$6,396 for the two year period.

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

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

***TICKET SALES FORM SA-4 (Applies to Central High School)***

We noted that the Form SA-4 was used only for sporting events and not for other events such as dances and performances. No information was presented for audit to indicate anyone at the School accounted for the revenue generated by admission to social events. Tickets were not sold and cash payments were taken at the time of admittance. As a result, full accountability for all money received from admissions could not be determined. Also ticket sale reports prepared for athletic events were not always properly signed and approved and frequently contained errors as to amounts collected.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Ticket sales conducted by any activity should be accounted for as follows: The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

***RECEIPT ISSUANCE (Applies to Central High School and South Side High School)***

Receipts were not always written at the time money was received by the Extra-Curricular Treasurer. We received receipts that were written at a later time.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

MUNCIE COMMUNITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

***DEPOSITS (Applies to East Washington Academy, Longfellow Elementary, Mitchell Elementary, South View Elementary, Storer Elementary School and Wilson Middle School)***

Receipts were not deposited without unreasonable delay. A similar comment was in prior reports B24922, B29782, B31744, and B35887.

Indiana Code 20-5-7-4 states in part: ". . . receipts shall be deposited without unreasonable delay."

***USE OF FORM SA-8, SUMMARY FINANCIAL FORM (Applies to West View Elementary)***

Summary Financial Forms (Form SA-8) were not prepared for all fundraisers. It is the policy of the school to prepare a Form SA-8 for all collections.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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

***FEES (Applies to Central High School, South Side High School, Northside Middle School, and Wilson Middle School)***

The School Board approved a class fee schedule called, Notice of Student Fees Assessment. The classes in which fees would be collected were listed, along with the fee amount. During the course of our audit of the fees, we determined that classes not on the approved list also had fees charged and collected. There were also instances of an incorrect fee amount being charged and collected for approved classes.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://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 MUNCIE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

Compliance

We have audited the compliance of the Muncie Community Schools (School Corporation) 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 years ended June 30, 2010 and 2011. The School Corporation'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 School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation'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 School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, 2011-3, and 2011-4.

Internal Control Over Compliance

Management of the School Corporation 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 School Corporation'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

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)

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 School Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, 2011-3, and 2011-4 to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 12, 2012

(This page intentionally left blank.)

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

MUNCIE COMMUNITY SCHOOLS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 09-10 FY 10-11	\$ 624,238 -	\$ - 628,031
National School Lunch Program	10.555	FY 09-10 FY 10-11	2,192,886 -	- 2,198,085
Summer Food Service Program For Children	10.559	FY 10-11	-	3,038
Total for cluster			<u>2,817,124</u>	<u>2,829,154</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	FY 09	25,384	-
Total for federal grantor agency			<u>2,842,508</u>	<u>2,829,154</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-1970 10-1970 11-1970 09-1970 Garfield 09-1970 Longfellow 09-1970 Sutton 09-1970 Improvement FY2011-1970 Improvement	26,134 2,482,165 - 14,248 8,619 20,825 166,487 -	- 437,803 2,241,225 - 28,484 18,761 202,717 280,039
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	Title I ARRA Title I Part D ARRA Title I Differential Accountability	820,564 173,562 -	1,092,252 30,953 25,451
Total for cluster			<u>3,712,604</u>	<u>4,357,685</u>
Special Education Cluster				
Special Education - Grants to States	84.027	14208-010-PN01 Muncie 14211-10-PN01 Muncie 14210-10-PN01 14211-010-PN01 14208-010-DY	1,924,850 - 2,027,588 - 80,000	203,955 1,818,983 - 1,649,459 -
Special Education - Preschool Grants	84.173	45709-010-PN01 FY 2010 611	171,235 -	19,079 176,384
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-010-SN01	2,183,078	1,669,917
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-001-SN01	79,915	11,263
Total for cluster			<u>6,466,666</u>	<u>5,549,040</u>

