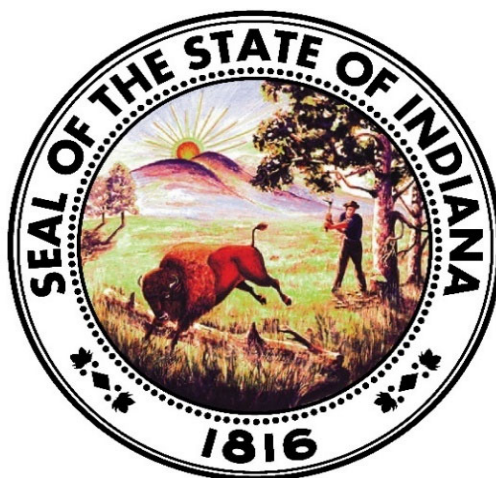


STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF
MUNCIE COMMUNITY SCHOOLS
DELAWARE COUNTY, INDIANA
July 1, 2022 to June 30, 2023



FILED
04/09/2024



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

April 9, 2024

To: The Officials of the Muncie Community Schools
Muncie Community Schools
Delaware County, Indiana

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Muncie Community Schools. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information of the School Corporation, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We call your attention to the findings in the reports. The findings appear on pages 11 through 22 of the Single Audit Report, which is included after the Annual Financial Report. Please refer to the Schedule of Findings and Questioned Costs for further detail related to the findings. Management's Corrective Action Plan appears on pages 23 through 25 of the Single Audit Report.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for Muncie Community Schools was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA
Deputy State Examiner

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SCHEDULE OF OFFICIALS (Unaudited)

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brad DeRome	07-01-19 to 06-20-23
Director of Public Education and Chief Executive Officer	Dr. Lee Ann Kwiatkowski	07-01-19 to 06-30-23
President of the School Board	James Williams	07-01-19 to 06-30-23

INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance
Muncie Community Schools
Delaware County, Indiana

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Muncie Community Schools (School Corporation), a component unit of Ball State University, Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School Corporation, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - Education Fund, Budgetary Comparison Schedule - Operations Fund, Budget/GAAP Reconciliation (Non GAAP basis) Education and Operation Funds, Schedule of the School's Proportionate Share of the Net Pension Liability Public Employees' Retirement Fund, Schedule of School Contributions Public Employees' Retirement Fund, Schedule of the School's Proportionate Share of the Net Pension Liability Teachers' Retirement Fund, Schedule of School Contributions Teachers' Retirement Fund, Schedule of Changes in Total OPEB Liability, Schedule of Total OPEB Liability, Schedule of Employer Contributions - OPEB, and the Schedule of Employer's Share of Nonemployer Contributing Entity Contributions Pre-96 Teacher Retirement Fund, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements as a whole. The *Combining Balance Sheet - Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds, Combining Balance Sheet – Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Funds - Debt Service Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor - Debt Service Funds, Combining Balance Sheet Nonmajor - Capital Project Funds , Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor - Capital Project Funds, Combining Statement of Fiduciary Net Position - Custodial Funds, and Combining Statement of Changes in Fiduciary Net Position - Custodial Funds* are presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *Combining Balance Sheet - Nonmajor Governmental Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds, Combining Balance Sheet – Nonmajor Special Revenue Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds, Combining Balance Sheet Nonmajor Funds - Debt Service Funds, Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor - Debt Service Funds, Combining Balance Sheet Nonmajor - Capital Project Funds , Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor - Capital Project Funds, Combining Statement of Fiduciary Net Position - Custodial Funds, and Combining Statement of Changes in Fiduciary Net Position - Custodial Funds* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included with the financial statement. The other information comprises the Schedule of Officials but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
October 5, 2023

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

As management of Muncie Community Schools, (the School Corporation), we offer readers of the School Corporation's financial statements this narrative overview and analysis of the financial activities of the School Corporation for the fiscal year ended June 30, 2023. We encourage readers to consider information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-xiii of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of resources, \$124,098 and \$7,742, respectively of the School Corporation exceeded its liabilities and deferred inflows of \$51,679 and \$2,983, respectively at the close of the most recent fiscal year by \$77,178 (net position).
- The School Corporation's total net position increased by \$13,277 as compared to the prior year.
- At the close of the current fiscal year, the School Corporation's governmental funds reported combined ending fund balances of \$40,577, an decrease of \$2,869 in comparison to the prior year.
- At the end of the current fiscal year, the fund balance for the Operations Fund was \$38 which represented 0.30% of total Operations Fund expenditures (\$12,776), excluding transfers out.
- The School Corporation's total amount of bonds decreased by \$1,184 during the current fiscal year. The net change was a result of \$5,815 in new debt, reduced by \$6,975 of principal payments on existing bonds.
- Nondebt Long-Term Obligations increased \$4,470.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School Corporation's finances, in a manner similar to private-sector business.

The statement of net position presents information on all the School Corporation's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the assets plus deferred outflows and liabilities plus deferred inflows reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School Corporation is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School Corporation that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School Corporation include instruction, support services, community services, facilities acquisition and construction.

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School Corporation, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the School Corporation can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School Corporation maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the Education Fund, Operations Fund, Debt Service Fund, ESSER II Grant, and ESSER III, which are considered to be major funds. Data for the remaining School Corporation governmental funds are combined into a single, aggregated presentation. Individual fund data for non-major governmental funds is provided in the form of combining statements elsewhere in the report. The School Corporation adopts an annual appropriated budget for its education fund, operations fund, certain special revenue funds, and debt service funds. Budgetary comparison schedules have been provided for the major special revenue funds in the required supplementary information.

The governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary Funds - The School Corporation maintains two types of proprietary funds for internal services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School Corporation's various functions. The School Corporation uses the internal service fund to account for medical and liability insurance. Because these services benefit the governmental-type functions, they have been included within the governmental activities on the Statement of Net Position and in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 6-8 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the School Corporation's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 9-10 of this report.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12-46 of this report.

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Corporation's budgets for its major funds as well as a reconciliation between the budget schedules and fund financial statements. Since the School Corporation budgets on a calendar year basis and reports on fiscal year ending June 30th basis, there is a timing exception. In addition, the School Corporation's funding progress for its obligation to provide pension and other post-employment benefits to certain employees is included as supplementary information. Required supplementary information can be found on pages 47-60 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found pages on 61-90 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the School Corporation, assets exceeded liabilities by \$77,178 at the close of the most recent fiscal year.

The largest portion, \$46,395 or 60.11%, of the School Corporation's net position reflects the investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The School Corporation uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School Corporation's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$25,559 (33.12%), represents resources that are subject to external restrictions on how they may be used.

The following table reflects the condensed statement of net position:

	Governmental Activities	
	2023	2022
Current and other assets	\$ 52,042	\$ 56,000
Capital assets	<u>72,056</u>	<u>58,272</u>
Total assets	124,098	114,272
Deferred outflow of resources	<u>7,742</u>	<u>6,081</u>
Long-term liabilities	35,937	41,582
Other liabilities	<u>15,742</u>	<u>5,935</u>
Total liabilities	<u>51,679</u>	<u>47,517</u>
Deferred inflow of resources	<u>2,983</u>	<u>8,934</u>
Net investment in capital assets	46,395	29,321
Restricted net position	25,559	30,475
Unrestricted net position	<u>5,224</u>	<u>4,105</u>
Total net position	<u>\$ 77,178</u>	<u>\$ 63,901</u>

The remaining balance of unrestricted net position, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the School Corporation can report a positive balance in net position. The same situation held true for the prior fiscal year.

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

Governmental Activities

The following table provides a comparative summary of changes in net position.

	Governmental Activities	
	2023	2022
Revenues		
Program revenues:		
Charges for services	\$ 660	\$ 546
Operating grants and contributions	41,822	21,472
General revenues:		
Property taxes	11,996	10,894
Other taxes	-	-
State aid	41,844	42,234
Other	13,003	13,859
Total revenues	<u>109,325</u>	<u>89,005</u>
Expenses:		
Instruction	40,659	45,229
Support services	22,662	22,938
Community services	10,279	4,289
Facilities acquisition	4,704	571
Nonprogrammed charges	16,653	4,646
Interest expense	1,091	1,022
Total expenses	<u>96,048</u>	<u>78,695</u>
Change in net position	13,277	10,310
Net Position, Beginning	<u>63,901</u>	<u>42,627</u>
Net Position at June 30	<u>\$ 77,178</u>	<u>\$ 52,937</u>

The School Corporation's net position from governmental activities, including the statement of net position increased by \$13,277 or 20.78% in 2023, over the net position of 2022. Notable changes in governmental activities revenues and expenses in 2023 compared to 2022 include the following:

- Program revenues (operating grants and contributions) increased by \$20,350, due to contributions for non-employer amounts contributed for the Pre 96 TRF plan were posted to operating grants in FY23. This change was made due to audit comments of another client.
- Property tax revenues increased by \$1,102 in comparison to prior year due to the an increase in the certified levy.
- State aid decreased by (390) in comparison to prior year due to the an increase in the amounts to repay.
- Community services expenses increased by \$5,990 in comparison with the prior year.
- Facilities acquisition and construction expenses increased by \$4,133 in comparison with the prior year.
- Nonprogrammed charges expenses decreased by \$12,007 in comparison with the prior year.

Muncie Community Schools

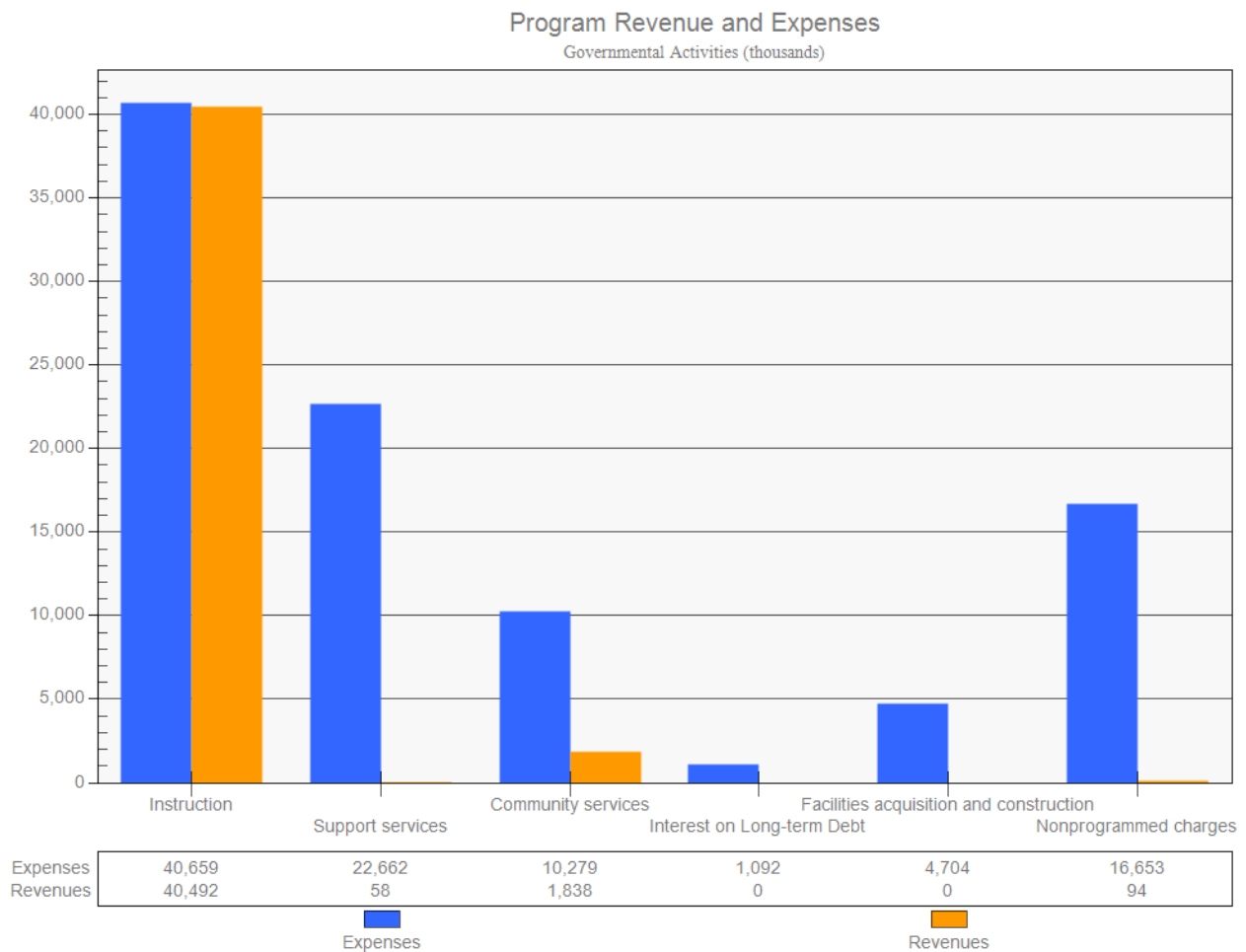
Management's Discussion and Analysis
 June 30, 2023

The School Corporation's overall cash and cash equivalents \$38,635 remained strong in the current economic environment. The School Corporation's property tax rate for 2023 decreased slightly to \$1.2021 from \$1.2508 for 2022, per \$100 of assessed value.

