

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF MUNCIE  
DELAWARE COUNTY, INDIANA

January 1, 2015 to December 31, 2015



**FILED**  
02/16/2017



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Audrey Jones	01-01-15 to 12-31-17
Mayor	Dennis Tyler	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	John Quirk	01-01-14 to 12-31-17
President of the Common Council	Mary Jo Barton	01-01-15 to 12-31-15
	Jerry Dishman	01-01-16 to 12-31-16
	Douglas Marshall	01-01-17 to 12-31-17
President of the Sanitary Board	Bill Smith	01-01-15 to 12-31-17



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2015.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

January 11, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated January 11, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, and 2015-003 that we consider to be material weaknesses.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

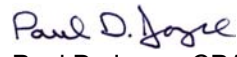
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-003.

**City of Muncie's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

January 11, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF MUNCIE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
General	\$ 8,592,933	\$ 21,471,172	\$ 25,047,859	\$ 5,016,246
Motor Vehicle Highway	1,697,773	3,774,542	3,903,627	1,568,688
Local Road And Street	543,686	864,007	834,039	573,654
Parking Meter	110,785	76,878	75,596	112,067
Economic Development Operating	35,119	-	-	35,119
Clerk's Records Perpetuation	45,903	19,025	15,971	48,957
Parks And Recreation	320,277	1,200,700	1,224,482	296,495
Rainy Day	538,319	-	-	538,319
Cumulative Capital Improvement Cigarette Tax	-	176,035	176,035	-
Center Township Revenue	932,333	400,000	-	1,332,333
Police Pension	938,257	3,609,300	3,416,375	1,131,182
Fire Pension	1,358,605	3,829,467	3,606,916	1,581,156
Bond Revenue/ Tuhey Pool	(110,844)	472,617	219,981	141,792
MPD Reserves Grant	1,600	-	-	1,600
Land Bank	40,783	-	1,071	39,712
CD FY11 CDBG Program	-	150,019	150,019	-
FY11 Home Program	-	5,973	5,973	-
Fuel Surcharge	894	-	-	894
Historic Preservation	297	4,400	-	4,697
Muncie Endurathon Grant	167	-	-	167
Regions Bank Indiana Stamping Bond	-	21,285	10,000	11,285
MPD Towing	56,195	29,720	6,233	79,682
CD FY12 CDBG Program	-	92,267	92,267	-
CD FY12 Home Program	-	20,000	20,000	-
CD Miscellaneous	320	-	320	-
Redevelopment TIF Indiana Stamping	-	16,883	16,883	-
MFD Search and Rescue Dog	2,309	-	-	2,309
MPD Domestic Violence Donations and Contributions	11,202	-	672	10,530
MPD Corrupt Business Influence	10,782	5,000	2,100	13,682
Dog Park Sponsor	1,855	3,514	3,324	2,045
Animal Non-Reverting	3,456	-	592	2,864
CD FY13 CDBG Program	-	70,516	70,516	-
CD FY13 Home Program	-	217,528	217,528	-
Levy Excess	46	-	-	46
Redevelopment TIF Muncie Downtown Expansion	102,599	31,128	-	133,727
Redevelopment TIF Muncie Air Park	82,535	211,489	294,024	-
Prairie Creek-City Hall-Other Bond	459,527	-	111,725	347,802
Recreational Trail Program	(86,000)	82,000	-	(4,000)
COHEN Peace Conference	50	-	-	50
EPA Brownfield Assessments	14,185	72,520	86,705	-
MPD JAG Grant 2013	1,365	-	1,365	-
CD FY14 CDBG Program	-	774,526	774,526	-
City Levy Excess	116	-	-	116
CD FY 14 Home Program	-	107,099	107,099	-
MPD Victim Advocate 2013-2014	43,773	11,054	54,827	-
MPD 2014 Equipment Grant	-	5,000	5,000	-
MPD JAG grant 2014	36,895	-	35,344	1,551
MFD Safe Station	250	-	-	250
RDC TIF 2014 Multi TIF Bond	5,815,710	2,004	1,451,175	4,366,539
RDC TIF Muncie South Muncie	47,325	65,965	32,800	80,490
Bath house-George & Frances Ball	50,000	-	-	50,000
Gateway Park Project Grant	63,000	80,000	476,969	(333,969)
Ball Bros Foundation Grant Beech Grove	61,188	-	39,455	21,733
Economic Dev Income Tax Revenue Bond 2013 Sinking	125,000	300,000	357,272	67,728
MRC Madison Street Bond	1,400,000	-	1,398,523	1,477

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

CITY OF MUNCIE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
MFD Equipment Grant	3,993	-	-	3,993
City of Muncie Redevelopment Community Parking Garage	656,891	76,772	230,797	502,866
MPD Stop Domestic Violence 14-15	(15,673)	28,110	12,437	-
MPD OPO 2014-2015	(16,907)	97,493	80,586	-
MPD DUI 2014-2015	(4,914)	24,925	32,579	(12,568)
Fire Station #1 Historic Preservation Grant	(5,000)	103,700	98,700	-
CD FY 15 CDBG Program	-	109,705	109,705	-
CD FY 15 HOME Program	-	13,966	13,966	-
MPD Victim Advocate 2015-2016	-	58,448	17,112	41,336
MPD Victim Advocate 2014-2015	-	115,671	115,671	-
White River Canal Planning	-	5,000	5,000	-
Cintas Initiative	-	25,000	25,000	-
MPD Stop Domestic Violence 15-16	-	-	12,005	(12,005)
MPD OPO 2015-2016	-	-	2,009	(2,009)
MPD DUI 2015-2016	-	-	2,223	(2,223)
Bike Muncie	-	-	3,500	(3,500)
Hardest Hit	-	-	14,245	(14,245)
Hillcroft Bond First Merchants	-	2,200,000	2,200,000	-
MPD SWAT Team	-	5,000	-	5,000
Cemetery Operating	134,497	571,364	485,578	220,283
Probation	44,859	20,892	-	65,751
CD FY10 CDBG Program	-	12,584	12,584	-
Park Grant	80,840	10,245	-	91,085
Police Donation	4,041	500	-	4,541
Parks And Recreation #3	59,084	610,464	670,017	(469)
Arborist License	14,863	4,061	1,435	17,489
Park Non-Reverting	85,015	30,258	78,794	36,479
Park Dept-Bert Whitely	6,660	3,642	-	10,302
Beech Grove Cumulative Building Maintenance	41,661	50,931	43,405	49,187
MPD Interdiction	616	-	-	616
MPD Lebq Safety Vest Grant	14,098	8,765	14,734	8,129
MPD Uniform Forfeiture	300	-	-	300
MPD Dare	6,127	5	-	6,132
MPD K-9 Special Olympics	254	-	150	104
MPD Traffic Division	7,625	4,000	-	11,625
MPD Arson Investigations	9,840	-	-	9,840
MPD Police Training	40,958	5,714	20,257	26,415
Law Enforcement Continuing Education	92,860	69,912	47,598	115,174
Fire Department Donations	79,531	24,719	3,805	100,445
Fire Dept Smoke Alarms	5	-	-	5
Mun-Del-Haz-Mat Team	171	-	-	171
Animal Shelter Donation	7,383	74,950	65,338	16,995
Environmental Enhancement	233,621	24	233,645	-
CD Grants Other (Non-Hud)	180	-	-	180
Alarm Ordinance	1,990	-	-	1,990
TIF Central City	601,604	306,135	551,198	356,541
Redevelopment Tech Park	118,307	787,212	860,474	45,045
Revevelopment Commission	79,831	31,802	55,248	56,385
Industrial Develop Revolving Loan	723,147	332,896	680,812	375,231
Redevelopment Commission Other Projects	3,671	82,536	-	86,207
CD Unsafe Building	128,608	24,941	94,989	58,560
Park White River Beautification	224	-	-	224
MPD Domestic Violence 07-08	225	-	-	225
Fire Safety & Equipment	532	-	-	532
Drug Task Force Federal Forfeiture	3,913	-	3,913	-