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

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	FY2010	924,386	-
Adult Education - Basic Grants to States	84.002			
		FY2009-8024	12,860	-
		FY 2010-8024	152,750	39,754
Pass-Through New Castle Community Schools				
Adult Education - Basic Grants to States	84.002			
		FY 2011-8024	-	169,085
Total for program			165,610	208,839
Pass-Through Indiana Department of Education				
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013			
		09-1970	9,158	-
		10-1970	311,219	27,569
		11-1970	-	336,476
Total for program			320,377	364,045
Career and Technical Education - Basic Grants to States	84.048			
		09-4700-1970	71,338	-
		10-4700-1970	263,847	107,956
		11-4700-1970	-	217,090
Total for program			335,185	325,046
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		1970-08	5,210	-
Education of Homeless Children and Youth Cluster				
Education of Homeless Children and Youth	84.196	Homeless Assistance	10,000	-
English Language Acquisition Grants	84.365			
		FY2009	3,908	5,047
Mathematics and Science Partnerships	84.366			
		FY 2006	23,809	-
		A58-09SL-024	50,195	24,248
Total for program			74,004	24,248
Improving Teacher Quality State Grants	84.367			
		S367A060013A	1,320	-
		09-1970	518,363	194,211
		10-1970	-	888,152
Total for program			519,683	1,082,363
Total for federal grantor agency			12,537,633	11,916,313
Total federal awards expended			<u>\$ 15,380,141</u>	<u>\$ 14,745,467</u>

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

MUNCIE COMMUNITY SCHOOLS  
NOTES 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 Muncie Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2010 and 2011:

Program Title	Federal CFDA Number	2010	2011
Special Education Cluster		\$ 3,325,620	\$ 2,305,546
Adult Education – Basic Grants to States	84.002	33,605	-

**Note 3. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
Child Nutrition Cluster		\$ 208,883	\$ 185,006

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Title I Part A Cluster Special Education Cluster State Fiscal Stabilization Fund Cluster Improving Teacher Quality State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$904,075

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2011-1 - TITLE I PART A CLUSTER, CASH MANAGEMENT**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Title I, Part A Cluster  
CFDA Number: 84.010, 84.389

The School Corporation had established internal controls to meet the cash management objectives, but these controls were not used. The Title I Director did not review Title I cash balances and adjust the schedule for excess cash on hand. She also did not use all funds on hand before requesting reimbursements of funds spent.

Fifteen of the twenty-four months tested had excess cash on hand at the end of the month.

34 CFR 80.20 (b)(7) states in part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Per Subpart C of Circular A-133:

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

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation follow controls established for cash management and expend all carry-over funds on hand before requesting reimbursements from the state.

**FINDING 2011-2 - TITLE I PART A CLUSTER, PERIOD OF AVAILABILITY**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Title I, Part A Cluster  
CFDA Number: 84.010, 84.389

Internal controls over period of availability were not followed. The claims were reviewed by the former Title I Administrator, but period of availability requirements were not followed.

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Of the fifteen claims reviewed, two claims were paid from the wrong grant. A payment was made from the 2008-2009 grant for expenses incurred in August 2009 and paid in October 2009. A payment was made from the 2009-2010 grant for training on dates that ranged from July 20, 2010 to April 5, 2011.

2 CFR 215.28 states: "Where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency."

Per Subpart C of Circular A-133:

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

We recommended that the School Corporation follow controls established for period of availability and review all claims for period of availability requirements prior to payment.

***FINDING 2011-3 - TITLE I PART A CLUSTER - REPORTING***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana State Department of Education  
Federal Program: Title I, Part A Cluster  
CFDA Number: 84.010, 84.389

The School Corporation had established internal controls to meet the reporting objectives, but these controls were not used. The final report and supporting documentation for the report for the 2009-2010 grant were not retained in the School Corporation's grant files.

The final reports provided to the Indiana Department of Education for the 2009-2010 grants contained numerous errors and did not agree to the underlying accounting records.

Failure to properly complete the required reports could lead to a reduction in funding.

34 CFR 80.20(b) states in part:

" . . .(2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . .(5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc. . . ."

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Per Subpart C of Circular A-133:

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

We recommended that the School follow controls established for reporting requirements and maintain the reports submitted along with supporting documentation for those reports.

***FINDING 2011-4 - IMPROVING TEACHER QUALITY STATE GRANTS – CASH MANAGEMENT***

Federal Agency: U.S. Department of Education  
Pass-Through Entity: Indiana Department of Education  
Federal Program: Improving Teacher Quality State Grants  
CFDA Number: 84.367

The School Corporation had established internal controls to meet the cash management objectives, but these controls were not used. The Director did not review the Improving Teacher Quality State Grant cash balances and adjust the schedule for excess cash on hand.

Four of the twenty-four months reviewed had excess cash on hand at the end of the month.

