

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MUNCIE COMMUNITY SCHOOLS  
DELAWARE COUNTY, INDIANA

July 1, 2015 to June 30, 2016



**FILED**  
09/26/2017



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah A. Williams, CPA	07-01-15 to 01-10-17
	Bruce Perry	01-11-17 to 03-07-17
	(Vacant)	03-08-17 to 05-10-17
	Robert Coddington	05-11-17 to 05-10-18
Superintendent of Schools	Dr. Steven Baule	07-01-15 to 06-30-18
President of the School Board	Robert A. Warrner	01-01-15 to 12-31-15
	Michael Long	01-01-16 to 12-31-16
	Deborah D. Feick	01-01-17 to 12-31-17



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statement

We have audited the accompanying financial statement of the Muncie Community Schools (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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 from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

As discussed in Note 1 to the financial statement, the School Corporation 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 School Corporation for the year ended June 30, 2016.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the year ended June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Going Concern***

The accompanying financial statement has been prepared assuming that the School Corporation will continue as a going concern. As discussed in Note 8 to the financial statement, the School Corporation has been experiencing significant negative cash balances. As discussed in Note 12 to the financial statement, management has provided its response to the going concern, which relies upon action at the State level. The deficit cash balances of the School Corporation, as well as the School Corporation's procedures performed to operate without addressing the root causes of the deficits raises substantial doubt about the School Corporation's ability to continue as a going concern. The financial statement does not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling information directly to the underlying

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 School Corporation's financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 28, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.



Tammy R. White, CPA  
Deputy State Examiner

August 28, 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 MUNCIE COMMUNITY SCHOOLS, 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 Muncie Community Schools (School Corporation), which comprises the financial position and results of operations for the year ended June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 28, 2017, wherein we noted the School Corporation 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 School Corporation'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 School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation'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 School Corporation'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 item 2016-001, that we consider to be a material weakness.



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 School Corporation'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 item 2016-001.

**Muncie Community Schools' Response to Findings**

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 School Corporation'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 School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tammy R. White, CPA  
Deputy State Examiner

August 28, 2017

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#### FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 1,267,583	\$ 50,357,881	\$ 44,401,045	\$ 237,744	\$ 7,462,163
Debt Service	1,081,306	10,584,715	8,767,460	-	2,898,561
Capital Projects	1,747,782	3,903,110	5,452,228	163,600	362,264
School Transportation	1,146,415	1,210,006	1,924,590	-	431,831
School Bus Replacement	90,556	16,768	2,500	-	104,824
Construction	137,125	21,324	148,523	(13,600)	(3,674)
2014 GO Construction Bond	9,538,795	-	140,140	-	9,398,655
School Lunch	192,052	3,127,693	3,189,768	-	129,977
Textbook Rental	89,807	513,871	761,936	-	(158,258)
Self-Insurance	3,764,849	12,742,433	13,582,488	-	2,924,794
Levy Excess	150	-	-	-	150
Joint Services and Supply - Special Education Cooperative	(5,815,260)	1,102,308	598,624	-	(5,311,576)
2014/15 Special Ed Preschool	365,426	191,125	18,561	(438,220)	99,770
2015/16 Dela.-Blackford Sp. Ed.	-	38,530	5,405,118	-	(5,366,588)
2015/16 Special Ed. Preschool	-	-	280,449	437,306	156,857
2014/15 Vocation. COOP-Distr #22	(1,448,356)	644,293	137,762	-	(941,825)
2015/16 Vocation. COOP-Distr #22	-	17,812	1,067,779	-	(1,049,967)
2014/15 Creative Child Care	44,155	2,748	8,554	(38,349)	-
2015/16 Creative Child Care	-	205,271	171,969	38,349	71,651
Educational License Plates	533	750	600	-	683
Alternative Education	113,843	59,471	8,743	-	164,571
SAFE School Haven	-	20,000	36,303	-	(16,303)
2015 Early Intervention Grant	-	59,930	57,839	-	2,091
2016 Literacy Early Interv Grant	-	61,670	15,207	-	46,463
Special Education Donation Fund	1,581	-	-	-	1,581
Harry Mock Gift Fund	17,439	-	3,272	-	14,167
Kick-Off to Kindergarten	1,440	45,966	44,772	-	2,634
2015 Ball Brothers Operation Bearcat	250,000	-	153,048	-	96,952
2014 Ball Brothers Team 1-One Team	31,852	-	30,248	-	1,604
Fieldhouse Banner Fund	4,299	-	-	-	4,299
2016 Ball Fnd. Spr. Aftersch.P3	-	24,600	20,115	-	4,485
2016-17 Ball Grant Innovation	-	350,000	12,750	-	337,250
2014 Ball Brothers A. Oliver Sp. Needs	490	-	63	-	427
MCS Donation Fund	36,701	126,759	132,459	-	31,001
Ball - 2016 Excellence Teach	-	15,000	-	-	15,000
2014/15 Opportunity School	(2,649,125)	40,845	145,550	-	(2,753,830)
2014/15 Priority School	(83,645)	35,150	20,251	-	(68,746)
2015/16 Opportunity School	-	16,218	976,785	-	(960,567)
2015/16 Priority School	-	24,800	336,270	-	(311,470)
Adventure Environmental Learning Center	8,917	13,287	12,091	-	10,113
2015 Ball Brothers Camp Adventure	40,000	20,000	59,694	-	306
Central ROTC Services	2,079	651	1,213	-	1,517
Christmas Sing	(2,061)	13,565	14,871	-	(3,367)
Cultural Arts	-	4,475	694	-	3,781
Penny Seramur Scholarship	10,595	-	-	-	10,595
Walburn Scholarship	17,743	15,502	1,000	-	32,245
Demaree Scholarship	3,128	7	-	-	3,135