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

CITY OF MUNCIE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Adult Probation Services Fees	172,828	23,435	-	196,263
City Bond General Sinking	(29,623)	29,623	-	-
E.D.I.T.	740,489	2,664,841	3,215,859	189,471
Urban Development	672	-	-	672
Health Insurance	36,882	10,732,638	10,733,055	36,465
Beech Grove Thompson Trust	9,832	30	-	9,862
Beech Grove Cemetery Trust	25,799	79	-	25,878
Beech Grove Grace Maring	40,705	124	-	40,829
Beech Grove Hardin Rhoads	18,577	57	-	18,634
Redevelopment Commission/ Allocation	2,869,203	2,126,359	1,519,445	3,476,117
Payroll	85,148	34,654,132	34,303,438	435,842
Insurance- Other	37,648	281,951	39,348	280,251
Beech Grove Pre-Need	154,780	6,363	13,375	147,768
User Fee Law Enforcement Education	47,646	20,303	10,572	57,377
Security Deposit	72,210	44,115	66,750	49,575
TIF Muncie Mall	586,950	1,222,622	1,809,572	-
Court Cost Due County	-	94,528	94,528	-
City Court	88,247	1,258,046	1,160,764	185,529
Cabin Rental Deposits	1,520	17,206	17,526	1,200
Sanitation	4,387,503	6,560,287	5,945,781	5,002,009
Cumulative Building and Sinking	651,545	494,588	557,152	588,981
Reserve Operating and Maintenance	410,050	9,983	-	420,033
Revolving Sanitary Sewer Construction	38,169	2,100	-	40,269
Reserve Bond 07 Operating and Maintenance	1	-	-	1
Storm Water Bond and Interest	45	376,299	376,299	45
MSD Jake's Creek Bond	1	-	1	-
MSD New Equipment	114,500	20,000	114,500	20,000
Sewage Works Sinking	94,096	4,116,125	4,116,375	93,846
Sewage Debt Service Reserve	3,613,598	384,076	-	3,997,674
Storm Water Bond Payment	239	1,202,270	1,202,509	-
Storm Water Fee/ Delaware County	5,919,224	5,884,293	9,673,465	2,130,052
Recycling	171,875	145,730	101,088	216,517
88 Clean Up Race Track FD	4,259	32,019	26,685	9,593
Rainy Day- MSD	64,249	-	-	64,249
5 Year Planned Replacement	255,962	-	-	255,962
MSD 2013 Bond Construction	2,571,884	101,536	1,313,352	1,360,068
MSD 2013- B Bond	413,657	189	413,826	20
MSD 2014 Stormwater Bond Construction	7,136,090	535,707	6,827,388	844,409
MSD Improvement Reserve	-	1,501,496	-	1,501,496
Bond Proceeds	-	10,013,032	5,517,574	4,495,458
Sewage General	2,761,426	18,031,403	17,953,978	2,838,851
ARC Hotel Project, Note	1,551,297	4,569,045	4,707,812	1,412,530
ARC Hotel Project, Reserve	1,000,000	1,000,000	1,000,000	1,000,000
ARC Hotel Project, Project	10,610	20,956,656	20,915,516	51,750
Cardinal Square/DAC Project Construction	226,772	404,017	630,784	5
Cardinal Square/DAC Project Capitalized Interest	324,147	24	191,706	132,465
Cardinal Square/DAC Project Bond	-	194,206	194,206	-
MAP Muncie North, LLC Construction Bond	190,601	168,100	284,545	74,156
Series 2014A-2014A Project	11,827,814	81,072	9,597,117	2,311,769
Series 2014B-2014B Project	1,562,005	10,865	1,287,177	285,693
Series 2014B Bond Acct of the Bond	1,365,665	118	374,453	991,330
Series 2014A Bond Acct of the Bond	306,421	26	84,018	222,429
Hillcroft Acquisition Fund	-	2,203,000	2,200,000	3,000
Totals	\$ 78,529,319	\$ 176,380,689	\$ 199,836,236	\$ 55,073,772

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

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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



CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**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 Depositary Insurance Corporation or

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

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

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

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

*Plan Description*

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

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grant expenditures not being received by December 31, 2015.

**Note 8. Other Postemployment Benefits**

The City has a Sanitary District that provides to its eligible retirees and their spouses the following benefit: health insurance. This benefit poses a liability to the City for this year and in future years. Information regarding the benefit can be obtained by contacting the City.

#### OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015

	General	Motor Vehicle Highway	Local Road And Street	Parking Meter	Economic Development Operating	Clerk's Records Perpetuation	Parks And Recreation
Cash and investments - beginning	\$ 8,592,933	\$ 1,697,773	\$ 543,686	\$ 110,785	\$ 35,119	\$ 45,903	\$ 320,277
Receipts:							
Taxes	14,335,205	-	-	-	-	-	995,979
Licenses and permits	273,286	22,986	-	-	-	-	-
Intergovernmental receipts	5,473,749	3,697,559	860,475	-	-	-	83,921
Charges for services	436,000	-	-	76,878	-	-	-
Fines and forfeits	304,744	-	-	-	-	18,974	-
Utility fees	-	-	-	-	-	-	-
Other receipts	648,188	53,997	3,532	-	-	51	120,800
Total receipts	21,471,172	3,774,542	864,007	76,878	-	19,025	1,200,700
Disbursements:							
Personal services	20,349,350	1,421,532	-	-	-	-	768,557
Supplies	577,032	562,636	-	-	-	-	68,906
Other services and charges	3,749,064	1,812,125	834,039	75,596	-	15,971	354,131
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	335,154	107,334	-	-	-	-	32,888
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	37,259	-	-	-	-	-	-
Total disbursements	25,047,859	3,903,627	834,039	75,596	-	15,971	1,224,482
Excess (deficiency) of receipts over disbursements	(3,576,687)	(129,085)	29,968	1,282	-	3,054	(23,782)
Cash and investments - ending	\$ 5,016,246	\$ 1,568,688	\$ 573,654	\$ 112,067	\$ 35,119	\$ 48,957	\$ 296,495

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Rainy Day	Cumulative Capital Improvement Cigarette Tax	Center Township Revenue	Police Pension	Fire Pension	Bond Revenue/ Tuhey Pool	MPD Reserves Grant
Cash and investments - beginning	\$ 538,319	\$ -	\$ 932,333	\$ 938,257	\$ 1,358,605	\$ (110,844)	\$ 1,600
Receipts:							
Taxes	-	-	-	1,558,785	1,263,006	398,743	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	176,035	-	131,528	106,587	18,274	-
Charges for services	-	-	400,000	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	1,918,987	2,459,874	55,600	-
Total receipts	-	176,035	400,000	3,609,300	3,829,467	472,617	-
Disbursements:							
Personal services	-	-	-	4,381	1,074,207	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,532,709	-	-
Debt service - principal and interest	-	-	-	-	-	219,981	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	176,035	-	3,411,994	-	-	-
Total disbursements	-	176,035	-	3,416,375	3,606,916	219,981	-
Excess (deficiency) of receipts over disbursements	-	-	400,000	192,925	222,551	252,636	-
Cash and investments - ending	\$ 538,319	\$ -	\$ 1,332,333	\$ 1,131,182	\$ 1,581,156	\$ 141,792	\$ 1,600

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Land Bank	CD FY11 CDBG Program	FY11 Home Program	Fuel Surcharge	Historic Preservation	Muncie Endurathon Grant	Regions Bank Indiana Stamping Bond
Cash and investments - beginning	\$ 40,783	\$ -	\$ -	\$ 894	\$ 297	\$ 167	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	150,019	2,723	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	3,250	-	4,400	-	21,285
Total receipts	-	150,019	5,973	-	4,400	-	21,285
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,071	109,421	5,973	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	40,598	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	10,000
Total disbursements	1,071	150,019	5,973	-	-	-	10,000
Excess (deficiency) of receipts over disbursements	(1,071)	-	-	-	4,400	-	11,285
Cash and investments - ending	\$ 39,712	\$ -	\$ -	\$ 894	\$ 4,697	\$ 167	\$ 11,285



CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	MPD Towing	CD FY12 CDBG Program	CD FY12 Home Program	CD Miscellaneous	Redevelopment TIF Indiana Stamping	MFD Search and Rescue Dog	MPD Domestic Violence Donations and Contributions
Cash and investments - beginning	\$ 56,195	\$ -	\$ -	\$ 320	\$ -	\$ 2,309	\$ 11,202
Receipts:							
Taxes	-	-	-	-	16,883	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	92,267	20,000	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	29,720	-	-	-	-	-	-
Total receipts	29,720	92,267	20,000	-	16,883	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	6,233	92,267	20,000	-	16,883	-	672
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	320	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	6,233	92,267	20,000	320	16,883	-	672
Excess (deficiency) of receipts over disbursements	23,487	-	-	(320)	-	-	(672)
Cash and investments - ending	\$ 79,682	\$ -	\$ -	\$ -	\$ -	\$ 2,309	\$ 10,530

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	MPD Corrupt Business Influence	Dog Park Sponsor	Animal Non-Reverting	CD FY13 CDBG Program	CD FY13 Home Program	Levy Excess	Redevelopment TIF Muncie Downtown Expansion
Cash and investments - beginning	\$ 10,782	\$ 1,855	\$ 3,456	\$ -	\$ -	\$ 46	\$ 102,599
Receipts:							
Taxes	-	-	-	-	-	-	31,084
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	70,516	216,780	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,000	3,514	-	-	748	-	44
Total receipts	5,000	3,514	-	70,516	217,528	-	31,128
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	2,100	3,324	592	70,516	217,528	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	2,100	3,324	592	70,516	217,528	-	-
Excess (deficiency) of receipts over disbursements	2,900	190	(592)	-	-	-	31,128
Cash and investments - ending	\$ 13,682	\$ 2,045	\$ 2,864	\$ -	\$ -	\$ 46	\$ 133,727