Program Revenue and Expenses - Governmental Activities

State aid, as in prior years, was the School Corporation's major source of revenue supporting its activities. Other sources of revenue consisted primarily of property taxes. The following table displays program revenues as compared to program expenses. Deficits in programs are made up by general revenues.

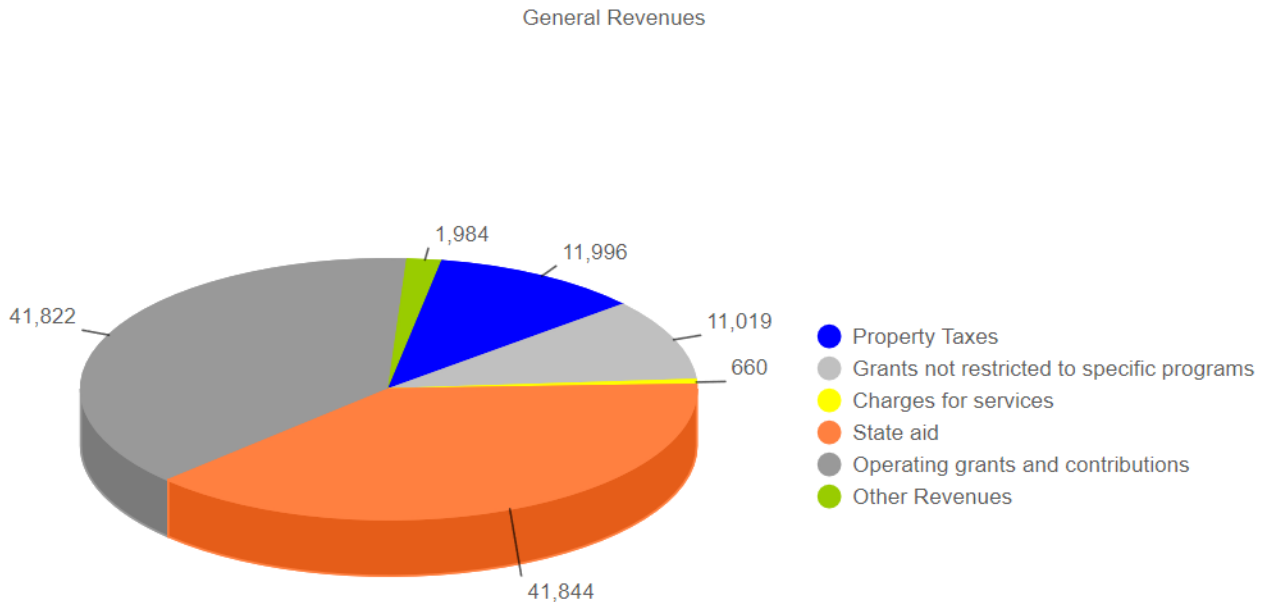
The following displays the Expenses and Program Revenues of the School Corporation's governmental activities.



Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

The following displays the all revenues for the governmentnal funds by source for the School Corporation's governmental activities. General revenues are used to help offset funding shortfalls related to governmental functions detailed in the preceding graph:



Financial Analysis of the Government's Funds

As noted earlier, the School Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the School Corporation's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful to assess the School Corporation's financial requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fund balances are the differences between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in a governmental fund. The nonspendable fund balance includes amounts that are not in spendable form or amounts that are required to be maintained intact. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grant providers or bondholders, as well as amounts that are restricted constitutionally or through legislation. Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government's highest level of decision-making authority. Assigned fund balance applies to amounts that are intended for specific purposes as expressed by governing body or authorized official and applies to remaining resources in any governmental fund other than the general fund. Unassigned fund balances include all amounts not contained in other classifications for the general fund and deficit fund balances in any other governmental fund.

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

As of the end of the current fiscal year, the School Corporation's governmental funds reported combined ending fund balances of \$40,577 an decrease of \$2,869 in comparison with the prior year. The fund balance has restricted fund balance of \$28,837, committed fund balance of \$12,762, and unassigned fund balance of (\$1,022) (See page 19).

The operations fund is the chief operating fund of the School Corporation. At the end of the current fiscal year the total fund balance totaled \$38. As a measure of the operations fund's liquidity, it may be useful to compare total fund balance to total expenditures of \$12,776 excluding transfers. Total fund balance represents 0.30% of total operations fund expenditures.

The fund balance of the School Corporation's operations fund had an decrease of \$371 during the current fiscal year. Key factors in this increase are as follows:

- Expenses exceeded revenues by \$9,076 excluding other financing sources and uses.
- Other financing sources decreased by \$1,656 during the current fiscal year.
- Revenues increased by \$1,239 and expenditures decreased by \$1,260 from 2022 to 2023.
- Revenue changes include an increase in intergovernmental receipts of \$777 and miscellaneous revenue of \$140, in 2023.
- Major expenditure changes include an decrease in support services expenses of \$935.

The Education Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$26,795. The major source of revenue was state aid received from the state. Significant expenditures include instruction of \$30,466, support services of \$5,702 and community services of \$4,586.

The Debt Service Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$3,336. The major source of revenue is property taxes. Significant expenditures include debt payments and transfers out of \$3,770 and \$4,575 respectively.

The ESSER II Grant Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$(32). The major source of revenues are grant funds received. The expenditures are mainly for facilities acquisition and construction.

The ESSER III Grant Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$(360). The major source of revenues are grant funds received. The expenditures are mainly for facilities acquisition and construction.

General Fund Budgetary Highlights

The School Corporation Board submits a budget to allow for the continues operation of daily activities. There were several assumptions used at the time of budget development, but when the actual budget information becomes available in January from the Department of Local Government Finance, the School Corporation adjusts the budget accordingly. The budget is prepared on a calendar year basis.

Capital Asset and Debt Administration

Capital assets. The School Corporation's investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$72,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure.

Major capital asset events during the current fiscal year included the following:

Muncie Community Schools

Management's Discussion and Analysis

June 30, 2023

- The School had construction in progress expenditures totaling \$12,077 during fiscal year 2023. Some of the larger categories of expenses related to the construction in progress were as follows:

Building improvements to Southview Elementary School

Building Improvements to Westview Elementary School

Central Highschool Football Field/Track Improvements

The following table displays the City's capital assets.

	Governmental Funds	
	2023	2022
Land	\$ 282	\$ 282
Construction in progress	15,330	8,365
Buildings	99,895	91,337
Improvements	2,215	2,363
Machinery and equipment	3,513	3,513
Subscription Assets	413	-
Total capital assets	121,648	105,860
Accumulated depreciation	(49,592)	(47,589)
Net capital assets	<u>\$ 72,056</u>	<u>\$ 58,271</u>

Long-term obligations. At the end of the current fiscal year, the School Corporation had outstanding total long-term debt related liabilities (net of unamortized premiums and discounts and current portion) of \$35,937. Of this amount \$20,187 comprises general obligation debt payable in more than one year.

The remainder of the School Corporation's long-term obligations consist of \$10,320 of loans payable, \$168 of installment contracts payable, \$534 of compensated absences and \$6,206 of net pension liability. The following table reflects the School Corporation's long-term obligations:

	Governmental Activities	
	2023	2022
General obligation bonds	\$ 27,837	\$ 29,021
Subtotal	<u>27,837</u>	<u>29,021</u>
OPEB Liability	-	24
Compensated absences	534	503
Subscription payable	168	-
Loans payable	10,320	11,000
Net pension liability	<u>6,206</u>	<u>1,160</u>
Subtotal	<u>17,228</u>	<u>12,687</u>
Less current portion	<u>(9,128)</u>	<u>(4,321)</u>
Total long-term obligations	<u>\$ 35,937</u>	<u>\$ 37,387</u>

Muncie Community Schools

Management's Discussion and Analysis
June 30, 2023

The School Corporation's total long-term obligations decreased by \$1,450 during the current fiscal year. This was mainly due to the current portion of bonds payable increase slightly more than the increase in net pension liability.

The School Corporation maintains an "A" general obligation bond rating and an "A" bond rating for bonds with a local income tax pledge from Standard & Poor's. Moody's Investor Service has given the County an "A" general obligation bond rating and an "Aa1" bond rating for bonds with a local income tax pledge. All ratings indicate high quality and strong capacity to pay the County's bonds.

Additional information of the School Corporation's long-term debt can be found on pages 25-27 in the Notes to the Financial Statements of this report.

Economic Factors and Next Year's Budget and Rates

- The 2023 tax rates for the School Corporation decreased from the 2022 value of \$1.2508 to \$1.2021 per \$100 in assessed value. Overall, the School Corporation's assessed value increased by about 10.8% from 2022 to 2023.
- Property tax and the Basic Tuition Support is the School Corporation's largest source of revenue. These funds are used for education expenses as well as operating expenses. The School Corporation received \$41,844 for the Basic Grant.
- State-wide property tax caps (based upon a percent of gross AV by property class) became effective in 2009, yet they had a minimal impact on the County's revenues received. For the 2023 budget year, the expected loss to the County due to the caps is \$10,837 Expenditure restraints have been used to offset this loss.

Request for Information

This financial report is designed to provide a general overview of the School Corporation's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Muncie Community Schools, Brad DeRme, CFO, 4301 S Cowan Rd, Muncie, IN 47302..

BASIC FINANCIAL STATEMENTS

Muncie Community Schools

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 32,665,303
Receivables (net):	
Taxes receivable	5,162,572
Intergovernmental receivable	8,024,244
Accounts	50,657
Prepaid expenses	168,939
Restricted assets:	
Cash and investments	5,970,268
Capital assets:	
Land and construction in progress	15,611,655
Other capital assets, net of depreciation	<u>56,444,030</u>
Total assets	<u>124,097,668</u>
Deferred Outflows of Resources	
Pension related amounts	<u>7,741,885</u>
Total deferred outflows of resources	<u>7,741,885</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	4,294,998
Accrued wages	1,718,439
Interest payable	471,653
Due within one year:	
Compensated absences	133,568
Bonds payable	7,650,000
Loans payable	1,280,000
Subscription liability	63,948
Claims payable	129,162
Due in more than one year:	
Loans payable	9,040,000
Bonds payable (net of premiums)	20,186,516
Compensated absences	400,703
Subscription liability	104,103
Net pension liabilities	<u>6,205,756</u>
Total liabilities	<u>51,678,846</u>
Deferred Inflows of Resources	
Pension related amounts	<u>2,982,773</u>
Total deferred inflows of resources	<u>2,982,773</u>
Net Position	
Net investment in capital assets	46,395,165
Restricted for:	
Instruction	17,228,264
Support services	2,984,843
Building acquisition and construction	1,589,215
Other	434,629
Debt service	3,321,615
Unrestricted	<u>5,224,203</u>
Total net position	<u>\$ 77,177,934</u>

See notes to financial statements

Muncie Community Schools

Statement of Activities

Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 40,658,569	\$ 311,321	\$ 40,180,514	\$ (166,734)
Support services	22,661,557	254,425	1,583,301	(20,823,831)
Community services	10,279,369	-	58,091	(10,221,278)
Facilities acquisition and construction	4,703,657	-	-	(4,703,657)
Interest on long term debt	1,091,510	-	-	(1,091,510)
Nonprogrammed charges	<u>16,653,145</u>	<u>94,228</u>	<u>-</u>	<u>(16,558,917)</u>
Total governmental activities	<u>\$ 96,047,807</u>	<u>\$ 659,974</u>	<u>\$ 41,821,906</u>	<u>(53,565,927)</u>
General revenues:				
Property taxes				11,995,654
State aid				41,844,388
Grants and contributions not restricted to specific programs				11,018,821
Investment income				703,707
Sale of property				7,692
Miscellaneous				<u>1,272,300</u>
Total general revenues				<u>66,842,562</u>
Change in net position				13,276,635
Net Position, Beginning				<u>63,901,299</u>
Net Position, Ending				<u>\$ 77,177,934</u>