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

MUNCIE COMMUNITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
Devoe Scholarship	516,639	3,750	(5,000)	-	525,389
ICE League Scholarship	3,025	-	-	-	3,025
High Ability Contingency	9,289	-	7,159	8,341	10,471
2016 PBIS Meridian Intecare Grant	-	231,442	36,065	-	195,377
2015/2016 High Ability Grant	-	54,047	25,139	-	28,908
2014/2015 High Ability Grant	20,368	-	13,190	(8,341)	(1,163)
PD Contingency Fund	14,185	-	6,497	-	7,688
2014 Secured Schools Safety Grant	(146,413)	135,162	54,039	-	(65,290)
Extra-Curricular Activities	-	31,823	31,498	-	325
ESL Clearing Account	18,482	-	1,476	5,254	22,260
I-Pad Insurance Fund	29,260	33,670	32,045	-	30,885
2014/15 Non-English Speaking	5,254	-	-	(5,254)	-
2015/16 Non-English Speaking	-	10,775	8,980	-	1,795
School Technology	35,378	264,161	127,997	(150,000)	21,542
2014/15 Excellence in Performance	-	21,188	21,188	-	-
2012/13 Title I Basic	-	-	291	-	(291)
2014/15 Title I Basic	(244,917)	560,734	315,817	-	-
2014/15 Title I Neglected Delinquent YOC	(26,466)	56,802	30,336	-	-
2015/16 Title I Basic	-	2,168,438	2,443,405	-	(274,967)
2015/16 Title I Neglected Delinquent YOC	-	123,378	137,291	-	(13,913)
2014/15 Title I School Improvement	(1,063)	64,000	62,937	-	-
2015/16 Title I SIG-SSMS/SUTT	-	3,800	10,670	-	(6,870)
2014/15 Sp. Ed. Preschool	(18,304)	65,538	48,148	914	-
2015/16 Sp. Ed. Preschool	-	115,649	133,953	-	(18,304)
2013/14 IDEA Muncie	(82,358)	116,539	60,557	-	(26,376)
2014/15 IDEA Muncie	(208,549)	593,398	427,672	-	(42,823)
2015/16 Spec. Ed. IDEA Muncie	-	1,480,573	1,504,297	-	(23,724)
2013/14 IDEA Pass-Through COOP	-	116,539	116,539	-	-
2014/15 IDEA Pass-Through COOP	-	1,235,447	1,228,879	-	6,568
2015/16 IDEA Pass-Through COOP	-	2,121,576	2,235,011	-	(113,435)
2013/14 Del/Blkfrd TA Prof. Dev.	-	14,313	14,313	-	-
2014/15 Adult Basic Education	(94,079)	104,452	16,928	(6,425)	(12,980)
2014/15 ABE Professional Dev.	(5,875)	-	5,312	6,425	(4,762)
2015/16 Adult Basic Education	-	364,865	453,274	-	(88,409)
MACC-ABE-CTE	66,689	5,499	28,082	2,136	46,242
2015 Hire Technology Program	58,918	-	56,735	-	2,183
2014/15 Perkins	(30,971)	88,375	55,268	(2,136)	-
2015/16 Perkins	-	159,413	208,342	-	(48,929)
2014/15 21st CCLC BSU/Longfellow	(5,950)	5,950	-	-	-
2015/16 21st CCLC BSU/Longfellow	-	50,900	63,700	-	(12,800)
2014/15 Title IIA, Improving Teacher Quality	(66,365)	211,133	144,768	-	-
2015/16 Title IIA, Improving Teacher Quality	-	233,027	336,960	-	(103,933)
2014-16 Title III, English Proficiency	(4,525)	12,468	8,182	-	(239)
Payroll Withholding	233,040	11,145,528	10,994,548	-	384,020
Totals	\$ 10,082,886	\$ 107,632,886	\$ 109,645,820	\$ 237,744	\$ 8,307,696

\*\* See Note 12

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

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

The accompanying financial statement presents the financial information for the School Corporation.

**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:

*Local sources.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt services.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other Financing Sources and Uses*

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

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Transfers out.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

**G. Fund Accounting**

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

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied 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 School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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



MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

**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 School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Disbursement**

The financial statement contains a disbursement that appears as a negative entry. This is the result of an error made in the prior period which was corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grant expenditures that have not yet been reimbursed, disbursing more funds than were received, and billings for joint ventures that are made after year-end.

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Holding Corporation**

The School Corporation has entered into a capital lease with Muncie School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the year 2015-2016 totaled \$6,831,500.

**Note 10. Subsequent Events**

On April 28, 2017, the Governor signed Senate Bill 567 designating Muncie Community Schools as a fiscally impaired school corporation.

**Note 11. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits: health, vision, and dental insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

**Note 12. Going Concern**

Senate Bill 567 Section 9 IC 6-1.1-20.3-7.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7.1.

- "(a) This section applies only to the Muncie Community Schools.
- (b) The general assembly finds that the provisions of this section:
  - (1) are necessary to address the unique issues faced by the Muncie Community Schools; and
  - (2) are not precedent for and may not be appropriate for addressing issues faced by other school corporations.
- (c) As used in this section, the following definitions apply:
  - (1) 'Emergency manager' includes a temporary emergency manager appointed under this section.
  - (2) 'Governing body' refers to the governing body of the Muncie Community Schools.
  - (3) 'School corporation' refers to the Muncie Community Schools.
- (d) Muncie Community Schools is designated as a fiscally impaired school corporation. The school corporation's designation as a fiscally impaired school corporation terminates on January 1, 2018. The school corporation's designation as a fiscally impaired school corporation is not a designation of the school corporation as a distressed political

MUNCIE COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

subdivision for purposes of this chapter. The school corporation's designation as a fiscally impaired school corporation is effective regardless of whether the school corporation has submitted a petition under this section requesting to be designated as a fiscally impaired school corporation. . . ."