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Redevelopment TIF Muncie Air Park	Prairie Creek-City Hall-Other Bond	Recreational Trail Program	COHEN Peace Conference	EPA Brownfield Assessments	MPD JAG Grant 2013	CD FY14 CDBG Program
Cash and investments - beginning	\$ 82,535	\$ 459,527	\$ (86,000)	\$ 50	\$ 14,185	\$ 1,365	\$ -
Receipts:							
Taxes	211,489	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	82,000	-	72,520	-	767,342
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	7,184
Total receipts	211,489	-	82,000	-	72,520	-	774,526
Disbursements:							
Personal services	-	-	-	-	-	-	195,259
Supplies	-	-	-	-	-	-	864
Other services and charges	294,024	111,725	-	-	86,705	-	576,494
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	1,909
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,365	-
Total disbursements	294,024	111,725	-	-	86,705	1,365	774,526
Excess (deficiency) of receipts over disbursements	(82,535)	(111,725)	82,000	-	(14,185)	(1,365)	-
Cash and investments - ending	\$ -	\$ 347,802	\$ (4,000)	\$ 50	\$ -	\$ -	\$ -

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	City Levy Excess	CD FY 14 Home Program	MPD Victim Advocate 2013-2014	MPD 2014 Equipment Grant	MPD JAG grant 2014	MFD Safe Station	RDC TIF 2014 Multi TIF Bond
Cash and investments - beginning	\$ 116	\$ -	\$ 43,773	\$ -	\$ 36,895	\$ 250	\$ 5,815,710
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	104,547	11,054	5,000	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,552	-	-	-	-	2,004
Total receipts	-	107,099	11,054	5,000	-	-	2,004
Disbursements:							
Personal services	-	23,099	2,027	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	84,000	1,631	-	16,603	-	1,451,175
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,000	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	51,169	-	18,741	-	-
Total disbursements	-	107,099	54,827	5,000	35,344	-	1,451,175
Excess (deficiency) of receipts over disbursements	-	-	(43,773)	-	(35,344)	-	(1,449,171)
Cash and investments - ending	\$ 116	\$ -	\$ -	\$ -	\$ 1,551	\$ 250	\$ 4,366,539

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	RDC TIF Muncie South Muncie	Bath house-George & Frances Ball	Gateway Park Project Grant	Ball Bros Foundation Grant Beech Grove	Economic Dev Income Tax Revenue Bond 2013 Sinking	MRC Madison Street Bond	MFD Equipment Grant
Cash and investments - beginning	\$ 47,325	\$ 50,000	\$ 63,000	\$ 61,188	\$ 125,000	\$ 1,400,000	\$ 3,993
Receipts:							
Taxes	65,936	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	29	-	80,000	-	300,000	-	-
Total receipts	65,965	-	80,000	-	300,000	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	32,800	-	476,969	39,455	-	1,398,523	-
Debt service - principal and interest	-	-	-	-	357,272	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	32,800	-	476,969	39,455	357,272	1,398,523	-
Excess (deficiency) of receipts over disbursements	33,165	-	(396,969)	(39,455)	(57,272)	(1,398,523)	-
Cash and investments - ending	\$ 80,490	\$ 50,000	\$ (333,969)	\$ 21,733	\$ 67,728	\$ 1,477	\$ 3,993

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	City of Muncie Redevelopment Community Parking Garage	MPD Stop Domestic Violence 14-15	MPD OPO 2014-2015	MPD DUI 2014-2015	Fire Station #1 Historic Preservation Grant	CD FY 15 CDBG Program	CD FY 15 HOME Program
Cash and investments - beginning	\$ 656,891	\$ (15,673)	\$ (16,907)	\$ (4,914)	\$ (5,000)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	20,474	97,493	24,925	103,700	109,705	13,966
Charges for services	1,662	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	75,110	7,636	-	-	-	-	-
Total receipts	76,772	28,110	97,493	24,925	103,700	109,705	13,966
Disbursements:							
Personal services	-	12,437	-	-	-	8,654	11,666
Supplies	-	-	-	-	-	-	-
Other services and charges	230,797	-	31,066	17,115	98,700	101,051	2,300
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	49,520	15,464	-	-	-
Total disbursements	230,797	12,437	80,586	32,579	98,700	109,705	13,966
Excess (deficiency) of receipts over disbursements	(154,025)	15,673	16,907	(7,654)	5,000	-	-
Cash and investments - ending	\$ 502,866	\$ -	\$ -	\$ (12,568)	\$ -	\$ -	\$ -

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	MPD Victim Advocate 2015-2016	MPD Victim Advocate 2014-2015	White River Canal Planning	Cintas Initiative	MPD Stop Domestic Violence 15-16	MPD OPO 2015-2016	MPD DUI 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	41,835	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	58,448	73,836	5,000	25,000	-	-	-
Total receipts	58,448	115,671	5,000	25,000	-	-	-
Disbursements:							
Personal services	17,112	54,496	-	-	11,334	-	-
Supplies	-	2,727	-	-	-	-	-
Other services and charges	-	-	5,000	25,000	671	-	585
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	58,448	-	-	-	2,009	1,638
Total disbursements	17,112	115,671	5,000	25,000	12,005	2,009	2,223
Excess (deficiency) of receipts over disbursements	41,336	-	-	-	(12,005)	(2,009)	(2,223)
Cash and investments - ending	\$ 41,336	\$ -	\$ -	\$ -	\$ (12,005)	\$ (2,009)	\$ (2,223)

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Bike Muncie	Hardest Hit	Hillcroft Bond First Merchants	MPD SWAT Team	Cemetery Operating	Probation	CD FY10 CDBG Program
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 134,497	\$ 44,859	\$ -
Receipts:							
Taxes	-	-	-	-	404,653	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	5,000	34,117	-	12,584
Charges for services	-	-	-	-	101,442	-	-
Fines and forfeits	-	-	-	-	-	20,892	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	2,200,000	-	31,152	-	-
Total receipts	-	-	2,200,000	5,000	571,364	20,892	12,584
Disbursements:							
Personal services	-	-	-	-	403,427	-	-
Supplies	-	-	-	-	35,402	-	-
Other services and charges	3,500	14,245	-	-	29,760	-	12,584
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	16,989	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	2,200,000	-	-	-	-
Total disbursements	3,500	14,245	2,200,000	-	485,578	-	12,584
Excess (deficiency) of receipts over disbursements	(3,500)	(14,245)	-	5,000	85,786	20,892	-
Cash and investments - ending	<u>\$ (3,500)</u>	<u>\$ (14,245)</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 220,283</u>	<u>\$ 65,751</u>	<u>\$ -</u>



CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Park Grant	Police Donation	Parks And Recreation #3	Arborist License	Park Non-Reverting	Park Dept-Bert Whitely	Beech Grove Cumulative Building Maintenance
Cash and investments - beginning	\$ 80,840	\$ 4,041	\$ 59,084	\$ 14,863	\$ 85,015	\$ 6,660	\$ 41,661
Receipts:							
Taxes	-	-	3,130	-	-	-	50,365
Licenses and permits	-	-	-	3,750	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	26	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	10,245	500	607,334	285	30,258	3,642	566
Total receipts	10,245	500	610,464	4,061	30,258	3,642	50,931
Disbursements:							
Personal services	-	-	462,592	-	-	-	-
Supplies	-	-	76,524	-	-	-	-
Other services and charges	-	-	116,241	1,435	78,794	-	25,644
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	14,660	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	17,761
Total disbursements	-	-	670,017	1,435	78,794	-	43,405
Excess (deficiency) of receipts over disbursements	10,245	500	(59,553)	2,626	(48,536)	3,642	7,526
Cash and investments - ending	\$ 91,085	\$ 4,541	\$ (469)	\$ 17,489	\$ 36,479	\$ 10,302	\$ 49,187

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	MPD Interdiction	MPD Lebg Safety Vest Grant	MPD Uniform Forfeiture	MPD Dare	MPD K-9 Special Olympics	MPD Traffic Division	MPD Arson Investigations
Cash and investments - beginning	\$ 616	\$ 14,098	\$ 300	\$ 6,127	\$ 254	\$ 7,625	\$ 9,840
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	8,765	-	-	-	4,000	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	5	-	-	-
Total receipts	-	8,765	-	5	-	4,000	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	14,734	-	-	150	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	14,734	-	-	150	-	-
Excess (deficiency) of receipts over disbursements	-	(5,969)	-	5	(150)	4,000	-
Cash and investments - ending	\$ 616	\$ 8,129	\$ 300	\$ 6,132	\$ 104	\$ 11,625	\$ 9,840