See notes to financial statements

Muncie Community Schools

Balance Sheet
 Governmental Funds
 June 30, 2023

	Education Fund	Debt Service Fund	Operations Fund	Esser II Grant	Esser III	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 22,011,537	\$ -	\$ 666,573	\$ -	\$ -	\$ 9,640,181	\$ 32,318,291
Receivables:							
Taxes	-	4,159,472	1,003,100	-	-	-	5,162,572
Intergovernmental	4,265,877	-	-	154,494	2,461,021	1,142,852	8,024,244
Accounts	-	-	-	-	-	50,657	50,657
Due from other funds	2,394,151	-	-	-	-	-	2,394,151
Restricted cash	-	3,335,834	-	-	-	2,634,434	5,970,268
Total assets	\$ 28,671,565	\$ 7,495,306	\$ 1,669,673	\$ 154,494	\$ 2,461,021	\$ 13,468,124	\$ 53,920,183
Liabilities, Deferred Inflows of Resources and Fund Balances							
Liabilities							
Accounts payable	\$ 645,023	\$ -	\$ 575,940	\$ -	\$ 1,765,419	\$ 1,081,817	\$ 4,068,199
Accrued wages	1,231,955	-	52,282	32,127	-	402,075	1,718,439
Due to other funds	-	-	-	154,494	1,055,481	1,184,176	2,394,151
Total liabilities	1,876,978	-	628,222	186,621	2,820,900	2,668,068	8,180,789
Deferred Inflows of Resources							
Unavailable revenues	-	4,159,472	1,003,100	-	-	-	5,162,572
Fund Balances							
Restricted	16,562,073	3,335,834	38,351	-	-	8,900,736	28,836,994
Committed	10,232,514	-	-	-	-	2,529,095	12,761,609
Unassigned (deficit)	-	-	-	(32,127)	(359,879)	(629,775)	(1,021,781)
Total fund balances	26,794,587	3,335,834	38,351	(32,127)	(359,879)	10,800,056	40,576,822
Total liabilities, deferred inflows of resources and fund balances	\$ 28,671,565	\$ 7,495,306	\$ 1,669,673	\$ 154,494	\$ 2,461,021	\$ 13,468,124	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the fund statements. See Note 3.	72,055,685
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position	(8,949)
Some revenues that are not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	
Unavailable revenues	5,162,572
Some assets, are not received in the current period, and therefore, are not reported in the fund financial statements.	
Prepaid expenses	168,939
Deferred outflows of resources related to pensions do not relate to current financial resources are not reported in the governmental funds.	
Deferred outflows, pensions	7,741,885
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,982,773)
Other liabilities, compensated absences and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds statements	
Interest payable	(471,653)
Compensated absences	(534,271)
Long-term liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the fund financial statements. See Note 3.	
Bonds payable	\$ (27,836,516)
Loans payable	(10,320,000)
Subscription liability	(168,051)
Net pension liability	(6,205,756)
	<u>(44,530,323)</u>

Net Position of Governmental Activities

\$ 77,177,934

See notes to financial statements

Muncie Community Schools

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2023

	Education Fund	Debt Service Fund	Operations Fund	Esser II Grant	Esser III	Nonmajor Governmental Funds	Total Governmental Funds
Revenues							
Property taxes	\$ -	\$ 9,354,366	\$ 2,212,977	\$ -	\$ -	\$ -	\$ 11,567,343
State aid	41,844,388	-	-	-	-	-	41,844,388
Charges for services	32,778	-	12,748	-	-	614,448	659,974
Intergovernmental:	5,083,612	593,526	777,464	3,320,608	12,886,652	16,392,461	39,054,323
Interest	44,908	-	557,056	-	-	101,743	703,707
Other	30,341	-	140,236	-	-	1,101,723	1,272,300
On-behalf contributions	13,786,404	-	-	-	-	-	13,786,404
Total revenues	60,822,431	9,947,892	3,700,481	3,320,608	12,886,652	18,210,375	108,888,439
Expenditures							
Current:							
Instruction	30,465,809	-	182,784	871,993	654,799	8,700,559	40,875,944
Support services	5,701,961	-	12,556,110	188,823	292,255	3,944,529	22,683,678
Community services	4,586,157	-	-	-	-	5,693,289	10,279,446
Facilities acquisition and construction	371,282	-	-	1,184,854	2,918,358	229,163	4,703,657
Nonprogrammed charges	13,786,404	-	-	-	-	543,629	14,330,033
Bond issue costs	-	-	-	-	-	129,156	129,156
Debt service:							
Principal paid on debt	600,000	3,770,000	-	-	-	3,285,000	7,655,000
Principal on subscriptions	60,883	-	-	-	47,475	94,949	203,307
Interest on debt	10,961	214,950	-	-	2,525	785,824	1,014,260
Capital outlay	999,040	-	37,513	1,089,726	9,314,657	4,441,455	15,882,391
Total expenditures	56,582,497	3,984,950	12,776,407	3,335,396	13,230,069	27,847,553	117,756,872
Excess (deficiency) of revenues over (under) expenditures	4,239,934	5,962,942	(9,075,926)	(14,788)	(343,417)	(9,637,178)	(8,868,433)
Other Financing Sources (Uses)							
Debt proceeds	-	-	-	-	-	5,815,000	5,815,000
Subscription proceeds	33,392	-	-	-	47,475	94,949	175,816
Sale of property	-	-	7,692	-	-	-	7,692
Transfers in	-	-	8,697,234	-	-	4,626,887	13,324,121
Transfers out	(8,690,000)	(4,575,000)	-	-	(569)	(58,552)	(13,324,121)
Total other financing sources (uses)	(8,656,608)	(4,575,000)	8,704,926	-	46,906	10,478,284	5,998,508
Net change in fund balances	(4,416,674)	1,387,942	(371,000)	(14,788)	(296,511)	841,106	(2,869,925)
Fund Balances, Beginning	31,211,261	1,947,892	409,351	(17,339)	(63,368)	9,958,950	43,446,747
Fund Balances, Ending	\$ 26,794,587	\$ 3,335,834	\$ 38,351	\$ (32,127)	\$ (359,879)	\$ 10,800,056	\$ 40,576,822

See notes to financial statements

Muncie Community Schools

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances, Total Governmental Funds \$ (2,869,925)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities
the cost of these assets is capitalized and they are depreciated over their estimated useful lives
and reported as depreciation expense in the statement of activities.

Capital assets purchased	15,882,391
Depreciation	(2,257,314)
Loss on asset disposals	(35,448)

Revenues in the Statement of Activities that do not provide current financial resources are not
reported as revenues in the funds statements

Unavailable revenues	428,311
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The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental
fund, while the repayment of the principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on net position. Also, governmental
funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas
these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect
of these differences in the treatment of long-term debt and related items.

Principal paid on bonds	6,975,000
Amortization of bond premium	24,443
Principal paid on loans	680,000
Subscription proceeds	(175,816)
Bond proceeds	(5,815,000)
Principal paid on subscriptions	203,307

Changes liability related to pension and OPEB obligations are reported in the government wide
statement of activities.

Total OPEB Liability	24,329
Net Pension Liabilities	(7,255,951)

Some expenses reported in the Statement of Activities do not require the use of current financial
resources and, therefore, are not reported as expenditures in governmental funds

Change is interest payable	(101,693)
Change in prepaid expenses	(108,065)
Change in compensated absences	(31,876)
Change in deferred outflows	1,660,254

Some revenues reported in the Statement of Activities do not require the use of current financial
resources, and therefore, are not reported as revenue in the funds.

Change in deferred inflows	5,950,882
----------------------------	-----------

Internal Service Funds are used by management to change the costs of certain activities to
individual funds. The net revenue (expense) of the internal service funds is reported with
governmental activities.

98,806

Change in Net Position of Governmental Activities \$ 13,276,635

See notes to financial statements

Muncie Community Schools

Statement of Net Position -

Proprietary Fund

June 30, 2023

	Internal Service Fund
Assets	
Current Assets	
Cash and investments	\$ <u>347,012</u>
Liabilities and Net Position	
Current Liabilities	
Accounts payable	226,799
Claims payable	<u>129,162</u>
Total current liabilities	<u>355,961</u>
Noncurrent Liabilities	
Total liabilities	<u>355,961</u>
Net Position	
Unrestricted (deficit)	<u>(8,949)</u>
Total net position	<u>\$ (8,949)</u>

See notes to financial statements

Muncie Community Schools

Statement of Revenues, Expenses and Changes in Net Position -
Proprietary Fund

Year Ended June 30, 2023

	Internal Service Fund
Operating Revenues	
Charges for services	\$ 1,241,554
Total operating revenues	<u>1,241,554</u>
Operating Expenses	
Health and dependent care costs	<u>1,142,748</u>
Total operating expenses	<u>1,142,748</u>
Operating income	<u>98,806</u>
Income before contributions and transfers	<u>98,806</u>
Change in net position	98,806
Net Position, (Deficit) Beginning	<u>(107,755)</u>
Net Position (Deficit), Ending	<u>\$ (8,949)</u>

See notes to financial statements

Muncie Community Schools

Statement of Cash Flows -
Proprietary Fund
Year Ended June 30, 2023

	<u>Internal Service Fund</u>
Cash Flows From Operating Activities	
Received from customers	\$ 1,241,554
Payments for interfund services used	<u>(984,913)</u>
Net cash flows from operating activities	<u>256,641</u>
Net change in cash and cash equivalents	256,641
Cash and Cash Equivalents, Beginning	<u>90,371</u>
Cash and Cash Equivalents, Ending	<u>\$ 347,012</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities	
Operating income	\$ 98,806
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Accounts payable	226,799
Claims payable	<u>(68,964)</u>
Net cash flows from operating activities	<u>\$ 256,641</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position	
Cash and investments	<u>\$ 347,012</u>
Total cash and cash equivalents	<u>\$ 347,012</u>

See notes to financial statements

Muncie Community Schools

Statement of Fiduciary Net Position -

Fiduciary Funds

June 30, 2023

	<u>Custodial Funds</u>
Assets	
Cash and investments	\$ <u>402,433</u>
Total assets	<u>402,433</u>
Liabilities	
Accounts payable	<u>370,861</u>
Total liabilities	<u>370,861</u>
Total fiduciary net position restricted	<u>\$ 31,572</u>

See notes to financial statements

Muncie Community Schools

Statement of Changes in Fiduciary Net Position -

Fiduciary Funds

Year Ended June 30, 2023

	<u>Custodial Funds</u>
Additions	
Intergovernmental	\$ <u>3,152,786</u>
Total additions	<u>3,152,786</u>
Deductions	
Paid to other governments	<u>3,193,172</u>
Total deductions	<u>3,193,172</u>
Changes in net position	(40,386)
Net Position, Beginning	<u>71,958</u>
Net Position, Ending	<u><u>\$ 31,572</u></u>

See notes to financial statements

Muncie Community Schools

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June 30, 2023

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Muncie Community Schools

Notes to Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies

The Muncie Community Schools (Primary Government) was established under the laws of the State of Indiana. The Primary Government operates under a School Corporation Board of Trustees from of government and provides education services.

The accounting policies of the Muncie Community Schools, conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

This report includes all of the funds of the School Corporation. The school corporation is a component unit of Ball State University, Indiana. The reporting entity for the School Corporation consists of the Primary Government and its component units. Component units are legally separate organizations for which the Primary Government is financially accountable or other organizations for which the nature and significance of their relationship with the Primary Government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The Primary Government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Primary Government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Primary Government. Certain legally separate, tax-exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the Primary Government, its component units or its constituents; (2) the Primary Government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the Primary Government or its component units, is entitled to, or has the ability to otherwise access, are significant to the Primary Government.

Component units are reported using one of three methods, discrete presentation, blended or fiduciary. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the Primary Government using the blending method if it meets any one of the following criteria: (1) the Primary Government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the Primary Government and the component unit have substantively the same governing body and management of the Primary Government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the Primary Government rather than its citizens or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the Primary Government.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Blended Component Units

The Building Corporation of Muncie Schools is a blended component unit of the School Corporation. The Building Corporation of Muncie Schools was created for the purpose of financing School buildings and improvements. Although it is legally separate from the Primary Government, the Building Corporation is reported as if it were a part of the Primary Government because it provided services entirely or almost entirely to the Primary Government. To exclude the financial statements of this component unit would render the School's financial statements incomplete or misleading. The Building Corporation is included as a debt service fund (to account for the retirement of debt). Complete financial statements of this component unit may be obtained from:

Muncie Community Schools
4301 South Cowan Road
Muncie, IN 47302

Joint Ventures

The School Corporation is a participant with several area schools in a joint venture to operate the Delaware/Blackford Special Education Cooperative which was created to provide special education services. The School Corporation's portion of shared costs to fund the cooperative were \$4,228,722 for the year ended June 30, 2023. The cooperative's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for its share of the debts of the Delaware/Blackford Special Education Cooperative. Other members' activity is included as custodial funds activity. Complete financial statements for the Delaware/Blackford Special Education Cooperative can be obtained from the School Corporation.

Government-Wide and Fund Financial Statements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement establishes a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice for commitments extended by issuers and other arrangements with conduit debt obligations. The standard also clarifies the existing definition of conduit debt obligations and improves required note disclosures. This standard was implemented June 30, 2023, with no impact on the financial statements.

In March 2020, the GASB issued Statement No. 94, *PublicPrivate and PublicPublic Partnerships and Availability Payment Arrangements*. This Statement defines publicprivate and publicpublic partnership arrangements (PPPs) and an service concession arrangement (SCA). The new Statement provides accounting and financial reporting requirements for PPPs that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). This Statement also defines availability payment arrangements (APAs) and provides guidance for accounting and financial reporting for APAs. This standard was implemented June 30, 2023, with no impact on the financial statements.

In May 2020, the GASB issued Statement No. 96, *SubscriptionBased Information Technology Arrangements*. This Statement establishes accounting and financial reporting requirements related to subscriptionbased information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a righthouse subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This standard was implemented June 30, 2023. The financial impact on the financial statements as of July 1, 2022 was a subscription asset of \$195,542 and a subscription liability of \$195,542, with no impact on net position.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or accessing accountability. This standard was implemented July 1, 2022; however, there was no impact on the financial statements.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Likewise, the Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

Fund Financial Statements

Financial statements of the School Corporation are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues and expenditures/expenses.

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the School Corporation or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental fund that met the 10% test is at least 5% of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the School Corporation believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

The School Corporation reports the following major governmental funds:

Education Fund

Education Fund accounts for all financial resources of the general government related to education of students. The Education fund also contains activity related to the School's Rainy Day Fund. The School's Rainy Day fund is established in accordance with 36-1-8-5.1.