The School Corporation reported a total balance of all funds in the amount of \$8,307,696 at June 30, 2016. However, the following considerations affect the availability of that total fund balance:

1. The 2014 GO Construction Bond fund had a balance on hand at June 30, 2016, of \$9,398,655, which had corresponding debt of \$9,695,000. Therefore, the bond proceeds were never spent for the purpose of the issue and are on hand to assist in keeping total funds out of a deficit balance. This debt is scheduled to be repaid on January 15, 2024, with two balloon payments in the 2023/2024 fiscal year totaling \$7,147,800.
2. The School Corporation had Tax Anticipation Warrants at June 30, 2016, of \$10,000,000 that were payable/matured December 30, 2016. These Tax Anticipation Warrants were receipted to the General fund in the amount of \$7,300,000, the Debt Service fund in the amount of \$1,200,000, and the Capital Projects fund in the amount of \$1,500,000. These temporary loans are inflating the true cash and investment balance of the School Corporation's Regulatory Statement Fund Balance at June 30, 2016, by \$10,000,000.
3. The School Corporation is reporting accounts payable at June 30, 2016, of \$2,072,410.
4. Included in the total funds are scholarship funds totaling \$574,389, which cannot be used for operating expenses.
5. The School Corporation has an unfunded post-employment benefit liability, due to the post-employment benefits described in Note 11, in an amount that has not been determined by an actuarial study but is expected to have an impact on the School Corporation's ability to meet its financial obligations.

Had all of these debt and payable items, listed one through three above, been addressed, the School Corporation would have a negative cash and investment balance of (\$13,163,369) at June 30, 2016.

Along with the debts noted above, the School Corporation has been experiencing decreased revenues due to property tax caps and declining enrollment.

As of the date of this report, the School Corporation has made several changes to deal with the adverse effects of being fiscally impaired. Some of these changes include:

1. The School Corporation has accepted bids and contracted for transportation services in an attempt at a cost savings to the School Corporation.
2. The School Corporation has outsourced building maintenance and janitorial services and food services, thereby reducing payroll and benefits costs.
3. The School Corporation has closed three elementary schools.

As of the date of this report, the Chief Financial Officer has presented a projected cash flow for the remainder of 2017 to the Distressed Unit Appeal Board. Projections indicate, without intervention, the School Corporation will have a zero cash balance by October of 2017.

## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation 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 School Corporation's Financial Reports 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 School Corporation. It is presented as intended by the School Corporation.

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Construction	2014 GO Construction Bond
Cash and investments - beginning	\$ 1,267,583	\$ 1,081,306	\$ 1,747,782	\$ 1,146,415	\$ 90,556	\$ 137,125	\$ 9,538,795
Receipts:							
Local sources	575,308	9,384,715	2,403,110	1,210,006	16,768	21,324	-
Intermediate sources	96	-	-	-	-	-	-
State sources	42,411,981	-	-	-	-	-	-
Federal sources	51,841	-	-	-	-	-	-
Temporary loans	7,300,000	1,200,000	1,500,000	-	-	-	-
Other	18,655	-	-	-	-	-	-
Total receipts	50,357,881	10,584,715	3,903,110	1,210,006	16,768	21,324	-
Disbursements:							
Instruction	28,440,496	-	-	-	-	-	-
Support services	10,537,256	-	3,217,312	1,924,590	2,500	-	-
Noninstructional services	221,065	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,034,916	-	-	148,523	140,140
Debt services	5,200,000	8,767,460	1,200,000	-	-	-	-
Nonprogrammed charges	2,228	-	-	-	-	-	-
Total disbursements	44,401,045	8,767,460	5,452,228	1,924,590	2,500	148,523	140,140
Excess (deficiency) of receipts over disbursements	5,956,836	1,817,255	(1,549,118)	(714,584)	14,268	(127,199)	(140,140)
Other financing sources (uses):							
Sale of capital assets	237,744	-	-	-	-	-	-
Transfers in	-	-	163,600	-	-	-	-
Transfers out	-	-	-	-	-	(13,600)	-
Total other financing sources (uses)	237,744	-	163,600	-	-	(13,600)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,194,580	1,817,255	(1,385,518)	(714,584)	14,268	(140,799)	(140,140)
Cash and investments - ending	\$ 7,462,163	\$ 2,898,561	\$ 362,264	\$ 431,831	\$ 104,824	\$ (3,674)	\$ 9,398,655

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	2014/15 Special Ed Preschool	2015/16 Dela.-Blackford Sp. Ed.
Cash and investments - beginning	\$ 192,052	\$ 89,807	\$ 3,764,849	\$ 150	\$ (5,815,260)	\$ 365,426	\$ -
Receipts:							
Local sources	540,388	167,822	12,742,433	-	1,102,308	191,125	38,530
Intermediate sources	-	-	-	-	-	-	-
State sources	9,601	346,049	-	-	-	-	-
Federal sources	2,577,704	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	3,127,693	513,871	12,742,433	-	1,102,308	191,125	38,530
Disbursements:							
Instruction	-	761,936	-	-	538,398	18,561	5,032,409
Support services	861	-	10	-	60,226	-	372,709
Noninstructional services	3,188,907	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	467	-	-	-	-
Nonprogrammed charges	-	-	13,582,011	-	-	-	-
Total disbursements	3,189,768	761,936	13,582,488	-	598,624	18,561	5,405,118
Excess (deficiency) of receipts over disbursements	(62,075)	(248,065)	(840,055)	-	503,684	172,564	(5,366,588)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	1,890	10,000	-	-	-	-
Transfers out	-	(1,890)	(10,000)	-	-	(438,220)	-
Total other financing sources (uses)	-	-	-	-	-	(438,220)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,075)	(248,065)	(840,055)	-	503,684	(265,656)	(5,366,588)
Cash and investments - ending	\$ 129,977	\$ (158,258)	\$ 2,924,794	\$ 150	\$ (5,311,576)	\$ 99,770	\$ (5,366,588)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016  
 (Continued)