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	MPD Police Training	Law Enforcement Continuing Education	Fire Department Donations	Fire Dept Smoke Alarms	Mun-Del Haz-Mat Team	Animal Shelter Donation	Environmental Enhancement
Cash and investments - beginning	\$ 40,958	\$ 92,860	\$ 79,531	\$ 5	\$ 171	\$ 7,383	\$ 233,621
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	24,888	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	39,394	-	-	-	-	-
Fines and forfeits	-	5,630	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,714	-	24,719	-	-	74,950	24
Total receipts	5,714	69,912	24,719	-	-	74,950	24
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	20,257	47,598	3,805	-	-	65,338	233,645
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	20,257	47,598	3,805	-	-	65,338	233,645
Excess (deficiency) of receipts over disbursements	(14,543)	22,314	20,914	-	-	9,612	(233,621)
Cash and investments - ending	\$ 26,415	\$ 115,174	\$ 100,445	\$ 5	\$ 171	\$ 16,995	\$ -

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	CD Grants Other (Non-Hud)	Alarm Ordinance	TIF Central City	Redevelopment Tech Park	Revevelopment Commission	Industrial Develop Revolving Loan	Redevelopment Commission Other Projects
Cash and investments - beginning	\$ 180	\$ 1,990	\$ 601,604	\$ 118,307	\$ 79,831	\$ 723,147	\$ 3,671
Receipts:							
Taxes	-	-	293,987	78,160	-	-	82,535
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	709,031	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	12,148	21	31,802	332,896	1
Total receipts	-	-	306,135	787,212	31,802	332,896	82,536
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	551,198	860,474	-	680,812	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	55,248	-	-
Total disbursements	-	-	551,198	860,474	55,248	680,812	-
Excess (deficiency) of receipts over disbursements	-	-	(245,063)	(73,262)	(23,446)	(347,916)	82,536
Cash and investments - ending	\$ 180	\$ 1,990	\$ 356,541	\$ 45,045	\$ 56,385	\$ 375,231	\$ 86,207

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	CD Unsafe Building	Park White River Beautification	MPD Domestic Violence 07-08	Fire Safety & Equipment	Drug Task Force Federal Forfeiture	Adult Probation Services Fees	City Bond General Sinking
Cash and investments - beginning	\$ 128,608	\$ 224	\$ 225	\$ 532	\$ 3,913	\$ 172,828	\$ (29,623)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	24,941	-	-	-	-	23,435	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	29,623
Total receipts	24,941	-	-	-	-	23,435	29,623
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	94,989	-	-	-	3,913	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	94,989	-	-	-	3,913	-	-
Excess (deficiency) of receipts over disbursements	(70,048)	-	-	-	(3,913)	23,435	29,623
Cash and investments - ending	\$ 58,560	\$ 224	\$ 225	\$ 532	\$ -	\$ 196,263	\$ -

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	E.D.I.T.	Urban Development	Health Insurance	Beech Grove Thompson Trust	Beech Grove Cemetery Trust	Beech Grove Grace Maring	Beech Grove Hardin Rhoads
Cash and investments - beginning	\$ 740,489	\$ 672	\$ 36,882	\$ 9,832	\$ 25,799	\$ 40,705	\$ 18,577
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	1,583,887	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,080,954	-	10,732,638	30	79	124	57
Total receipts	2,664,841	-	10,732,638	30	79	124	57
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	3,215,859	-	10,733,055	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,215,859	-	10,733,055	-	-	-	-
Excess (deficiency) of receipts over disbursements	(551,018)	-	(417)	30	79	124	57
Cash and investments - ending	\$ 189,471	\$ 672	\$ 36,465	\$ 9,862	\$ 25,878	\$ 40,829	\$ 18,634

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Redevelopment Commission/ Allocation	Payroll	Insurance- Other	Beech Grove Pre-Need	User Fee Law Enforcement Education	Security Deposit	TIF Muncie Mall
Cash and investments - beginning	\$ 2,869,203	\$ 85,148	\$ 37,648	\$ 154,780	\$ 47,646	\$ 72,210	\$ 586,950
Receipts:							
Taxes	2,021,061	-	-	-	-	-	1,222,622
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	20,303	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	105,298	34,654,132	281,951	6,363	-	44,115	-
Total receipts	2,126,359	34,654,132	281,951	6,363	20,303	44,115	1,222,622
Disbursements:							
Personal services	-	34,303,438	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	831	-	10,572	66,750	1,809,572
Debt service - principal and interest	651,301	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	868,144	-	38,517	13,375	-	-	-
Total disbursements	1,519,445	34,303,438	39,348	13,375	10,572	66,750	1,809,572
Excess (deficiency) of receipts over disbursements	606,914	350,694	242,603	(7,012)	9,731	(22,635)	(586,950)
Cash and investments - ending	\$ 3,476,117	\$ 435,842	\$ 280,251	\$ 147,768	\$ 57,377	\$ 49,575	\$ -

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Court Cost Due County	City Court	Cabin Rental Deposits	Sanitation	Cumulative Building and Sinking	Reserve Operating and Maintenance	Revolving Sanitary Sewer Construction
Cash and investments - beginning	\$ -	\$ 88,247	\$ 1,520	\$ 4,387,503	\$ 651,545	\$ 410,050	\$ 38,169
Receipts:							
Taxes	-	-	-	5,335,830	483,349	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,135,817	10,477	-	-
Charges for services	94,528	-	17,206	-	-	-	-
Fines and forfeits	-	1,257,553	-	-	-	-	-
Utility fees	-	-	-	17,872	186	-	2,100
Other receipts	-	493	-	70,768	576	9,983	-
Total receipts	94,528	1,258,046	17,206	6,560,287	494,588	9,983	2,100
Disbursements:							
Personal services	-	-	-	1,509,701	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	94,528	-	17,526	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	523,478	-	-	-
Utility operating expenses	-	-	-	3,912,602	-	-	-
Other disbursements	-	1,160,764	-	-	557,152	-	-
Total disbursements	94,528	1,160,764	17,526	5,945,781	557,152	-	-
Excess (deficiency) of receipts over disbursements	-	97,282	(320)	614,506	(62,564)	9,983	2,100
Cash and investments - ending	\$ -	\$ 185,529	\$ 1,200	\$ 5,002,009	\$ 588,981	\$ 420,033	\$ 40,269



CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Reserve Bond 07 Operating and Maintenance	Storm Water Bond and Interest	MSD Jake's Creek Bond	MSD New Equipment	Sewage Works Sinking	Sewage Debt Service Reserve	Storm Water Bond Payment
Cash and investments - beginning	\$ 1	\$ 45	\$ 1	\$ 114,500	\$ 94,096	\$ 3,613,598	\$ 239
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	376,299	-	20,000	4,116,125	384,076	1,202,270
Total receipts	-	376,299	-	20,000	4,116,125	384,076	1,202,270
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	376,298	-	-	4,116,375	-	826,211
Capital outlay	-	-	-	114,500	-	-	-
Utility operating expenses	-	1	-	-	-	-	-
Other disbursements	-	-	1	-	-	-	376,298
Total disbursements	-	376,299	1	114,500	4,116,375	-	1,202,509
Excess (deficiency) of receipts over disbursements	-	-	(1)	(94,500)	(250)	384,076	(239)
Cash and investments - ending	\$ 1	\$ 45	\$ -	\$ 20,000	\$ 93,846	\$ 3,997,674	\$ -

CITY OF MUNCIE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2015  
(Continued)

	Storm Water Fee/ Delaware County	Recycling	88 Clean Up Race Track FD	Rainy Day- MSD	5 Year Planned Replacement	MSD 2013 Bond Construction	MSD 2013- B Bond
Cash and investments - beginning	\$ 5,919,224	\$ 171,875	\$ 4,259	\$ 64,249	\$ 255,962	\$ 2,571,884	\$ 413,657
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	3,465,074	-	-	-	-	-	-
Other receipts	2,419,219	145,730	32,019	-	-	101,536	189
Total receipts	5,884,293	145,730	32,019	-	-	101,536	189
Disbursements:							
Personal services	82,301	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	285	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,360,199	-	-	-	-	1,244,204	-
Utility operating expenses	4,186,058	101,088	26,685	-	-	-	413,826
Other disbursements	3,044,622	-	-	-	-	69,148	-
Total disbursements	9,673,465	101,088	26,685	-	-	1,313,352	413,826
Excess (deficiency) of receipts over disbursements	(3,789,172)	44,642	5,334	-	-	(1,211,816)	(413,637)
Cash and investments - ending	\$ 2,130,052	\$ 216,517	\$ 9,593	\$ 64,249	\$ 255,962	\$ 1,360,068	\$ 20