Operations Fund

Operations Fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Debt Service Fund

Debt Service Fund accounts for all financial resources related to the debt of the general government

Esser II Grant

Esser II Grant fund is a special revenue fund that accounts for funds received and disbursed related to the Esser II grant.

Esser III Grant

Esser III Grant fund is a special revenue fund that accounts for funds received and disbursed related to the Esser III grant.

The School Corporation reports the following nonmajor governmental fund types:

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Debt Service Funds

Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest and related costs.

Capital Projects Funds

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

In addition, the School Corporation reports the following fund types:

Internal Service Funds

Internal Service Funds are used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the School Corporation, or to other governmental units, on a cost-reimbursement basis. The School Corporation maintains an internal service for health insurance purposes.

Custodial Funds

Custodial Funds are used to account for and report assets controlled by the School Corporation and the assets are for the benefit of individuals, private organizations, and/or other governmental units. Current custodial funds include prepaid lunch and the special education preschool cooperative.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the school corporation considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recognized as revenues in the year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the School Corporation is entitled to the resources and the amounts are available. Amounts owed to the School Corporation which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

All Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

For purposes of the statement of cash flows, the School Corporation considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

The School Corporation's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

See Note 3. for further information.

Receivables

Property taxes levied are collected by the County Treasurer and are distributed to the Primary Government in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by December 31 of the year preceding the budget year or January 15 of the budget year if the County is issuing debt after December 1 or intends of filing a shortfall appeal. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Primary Government prior to December 31 of the year collected. Delinquent property taxes outstanding at year-end for governmental proprietary funds are recorded as a receivable with an offset to deferred inflows of resources – unavailable revenue since the amounts are not considered available.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Muncie Community Schools

Notes to Financial Statements

June 30, 2023

Inventories and Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$10,000. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset for assets entered into the systems through June 30, 2023 is as follows:

Land	NA Years
Buildings	7-50 Years
Improvements other than buildings	5-50 Years
Machinery/vehicles/equipment	5-50 Years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. The School Corporation is reporting deferred outflows of resources for pension related amounts.

Compensated Absences

Teachers earn sick and vacation days at rates from 7 days to 10 days per year and 3 days to 4 days per year respectively, based on number of years of service. Sick leave may be accumulated to a maximum of 185 days. Accumulated sick leave is paid to employees with more than 10 years of service for employees hired before June 30, 2018 and 15 years of service for employees hired after June 30, 2018 upon retirement. Support staff earn sick days, personal days and vacation in the amount of 10 days, 3 days and 10 days per year. Support staff not working twelve months do not earn vacation days. Sick days may be accumulated up to a maximum of 260 days. Sick days will be paid for employees with more than 10 years of service upon retirement/termination. Twelve-month administrators earn vacation days, sick days and personal days at a rate of 20 days, 10 days and 3 days respectively. Vacation days of up to five days may be rolled to the next year and sick days may be accumulated up to the number of days to bridge to retirement. Unused balances are not paid upon termination. Less than twelve-month administrators earn 10 sick days and 3 personal days per year. Sick days may be accumulated to the number of days necessary to bridge to disability benefits. Unused balances are not paid upon termination. Only amounts due and payable at year-end to terminated employees are included in the fund statements. Based on management assumptions 25% of compensated absences is short-term and the remaining 75% is considered long-term.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Compensated Absences

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at June 30, 2023, are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The School Corporation is reporting deferred inflows for pension related amounts.

Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent debt proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definitions of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the School Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Statements

Governmental fund balances are displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

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Notes to Financial Statements
June 30, 2023

- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the School Corporation Board. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the School Corporation Board that originally created the commitment. The Rainy Day Fund is a stabilization fund and is included as part of the Education Fund. The Board has set aside this money into the Rainy Day Fund to pay back the a loan from the State of Indiana, emergency repairs or any designated purpose as authorized by the School Board. The Rainy Day Fund portion of the fund balance reported in the Education fund is being reported as committed.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The School Corporation Board has, by resolution, adopted a financial policy authorizing the Director of Finance to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.

The school corporation considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the school corporation would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Fiduciary fund net position is classified as restricted for pool participants, individuals, organizations and other governments on the statement of fiduciary net position. Various donor restrictions apply, including authorizing and spending trust income, and the school corporation believes it is in compliance with all significant restrictions.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the School Corporation OPEB Plan and additions to/deductions from the School Corporation OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the School Corporation OPEB Plan. For this purpose, the School Corporation OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions expense, information about the fiduciary net position of the Indiana Public Employees' Retirement Fund, the Teachers' Retirement Fund (TRF) and the Pre-96 TRF Fund (the Plans) and additions to and deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with benefit terms. Pension investments are reported at fair value.

Although the School Corporation participates in the TRF Pre-1996 Plan, this has not been included in the measurement of net pension liabilities and related deferred inflows and outflows of resources. The TRF Pre-1996 Plan is a liability of the State of Indiana, due to its status as a special funding situation. The School Corporation does not make contributions to the plan. The School Corporation records revenue and expense at the government wide level for the School's Corporations share of pension expense related to TRF Pre-1996 participants.

2. Stewardship, Compliance and Accountability

Deficit Balances

Generally accepted accounting principles require disclosure of individual funds that have deficit fund balances at year end.

As of June 30, 2023, the following individual funds held a deficit fund balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
ONB Community Volunteer Pass-Thru	\$ 3,080	Reimbursable grants
Central ROTC Services Fund	2,009	Receivable
Alternative Education 2019-20	3,952	Reimbursable grants
Marian University Family Navigator	3,535	Reimbursable grants
UCAN - Cell Grant UINDY	907	Reimbursable grants
Esser II Grant	32,127	Reimbursable grants
Adult Basic Education Grants	23,043	Reimbursable grants
STEM Grants	18,579	Reimbursable grants
McKinney Vento	1,538	Reimbursable grants
Perkins Grants	21,313	Reimbursable grants
ARSI S25 Grant	20,343	Reimbursable grants
Special Education	163,685	Reimbursable grants
Title I Grants	330,590	Reimbursable grants
Title II Grants	15,748	Reimbursable grants
Title III Grants	478	Reimbursable grants
Title IV Grants	3,649	Reimbursable grants
Afghan Refugee Impact Grant	4,035	Reimbursable Grant
21st Century Grant	8,603	Reimbursable grants
School Counseling Grant	4,688	Reimbursable grants
Esser III	359,879	Reimbursable grants

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

3. Detailed Notes on All Funds

Deposits and Investments

The School Corporation's deposits and investments at year end were comprised of the following:

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Checking accounts	\$ 39,038,004	\$ 41,510,929	Custodial Risk
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 32,665,303		
Restricted cash and investments	5,970,268		
Per statement of fiduciary net position, fiduciary funds:			
Custodial funds	<u>402,433</u>		
Total deposits and investments	<u>\$ 39,038,004</u>		

Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Indiana Public Deposit Insurance Fund, which cover all public funds held in approved depositories.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the School Corporation's deposits may not be returned to the School Corporation.

The School Corporation's deposit policy for custodial credit risk is to comply with Indiana Code 5-13-8-1.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School's investment policy for credit risk is to stay in compliance with Indiana Code.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The School's investment policy for concentration of credit risk is to limit investments to not more than 50% of the funds held by the investing officer and available for investment.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

The school must follow state statute and limit the stated final maturities of the investments to no more than five years. The School does not have a formal investment policy for interest rate risk for investments but has elected to follow Indiana State Statutes.

See Note 1 for further information on deposit and investment policies.

Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *unavailable revenue* reported in the governmental funds (Operations Fund and Debt Service Fund) were as follows:

	<u>Unavailable</u>
Taxes receivable	\$ 5,162,572
Total unavailable revenue for governmental funds	<u>\$ 5,162,572</u>

Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 281,665	\$ -	\$ -	\$ 281,665
Construction in progress	<u>8,365,263</u>	<u>13,483,025</u>	<u>6,518,298</u>	<u>15,329,990</u>
Total capital assets not being depreciated	<u>8,646,928</u>	<u>13,483,025</u>	<u>6,518,298</u>	<u>15,611,655</u>
Capital assets being depreciated				
Buildings	91,336,575	8,741,848	183,145	99,895,278
Improvements other than buildings	2,363,103	-	148,239	2,214,864
Machinery and equipment	3,513,132	-	-	3,513,132
Subscription assets	<u>237,498</u>	<u>175,816</u>	<u>-</u>	<u>413,314</u>
Total capital assets being depreciated	<u>97,450,308</u>	<u>8,917,664</u>	<u>331,384</u>	<u>106,036,588</u>
Total capital assets	<u>106,097,236</u>	<u>22,400,689</u>	<u>6,849,682</u>	<u>121,648,243</u>

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (43,158,986)	\$ (1,955,925)	\$ 183,145	\$ (44,931,766)
Improvements other than buildings	(1,692,953)	(74,124)	112,791	(1,654,286)
Machinery and equipment	(2,737,285)	(118,907)	-	(2,856,192)
Subscription assets	<u>(41,956)</u>	<u>(108,358)</u>	<u>-</u>	<u>(150,314)</u>
Total accumulated depreciation	<u>(47,631,180)</u>	<u>(2,257,314)</u>	<u>295,936</u>	<u>(49,592,558)</u>
Net capital assets being depreciated	<u>49,819,128</u>	<u>6,660,350</u>	<u>627,320</u>	<u>56,444,030</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 58,466,056</u>	<u>\$ 20,143,375</u>	<u>\$ 7,145,618</u>	<u>\$ 72,055,685</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Nonprogrammed charges	<u>\$ 2,352,263</u>
Total governmental activities depreciation expense	<u>\$ 2,352,263</u>

Interfund Receivables/Payables and Transfers

Interfund Receivables/Payables

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Education Fund	Esser II Grant	\$ 154,494
Education Fund	Esser III Grant	1,055,481
Education Fund	Nonmajor Funds	<u>1,184,176</u>
Total, fund financial statements		2,394,151
Less government-wide eliminations		<u>(2,394,151)</u>
Total internal balances, government-wide statement of net position		<u>\$ -</u>

All amounts are due within one year.

The principal purpose of these interfunds is to offset negative cash balances, primarily due to cost reimbursement agreements.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
Operations Fund Nonmajor Governmental Funds	Education Fund	\$ 8,690,000	For support of operations fund
Operations Fund	Debt Service Fund	4,575,000	Debt service payments
Operations Nonmajor Governmental Funds	Esser II Grant Nonmajor Governmental Funds	569	Reimbursement of grant expenses
		6,665	Reimbursement of expenses
		<u>51,887</u>	Reimbursement of expenses
Total, fund financial statements		13,324,121	
Less fund eliminations		<u>(13,324,121)</u>	
Total transfers, government-wide statement of activities		<u>\$ -</u>	

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (3) use unrestricted revenues collected in the education fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Long-Term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and notes payable:					
General obligation debt	\$ 28,990,000	\$ -	\$ 6,975,000	\$ 22,015,000	\$ 3,530,000
General obligation notes from direct borrowings and direct placements	-	5,815,000	-	5,815,000	4,120,000
Loan payable	11,000,000	-	680,000	10,320,000	1,280,000
(Discounts)/Premiums	<u>30,959</u>	<u>-</u>	<u>24,443</u>	<u>6,516</u>	<u>-</u>
Subtotal	<u>40,020,959</u>	<u>5,815,000</u>	<u>7,679,443</u>	<u>38,156,516</u>	<u>8,930,000</u>
Other liabilities:					
Compensated absences	502,395	157,575	125,699	534,271	133,568
Total OPEB liability	24,329	493	24,822	-	-
Net pension liabilities	<u>1,160,317</u>	<u>6,813,724</u>	<u>1,768,285</u>	<u>6,205,756</u>	<u>-</u>
Total other liabilities	<u>1,687,041</u>	<u>6,971,792</u>	<u>1,918,806</u>	<u>6,740,027</u>	<u>133,568</u>
Total governmental activities long-term liabilities	<u>\$ 41,708,000</u>	<u>\$ 12,786,792</u>	<u>\$ 9,598,249</u>	<u>\$ 44,896,543</u>	<u>\$ 9,063,568</u>

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the School Corporation. Notes and bonds in the governmental funds will be retired by future property tax levies accumulated by the debt service fund.