	2015/16 Special Ed. Preschool	2014/15 Vocation. COOP-Distr #22	2015/16 Vocation. COOP-Distr #22	2014/15 Creative Child Care	2015/16 Creative Child Care	Educational License Plates
Cash and investments - beginning	\$ -	\$ (1,448,356)	\$ -	\$ 44,155	\$ -	\$ 533
Receipts:						
Local sources	-	644,293	17,812	2,748	205,271	-
Intermediate sources	-	-	-	-	-	750
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	644,293	17,812	2,748	205,271	750
Disbursements:						
Instruction	280,449	137,762	1,067,779	-	-	-
Support services	-	-	-	-	-	600
Noninstructional services	-	-	-	8,554	171,969	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	280,449	137,762	1,067,779	8,554	171,969	600
Excess (deficiency) of receipts over disbursements	(280,449)	506,531	(1,049,967)	(5,806)	33,302	150
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	438,220	-	-	-	38,349	-
Transfers out	(914)	-	-	(38,349)	-	-
Total other financing sources (uses)	437,306	-	-	(38,349)	38,349	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	156,857	506,531	(1,049,967)	(44,155)	71,651	150
Cash and investments - ending	\$ 156,857	\$ (941,825)	\$ (1,049,967)	\$ -	\$ 71,651	\$ 683



MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	Alternative Education	SAFE School Haven	2015 Early Intervention Grant	2016 Literacy Early Interv Grant	Special Education Donation Fund	Harry Mock Gift Fund
Cash and investments - beginning	\$ 113,843	\$ -	\$ -	\$ -	\$ 1,581	\$ 17,439
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	59,471	20,000	59,930	61,670	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	59,471	20,000	59,930	61,670	-	-
Disbursements:						
Instruction	8,743	-	8,473	4,660	-	3,272
Support services	-	36,303	49,366	10,547	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	8,743	36,303	57,839	15,207	-	3,272
Excess (deficiency) of receipts over disbursements	50,728	(16,303)	2,091	46,463	-	(3,272)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,728	(16,303)	2,091	46,463	-	(3,272)
Cash and investments - ending	\$ 164,571	\$ (16,303)	\$ 2,091	\$ 46,463	\$ 1,581	\$ 14,167

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016  
 (Continued)

	Kick-Off to Kindergarten	2015 Ball Brothers Operation Bearcat	2014 Ball Brothers Team 1- One Team	Fieldhouse Banner Fund	2016 Ball Fnd. Spr. Aftersch.P3	2016-17 Ball Grant Innovation
Cash and investments - beginning	\$ 1,440	\$ 250,000	\$ 31,852	\$ 4,299	\$ -	\$ -
Receipts:						
Local sources	45,966	-	-	-	24,600	350,000
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	45,966	-	-	-	24,600	350,000
Disbursements:						
Instruction	44,772	153,048	30,248	-	20,115	-
Support services	-	-	-	-	-	12,750
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	44,772	153,048	30,248	-	20,115	12,750
Excess (deficiency) of receipts over disbursements	1,194	(153,048)	(30,248)	-	4,485	337,250
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,194	(153,048)	(30,248)	-	4,485	337,250
Cash and investments - ending	\$ 2,634	\$ 96,952	\$ 1,604	\$ 4,299	\$ 4,485	\$ 337,250

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2014 Ball Brothers A. Oliver Sp. Needs	MCS Donation Fund	Ball - 2016 Excellence Teach	2014/15 Opportunity School	2014/15 Priority School	2015/16 Opportunity School
Cash and investments - beginning	\$ 490	\$ 36,701	\$ -	\$ (2,649,125)	\$ (83,645)	\$ -
Receipts:						
Local sources	-	126,759	15,000	40,845	35,150	16,218
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	126,759	15,000	40,845	35,150	16,218
Disbursements:						
Instruction	63	-	-	145,550	20,251	976,785
Support services	-	3,759	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	128,700	-	-	-	-
Total disbursements	63	132,459	-	145,550	20,251	976,785
Excess (deficiency) of receipts over disbursements	(63)	(5,700)	15,000	(104,705)	14,899	(960,567)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(63)	(5,700)	15,000	(104,705)	14,899	(960,567)
Cash and investments - ending	\$ 427	\$ 31,001	\$ 15,000	\$ (2,753,830)	\$ (68,746)	\$ (960,567)

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2015/16 Priority School	Adventure Environmental Learning Center	2015 Ball Brothers Camp Adventure	Central ROTC Services	Christmas Sing	Cultural Arts
Cash and investments - beginning	\$ -	\$ 8,917	\$ 40,000	\$ 2,079	\$ (2,061)	\$ -
Receipts:						
Local sources	24,800	13,287	20,000	-	13,565	4,475
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	651	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	24,800	13,287	20,000	651	13,565	4,475
Disbursements:						
Instruction	336,270	-	-	1,213	-	694
Support services	-	12,091	-	-	-	-
Noninstructional services	-	-	-	-	14,871	-
Facilities acquisition and construction	-	-	59,694	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	336,270	12,091	59,694	1,213	14,871	694
Excess (deficiency) of receipts over disbursements	(311,470)	1,196	(39,694)	(562)	(1,306)	3,781
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(311,470)	1,196	(39,694)	(562)	(1,306)	3,781
Cash and investments - ending	\$ (311,470)	\$ 10,113	\$ 306	\$ 1,517	\$ (3,367)	\$ 3,781