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	MSD 2014 Stormwater Bond Construction	MSD Improvement Reserve	Bond Proceeds	Sewage General	ARC Hotel Project, Note	ARC Hotel Project, Reserve
Cash and investments - beginning	\$ 7,136,090	\$ -	\$ -	\$ 2,761,426	\$ 1,551,297	\$ 1,000,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	17,334,126	-	-
Other receipts	535,707	1,501,496	10,013,032	697,277	4,569,045	1,000,000
Total receipts	535,707	1,501,496	10,013,032	18,031,403	4,569,045	1,000,000
Disbursements:						
Personal services	-	-	-	4,457,239	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	231,236	-	-
Debt service - principal and interest	-	-	-	-	4,707,812	-
Capital outlay	6,826,194	-	5,517,559	43,019	-	-
Utility operating expenses	1,194	-	15	8,632,152	-	-
Other disbursements	-	-	-	4,590,332	-	1,000,000
Total disbursements	6,827,388	-	5,517,574	17,953,978	4,707,812	1,000,000
Excess (deficiency) of receipts over disbursements	(6,291,681)	1,501,496	4,495,458	77,425	(138,767)	-
Cash and investments - ending	\$ 844,409	\$ 1,501,496	\$ 4,495,458	\$ 2,838,851	\$ 1,412,530	\$ 1,000,000

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	ARC Hotel Project, Project	Cardinal Square/DAC Project Construction	Cardinal Square/DAC Project Capitalized Interest	Cardinal Square/DAC Project Bond	MAP Muncie North, LLC Construction Bond	Series 2014A-2014A Project
Cash and investments - beginning	\$ 10,610	\$ 226,772	\$ 324,147	\$ -	\$ 190,601	\$ 11,827,814
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,956,656	404,017	24	194,206	168,100	81,072
Total receipts	20,956,656	404,017	24	194,206	168,100	81,072
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,500	-	-
Debt service - principal and interest	-	-	191,706	191,706	232,895	-
Capital outlay	17,073,592	368,030	-	-	-	4,283,517
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,841,924	262,754	-	-	51,650	5,313,600
Total disbursements	20,915,516	630,784	191,706	194,206	284,545	9,597,117
Excess (deficiency) of receipts over disbursements	41,140	(226,767)	(191,682)	-	(116,445)	(9,516,045)
Cash and investments - ending	\$ 51,750	\$ 5	\$ 132,465	\$ -	\$ 74,156	\$ 2,311,769

CITY OF MUNCIE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Series 2014B-2014B Project	Series 2014B Bond Acct of the Bond	Series 2014A Bond Acct of the Bond	Hillcroft Acquisition Fund	Totals
Cash and investments - beginning	\$ 1,562,005	\$ 1,365,665	\$ 306,421	\$ -	\$ 78,529,319
Receipts:					
Taxes	-	-	-	-	28,852,802
Licenses and permits	-	-	-	-	324,910
Intergovernmental receipts	-	-	-	-	16,058,672
Charges for services	-	-	-	-	1,167,110
Fines and forfeits	-	-	-	-	1,676,498
Utility fees	-	-	-	-	20,819,358
Other receipts	10,865	118	26	2,203,000	107,481,339
Total receipts	10,865	118	26	2,203,000	176,380,689
Disbursements:					
Personal services	-	-	-	-	65,172,809
Supplies	-	-	-	-	1,324,091
Other services and charges	-	-	-	-	34,044,434
Debt service - principal and interest	-	374,453	84,018	-	12,330,028
Capital outlay	721,131	-	-	-	39,630,275
Utility operating expenses	-	-	-	-	17,273,621
Other disbursements	566,046	-	-	2,200,000	30,060,978
Total disbursements	1,287,177	374,453	84,018	2,200,000	199,836,236
Excess (deficiency) of receipts over disbursements	(1,276,312)	(374,335)	(83,992)	3,000	(23,455,547)
Cash and investments - ending	\$ 285,693	\$ 991,330	\$ 222,429	\$ 3,000	\$ 55,073,772

CITY OF MUNCIE  
SCHEDULE OF LEASES AND DEBT  
For the Year Ended December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Star Financial Bank	2012 Police Vehicles	\$ 86,407	1/15/2013	1/15/2017
Star Financial Fire Truck	Fire Truck	116,738	7/3/2012	9/15/2020
The Bank Of New York Trust	Convention Center	575,000	3/14/2002	12/31/2021
Weber Office Equipment	Lease Of Copiers	26,662	1/1/2011	3/1/2012
Total governmental activities		<u>804,807</u>		
Total of annual lease payments		<u>\$ 804,807</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Indiana Stamping Project	\$ 400,000	\$ 8,000
Revenue bonds	Indiana Park District Bonds For Tuhey Pool	1,765,000	165,332
Revenue bonds	Lease Rental Revenue Refunding Bonds 2012	4,960,000	883,135
Revenue bonds	Tax Increment Revenue Bonds Of 2014	7,000,000	262,610
Revenue bonds	Economic Development Income Tax Revenue Bonds 2013	3,465,000	412,041
Revenue bonds	Economic Development Bonds		
	Series 2014 A (Horizon Center Garage Project)	14,000,000	495,600
Revenue bonds	Revenue Bond 2013 (Cardinal Square/DAC)	4,889,147	51,680
Revenue bonds	Tax Increment Revenue Bonds Of 2014	1,271,697	651,447
Revenue bonds	Hillcroft	2,200,000	45,100
Notes and loans payable	Façade Grant - 2013	1,148,493	154,468
Notes and loans payable	2014 ARC Note Fund	20,712,276	5,123,533
Notes and loans payable	Star Street Equipment	65,212	19,706
Notes and loans payable	Star Park Equipment	28,828	12,050
Notes and loans payable	Taxable Economic Development Revenue Bonds		
	Series 2014B (Horizon Center Garage Project)	2,000,000	111,200
Notes and loans payable	Star Animal Control Trucks	55,314	13,246
Notes and loans payable	Star Fire Truck	539,466	116,737
Notes and loans payable	Star Police Vehicles	163,866	86,406
Total governmental activities		<u>64,664,299</u>	<u>8,612,291</u>
Wastewater:			
General obligation bonds	TCF Equipment Finance Inc	329,621	62,539
Revenue bonds	Sanitary Revenue Series 2014	13,766,000	573,832
Revenue bonds	Sanitary District Revenue Bonds Series 2013 B	3,824,000	247,356
Revenue bonds	Sanitary District Revenue Bond Of 2007	3,560,000	376,698
Revenue bonds	2005 SRF 17 960 000	11,593,000	599,156
Revenue bonds	Sanitary Bond Anticipation Note Series 2015	10,000,000	193,536
Revenue bonds	Sanitary District Revenue & Revenue Bond Series 2013	32,440,000	2,918,576
Notes and loans payable	TCF Equipment Finance Inc	278,740	60,919
Notes and loans payable	TCF Equipment Finance Inc	166,288	27,997
Notes and loans payable	TCF Equipment Finance Inc	371,455	55,496
Notes and loans payable	TCF Equipment Finance Inc	8,307	8,307
Notes and loans payable	TCF Equipment Finance Inc	174,097	46,596
Notes and loans payable	TCF Equipment Finance Inc	1,341,784	225,906
Total Wastewater		<u>77,853,292</u>	<u>5,396,914</u>
Totals		<u>\$ 142,517,591</u>	<u>\$ 14,009,205</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Muncie's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Basis for Qualified Opinion on Economic Development Cluster***

As described in items 2015-007, 2015-008, 2015-009, and 2015-010 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Allowable Costs/Cost Principles, Reporting, Subrecipient Monitoring, and Special Tests and Provisions - Loan Requirements that are applicable to its Economic Development Cluster. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.



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

***Qualified Opinion on Economic Development Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Economic Development Cluster for the year ended December 31, 2015.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

***Other Matters***

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

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.


A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004, 2015-005, 2015-006, 2015-007, 2015-008, 2015-009, and 2015-010, that we consider to be material weaknesses.