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2023</u>
2014 General Obligation Bonds	05/28/2014	01/15/2024	1% to 3%	\$ 10,000,000	\$ 3,530,000
Taxable First Mortgage Refunding Bonds, Series 2017A	12/07/2017	12/31/2032	5.00	3,100,000	3,100,000
Taxable First Mortgage Refunding Bonds, Series 2017B	12/07/2017	12/31/2032	3.65	15,385,000	<u>15,385,000</u>
Total governmental activities, general obligation debt					<u><u>\$ 22,015,000</u></u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 3,530,000	\$ 769,502
2025	1,750,000	699,730
2026	1,820,000	631,494
2027	1,895,000	560,284
2028	1,970,000	486,259
2029-2033	<u>11,050,000</u>	<u>1,212,765</u>
Total	<u><u>\$ 22,015,000</u></u>	<u><u>\$ 4,360,034</u></u>

Governmental Activities

<u>General Obligation Debt from Direct Placements</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2023</u>
Ad Valorem Property Tax First Mortgage Bonds, Series, 2022	11/30/2022	01/15/2025	4.14%	5,815,000	5,815,000

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

<u>Years</u>	Governmental Activities Notes from Direct Borrowings and Direct Placements	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 4,120,000	\$ 228,916
2025	<u>1,695,000</u>	<u>52,785</u>
Total	<u>\$ 5,815,000</u>	<u>\$ 281,701</u>

Loans Payable

Loans Payable at June 30, 2023 consists of the following:

Governmental Activities

<u>Loans Payable</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance June 30, 2023</u>
Common School Loan	11/20/2018	06/01/2028	0.00%	\$ 12,000,000	\$ 10,200,000
Common School Loan B0158	11/26/2019	12/01/2024	1.00	400,000	<u>120,000</u>
Total governmental activities loans payable					<u>\$ 10,320,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities Loans Payable	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,280,000	\$ 1,000
2025	2,200,000	200
2026	2,220,000	-
2027	2,280,000	-
2028	<u>2,340,000</u>	<u>-</u>
Total	<u>\$ 10,320,000</u>	<u>\$ 1,200</u>

Net Position/Fund Balances

Net position reported on the government wide statement of net position at June 30, 2023, includes the following:

Governmental Activities

Net Investment in Capital Assets:

Land and construction in progress	\$ 15,611,655
Other capital assets, net of accumulated depreciation	56,444,030
Less general obligation debt outstanding	(27,836,516)
Plus unspent bond proceeds	<u>2,175,996</u>

Total net investment in capital assets \$ 46,395,165

Muncie Community Schools

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Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2023, include the following:

	Education Fund	Debt Service Fund	Operations Fund	Esser II Grant	Esser III	Nonmajor Funds	Total
Fund Balances							
Restricted for:							
Instruction	\$ 16,562,073	\$ -	\$ 38,351	\$ -	\$ -	\$ 1,232,651	\$ 17,833,075
Support services	-	-	-	-	-	3,009,807	3,009,807
Debt service	-	3,335,834	-	-	-	2,634,434	5,970,268
Building acquisition	-	-	-	-	-	1,589,215	1,589,215
Other	-	-	-	-	-	434,629	434,629
Subtotal	<u>16,562,073</u>	<u>3,335,834</u>	<u>38,351</u>	<u>-</u>	<u>-</u>	<u>8,900,736</u>	<u>28,836,994</u>
Committed to:							
Instruction	-	-	-	-	-	673,743	673,743
Support services	-	-	-	-	-	1,851,461	1,851,461
Community services	-	-	-	-	-	3,891	3,891
Other	<u>10,232,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,232,514</u>
Subtotal	<u>10,232,514</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,529,095</u>	<u>12,761,609</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,127)</u>	<u>(359,879)</u>	<u>(629,775)</u>	<u>(1,021,781)</u>
Total fund balances	<u>\$ 26,794,587</u>	<u>\$ 3,335,834</u>	<u>\$ 38,351</u>	<u>\$ (32,127)</u>	<u>\$ (359,879)</u>	<u>\$ 10,800,056</u>	<u>\$ 40,576,822</u>

Muncie Community Schools

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June 30, 2023

4. Other Information

Employees' Retirement System

The School Corporation participates in the Public Employees' Retirement Fund (PERF) and Teacher's Retirement Fund (TRF). The information for these funds are summarized below:

	<u>Net Pension Liability(Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PERF	\$ 3,092,332	\$ 1,873,495	\$ 151,351
TRF	<u>3,113,424</u>	<u>5,868,390</u>	<u>2,831,422</u>
Total	<u>\$ 6,205,756</u>	<u>\$ 7,741,885</u>	<u>\$ 2,982,773</u>

Public Employees' Retirement Fund

Plan Description

The School Corporation participates in the Public Employees' Retirement Fund, a cost sharing multiple-employer defined benefit plan effective July 1, 2013 based on 35 IAC 21-1-1, 35 IAC 21-1-2 and amended IC 5-10.2-2-11(b). PERF was established to provide retirement, disability and survivor benefits to full-time employees of the State of Indiana not covered by another plan, those political subdivisions that elect to participate in the retirement plan and certain INPRS employees. Political subdivisions mean a county, city, town, township, political body corporate, public school corporation, public library, public utility of a county, city, town, township and any department of or associated with, a county, city, town or township, which department receives revenue independently of, or in addition to, funds obtained from taxation. There are two (2) tiers to the PERF Plan. The first is the Public Employees' Defined Benefit Plan (PERF Hybrid Plan) and the second is the My Choice Retirement Savings Plan for Public Employees (My Choice). Details of the PERF Hybrid Plan are described below.

PERF Hybrid Plan Description

The PERF Hybrid Plan was established by the Indiana Legislature in 1945 and is governed by the INPRS Board of Trustees in accordance with Indiana Code (IC) 5-10.2, IC 5-10.3 and IC 5-10.5. There are two (2) aspects to the PERF Hybrid Plan defined benefit structure. The first portion is the monthly defined benefit pension that is funded by the employer. The second portion of the PERF Hybrid Plan benefit structure is the Public Employees' Hybrid Members Defined Contribution Account (DC Account), formerly known as the Annuity Savings Account (ASA), which that supplements the defined benefit at retirement.

Contributions

Members are required to contribute 3% of their annual covered salary to their defined contribution account. The Primary Government is required to contribute at an actuarially determined rate; the current rate for calendar year 2022 is 11.20% of annual covered payroll. The rate for 2023 is also 11.20%. The contribution requirements of plan members and the Primary Government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the PERF plan from the School Corporation were \$671,039 for the fiscal year ended June 30, 2023 measurement date.

Retirement Benefits

The PERF Hybrid Plan retirement benefit consists of the sum of a defined pension benefit provided by employer contributions plus the amount credited to the member's a DC Account. Pension benefits vest after 10 years of creditable service. The vesting period is eight (8) years for certain elected officials. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity or leave the contributions invested with INPRS. Vested PERF members leaving a covered position, who wait 30 days after termination, may withdraw their DC account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the DC Account. A non-vested member who terminates employment prior to retirement may withdraw his/her DC Account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years of creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) different groups. For PERF members who serve as an elected official, the highest one (1) year (total of four (4) consecutive quarters) of annual compensation is used. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable service is at least 85 is entitled to 100% of the benefits as described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

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Disability and Survivor Benefits

The PERF Hybrid Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Retirement Benefits, My Choice

Members are required to participate in My Choice. The My Choice DC Account consists of the member's contributions, set by statute at three (3)% of compensation as defined by IC 5-10.2-3-2 for PERF, plus the interest/earnings or losses credited to the member's account. The employer may elect to make the contributions on behalf of the member. The School Corporation has elected to make the contributions on behalf of the member. In addition, under certain conditions, members may elect to make additional voluntary contributions of up to 10% of their compensation into their DC Account. A member's contributions and interest credits belong to the member and do not belong to the State or political subdivision.

Rate of Return

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the fiscal year ended June 30, 2023, which is being utilized as the measurement date, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for Public Employee's Retirement Fund was (7)%.

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Notes to Financial Statements
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Net Pension Liability

At June 30, 2023 the School Corporation reported a liability of \$3,092,332 for its proportionate share of the net pension liability, based on the June 30, 2022 measurement date. The School Corporation's proportion of the total was measured on the ratio of the wages reported by employers relative to the collective wages of the plan. This basis of allocation measures the proportionate relationship of an employer to all employers and is consistent with the manner in which contributions to the pension plan are determined. The plan does not have a special funding situation, as there is not a nonemployer contributing entity legally responsible for making contributions that are used to provide pension benefits to members of the pension plan. At the June 30, 2022 measurement date, the School Corporation's proportion was 0.09805% an increase of 0.00987% from the 0.08818% at June 30, 2021. The net pension liability as of June 30, 2023 is calculated, using the measurement date of June 30, 2022, as set forth in the following table:

	PERF Plan Total
Net pension liability, beginning	\$ 1,160,315
Differences between projected and actual experience	38,403
Net difference between projected and actual investment	1,888,189
Change of assumptions	(36,476)
Changes in proportion and differences between employer contributions and proportionate share of contributions	140,063
Pension expense	526,664
Contributions	<u>(624,826)</u>
Net pension liability, ending	<u><u>\$ 3,092,332</u></u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the School Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions, based on the measurement date of June 30, 2021, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,682	\$ 11,761
Changes in assumptions	418,841	132,300
Net differences between projected and actual earnings on pension plan investments	381,627	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	335,305	7,290
Employer contributions subsequent to the measurement date	671,040	-
Total	<u><u>\$ 1,873,495</u></u>	<u><u>\$ 151,351</u></u>

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An amount of \$671,040 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024, with a measurement date of June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Measurement Date Years Ending June 30,	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2024	\$ 284,533
2025	370,915
2026	(8,030)
2027	403,686

Pension Expense

The School Corporation recognized pension expense, for the measurement date of June 30, 2022, for the following proportionate share of pension expense:

Pension Expense	
Proportionate share of plan pension expense	\$ 395,396
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<u>131,268</u>
Total	<u>\$ 526,664</u>

Muncie Community Schools

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Key Methods and Assumptions

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuations are presented below:

Valuation Date	
Assets	June 30, 2022
Liabilities	June 30, 2021 - Member census data as of June 30, 2021 was used in the valuation and adjusted where appropriate to reflect changes between June 30, 2021 and June 30, 2022. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2021 to June 30, 2022 measurement date.
Actuarial Cost Method	Entry Age Normal (Level percent of payroll)
Experience Study Date	Period of 5 years ended June 30, 2019
Investment Rate of Return	6.25%, net of investment expense, including inflation
Cost of Living Increases	Beginning January 1, 2024 - 0.40% Beginning January 1, 2034 - 0.50% Beginning January 1, 2039 - 0.60%
Salary increases, including inflation	2.65% - 8.65%
Inflation	2.00%
Mortality:	
Healthy	PubG-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Disabled	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.
Funding policy location	www.in.gov/inprs/files/INPRS_Funding_Policy.pdf

Change in Assumptions. There were no changes in assumptions during the fiscal year.

Changes in Actuarial Methods. There were no changes to the actuarial methods during the fiscal year.

Plan Amendments. There were no changes in plan provisions during the fiscal year.

Long-Term Return Expectation

The long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined by INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Muncie Community Schools

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Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.6%	20.0%
Private Markets	7.7	15.0
Fixed Income, Ex Inflation-Linked	1.4	20.0
Fixed Income, Inflation-Linked	(0.3)	15.0
Commodities	0.9	10.0
Real Estate	3.7	10.0
Absolute Return	2.1	5.0
Risk Parity	3.8	20.0
Cash and Cash Overlay	(1.7)	N/A

Discount Rate

The discount rate used to measure the total pension liability was 6.25% as of June 30, 2022 and is equal to the long-term expected return on plan investments.

Sensitivity of the School Corporation's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

For the June 30, 2022 measurement date, the following presents the School Corporation's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the School Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
School Corporation's proportionate share of the net pension liability (asset)	\$5,224,081	\$3,092,332	\$1,314,299
Pension Plan Fiduciary Net Position			

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Annual Comprehensive Financial Report and Actuarial Valuations. These reports can be found at:

https://www.in.gov/inprs/files/2022ActuarialReport_PERF.pdf
https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY22.pdf

Teacher's Retirement Plan

Plan Description

Teacher's Retirement Plan (TRF) is a cost-sharing, multiple-employer defined benefit fund providing retirement, disability and survivor benefits. Membership in TRF is required for all legally qualified and regularly employed licensed teachers who serve in the public schools of Indiana, teachers employed by the state at state institutions and certain INPRS personnel. Faculty members and professional employees at Ball State University and Vincennes University have the option of selecting membership in the Fund or an alternate University plan not administered by INPRS. Membership in TRF '96 DB is optional for teachers employed by charter schools, employees and officials of the Indiana State Board of Education who were Indiana licensed teachers before their employment with the Board and teachers employed by special management teams as defined under IC 20-31. Administration of the fund is generally in accordance with IC 5-10.2, IC 5-10.4, 35 IAC 14 and other Indiana pension law. TRF '96 DB is a component of the Teachers' Hybrid Plan.

Retirement Benefits, Defined-Benefit Pension

The TRF Plan retirement benefit consists of the sum of the defined pension benefit provided by the employer contributions plus the amount credited to the member's annuity savings account.

Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity or leave the contributions invested with INPRS. Vested TRF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A nonvested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years or creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) difference groups. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for early retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable services is at least 85 is entitled to 100% of the benefits described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

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The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.

Retirement Benefits, Disability and Survivor Benefits

The TRF Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. TRF classroom disability may be available for those who do not qualify for social security disability guidelines. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Contributions

Members are required to contribute 3% of their annual covered salary. The School Corporation is required to contribute at an actuarially determined rate; the rate for fiscal year 2021, which is being utilized as the measurement date, was 7.50% of annual covered payroll. The contribution requirements of plan members and the Primary Government are established and may be amended by the INPRS Board of Trustees. The actuarial amount, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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. Contributions to the TRF plan from the School Corporation were \$1,282,175 for the year ended June 30, 2023 measurement date.