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	Penny Seramur Scholarship	Walburn Scholarship	Demaree Scholarship	Devoe Scholarship	ICE League Scholarship	High Ability Contingency
Cash and investments - beginning	\$ 10,595	\$ 17,743	\$ 3,128	\$ 516,639	\$ 3,025	\$ 9,289
Receipts:						
Local sources	-	15,502	7	1,250	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	2,500	-	-
Total receipts	-	15,502	7	3,750	-	-
Disbursements:						
Instruction	-	-	-	-	-	7,159
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	1,000	-	(5,000)	-	-
Total disbursements	-	1,000	-	(5,000)	-	7,159
Excess (deficiency) of receipts over disbursements	-	14,502	7	8,750	-	(7,159)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	8,341
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	8,341
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	14,502	7	8,750	-	1,182
Cash and investments - ending	\$ 10,595	\$ 32,245	\$ 3,135	\$ 525,389	\$ 3,025	\$ 10,471

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016  
 (Continued)

	2016 PBIS Meridian Intecare Grant	2015/2016 High Ability Grant	2014/2015 High Ability Grant	PD Contingency Fund	2014 Secured Schools Safety Grant	Extra- Curricular Activities
Cash and investments - beginning	\$ -	\$ -	\$ 20,368	\$ 14,185	\$ (146,413)	\$ -
Receipts:						
Local sources	-	-	-	-	40,369	6,823
Intermediate sources	-	-	-	-	-	-
State sources	231,442	54,047	-	-	94,793	25,000
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	231,442	54,047	-	-	135,162	31,823
Disbursements:						
Instruction	15,417	7,911	(7,347)	-	-	31,498
Support services	20,648	17,228	20,537	6,497	54,039	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	36,065	25,139	13,190	6,497	54,039	31,498
Excess (deficiency) of receipts over disbursements	195,377	28,908	(13,190)	(6,497)	81,123	325
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(8,341)	-	-	-
Total other financing sources (uses)	-	-	(8,341)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	195,377	28,908	(21,531)	(6,497)	81,123	325
Cash and investments - ending	\$ 195,377	\$ 28,908	\$ (1,163)	\$ 7,688	\$ (65,290)	\$ 325

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	ESL Clearing Account	I-Pad Insurance Fund	2014/15 Non-English Speaking	2015/16 Non-English Speaking	School Technology	2014/15 Excellence in Performance
Cash and investments - beginning	\$ 18,482	\$ 29,260	\$ 5,254	\$ -	\$ 35,378	\$ -
Receipts:						
Local sources	-	19,544	-	-	259,517	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	10,775	4,644	21,188
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	14,126	-	-	-	-
Total receipts	-	33,670	-	10,775	264,161	21,188
Disbursements:						
Instruction	1,476	-	-	-	-	21,188
Support services	-	32,045	-	8,980	7,604	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	120,393	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	1,476	32,045	-	8,980	127,997	21,188
Excess (deficiency) of receipts over disbursements	(1,476)	1,625	-	1,795	136,164	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	5,254	-	-	-	-	-
Transfers out	-	-	(5,254)	-	(150,000)	-
Total other financing sources (uses)	5,254	-	(5,254)	-	(150,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,778	1,625	(5,254)	1,795	(13,836)	-
Cash and investments - ending	\$ 22,260	\$ 30,885	\$ -	\$ 1,795	\$ 21,542	\$ -

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2012/13 Title I Basic	2014/15 Title I Basic	2014/15 Title I Neglected Delinquent YOC	2015/16 Title I Basic	2015/16 Title I Neglected Delinquent YOC	2014/15 Title I School Improvement
Cash and investments - beginning	\$ -	\$ (244,917)	\$ (26,466)	\$ -	\$ -	\$ (1,063)
Receipts:						
Local sources	-	-	-	7,049	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	560,734	56,802	2,161,389	123,378	64,000
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	560,734	56,802	2,168,438	123,378	64,000
Disbursements:						
Instruction	-	148,095	30,336	1,258,955	135,491	-
Support services	-	160,838	-	1,169,425	1,800	62,937
Noninstructional services	291	8,186	-	15,025	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	(1,302)	-	-	-	-
Total disbursements	291	315,817	30,336	2,443,405	137,291	62,937
Excess (deficiency) of receipts over disbursements	(291)	244,917	26,466	(274,967)	(13,913)	1,063
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(291)	244,917	26,466	(274,967)	(13,913)	1,063
Cash and investments - ending	\$ (291)	\$ -	\$ -	\$ (274,967)	\$ (13,913)	\$ -



MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2015/16 Title I SIG-SSMS/SUTT	2014/15 Sp. Ed. Preschool	2015/16 Sp. Ed. Preschool	2013/14 IDEA Muncie	2014/15 IDEA Muncie	2015/16 Spec. Ed. IDEA Muncie
Cash and investments - beginning	\$ -	\$ (18,304)	\$ -	\$ (82,358)	\$ (208,549)	\$ -
Receipts:						
Local sources	-	-	-	116,539	547,097	1,480,573
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	3,800	65,538	115,649	-	46,301	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>3,800</u>	<u>65,538</u>	<u>115,649</u>	<u>116,539</u>	<u>593,398</u>	<u>1,480,573</u>
Disbursements:						
Instruction	-	48,148	133,953	19,550	324,474	1,357,152
Support services	10,670	-	-	41,007	103,198	147,145
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>10,670</u>	<u>48,148</u>	<u>133,953</u>	<u>60,557</u>	<u>427,672</u>	<u>1,504,297</u>
Excess (deficiency) of receipts over disbursements	<u>(6,870)</u>	<u>17,390</u>	<u>(18,304)</u>	<u>55,982</u>	<u>165,726</u>	<u>(23,724)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	914	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,870)</u>	<u>18,304</u>	<u>(18,304)</u>	<u>55,982</u>	<u>165,726</u>	<u>(23,724)</u>
Cash and investments - ending	<u>\$ (6,870)</u>	<u>\$ -</u>	<u>\$ (18,304)</u>	<u>\$ (26,376)</u>	<u>\$ (42,823)</u>	<u>\$ (23,724)</u>