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

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

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

  
Paul D. Joyce, CPA  
State Examiner

January 11, 2017

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF MUNCIE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	Direct Grant	11.307	06-19-01414	\$ 605,000	\$ 2,183,241
Total - Economic Development Cluster				605,000	2,183,241
Total - Department of Commerce				605,000	2,183,241
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/Entitlement Grants	Direct Grant				
		14.218	B-10-MC-18-00102	-	12,584
			B-11-MC-18-00102	-	150,019
			B-12-MC-18-00102	-	92,267
			B-13-MC-18-00102	771	70,516
			B-14-MC-18-00102	345,941	767,342
			B-15-MC-18-00102	100,617	109,705
Total - Community Development Block Grants/Entitlement Grants				447,329	1,202,433
HOME Investment Partnerships Program	Direct Grant	14.239	M-11-MC-18-0206	2,723	2,723
			M-12-MC-18-0206	20,000	20,000
			M-13-MC-18-0206	77,528	216,780
			M-14-MC-18-0206	84,912	104,547
			M-15-MC-18-0206	-	13,966
Total - HOME Investment Partnerships Program				185,163	358,016
Total - Department of Housing and Urban Development				185,163	1,560,449
<u>Department of the Interior</u>					
Historic Preservation Fund Grants-In-Aid	Indiana Department of Natural Resources	15.904	18-14FFY-09	-	50,000
Total - Department of the Interior				-	50,000
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738	2014-DJ-BX-0812	-	35,344
Criminal Victim Assistance	Indiana Criminal Justice Institute	16.575	2013-VA-GX-0036	-	11,055
			2014-VA-GX-0062	-	29,484
Total - Criminal Victim Assistance				-	40,539
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	2013-WF-AX-0047	-	20,474
Bulletproof Vest Partnership Program	Direct Grant	16.607	1121-0235	-	8,765
Total - Department of Justice				-	105,122
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning And Construction	Indiana Dept Of Transportation	20.205	DES 0800089	-	40,263
			DES 1006333	-	8,739
			DES 0501032	-	7,125
			DES 0901916	-	31,706
			DES 0800295	-	5,395
			DES 9786020	-	4,405
			DES 0401076	-	108,581
			DES 0501033	-	38,780
			DES 0710089	-	52,463
Total - Highway Planning And Construction				-	297,457
Total - Highway Planning and Construction Cluster				-	297,457
Highway Safety Cluster					
State And Community Highway Safety	Indiana Criminal Justice Intitute	20.600	D3-15-8921	31,066	97,493
Occupant Protection Incentive Grants	Indiana Criminal Justice Institute	20.602	18-X9204050IN2015	17,115	24,924
Total - Highway Safety Cluster				48,181	122,417
Total - Department of Transportation				48,181	419,874
<u>Environmental Protection Agency</u>					
Brownfields Assessment and Cleanup Cooperative Agreements	Direct Grant	66.818	00E01073	-	86,705
Total - Environmental Protection Agency				-	86,705
Total federal awards expended				\$ 1,285,673	\$ 4,405,391

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

CITY OF MUNCIE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

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

**Note 3. Calculation of Expenditure of the Economic Development Cluster presented on the SEFA**

Balance of RLF loans outstanding at the end of the recipient's fiscal year	\$ 2,837,303
Plus: Cash and Investment balance in the RLF at the end of the recipients fiscal year	375,231
Plus: Administrative expenses paid out of RLF income during the recipient's fiscal year	<u>46,035</u>
Total Expenditures	<u>\$ 3,258,569</u>
Calculation for Federal Participation Rate	
Original Grant	\$ 5,000,000
Original Match (In-kind - Donated Warner Gear Buildings)	<u>2,500,000</u>
Total Original Grant with Original Match	7,500,000
Federal Participation Rate (Federal grant awarded divided by total program)	<u>0.67</u>
Total for SEFA (Total "Expenditures" times Federal Participation Rate)	<u>\$ 2,183,241</u>

CITY OF MUNCIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.239	Economic Development Cluster	Qualified
	CDBG - Entitlement Grants Cluster	Unmodified
	Home Investment Partnership Program	Unmodified

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

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

**Section II - Financial Statement Findings**

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

During the audit of the SEFA, there were the following errors:

1. The Economic Adjustment Assistance grant expenditures totaling \$2,183,241 were omitted.
2. Several grants were understated by either using the wrong amounts or omitting grant expenditures. The net understatement totaled \$38,973.

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

3. Information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were either incorrectly reported or omitted for some grants.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*Criteria*

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

2 CFR section 200.510(b) states:

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

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

*Cause*

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



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

*Effect*

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

*Views of Responsible Officials*

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

**FINDING 2015-002 - INTERNAL CONTROLS OVER PAYROLL DISBURSEMENTS**

*Condition*

During the audit period, the payroll time records of department heads were not reviewed for accuracy before being paid. There were no other controls in place to ensure the payroll of department heads were correct and accurate.

*Criteria*

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

*Cause*

Management of the City had not established a proper system of internal control related to all payroll transactions.

*Effect*

The failure to establish an internal control system resulted in controls either not designed properly or operating effectively to provide assurance of the prevention, or detection and correction of misstatements in a timely manner.

*Views of Responsible Officials*

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

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

***FINDING 2015-003 - ACCOUNTING FOR MUNCIE REDEVELOPMENT COMMISSION FUNDS***

*Condition*

During the audit period, the Muncie Redevelopment Commission funds, which included the Economic Adjustment Assistance (revolving loan funds/RLF), were not recorded within the City's ledger by the City Controller. There was no other ledger to account for the monies of these funds. The only information available was bank statements and spread sheets prepared by the Director of the Redevelopment Commission. The City had not established an internal control system to ensure that all monies of the City were accounted for within the City's ledger.

*Criteria*

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

13 CFR section 307.13(b)(1) states: "Maintain adequate accounting records and source documentation to substantiate the amount and percent of RLF Income expended for eligible RLF administrative costs."

*Cause*

Management of the City had not established a proper system of internal control to ensure that all funds of the City were maintained within the City's records.

*Effect*

The failure to establish an internal control system resulted in monies of the City not being accounted for within the City's records.

*Views of Responsible Officials*

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

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

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

***FINDING 2015-004 - INTERNAL CONTROL OVER COMMUNITY  
DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS***

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

Federal Award Numbers and Years (or Other Identifying Numbers): B-10-MC-18-00102, B-11-MC-18-00102  
B-12-MC-18-00102, B-13-MC-18-00102,  
B-14-MC-18-00102, B-15-MC-18-00102

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

***Condition***

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting, Subrecipient Monitoring, and Special Tests and Provisions - Environmental Reviews and Rehabilitation.

***Reporting***

The Assistant Director of Community Development was the sole person responsible for preparing, reviewing, and submitting the required reports for the Community Development Block Grants/Entitlement Grants. There was no oversight, review, approval, or other process in place to ensure the accuracy of the reports.

***Subrecipient Monitoring***

The Assistant Director of the Community Development was the sole person responsible for monitoring subrecipients which included onsite visits. There were no controls in place to ensure that monitoring of subrecipients or onsite visits were conducted.

***Special Tests and Provisions - Environmental Reviews and Rehabilitation***

The Environmental Reviews were the sole responsibility of a planner within the Department of Community Development. There were no controls in place to ensure that the Environmental Reviews were conducted. Rehabilitation work was properly completed by the planner in the Community Development Department; however, there were no oversight or review procedures in place.

***Context***

There were no controls over Reporting, Subrecipient Monitoring, or Special Tests and Provisions - Environmental Reviews and Rehabilitation compliance requirements. These conditions were apparent throughout the audit period.

***Criteria***

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

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

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

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with Reporting, Subrecipient Monitoring, or Special Tests and Provisions - Environmental Reviews and Rehabilitation compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2015-005 - INTERNAL CONTROL OVER HOME INVESTMENT PARTNERSHIPS PROGRAM**

Federal Agency: Department of Housing and Urban Development

Federal Program: HOME Investment Partnerships Program

CFDA Number: 14.239

Federal Award Numbers and Years (or Other Identifying Numbers): M-11-MC-18-0206, M-12-MC-18-0206,  
M-13-MC-18-0206, M-14-MC-18-0206,  
M-15-MC-18-0206

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

This is not a repeat finding from the immediate prior year.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Reporting, Subrecipient Monitoring, and Special Tests and Provisions - Maximum per Unit Subsidy and Underwriting Requirements and Housing Quality Standards.

*Reporting*

The Assistant Director of Community Development was the sole person responsible for preparing, reviewing, and submitting the required reports for the program. There was no oversight, review, approval, or other process in place to ensure the accuracy of the reports.

*Subrecipient Monitoring*

The Assistant Director of the Community Development was the sole person responsible for monitoring subrecipients which included onsite visits. There were no controls in place to ensure that monitoring of subrecipients or onsite visits were conducted.

*Special Tests and Provisions - Maximum per Unit Subsidy and Underwriting Requirements*

A planner within the Department of Community Development was solely responsible for meeting the Subsidy requirements with no oversight, review, or other process in place to ensure compliance with the Subsidy requirements.

*Special Tests and Provisions - Housing Quality Standards*

A planner within the Department of Community Development was solely responsible for meeting the standards in housing quality. There were no controls in place to ensure that the standards were actually met.

*Context*

The lack of controls was a systemic problem during the period audited and affected all of the compliance requirements listed above.

*Criteria*

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

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable that assurance 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. . . ."

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

2 CFR section 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with Reporting, Subrecipient Monitoring, or Special Tests and Provisions - Maximum per Unit Subsidy and Underwriting Requirements and Housing Quality Standards compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2015-006 - INTERNAL CONTROL OVER ACTIVITIES ALLOWED OR UNALLOWED AND SPECIAL TESTS AND PROVISIONS - INCREASES TO REVOLVING LOAN FUND CAPITAL BASE AND CAPITAL UTILIZATION**

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-19-01414

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-007.