Per Subpart C of Circular A-133:

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

34 CFR 80.20 (b)(7) states in part:

"Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation follow controls established for cash management and expend all carry-over funds on hand before requesting reimbursements from the state.

MUNCIE COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



January 12, 2012

Indiana State Board of Accounts  
302 W. Washington Street – Rm. E418  
Indianapolis, IN 46204-2765

To Whom It May Concern:

Re: 2009-2011 Federal Audit Findings

In response to the federal findings in your agency's report for the Muncie Community Schools (MCS) for the period of July 1, 2009, through June 30, 2011, please note the following:

#2011-1 Title I Part A Cluster – Cash Management

During the audit period the Title 1 program had a new, inexperienced director. Also during this period the Indiana Department of Education (IDOE) suddenly and dramatically changed its federal cash request procedure. These changes contributed significantly to this federal audit finding. MCS will abide by the cash management guidelines cited in the audit report.

#2011-2 Title I Part A Cluster – Period of Availability

The new Title 1 director, as noted in item #2011-1 above, did not familiarize herself with the specific period of availability for uses of federal funds. Also, IDOE provided some extension of availability for some federal grants during this audit period. It should also be noted that the federal "Tyding's Amendment" designates a "Liquidation Period" of October 1 through December 30 to actually achieve project close out. This provision is in contrast to your field examiners' position on federal close out timelines. MCS will abide by the period of availability cited by your field examiners.

#2011-3 Title I Part A Cluster – Reporting

With the transition to on-line reporting, it is imperative that local federal project directors retain hard copies of fiscal reports submitted to IDOE. It is also vital that any interim report submitted using tentative expenditure estimates be followed by timely final reports. MCS will abide by the required reporting standards for accuracy and timelines.

TELEPHONE 765-747-5211 • FAX # 765-747-5352

#2011-4 Improving Teacher Quality Grants – Cash Management

See item #2011-1 above. Per the information cited above, MCS will abide by the cash management guidelines cited in the audit report.

Respectfully Submitted,



Mark A. Burkhart  
Chief Financial Officer/Treasurer

sonyAuditFind2009-2011



MUNCIE COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2012, with Mark A. Burkhart, Chief Financial Officer; Tim Heller, Superintendent of Schools and Michael Long, President of the School Board. The Official Response has been made a part of this report and may be found on page 67.

# Muncie Community Schools

2501 N. OAKWOOD AVENUE • MUNCIE, IN 47304-2399

*Prepare Now - Anticipate the Future*

January 12, 2012

Indiana State Board of Accounts  
302 W. Washington Street – Rm. E418  
Indianapolis, IN 46204-2765

To Whom It May Concern:

On January 12, 2012, field examiners (Stephanie Heath and Theresa Alexander) from your agency conducted an exit conference with representatives of the Muncie Community Schools to review the results of their audit of school records for the period of July 1, 2009, through June 30, 2011. The purpose of this correspondence is to provide an official, written response to selected issues raised during the exit conference. Other than as noted below, the Muncie Community Schools is in general agreement with all of the audit findings and all noted issues have been addressed as of this date.

- A. Stipends – The Muncie Community Schools Board of School Trustees has adopted a Home Rule Resolution (8/8/06) to permit stipend payments. The school district reports stipend payments per Internal Revenue Service guidelines for Miscellaneous Income Form 1099. Auditors provided no statutory reference prohibiting such payments to employees for voluntary participation in professional development activities beyond the scope of each employee's prescribed work day and job description.
  
- B. Transportation Fund (#410) Payroll – IC 20-40-6-6(e) permits salaries paid to "other transportation related employees" specifically excluding "teaching personnel or principals". Attorney General Advisory #96-78 added exclusions for "school superintendent and school corporation treasurer" to this non-eligible list. Muncie Community Schools, using percentages as prescribed in IC 20-40-6-6(b), has paid other transportation-related employees (Assistant Principals, Associate Principals, Athletic Directors) from Fund #410 based on a formula which assumes 30 minutes before school and 30 minutes after school for school bus supervision by employees listed above. That calculates to 16.67% of their contracted work day and that is the percent of their annual pay paid from Fund 410. While this is a logical and legitimate use of these funds, MCS will cease this practice.

In conclusion, the Muncie Community Schools would like to commend your field representatives for the efficient, thorough and professional manner in which they conducted their audit of school records.

Respectfully Submitted,



Mark A. Burkhart  
Chief Financial Officer

sonyISBAletter