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2013/14 IDEA Pass-Through COOP	2014/15 IDEA Pass-Through COOP	2015/16 IDEA Pass-Through COOP	2013/14 Del/Blkfrd TA Prof. Dev.	2014/15 Adult Basic Education	2014/15 ABE Professional Dev.
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (94,079)	\$ (5,875)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	116,539	1,235,447	2,121,576	14,313	104,452	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	116,539	1,235,447	2,121,576	14,313	104,452	-
Disbursements:						
Instruction	116,539	1,228,879	2,235,011	14,313	16,928	5,312
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	116,539	1,228,879	2,235,011	14,313	16,928	5,312
Excess (deficiency) of receipts over disbursements	-	6,568	(113,435)	-	87,524	(5,312)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	6,425
Transfers out	-	-	-	-	(6,425)	-
Total other financing sources (uses)	-	-	-	-	(6,425)	6,425
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,568	(113,435)	-	81,099	1,113
Cash and investments - ending	\$ -	\$ 6,568	\$ (113,435)	\$ -	\$ (12,980)	\$ (4,762)

MUNCIE COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016  
 (Continued)

	2015/16 Adult Basic Education	MACC-ABE-CTE	2015 Hire Technology Program	2014/15 Perkins	2015/16 Perkins	2014/15 21st CCLC BSU/Longfellow
Cash and investments - beginning	\$ -	\$ 66,689	\$ 58,918	\$ (30,971)	\$ -	\$ (5,950)
Receipts:						
Local sources	-	499	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	364,865	5,000	-	88,375	159,413	5,950
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	364,865	5,499	-	88,375	159,413	5,950
Disbursements:						
Instruction	453,274	28,082	56,735	55,268	208,342	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	453,274	28,082	56,735	55,268	208,342	-
Excess (deficiency) of receipts over disbursements	(88,409)	(22,583)	(56,735)	33,107	(48,929)	5,950
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	2,136	-	-	-	-
Transfers out	-	-	-	(2,136)	-	-
Total other financing sources (uses)	-	2,136	-	(2,136)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(88,409)	(20,447)	(56,735)	30,971	(48,929)	5,950
Cash and investments - ending	\$ (88,409)	\$ 46,242	\$ 2,183	\$ -	\$ (48,929)	\$ -

MUNCIE COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2016  
(Continued)

	2015/16 21st CCLC BSU/Longfellow	2014/15 Title IIA, Improving Teacher Quality	2015/16 Title IIA, Improving Teacher Quality	2014-16 Title III, English Proficiency	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ (66,365)	\$ -	\$ (4,525)	\$ 233,040	\$ 10,082,886
Receipts:						
Local sources	-	-	-	-	-	32,489,395
Intermediate sources	-	-	-	-	-	846
State sources	-	-	-	12,468	-	43,423,059
Federal sources	50,900	211,133	233,027	-	-	10,538,777
Temporary loans	-	-	-	-	-	10,000,000
Other	-	-	-	-	11,145,528	11,180,809
Total receipts	50,900	211,133	233,027	12,468	11,145,528	107,632,886
Disbursements:						
Instruction	63,700	-	-	-	-	46,047,786
Support services	-	140,907	329,447	8,182	-	18,584,014
Noninstructional services	-	3,861	7,513	-	-	3,640,242
Facilities acquisition and construction	-	-	-	-	-	1,503,666
Debt services	-	-	-	-	-	15,167,927
Nonprogrammed charges	-	-	-	-	10,994,548	24,702,185
Total disbursements	63,700	144,768	336,960	8,182	10,994,548	109,645,820
Excess (deficiency) of receipts over disbursements	(12,800)	66,365	(103,933)	4,286	150,980	(2,012,934)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	237,744
Transfers in	-	-	-	-	-	675,129
Transfers out	-	-	-	-	-	(675,129)
Total other financing sources (uses)	-	-	-	-	-	237,744
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,800)	66,365	(103,933)	4,286	150,980	(1,775,190)
Cash and investments - ending	\$ (12,800)	\$ -	\$ (103,933)	\$ (239)	\$ 384,020	\$ 8,307,696

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,072,410</u>	<u>\$ 174,146</u>

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Muncie School Building Corporation	First Mortgage Refunding Series 2015 A	\$ 5,081,500	07/16/15	12/31/22
Muncie School Building Corporation	First Mortgage Refunding Series 2015 B	<u>1,617,000</u>	07/16/15	12/31/22
Total of annual lease payments		<u><u>\$ 6,698,500</u></u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	General Obligation Bonds of 2014	\$ 9,695,000
Tax anticipation warrants	Temporary Loans	<u>10,000,000</u>
Totals		<u><u>\$ 19,695,000</u></u>
		<u><u>\$ 10,440,429</u></u>

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 474,850
Infrastructure	3,058,717
Buildings	118,533,344
Machinery, equipment, and vehicles	<u>4,116,432</u>
Total capital assets	<u>\$ 126,183,343</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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 MUNCIE COMMUNITY SCHOOLS, DELAWARE COUNTY, INDIANA

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

We have audited the Muncie Community Schools' (School Corporation) 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 June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***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 School Corporation'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 School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation 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 major federal programs for the year ended June 30, 2016.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 School Corporation 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 School Corporation'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 School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003, that we consider to be a material weaknesses.