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

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and Activities Allowed or Unallowed and Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization. The Director of the Redevelopment Commission is the sole person responsible for the determination of allowable activities and the increases to the revolving loan fund capital base and capital utilization. There was no oversight, review, approval, or other process in place to ensure federal monies were used for only allowable activities or that the necessary calculations were performed.

*Context*

The lack of controls was a systemic problem during the period audited and affected all of the compliance requirements listed above.

*Criteria*

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

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

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Activities Allowed or Unallowed and Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, related to the grant agreement and Activities Allowed or Unallowed and Special Tests and Provisions - Increases to RLF Capital Base and Capital Utilization compliance requirements.

*Views of Responsible Officials*

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

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

***FINDING 2015-007 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Commerce  
Federal Program: Economic Adjustment Assistance  
CFDA Number: 11.307  
Federal Award Number and Year (or Other Identifying Number): 06-19-01414

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-008.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The City had an interlocal agreement to pay an unspecified portion of the Director of the Redevelopment Commission's salary from the Economic Adjustment Assistance revolving loan grant. There is no supporting documentation of the time allocated to the management of grant funds.

*Context*

The lack of controls and noncompliance was a systemic problem during the period.

*Criteria*

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

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

OMB Circular A-87, attachment B, section 8(h)(4) states in part:

"Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Allowable Cost/Cost Principles compliance requirement of the program. The City did not have controls in place to ensure that documentation was maintained for salaries paid with federal monies.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.



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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, and comply with the grant agreement and Allowable Costs/Cost Principles compliance requirement.

*Views of Responsible Officials*

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

***FINDING 2015-008 - REPORTING***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-19-01414

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-009.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. No supporting records were maintained for the ED-209, Semi-Annual Report for EDA - Funded RLF Grants and the SF-425, Federal Financial Report was not prepared or submitted.

*Context*

The lack of controls and noncompliance was a systemic problem during the period audited.

*Criteria*

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

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

13 CFR 307.6 states in part:

"In addition to the post-approval requirements set forth in § 302.18 of this chapter:

- (a) Strategy Grants shall comply with the applicable provisions of part 303 of this chapter;
- (b) Implementation Grants involving construction shall comply with the provisions of subpart B of part 305 of this chapter;

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

- (c) Implementation Grants not involving construction shall comply with the applicable provisions of subpart A of part 306 of this chapter; and
- (d) RLF Grants shall comply with the requirements set forth in this part and in the following publications:
  - (1) EDA's RLF Standard Terms and Conditions; and
  - (2) The compliance supplement to OMB Circular A-133 (the '*Compliance Supplement*')."

15 CFR 24.42 states in part:

*"(a) Applicability.*

- (1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:
  - (i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or
  - (ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.
- (2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see section 24.36(i)(10).

*(b) Length of retention period.*

- (1) Except as otherwise provided, records must be retained for three years from the starting date specified in paragraph (c) of this section. . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement of the program. The City did not have controls in place to ensure that all required reports were submitted or that supporting documentation was maintained for submitted reports.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, and comply with the grant agreement and Reporting compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2015-009 - SUBRECIPIENT MONITORING**

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-19-01414

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-010.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and Subrecipient Monitoring compliance requirement. The City did not notify or provide their subrecipients with any federal award information nor was any monitoring over the subrecipients being done. The only communication between the City and the subrecipients were through loan payments.

*Context*

The lack of controls and noncompliance was a systemic problem during the period audited

*Criteria*

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

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

OMB Circular A-133, Subpart D, Section 400(d) states in part:

"A pass-through entity shall perform the following for the Federal awards it makes:

- (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

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

- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goal are achieved. . . ."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Subrecipient Monitoring compliance requirement of the program. The City did not have controls in place to ensure that all required information was provided to subrecipients or to ensure that subrecipients were monitored for compliance with federal requirements.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, and comply with the grant agreement and Subrecipient Monitoring compliance requirement.

*Views of Responsible Officials*

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

***FINDING 2015-010 - SPECIAL TESTS AND PROVISIONS - LOAN REQUIREMENTS***

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

Federal Award Number and Year (or Other Identifying Number): 06-19-01414

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-011.

*Condition*

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement.

The City did not gather required signed bank turn-down letters demonstrating that credit was not otherwise available before disbursing loans.

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

*Context*

The lack of controls and noncompliance was a systemic problem during the period audited.

*Criteria*

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

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

13 CFR section 307.15(b)(2) states:

"Prior to the disbursement of any EDA funds, the RLF Recipient shall certify that standard RLF loan documents reasonably necessary or advisable for lending are in place and that these documents have been reviewed by its legal counsel for adequacy and compliance with the terms and conditions of the Grant and applicable State and local law. The standard loan documents must include, at a minimum, the following:

- (i) Loan application;
- (ii) Loan agreement;
- (iii) Board of directors' meeting minutes approving the RLF loan;
- (iv) Promissory note;
- (v) Security agreement(s);
- (vi) Deed of trust or mortgage (as applicable);
- (vii) Agreement of prior lien holder (as applicable); and
- (viii) Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan."

*Cause*

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Special Test and Provisions - Loan Requirements compliance requirement. The City did not have controls in place to ensure that standard loan documentation included proper signed bank turn-down letters.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the City.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the City's management establish controls, including segregation of duties, and comply with the grant agreement and the Special Test and Provisions - Loan Requirements compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

This will address the 2014 Findings

**FINDING 2014-001**

2014

Audrey Jones  
765-747-4828

2017 going forward the revolving loan will be on the SEFA. I am sending out an email the first of the year to each to department so that I receive the award letter and whether it is reimbursable or advance grant.

Audrey Jones  
(Signature)  
Controller  
(Title)  
01/11/2017  
(Date)







MAYOR DENNIS TYLER  
City of **MUNCIE**  
MUNCIE, INDIANA

This will address the 2014 Findings

**FINDING 2014-002**

2014

Audrey Jones  
765-747-4828

When we were made aware in 2016 the mayor started signing every time sheet of all the department heads.

Audrey Jones  
(Signature)  
Controller  
(Title)  
01/11/2017  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

This will address the 2014 Findings

**FINDING 2014-003**

2014

Todd Donati  
765-216-1214

2017 going forward the Controller's office now does all the bookkeeping for the Muncie Redevelopment commission.

Audrey Jones  
(Signature)  
Controller  
(Title)  
01/11/2017  
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

This will address the 2014 Findings


**FINDING 2014-004**

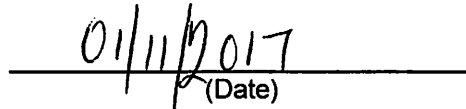
2014

Terry Whitt Bailey  
765-747-4825

The mileage documentation was incorrect on the wall. The controller's office sent an email in 2017 giving the mileage rates.

  
(Signature)

  
(Title)

  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

**FINDING 2014-005**

2014

Arron Kidder  
765-747-4853  
(Formerly Augusta Consulting Brad Bookout)  
765-818-1484

In 2017, the current economic development person, Arron Kidder reviews the documents and has the mayor look over them for accuracy.

Arron Kidder  
(Signature)

Consultant  
(Title)

01/11/2017  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

***Finding 2014-006***

2014  
Arron Kidder  
765-747-4853

(Formerly Augusta Consulting Brad Bookout)

765-818-1484

In 2016 on the current economic development person present the documents to the board of works for approval and the secretary will keep documentation of the required bid documents.

*Arron Kidder*

(Signature)

*Consultant*

(Title)

*01/11/2017*

(Date)




MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA


***Finding 2014-007***

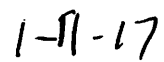
2014  
Todd Donati

765-216-1214

As of 2017 the board will continue to approve the loans for the revolving loan fund and the process will be started with the director. The loan will go through the controller's office to approve the accurate information.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

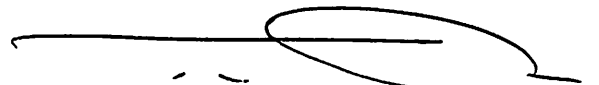
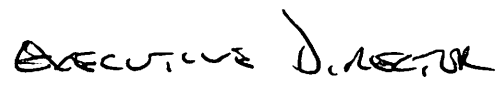
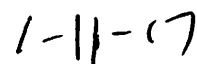


MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

***Finding 2014-008***

2014  
Todd Donati  
765-216-1214

As of 2017 the MRC director is working with the mayor's office to get another inter-local agreement and will provide documentation on the time spent on certain tasks including the revolving loan fund. He is still in the process of getting the board and the mayor's office agreement together.

  
\_\_\_\_\_  
(Signature)  
  
  
\_\_\_\_\_  
(Title)  
  
  
\_\_\_\_\_  
(Date)





MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

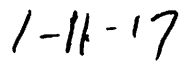
***Finding 2014-009***

2014  
Todd Donati  
765-216-1214

As of 2017 the director will be reporting on a quarterly and annual basis now that he is aware of what is required of him.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

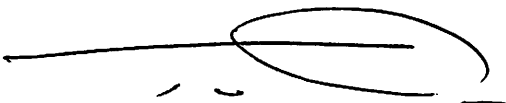




***Finding 2014-010***

2014  
Todd Donati  
765-216-1214

The director monitors the loan every month to make sure that the recipients are paying their loan back. The director has created a document to show if the recipient is delinquent and will provide that to the board for signature/verification of lack of compliance. He will get approval from the department of commerce for any fees that need waived.