Muncie Community Schools

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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Indiana Public Retirement System (INPRS) and additions to/deductions from INPRS's fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. At June 30, 2022, the School reported an liability of \$3,113,424 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's reported wages as a proportion of total collective reported wages for all employers. At the measurement date of June 30, 2022, the School's proportion was 0.47284% an increase of 0.00231% from the 0.47053% as of the 2021 measurement date. The net pension liability as of June 30, 2023 is calculated as set forth in the following table:

	<u>TRF Plan Total</u>
Net pension asset, beginning	\$ (2,210,512)
Differences between projected and actual experience	417,340
Net difference between projected and actual investment	4,918,018
Change of assumptions	(167,270)
Changes in proportion and differences between employer contributions and proportionate share of contributions	100,136
Pension Expense	995,424
Contributions	<u>(939,712)</u>
Net pension liability, ending	<u>\$ 3,113,424</u>

Pension Expense

For the measurement date, year ended June 30, 2022, the School recognized pension expense of \$995,424 for the TRF Fund. A breakdown of the pension expense is shown below:

<u>Pension Expense</u>	
Proportionate share of plan pension expense	\$ 1,150,727
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(155,303)</u>
Total	<u>\$ 995,424</u>

Muncie Community Schools

Notes to Financial Statements
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Deferred Outflows and Resources and Deferred Inflows of Resources

At June 30, 2023, the School reported deferred inflows of resources and deferred outflows of resources related to pensions, based on the June 30, 2021 measurement date, from the following services:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 959,313	\$ 634,026
Changes in assumptions	2,584,106	1,073,806
Net differences between projected and actual earnings on pension plan investments	989,275	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	53,520	1,123,590
Employer contributions subsequent to the measurement date	<u>1,282,176</u>	<u>-</u>
Total	<u>\$ 5,868,390</u>	<u>\$ 2,831,422</u>

\$1,282,176 reported as deferred outflows related to pension resulting from the Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Measurement Date Years Ending:</u>	<u>Deferred Outflows of Resources and Deferred Inflows of Resources (Net)</u>
2024	\$ 100,879
2025	133,333
2026	(109,480)
2027	1,013,940
2028	45,828
Thereafter	570,292

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Actuarial Assumptions

Inflation:	2.25%
Salary increases, including inflation:	2.75% - 12.00%, based on years of service
Cost of Living Increases:	Beginning January 1, 2024 - 0.40%
	Beginning January 1, 2034 - 0.50%
	Beginning January 1, 2039 - 0.60%
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational project of mortality improvements using SOA Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in April 2022. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019 and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

Changes in Assumption. There were no changes in assumptions in the current fiscal year.

Changes in Actuarial Methods. There were not changes in actuarial methods during the current fiscal year.

Changes in Plan Provisions. There were no changes in plan provisions in the current fiscal year.

Long Term Return Expectation

For the measurement date of June 30, 2022, the long-term return expectation has been determined by using a building-block approach and assumes a time horizon, as defined by INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established and the long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

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Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.6%	20.0%
Private Markets	7.7	15.0
Fixed Income, Ex Inflation-Linked	1.4	20.0
Fixed Income, Inflation-Linked	(0.3)	15.0
Commodities	0.9	10.0
Real Estate	3.7	10.0
Absolute Return	2.1	5.0
Risk Parity	3.8	20.0
Cash and Cash Overlay	(1.7)	N/A

Discount rate

The discount rate used to measure the total pension liability was 6.25% as of the measurement date of June 30, 2022 and is equal to the long-term expected return on plan investments.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

For the June 30, 2022 measurement date, the following presents the School's proportional share of the net pension liability calculated using the discount rate of 6.25%, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
School Corporation's proportionate share of the net pension (asset) liability	\$9,911,720	\$3,113,424	\$(2,375,964)

INPRS issues publicly available financial information that includes financial statements and required supplementary information for the PERF and TRF plans that can be found at:

http://www.in.gov/inprs/files/2022_INPRSCAFRBook.pdf

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Teachers' Pre-96 Retirement Fund

Plan Description

The School Corporation participates in the Teachers' Pre-1996 Defined Benefit Account, a pay-as-you-go, cost-sharing, multiple-employer defined benefit fund providing retirement, disability and survivor benefits for teachers, administrators and certain INPRS employees. Administration of the account is generally in accordance with IC 5-10.2, IC 5-10.4 and 35 IAC 14. TRF Pre-'96 DB is the employer-funded defined benefit component of the Teachers' Hybrid Plan and the Teachers' Hybrid Members Defined Contribution Account (see Defined Contribution Funds section) is with the other component.

The state of Indiana assumes 100% of the net pension liability for the plan. The net pension liability associated with Muncie Community School Corporation is \$79,548,737, as of the June 30, 2022 measurement date.

Retirement Benefits - Defined Benefit Pension

Pension benefits vest after 10 years of creditable service. Members are immediately vested in their annuity savings account. At retirement, a member may choose to receive a lump sum payment of the amount credited to the member's annuity savings account, receive the amount as an annuity or leave the contributions invested with INPRS. Vested Pre-96 TRF members leaving a covered position, who wait 30 days after termination, may withdraw their annuity savings account and will not forfeit creditable service or a full retirement benefit. However, if a member is eligible for a full retirement at the time of the withdrawal request, he/she will have to begin drawing his/her pension benefit in order to withdraw the annuity savings account. A nonvested member who terminates employment prior to retirement may withdraw his/her annuity savings account after 30 days, but by doing so, forfeits his/her creditable service. A member who returns to covered service and works no less than six (6) months in a covered position may reclaim his/her forfeited creditable service.

A member who has reached age 65 and has at least 10 years of creditable service is eligible for normal retirement and, as such, is entitled to 100% of the pension benefit component. This annual pension benefit is equal to 1.1% times the average annual compensation times the number of years or creditable service. The average annual compensation in this calculation uses the highest 20 calendar quarters of salary in a covered position. All 20 calendar quarters do not need to be continuous, but they must be in groups of four (4) consecutive calendar quarters. The same calendar quarter may not be included in two (2) difference groups. Member contributions paid by the employer on behalf of the member and severance pay up to \$2,000 are included as part of the member's annual compensation.

A member who has reached age 60 and has at least 15 years of creditable service is eligible for early retirement and, as such, is entitled to 100% of the pension benefit. A member who is at least 55 years old and whose age plus number of years of creditable services is at least 85 is entitled to 100% of the benefits described above.

A member who has reached at least age 50 and has at least 15 years of creditable service is eligible for early retirement with a reduced pension. A member retiring early receives a percentage of the normal annual pension benefit. The percentage of the pension benefit at retirement remains the same for the member's lifetime. For age 59, the early retirement percentage of the normal annual pension benefit is 89%. This amount is reduced five (5) percentage points per year (e.g., age 58 is 84%) to age 50 being 44%.

The monthly pension benefits for members in pay status may be increased periodically as cost of living adjustments (COLA). Such increases are not guaranteed by statute and have historically been provided on an "ad hoc" basis and can only be granted by the Indiana General Assembly.'

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Retirement Benefits, Disability and Survivor Benefits

The Pre-96 TRF Plan also provides disability and survivor benefits. A member who has at least five (5) years of creditable service and becomes disabled while in active service, on FMLA leave, receiving workers' compensation benefits or receiving employer-provided disability insurance benefits may retire for the duration of the disability, if the member has qualified for social security disability benefits and has furnished proof of the qualification. Pre-96 TRF classroom disability may be available for those who do not qualify for social security disability guidelines. The disability benefit is calculated the same as that for a normal retirement without reduction for early retirement. The minimum benefit is \$180 per month or the actuarial equivalent.

Upon the death in service of a member with 15 or more years of creditable service as of January 1, 2007, a survivor benefit may be paid to the surviving spouse to whom the member had been married for two (2) or more years or surviving dependent children under the age of 18. This payment is equal to the benefit which would have been payable to a beneficiary if the member had retired at age 50 or at death, whichever is later, under an effective election of the joint and survivor option available for retirement benefits. A surviving spouse or surviving dependent children are also entitled to a survivor benefit upon the death in service after January 1, 2007, of a member who was at least 65 years of age and had at least 10 but not more than 14 years of creditable service.

Contributions

According to statute, the TRF Pre-96 fund is funded primarily by appropriations from the state general fund and lottery proceeds. No member or employer contributions are required. TRF Pre-1996 Account members contribute three percent of covered payroll to their annuity savings account, which is not used to fund the defined benefit pension. The employer may elect to make the contributions on behalf of the member. In addition, members may elect to make additional voluntary contributions, under certain criteria, of up to ten percent of their compensation into their annuity savings accounts. The School Corporation has elected to make three percent contributions on behalf of their participating employees. For the fiscal year ended June 30, 2023, the School Corporation showed 427 employees participating in the Teachers' Retirement Fund Pre-1997 Account with annual payroll equal to \$22,810,562. The School Corporation chose to fund member portion of contributions of \$815,541 on members' behalf.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Indiana Public Retirement System (INPRS) and additions to/deductions from INPRS's fiduciary net position have been determined on the same basis as they are reported by INPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. At June 30, 2023, the net pension liability is assumed by the State of Indiana and the School does not report any liability for the pension liability.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

For the measurement date, year ended June 30, 2022, the School recognized pension expense of \$4,855,143 for the Pe-96 TRF Fund. No amounts were recognized for deferred outflows of resources and deferred inflows of resources.

For the year ended June 30, 2023, the School recognized \$13,786,404 of Nonemployer Contributing Entity Contributions, as revenue on the financial statements.

Actuarial Assumptions

Inflation:	2.25%
Salary increases, including inflation:	2.75% - 12.00%, based on years of service
Cost of Living Increases:	Beginning January 1, 2024 - 0.40%
	Beginning January 1, 2034 - 0.50%
	Beginning January 1, 2039 - 0.60%
Mortality:	Pub-2010 Public Retirement Plans Mortality Tables with a fully generational project of mortality improvements using SOA Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in April 2022. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019 and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

Changes in Assumption. There were no changes in assumptions in the current fiscal year.

Changes in Actuarial Methods. There were not changes in actuarial methods during the current fiscal year.

Changes in Plan Provisions. There were no changes in plan provisions in the current fiscal year.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%, based on the June 30, 2022 measurement date. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from units will be made at contractually required rates, actuarially determined.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Risk Management

The Primary Government is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors or omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees and dependents (excluding postemployment benefits); and natural disasters.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

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

Self Insurance

The Primary Government has chosen to establish a risk financing fund for risks associated with risk of loss related to employee health claims for School employees. The risk financing fund is accounted for in the Internal Service Fund where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$500,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund that accounts for employee payroll. The total charge allocated to each of the funds is based primarily upon the percentage of each fund's current year payroll as it relates to total payroll and are reported as interfund services provided and used. Provisions are also made for unexpected and unusual claims.

Claim expenditures and liabilities for the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors.

Claims Liability

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims, beginning	\$ 39,443	\$ 198,126
Current year claims and changes in estimates	4,698,517	3,414,917
Claim payments	<u>(4,539,834)</u>	<u>(3,483,881)</u>
Unpaid claims, ending	<u>\$ 198,126</u>	<u>\$ 129,162</u>

Commitments and Contingencies

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

From time to time, the School Corporation is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the School Corporation attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the School Corporation's financial position or results of operations.

The School Corporation has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

Muncie Community Schools

Notes to Financial Statements
June 30, 2023

Effect of New Accounting Standards on Current-Period Financial Statements

- Statement No. 99, *Omnibus 2022*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Muncie Community Schools

Required Supplementary Information

Budgetary Comparison Schedule (Non-GAAP Basis)

Operations Fund

Year Ended December 31, 2022

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 1,917,951	\$ 1,917,951	\$ 1,978,229	\$ 60,278
Intergovernmental	624,000	853,181	830,185	(22,996)
Interest	47,734	47,734	267,479	219,745
Miscellaneous	164,118	164,118	108,100	(56,018)
Total revenues	<u>2,753,803</u>	<u>2,982,984</u>	<u>3,183,993</u>	<u>201,009</u>
Expenditures				
General government:				
Personal services	689,281	689,281	689,281	-
Supplies	8,942	8,942	8,942	-
Other services and charges	84,255	84,255	84,255	-
Personal services	884,579	884,579	974,175	(89,596)
Supplies	95,214	95,214	95,214	-
Other services and charges	98,553	98,553	98,553	-
Maintenance of building				
Personal services	96,421	96,421	98,139	(1,718)
Supplies	1,627	1,627	1,627	-
Other services and charges	5,566,946	5,566,946	5,621,796	(54,850)
Capital outlays	1,266,907	1,266,907	1,266,907	-
Maintenance of equipment				
Supplies	91,139	91,139	91,139	-
Capital outlays	124,223	124,223	124,223	-
Security services				
Personal services	92,990	92,990	92,990	-
Supplies	15,592	15,592	15,592	-
Other services and charges	515,474	515,474	515,474	-
Student transportation				
Other services and charges	2,829,416	2,829,416	2,829,416	-
Building acquisition, construction and improvement				
Capital outlays	152,198	152,198	18,034	134,164
Purchase of mobile or fixed equipment				
Capital outlays	10,000	10,000	-	10,000
Other facilities acquisition and construction				
Total expenditures	<u>12,623,757</u>	<u>12,623,757</u>	<u>12,625,757</u>	<u>(2,000)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,869,954)</u>	<u>(9,640,773)</u>	<u>(9,441,764)</u>	<u>199,009</u>
Other Financing Sources (Uses)				
Transfers in	<u>8,824,310</u>	<u>8,831,000</u>	<u>9,160,665</u>	<u>329,665</u>
Total other financing sources (uses)	<u>8,824,310</u>	<u>8,831,000</u>	<u>9,160,665</u>	<u>329,665</u>
Net changes in fund balances	(1,045,644)	(809,773)	(281,099)	528,674
Fund Balance, Beginning	<u>1,596,443</u>	<u>1,596,443</u>	<u>1,596,443</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 550,799</u>	<u>\$ 786,670</u>	<u>\$ 1,315,344</u>	<u>\$ 528,674</u>