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

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

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



Tammy R. White, CPA  
Deputy State Examiner

August 28, 2017

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

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

MUNCIE COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program Cafeteria Fund #800	Indiana Department of Education	10.553	FY 2015-16	\$ -	\$ 597,594
National School Lunch Program Cafeteria Fund #800 Commodities	Indiana Department of Education	10.555	FY 2015-16	-	1,955,264
				-	213,867
Total - National School Lunch Program				-	2,169,131
Total - Child Nutrition Cluster				-	2,766,725
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	7182014IN810342	-	24,846
Total - Department of Agriculture				-	2,791,571
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States 2013-14 IDEA Muncie #5214 2014/2015 IDEA Muncie #5215 2015/2016 IDEA Muncie #5216	Indiana Department of Education	84.027	14214-010-PN01 14215-010-PN01 14216-008-PN01	- - -	116,539 599,965 1,300,113
Total - Special Education_Grants to States				-	2,016,617
Special Education_Preschool Grants 2014/2015 Special Ed. Preschool PL 101-476 IDEA Fund #5205 2015/2016 Special Education-Preschool #5206	Indiana Department of Education	84.173	45715-010-PN01 45716-008-PN01	- -	34,361 60,413
Total - Special Education_Preschool Grants				-	94,774
Total - Special Education Cluster (IDEA)				-	2,111,391
Title I Grants to Local Educational Agencies 2015/2016 Title 1 Neglected/Delinquent Grant #4176 2014/2015 Title 1 Neglected/Delinquent Grant (Fund #4166) 2014/2015 Title 1 Basic Grant (Fund #4165) 2015/2016 Title I Basic Grant #4175 2014/2015 School Improvement Grant-Sutt/SMS 2015/2016 School Improvement Grant-Sutt/SMS	Indiana Department of Education	84.010	ESEA Title 1 Part D - Subpart ESEA Title 1 Part D Subpart 2 FY 2015 SY 2015-2016 FY 2016 7000S010A140014 7000S010A150014	- - - - - -	123,378 56,802 560,734 2,154,519 64,000 10,670
Total - Title I Grants to Local Educational Agencies				-	2,970,103
Adult Education - Basic Grants to States 2014/2015 Adult Basic Education Fund #5540 2015/2016 Adult Basic Education #5550	New Castle Community Schools	84.002	C1-5-AE-4-25 C1-5-AE-4-25	- -	39,026 72,669
Total - Adult Education - Basic Grants to States				-	111,695
Career and Technical Education -- Basic Grants to States 2014/2015 Perkins #6270 2015/2016 Perkins #6280	Indiana Department of Education	84.048	14-4700-1970 15-4700-1970	- -	88,375 177,225
Total - Career and Technical Education - Basic Grants to States				-	265,600
English Language Acquisition State Grants 2014-16 Title III English Proficiency #6885	Indiana Department of Education	84.365	01115-014-PN01	-	12,468
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants) 2014/2015 Title II-A Improving Teacher Quality Fund #6844 2015/2016 Title II-A-Improving Teacher Quality #6846	Indiana Department of Education	84.367	14-1970 15-1970	- -	211,133 233,027
Total - Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				-	444,160
Total - Department of Education				-	5,915,417
Total federal awards expended				\$ -	\$ 8,706,988

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

MUNCIE COMMUNITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the year ended June 30, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

**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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MUNCIE COMMUNITY SCHOOLS  
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 weakness identified?	yes
Significant deficiency 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 finding 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
84.010	Special Education Cluster (IDEA)	Unmodified
84.367	Title I Grants to Local Educational Agencies	Unmodified
	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	Unmodified

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

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

**Section II - Financial Statement Findings**

**FINDING 2016-001 - PREPARATION OF THE SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway), which is a financial reporting system used to compile the School Corporation's Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the federal award information entered into Gateway without a control process in place to ensure its accuracy before submission.



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

*Context*

The SEFA contained the following errors: commodities for the National School Lunch Program were reported incorrectly; the Child Nutrition Discretionary Grants Limited Availability funds were included in the National School Lunch Program; some Special Education Cluster (IDEA) reimbursements were omitted; some School Improvement Grant-Sutt/SMS reimbursements were omitted from the Title I Grants to Local Educational Agencies program; and a Career and Technical Education -- Basic Grants to States reimbursement was omitted. The total amount underreported on the SEFA was \$151,547.

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

*Criteria*

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

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

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

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

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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

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

*Cause*

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

*Effect*

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

*Views of Responsible Officials*

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

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

**FINDING 2016-002 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (Or Other Identifying Numbers): ESEA Title I Part D - Subpart,  
ESEA Title I Part D - Subpart 2,  
FY 2015, SY 2015-2016 FY 2016

Pass-Through Entity: Indiana Department of Education

*Condition*

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

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

The School Corporation's time and effort logs (personnel activity reports) did not include evidence of an after-the-fact distribution of the actual activity of each employee. In addition, for one employee, the time and effort log incorrectly reported how time was split for the employee and was not signed by the employee or their supervisor.

*Context*

The lack of internal controls and noncompliance were systemic issues throughout the audit period. Time and effort logs were not monitored to ensure employees' time was being distributed to the proper funds based on their actual activity.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

OMB A-87 Attachment B, section 8h states in part:

". . . (4) 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. Such documentary support will be required where employees work on:

- (a) More than one federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity.

(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after-the-fact distribution of the actual activity of each employee,

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

- (b) They must account for the total activity for which each employee is compensated,
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
- (d) They must be signed by the employee.
- (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
  - (i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;
  - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and
  - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances. . . ."

2 CFR 200.430(i) states in part:

*"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:*

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed. . . ."

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states: "Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

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

*Cause*

Management had not developed a system of internal controls to ensure that time and effort logs were approved by the employee or their supervisor, that time and effort logs were an after the fact determination of activity, or that time certified supported the amount of payroll charged to the program.