  
\_\_\_\_\_  
(Signature)  
  
*Executive Director*  
\_\_\_\_\_  
(Title)  
  
*1/11/2017*  
\_\_\_\_\_  
(Date)

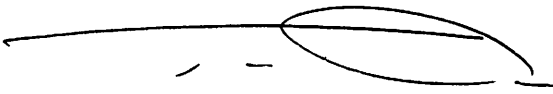


MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

***Finding 2014-011***

2014  
Todd Donati  
765-216-1214

2017 going forward the director will provide proper documentation showing that the recipient was denied a loan from another banking source.

  
\_\_\_\_\_  
(Signature)  
  
EXECUTIVE DIRECTOR  
\_\_\_\_\_  
(Title)  
  
1/11/2017  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



## CORRECTIVE ACTION PLAN

This is for the 2015 Findings

### **FINDING 2015-001**

Audrey Jones

765-747-4828

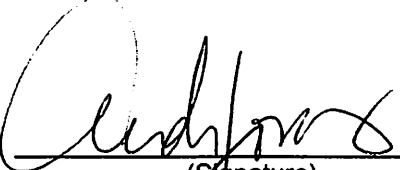
View of Responsible Official:

1. I did not add the revolving loan to the SEFA because I did not have the information for the revolving loan fund. It was housed in the Muncie Redevelopment department.
2. There were some clerical errors on the grants that were overstated because a grant was drawn down by the Economic Development thinking it was an advance grant and it was a reimbursable grant. When that happened we sent money back to them so it made the expenses look higher than what they were, which was reported as a reimbursable grant (the expenses are used reporting purposes on reimbursable grants.) Some of the other errors were that I reported the grants as reimbursable grants and they were advance grants.
3. Some of the documentation that is provided from the other departments does not have all the information or correct information so the descriptions may be incorrect.

### Description of Corrective Action Plan:

1. We are in the process of merging all the Muncie Redevelopment Commission's finances to the City. All information on finances will now be housed in the Controller's Office. The Controller's office will be doing all the financial reporting for the Muncie Redevelopment Commission start January 2017.
2. I am requiring that all grant writers provide the documentation of their grants and what type of grant that it is.
3. I am requiring that all descriptions of the grants are provided by each department/grant writer that obtains the grants.

This will be in place January 2017.

  
(Signature)  
Controller  
(Title)  
1/11/2017  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-002

Audrey Jones

765-747-4828

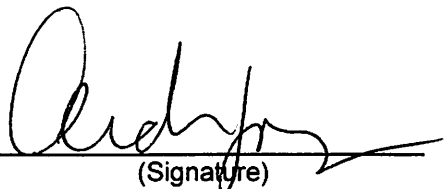
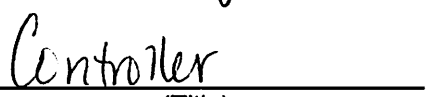
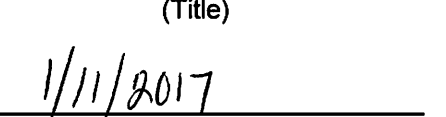
Views of Responsible Official:

When I took the position I used the prior department heads time sheets to reference on how things were to be handled. The time sheets that I used for reference did not have a mayor's signature for approval. I was unaware until this audit that the mayor was supposed to sign each department head's time sheet.

Description of Corrective Action Plan:

We have created a folder in the mayor's office for each department head to submit their time sheet to the mayor to review for accuracy and to sign off on.

This will be in place January 2017.

  
(Signature)  
  
(Title)  
  
(Date)



Finding 2015-003

Todd Donati

765-216-1214

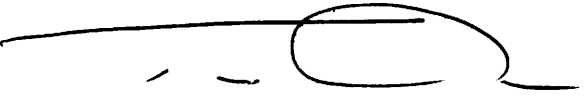
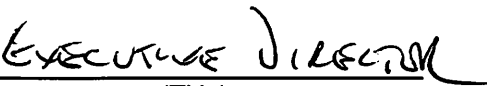
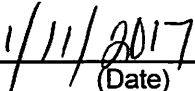
Views of Responsible Official:

The system was carried over from what had been done by the previous director for many years. So, there was no knowledge of the need to provide this.

Description of Corrective Action Plan:

However, once alerted by the SBOA, it was mutually beneficial to run all these funds through the city controller's office so accountability and control measures will be development. All the finances will be on the City of Muncie's accounting and will be handled like all city fund processes.

This will be in place January 2017.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

FINDING 2015-004

Terry Whitt Bailey

765-747-4825

Views of Responsible Official:

The mileage documentation was incorrect on the wall.

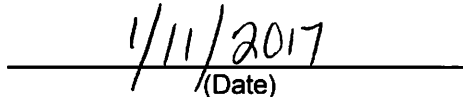
Description of Corrective Action Plan:

The Controller's Office and Community Development office will communicate on a yearly basis to know what the current mileage reimbursement is.

This will be in place January 2017.

  
(Signature)

  
(Title)

  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-005

Terry Whitt Bailey

765-747-4825

Views of Responsible Official:

The entire staff works on reporting of the Community Development Block Grant.

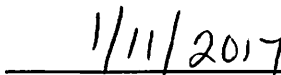
Description of Corrective Action Plan:

The entire staff works on the reporting that is required for the Community Development Block Grant. They all work on the monitoring of the sub recipients, and they all work on the Underwriting Requirements and Housing Quality standards. The staff has always and will continue to provide information to the public of the reporting based on HUD standards. Going forward we will continue to have the staff do all the following and the director for Community Development will review and sign off on all documents.

This will be in place January 2017.

  
(Signature)

  
(Title)

  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-006

Todd Donati

765-748-4235

Views of the Responsible Official:

I currently answer to the board before I do anything.

Description of Corrective Action Plan:

I will the board sign a document proving their oversight of the release of funds.

This will be in place 2017.

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)





MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-007

Todd Donati

765-748-4235

Vies of Responsible Official:

Currently 40% of the Muncie Redevelopment Commission budget is paid by the revolving loan fund. 60% is paid from the EDIT funds by the City of Muncie.

Description of Corrective Action Plan:

The director will get another inter-local agreement and will provide documentation on the time spent on certain tasks including the revolving loan fund. The director will have to get the board and the mayor's department to sign off on the Muncie Redevelopment Commission funding.

This will be in place January 2017.

\_\_\_\_\_  
(Signature)  
EXECUTIVE DIRECTOR  
\_\_\_\_\_  
(Title)  
1/11/2017  
\_\_\_\_\_  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-008

Todd Donati

765-216-1214

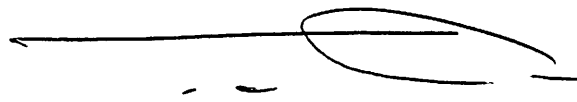
Views of Responsible Official:

This has never been done in the past and the director was unaware it was necessary to do.

Description of Corrective Action Plan

Now that the state board of accounts has made the Muncie Development Director aware that this is required. He will report it on a quarterly and annually basis.

This will be in place January 2017.

  
\_\_\_\_\_  
(Signature)  
  
  
\_\_\_\_\_  
(Title)  
  
  
\_\_\_\_\_  
(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-009

Todd Donati

765-216-1214

Views of the Responsible Official:

The director stated he monitors every month to make sure they are paying their loan back. The interest being waived was found to be practice in the past.

Description of Corrective Action Plan:

The director is creating a form of documentation to show if a recipient is delinquent he will provide that to the board for signature/verification of lack of compliance.

Waive of interest will be taken to the department of commerce for approval.

This will be in place January 2017.

(Signature)

(Title)

(Date)



MAYOR DENNIS TYLER  
**City of MUNCIE**  
MUNCIE, INDIANA

Finding 2015-010

Todd Donati

765-216-1214

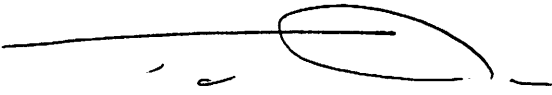
Views of the Responsible Official:

It was concluded to issue a loan there has to be a turn down from another banking source and we have provide documentation. The director did not know you had to get physical copies the bank denial.

Description of Corrective Action Plan:

In the future we will follow the proper guidelines established by the Muncie Industrial Revolving Loan fund board.

This will be in place January 2017.

  
\_\_\_\_\_  
(Signature)  
  
EXECUTIVE DIRECTOR  
\_\_\_\_\_  
(Title)  
  
1/11/2017  
\_\_\_\_\_  
(Date)

#### OTHER REPORTS

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