See notes to required supplementary information

Muncie Community Schools

Required Supplementary Information
 Budgetary Comparison Schedule (Non-GAAP Basis)
 Education Fund
 Year Ended December 31, 2022

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 39,533,000	\$ 39,533,000	\$ 44,005,239	\$ 4,472,239
Interest	-	-	44,908	44,908
Miscellaneous	1,827,000	1,827,000	49,505	(1,777,495)
Total revenues	41,360,000	41,360,000	44,099,652	2,739,652
Expenditures				
General government:				
Regular programs				
Personal services	20,069,695	20,069,695	20,591,122	(521,427)
Supplies	223,957	223,957	220,981	2,976
Other services and charges	25,405	25,405	25,405	-
Special programs				
Personal services	5,267,720	5,267,720	3,975,042	1,292,678
Supplies	9,317	9,317	6,058	3,259
Other services and charges	542,000	542,000	116,099	425,901
Summer school programs				
Personal services	71,732	71,732	69,386	2,346
Remediation programs				
Personal services	103,064	103,064	84,182	18,882
Other services and charges	4,846	4,846	4,846	-
Payments to other governmental units within the state				
Personal services	5,000	5,000	19,306	(14,306)
Other services and charges	60,446	60,446	60,446	-
Support services - students				
Personal services	1,646,789	1,646,789	1,337,859	308,930
Supplies	15,107	15,107	15,107	-
Other services and charges	524,085	524,085	195,265	328,820
Support services - instruction				
Personal services	1,069,756	1,069,756	1,068,180	1,576
Supplies	1,476,230	1,476,230	1,444,458	31,772
Other services and charges	79,000	79,000	97,031	(18,031)
Capital outlays	49,000	49,000	100	48,900
Support services - general administration				
Personal services	2,199,389	2,199,389	2,044,687	154,702
Community service operations				
Personal services	423,981	423,981	423,380	601
Emergency Loans				
Principal on debt	600,000	600,000	600,000	-
Total expenditures	34,466,519	34,466,519	32,430,117	2,036,402
Excess (deficiency) of revenues over (under) expenditures	6,893,481	6,893,481	11,669,535	4,776,054
Other Financing Sources (Uses)				
Net changes in fund balances	6,893,481	6,893,481	1,342,535	(5,550,946)
Fund Balance, Beginning	22,763,043	22,763,043	22,763,043	-
Fund Balance, Ending	\$ 29,656,524	\$ 29,656,524	\$ 24,105,578	\$ (5,550,946)

See notes to required supplementary information

Muncie Community Schools

Required Supplementary Information
Budget/GAAP Reconciliation (Non-GAAP Basis)
Education Fund and Operations Fund
Year Ended June 30, 2023

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as apposed to susceptible to accrual (GAAP)
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP)

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	<u>Education Fund</u>	<u>Operations Fund</u>
Net changes in fund balances (budgetary basis)	\$ 1,342,535	\$ (281,099)
Adjustments:		
To adjust for change in Rainy Day fund, which is not part of the Education Fund for budget purposes	1,392,956	-
To adjust revenues for accruals	(353,276)	1,565
To adjust expenditures for accruals	(1,872,685)	262,253
To adjust for calendar year to fiscal year differences	<u>(4,926,204)</u>	<u>(353,719)</u>
Net change in fund balance (GAAP basis)	<u>\$ (4,416,674)</u>	<u>\$ (371,000)</u>

See notes to required supplementary information

Muncie Community Schools

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Public Employees' Retirement Fund
Last 10 Fiscal Years*

<u>Fiscal Year Ended</u> **	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Actual Covered Member Payroll</u>	<u>Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total Payroll</u>
June 30, 2022	0.09805%	\$ 3,092,332	\$ 5,642,720	54.8%	82.5%
June 30, 2021	0.08818%	1,160,317	4,861,832	23.9%	92.5%
June 30, 2020	0.08066%	2,436,250	4,354,510	55.9%	81.4%
June 30, 2019	0.07874%	2,602,407	4,102,655	63.4%	80.1%
June 30, 2018	0.08072%	2,742,095	4,118,621	66.6%	78.9%
June 30, 2017	0.09195%	4,102,389	4,561,840	89.9%	72.7%
June 30, 2016	0.14005%	6,356,092	6,711,817	94.7%	71.2%
June 30, 2015	0.15010%	6,113,426	7,189,653	85.0%	73.3%
June 30, 2014	0.17546%	4,610,975	8,566,526	53.8%	81.1%

Notes:

* Information presented for the years information is available.

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability, which has a one year lag from the financial statements

Muncie Community Schools

Required Supplementary Information
Schedule of School Contributions
Public Employees' Retirement Fund
Last 10 Fiscal Years*

<u>Fiscal Year Ended **</u>	<u>Statutorily Required Contribution Percentage</u>	<u>Actual Employer Contributions</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	11.20%	\$ 671,039	\$ 5,874,275	11.42%
June 30, 2022	11.20%	624,826	5,642,720	11.07%
June 30, 2021	11.20%	536,559	4,861,832	11.04%
June 30, 2020	11.20%	480,848	4,354,510	11.04%
June 30, 2019	11.20%	431,012	4,102,655	10.51%
June 30, 2018	11.20%	449,048	4,118,621	10.90%
June 30, 2017	11.20%	478,341	4,561,840	10.49%
June 30, 2016	11.20%	729,099	6,711,817	10.86%
June 30, 2015	11.20%	835,502	7,189,653	11.62%

Notes:

* Information presented for the years information is available

Actual contributions met the required contributions

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability, which has a one year lag from the financial statements

Muncie Community Schools

Required Supplementary Information
Schedule of the School's Proportionate Share of the Net Pension Liability
Teachers' Retirement Fund
Last 10 Fiscal Years*

Fiscal Year Ended **	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Payroll
June 30, 2022	0.47284%	\$ 3,113,424	\$ 18,554,246	16.8%	91.9%
June 30, 2021	0.47053%	(2,210,512)	17,148,753	-12.9%	106.2%
June 30, 2020	0.46194%	360,040	15,934,829	2.3%	98.8%
June 30, 2019	0.43713%	(627,977)	14,251,216	-4.4%	102.4%
June 30, 2018	0.51640%	572,750	16,228,018	3.5%	98.0%
June 30, 2017	0.59000%	3,906,961	17,814,654	21.9%	88.0%
June 30, 2016	0.63611%	4,964,968	18,322,458	27.1%	84.9%
June 30, 2015	0.68894%	3,627,806	18,882,517	19.2%	88.9%
June 30, 2014	0.72974%	346,997	18,885,188	1.8%	98.8%

Notes:

* Information presented for the years information is available.

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability, which has a one year lag from the financial statements

Muncie Community Schools

Required Supplementary Information
Schedule of School Contributions
Teachers' Retirement Fund
Last 10 Fiscal Years*

<u>Fiscal Year Ended **</u>	<u>Statutorily Required Contribution Percentage</u>	<u>Actual Employer Contributions</u>	<u>Actual Covered Member Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2023	5.50%	\$ 1,282,175	\$ 21,294,947	6.02%
June 30, 2022	5.50%	939,712	18,554,246	5.06%
June 30, 2021	5.50%	894,797	17,148,753	5.22%
June 30, 2020	5.50%	860,225	15,934,829	5.40%
June 30, 2019	7.50%	1,068,799	14,251,216	7.50%
June 30, 2018	7.50%	1,158,289	16,228,018	7.14%
June 30, 2017	7.50%	1,332,779	17,814,654	7.48%
June 30, 2016	7.50%	1,375,968	18,322,458	7.51%
June 30, 2015	7.50%	1,417,271	18,882,517	7.51%

Notes:

* Information presented for the years information is available

Actual contributions met required contributions

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability, which has a one year lag from the financial statements

Muncie Community SchoolsRequired Supplementary Information
Schedule of Changes in Total OPEB Liability
Last 10 Years*

Net OPEB Liability	Fiscal Year Ended June 30, 2023	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020
Total OPEB Liability				
Interest	\$ 493	\$ 630	\$ 2,136	\$ 4,561
Changes in assumptions	-	(225)	159	985
Differences between expected and actual experience	-	12,297	(8,040)	-
Benefit payments	<u>(24,822)</u>	<u>(34,112)</u>	<u>(57,256)</u>	<u>(53,015)</u>
Net change in total OPEB liability	(24,329)	(21,410)	(63,001)	(47,469)
Total OPEB Liability, Beginning	<u>24,329</u>	<u>45,739</u>	<u>108,740</u>	<u>156,209</u>
Total OPEB Liability, Ending	<u>\$ -</u>	<u>\$ 24,329</u>	<u>\$ 45,739</u>	<u>\$ 108,740</u>
Plan Fiduciary Net Position				
Contributions	\$ 24,822	\$ 34,112	\$ 57,256	\$ 53,015
Benefit payments	<u>(24,822)</u>	<u>(34,112)</u>	<u>(57,256)</u>	<u>(53,015)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan Fiduciary Net Position, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan Fiduciary Net Position, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total OPEB Liability	<u>\$ -</u>	<u>\$ 24,329</u>	<u>\$ 45,739</u>	<u>\$ 108,740</u>

Notes to Schedule:

*Information presented for the years information is available

Muncie Community Schools

Required Supplementary Information
Schedule of Total OPEB Liability
Last 10 Years*

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
1. Total OPEB Liability	\$ -	\$ 24,329	\$ 45,739	\$ 108,740
2. Plan Fiduciary Net Position	-	-	-	-
3. Net OPEB Liability	<u>\$ -</u>	<u>\$ 24,329</u>	<u>\$ 45,739</u>	<u>\$ 108,740</u>
4. Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0%	0%	0%	0%
5. Covered Payroll	N/A	N/A	N/A	N/A
6. Total OPEB Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

See notes to required supplementary information

Muncie Community Schools

Required Supplementary Information
Schedule of Employer Contributions - OPEB
Last 10 Years*

OPEB Contributions	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Actuarially determined contribution**	\$ -	\$ -	\$ -	\$ -
Actual employer contributions	<u>24,822</u>	<u>34,112</u>	<u>57,256</u>	<u>53,015</u>
Contribution excess	<u>\$ (24,822)</u>	<u>\$ (34,112)</u>	<u>\$ (57,256)</u>	<u>\$ (53,015)</u>
Covered payroll	N/A	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A

Notes to schedule:

* Information presented for the years information is available

**No actuarially determined contributions were reported

Muncie Community Schools

Required Supplementary Information

Schedule of Employer's Share of Nonemployer Contributing Entity Contributions

Pre-96 Teacher Retirement Fund

Last 10 Fiscal Years*

<u>Year Ended **</u>	<u>Employer Share of Nonemployer Contributing Entity Contributions</u>
June 30, 2022	\$ 13,786,404
June 30, 2021	14,395,764
June 30, 2020	9,108,441
June 30, 2019	8,926,179
June 30, 2018	9,078,765

Notes:

* Information presented for the years information is available.

** The data provided in the schedule is based as of the measurement date of INPRS (PERF) net pension liability

Delaware County, IN

Notes to Required Supplementary Information
Year Ended June 30, 2023

Budgets and Budgetary Accounting

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

The Chief Financial Officer submits to the School Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

The School advertises the budget prior to adoption and the School Board holds public hearings to obtain taxpayer comments.

The budget is approved in September of each year by the School Board through passage of an ordinance.

Copies of the budget ordinance and advertisements are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Chief Financial Officer receives approval from the Indiana Department of Local Government Finance. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the School's expenditures budget. The School's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the School.

The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the Education and Operations Funds, which is by object classification within each department. The School's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the School Board. Any revisions that alter the total appropriations for any fund or any department of the General fund must be approved by the School Board and in some instances, by the Indiana Department of Local Government Finance.

Formal budgetary integration is required by state statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major Funds

- Education Fund
- Operations
- Debt Service

Delaware County, IN

Notes to Required Supplementary Information
Year Ended June 30, 2023

Financial Reporting – Pension Plans

Public Employees Retirement Fund

Valuation Date:

Assets: June 30, 2021

Liabilities: June 30, 2021 - Member census data as of June 30, 2021 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2021 and June 30, 2022.

Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2021 to the June 30, 2022 measurement date.

Actuarial Cost Method: Entry Age Normal (Level percent of payroll)

Experience Study Date: Period of 5 years ended June 30, 2019

Investment Rate of Return: 6.25%, net of investment expense, including inflation

Cost of Living Increases: Beginning January 1, 2024 - 0.40%
Beginning January 1, 2034 - 0.50%
Beginning January 1, 2039 - 0.60%

Salary increases, including inflation: 2.65% - 11.90%
Inflation: 2.00%

Mortality:

Healthy: Pub-G2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.