*Effect*

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the grant agreement and the compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls and ensure compliance with the grant agreement and the 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 2016-003 - ACTIVITIES ALLOWED OR UNALLOWED  
AND ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grant (formerly  
Improving Teacher Quality State Grants)

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 14-1970, 15-1970

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. An employee who was not a data coach was paid from Supporting Effective Instruction State Grant funds while another employee who was a data coach was not paid from Supporting Effective Instruction State Grant funds. The two employees were erroneously interchanged during the process of adding payroll funding codes. In addition, Semi-Annual Certifications were not prepared for employees who were paid solely from Supporting Effective Instruction State Grant funds.

*Context*

The instance of payroll funding codes being erroneously interchanged for two employees is considered to be isolated. The lack of Semi-Annual Certifications was a systemic issue during the audit period. Payroll distribution reports were not monitored to ensure employees' payroll was from the proper funds.

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award 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). . . ."

OMB A-87 Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed. . . ."

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

Title I Fiscal Handbook 2015-2016, Basic Title I, Part A and D states: "Title I funded staff paid solely from Title I funds complete a Semi-Annual Certification twice a year. Employees who work on multiple activities must maintain a time and effort log at least once a month."

*Cause*

Management had not developed a system of internal controls that segregated key functions such as processing payroll and monitoring payroll fund distributions.

*Effect*

The failure to establish an effective internal control system enabled the School Corporation to be in noncompliance with the grant agreement and the compliance requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to the grant agreement and compliance requirements listed above. In addition, we recommended that payroll distribution reports be monitored to ensure employees' payroll is paid from the proper funds.

*Views of Responsible Officials*

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

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#### AUDITEE-PREPARED DOCUMENTS

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

# MuncieCommunitySchools

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## FISCAL YEAR 2015 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDINGS 2015-001

#### Data Submission

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO

Contact Phone: (765)747-5222

Description of Corrective Action Plan: Before submitting any reports, one person will be responsible for collecting data and CFO will verify accuracy of data, compare to previous report, and document any significant changes to defend data.

  
\_\_\_\_\_  
Robert K. Coddington, Chief Financial Officer

8/24/17  
\_\_\_\_\_  
Date

# MuncieCommunitySchools

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## FISCAL YEAR 2015 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDINGS 2015-002

#### Graduation (Cohort) Rate

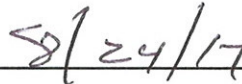
Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO  
Contact Phone: (765)747-5222

#### Description of Corrective Action Plan:

Before a student is removed from cohort, the school must receive a request from records from the student's new school or have documentation printed from the IDOE website to verify where and when the student enrolled in the new school district. This same documentation will be retained in the student's file and a copy will be submitted to the IT department for proper removal from cohort.



Robert K. Coddington, Chief Financial Officer



Date

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## FISCAL YEAR 2015 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDINGS 2015-003

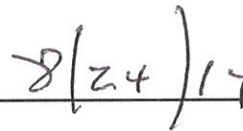
#### Pass Through of Monies to the Corporation

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO  
Contact Phone: (765)747-5222

Description of Corrective Action Plan: Before monies are distributed to participating schools, the Special Education Director and Chief Financial Officer will both verify the monies are receipted correctly and the monies will be dispersed correctly so as not to double count revenue and/or expense.



Robert K. Coddington, Chief Financial Officer



Date

# MuncieCommunitySchools

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## FISCAL YEAR 2015 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDINGS 2015-004

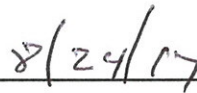
#### Special Tests and Provisions

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO  
Contact Phone: (765)747-5222

Description of Corrective Action Plan: Directors of Curriculum and Special Education will document tests given and all subsequent follow-up meeting as source documents to ensure compliance is met.



Robert K. Coddington, Chief Financial Officer



Date

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## FISCAL YEAR 2015 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDINGS 2015-005

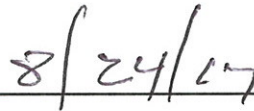
#### Allowable Costs

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO  
Contact Phone: (765)747-5222

Description of Corrective Action Plan: Line item budgets for every grant/fund will be developed by the business office and department head responsible for the grant or fund. Financials for these funds will be distributed monthly from the business office to responsible person for integrity of revenue and expenses.



Robert K. Coddington, Chief Financial Officer



Date



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## FISCAL YEAR 2016 CORRECTIVE ACTION PLAN

### FINDINGS 2016-001


#### Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO  
Contact Phone: (765)747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Before submitting any reports, one person will be responsible for collecting data and CFO will verify accuracy of data, compare to previous report, and document any significant changes to defend data.

Anticipated Completion Date: September 1, 2017

  
\_\_\_\_\_  
Robert K. Coddington, Chief Financial Officer

8/25/17  
\_\_\_\_\_  
Date

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## FISCAL YEAR 2016 CORRECTIVE ACTION PLAN

### FINDINGS 2016-002

#### Allowable Costs

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO

Contact Phone: (765)747-5222

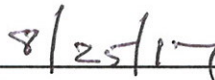
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Line item budgets for every grant/fund will be developed by the business office and department head responsible for the grant or fund. Financials for these funds will be distributed monthly from the business office to responsible person for integrity of revenue and expenses.

Anticipated Completion Date: September 1, 2017



Robert K. Coddington, Chief Financial Officer



Date



# MuncieCommunitySchools

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## FISCAL YEAR 2016 CORRECTIVE ACTION PLAN

### FINDINGS 2016-003

#### Allowable Activities and Allowable Costs

Contact Person Responsible for Corrective Action Plan: Robert K. Coddington, CFO

Contact Phone: (765)747-5222

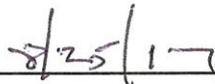
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Line item budgets for every grant/fund will be developed by the business office and department head responsible for the grant or fund. Financials for these funds will be distributed monthly from the business office to responsible person for integrity of revenue and expenses.

Anticipated Completion Date: September 1, 2017



Robert K. Coddington, Chief Financial Officer



Date

#### OTHER REPORTS

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