Disability: Pub-G2010 Public Retirement Plans Mortality Tables with a fully generational projection of mortality improvements using SOA Scale MP-2019.

The funding policy is available online at: https://www.in.gov/inprs/files/INPRS_Funding_Policy.pdf

The following were changes in assumptions for 2022:

- There were no changes in assumptions from the June 30, 2022 actuarial valuations to the June 30, 2023 actuarial valuations.

Changes in Actuarial Methods. There were no changes to the actuarial methods during the fiscal year.

Plan Amendments: In 2022, there were no changes to plan amendments during the fiscal year.

TRF Plan:

The actuarial assumptions and methods used in the June 30, 2022 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in April 2022. The majority of the actuarial assumptions and methods are based on plan experience from July 1 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

Delaware County, IN

Notes to Required Supplementary Information
June 30, 2023

Changes in Assumptions:

There were no changes to the actuarial assumptions during the fiscal year.

PRE 96 TRF plan:

The actuarial assumptions and methods used in the June 30, 2022 valuation of the Teachers' Pre-1996 Defined Benefit Account were adopted by the INPRS Board in April 2022. The majority of the actuarial assumptions and methods are based on plan experience from July 1, 2014 through June 30, 2019, and were first used in the June 30, 2020 valuation. The INPRS Board adopted a funding policy in April 2014, and the policy was last updated in June 2022.

There were no changes in assumptions.

SUPPLEMENTARY INFORMATION

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 7,451,685	\$ -	\$ 2,188,496	\$ 9,640,181
Receivables:				
Accounts	50,657	-	-	50,657
Intergovernmental	1,142,852	-	-	1,142,852
Restricted assets:				
Cash and cash equivalents	<u>-</u>	<u>2,634,434</u>	<u>-</u>	<u>2,634,434</u>
 Total assets	 <u>\$ 8,645,194</u>	 <u>\$ 2,634,434</u>	 <u>\$ 2,188,496</u>	 <u>\$ 13,468,124</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 482,536	\$ -	\$ 599,281	\$ 1,081,817
Accrued wages and payroll withholding	402,075	-	-	402,075
Due to other funds	<u>1,184,176</u>	<u>-</u>	<u>-</u>	<u>1,184,176</u>
 Total liabilities	 <u>2,068,787</u>	 <u>-</u>	 <u>599,281</u>	 <u>2,668,068</u>
 Fund Balances				
Restricted	4,677,087	2,634,434	1,589,215	8,900,736
Committed	2,529,095	-	-	2,529,095
Unassigned (deficit)	<u>(629,775)</u>	<u>-</u>	<u>-</u>	<u>(629,775)</u>
 Total fund balances	 <u>6,576,407</u>	 <u>2,634,434</u>	 <u>1,589,215</u>	 <u>10,800,056</u>
 Total liabilities and fund balances	 <u>\$ 8,645,194</u>	 <u>\$ 2,634,434</u>	 <u>\$ 2,188,496</u>	 <u>\$ 13,468,124</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and Changes

in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Charges for services	\$ 614,448	\$ -	\$ -	\$ 614,448
Intergovernmental	16,379,961	-	12,500	16,392,461
Miscellaneous:				
Interest on investments	-	3,366	98,377	101,743
Other	<u>1,101,723</u>	<u>-</u>	<u>-</u>	<u>1,101,723</u>
Total revenues	<u>18,096,132</u>	<u>3,366</u>	<u>110,877</u>	<u>18,210,375</u>
Expenditures				
Current:				
Instruction	8,700,559	-	-	8,700,559
Support services	3,944,529	-	-	3,944,529
Community services	5,693,289	-	-	5,693,289
Facilities acquisition and construction	20,369	-	208,794	229,163
Nonprogrammed charges	539,779	3,850	-	543,629
Bond issue costs	-	129,156	-	129,156
Capital outlay	371,012	-	4,070,443	4,441,455
Debt service:				
Principal paid on debt	-	3,285,000	-	3,285,000
Principal on subscriptions	94,949	-	-	94,949
Interest on debt	<u>5,051</u>	<u>780,773</u>	<u>-</u>	<u>785,824</u>
Total expenditures	<u>19,369,537</u>	<u>4,198,779</u>	<u>4,279,237</u>	<u>27,847,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,273,405)</u>	<u>(4,195,413)</u>	<u>(4,168,360)</u>	<u>(9,637,178)</u>
Other Financing Sources				
Debt proceeds	-	180,000	5,635,000	5,815,000
Subscription proceeds	94,949	-	-	94,949
Transfer in	570	4,575,000	51,317	4,626,887
Transfer out	<u>(7,235)</u>	<u>(51,317)</u>	<u>-</u>	<u>(58,552)</u>
Total other financing sources	<u>88,284</u>	<u>4,703,683</u>	<u>5,686,317</u>	<u>10,478,284</u>
Net change in fund balance	<u>(1,185,121)</u>	<u>508,270</u>	<u>1,517,957</u>	<u>841,106</u>
Fund Balance, Beginning	<u>7,761,528</u>	<u>2,126,164</u>	<u>71,258</u>	<u>9,958,950</u>
Fund Balance, Ending	<u>\$ 6,576,407</u>	<u>\$ 2,634,434</u>	<u>\$ 1,589,215</u>	<u>\$ 10,800,056</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	Cafeteria Fund	Educational Promotions Fund	PBIS Grant - Star Press	ONB Comm Volunteer Pass-Thru	Alternative Ed. Grant	Lilly Counsel Initiative	BBF- Excellence Teaching Award Donations
Assets							
Cash and investments	\$ 1,745,444	\$ 2,358	\$ 15,025	\$ -	\$ -	\$ 78,333	\$ 241
Receivables:							
Accounts	-	-	-	5,593	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	\$ 1,745,444	\$ 2,358	\$ 15,025	\$ 5,593	\$ -	\$ 78,333	\$ 241
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 109,790	\$ -	\$ -	\$ -	\$ -	\$ 4,990	\$ -
Accrued wages and payroll withholding	1,473	-	-	3,080	-	3,882	-
Due to other funds	-	-	-	5,593	-	-	-
Total liabilities	111,263	-	-	8,673	-	8,872	-
Fund Balances							
Restricted	-	-	15,025	-	-	69,461	241
Committed	1,634,181	2,358	-	-	-	-	-
Unassigned (deficit)	-	-	-	(3,080)	-	-	-
Total fund balances	1,634,181	2,358	15,025	(3,080)	-	69,461	241
Total liabilities and fund balances	\$ 1,745,444	\$ 2,358	\$ 15,025	\$ 5,593	\$ -	\$ 78,333	\$ 241

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds - Special Revenue Funds
 June 30, 2023

	Mutual Bank Enrichment Grant	BBF-Improve, Innov Enhance Grant	In & Out Other	Adventure Envir Learn Cntr Fund	Community Found - Longfellow Fitness	Central ROTC Services Fund	Christmas Sing Fund
Assets							
Cash and investments	\$ 22	\$ 68,709	\$ 81,332	\$ 104,458	\$ -	\$ -	\$ 3,891
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ 22</u>	<u>\$ 68,709</u>	<u>\$ 81,332</u>	<u>\$ 104,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,891</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 2,194	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	2,009	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,194</u>	<u>-</u>	<u>2,009</u>	<u>-</u>
Fund Balances							
Restricted	22	68,709	81,332	-	-	-	-
Committed	-	-	-	102,264	-	-	3,891
Unassigned (deficit)	-	-	-	-	-	(2,009)	-
Total fund balances	<u>22</u>	<u>68,709</u>	<u>81,332</u>	<u>102,264</u>	<u>-</u>	<u>(2,009)</u>	<u>3,891</u>
Total liabilities and fund balances	<u>\$ 22</u>	<u>\$ 68,709</u>	<u>\$ 81,332</u>	<u>\$ 104,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,891</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	2016 PBIS Meridian Intecare Grant	Formative Assessment Grant	Special Education Student Reimbursement	Pre-School Program	Career Tech Perf Grant	Connectivity Technology Grant	Come Back Stronger Grant
Assets							
Cash and investments	\$ 2,782	\$ 2,600	\$ 17,325	\$ 410,184	\$ -	\$ 41,459	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ 2,782</u>	<u>\$ 2,600</u>	<u>\$ 17,325</u>	<u>\$ 410,184</u>	<u>\$ -</u>	<u>\$ 41,459</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	-	-	-	8,528	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	8,528	-	-	-
Fund Balances							
Restricted	2,782	-	17,325	401,656	-	-	-
Committed	-	2,600	-	-	-	41,459	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>2,782</u>	<u>2,600</u>	<u>17,325</u>	<u>401,656</u>	<u>-</u>	<u>41,459</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,782</u>	<u>\$ 2,600</u>	<u>\$ 17,325</u>	<u>\$ 410,184</u>	<u>\$ -</u>	<u>\$ 41,459</u>	<u>\$ -</u>

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds - Special Revenue Funds
 June 30, 2023

	2016/17 McKinney- Vento Education	CF-Mental Health Program	Digital Learning Building	GFB Virtual Learning Grant	2021 Habitat Learning Cohort	Educational Promotions Fund	I Pad Insurance Fund
Assets							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 167,774	\$ 73,557
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,774</u>	<u>\$ 73,557</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	-	-	-	-	167,774	-
Committed	-	-	-	-	-	-	73,557
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,774</u>	<u>73,557</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,774</u>	<u>\$ 73,557</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	Upward Pathways Program	Medicaid Reimbursement - State	Alternative Education 2019- 20	Career Ladders Grant	Medicaid Reimbursement - FED	21st Centruy Community Learn	Adult Basic Education Grants
Assets							
Cash and investments	\$ 15,904	\$ 208,860	\$ 468	\$ -	\$ 690,958	\$ -	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	86,947
Total assets	<u>\$ 15,904</u>	<u>\$ 208,860</u>	<u>\$ 468</u>	<u>\$ -</u>	<u>\$ 690,958</u>	<u>\$ -</u>	<u>\$ 86,947</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,062
Accrued wages and payroll withholding	-	-	4,420	-	-	-	9,324
Due to other funds	-	-	-	-	-	-	75,604
Total liabilities	<u>-</u>	<u>-</u>	<u>4,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,990</u>
Fund Balances							
Restricted	15,904	208,860	-	-	690,958	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(3,952)	-	-	-	(23,043)
Total fund balances	<u>15,904</u>	<u>208,860</u>	<u>(3,952)</u>	<u>-</u>	<u>690,958</u>	<u>-</u>	<u>(23,043)</u>
Total liabilities and fund balances	<u>\$ 15,904</u>	<u>\$ 208,860</u>	<u>\$ 468</u>	<u>\$ -</u>	<u>\$ 690,958</u>	<u>\$ -</u>	<u>\$ 86,947</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	Ball Brothers Grants	Cares Act Grants	Donation Funds	Dual Language Grants	Excellence in Performance Grants	George and Frances Ball	High Ability Grants
Assets							
Cash and investments	\$ 456,658	\$ -	\$ 32,399	\$ -	\$ 5,618	\$ 721,929	\$ 34,635
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	12,559	-	9,312	-	-	-
Total assets	<u>\$ 456,658</u>	<u>\$ 12,559</u>	<u>\$ 32,399</u>	<u>\$ 9,312</u>	<u>\$ 5,618</u>	<u>\$ 721,929</u>	<u>\$ 34,635</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 6,912	\$ -	\$ 13,912	\$ -	\$ -	\$ 46,504	\$ -
Accrued wages and payroll withholding	-	-	-	-	-	6,640	3,232
Due to other funds	-	12,559	-	9,312	-	-	-
Total liabilities	<u>6,912</u>	<u>12,559</u>	<u>13,912</u>	<u>9,312</u>	<u>-</u>	<u>53,144</u>	<u>3,232</u>
Fund Balances							
Restricted	449,746	-	18,487	-	5,618	-	31,403
Committed	-	-	-	-	-	668,785	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>449,746</u>	<u>-</u>	<u>18,487</u>	<u>-</u>	<u>5,618</u>	<u>668,785</u>	<u>31,403</u>
Total liabilities and fund balances	<u>\$ 456,658</u>	<u>\$ 12,559</u>	<u>\$ 32,399</u>	<u>\$ 9,312</u>	<u>\$ 5,618</u>	<u>\$ 721,929</u>	<u>\$ 34,635</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	Kindergarten Kickoff	Non English Speaking Grants	Perkins Grant	Scholarship Funds	Secured School Grants	Special Education	Textbook Rental
Assets							
Cash and investments	\$ 1,806	\$ 4,077	\$ -	\$ 416,142	\$ -	\$ -	\$ 1,293,722
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	91,267	-	3,922	370,809	-
Total assets	<u>\$ 1,806</u>	<u>\$ 4,077</u>	<u>\$ 91,267</u>	<u>\$ 416,142</u>	<u>\$ 3,922</u>	<u>\$ 370,809</u>	<u>\$ 1,293,722</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 307	\$ -	\$ 14,942	\$ -	\$ -	\$ 46,348	\$ 757
Accrued wages and payroll withholding	-	991	6,371	-	-	117,337	-
Due to other funds	-	-	91,267	-	3,922	370,809	-
Total liabilities	<u>307</u>	<u>991</u>	<u>112,580</u>	<u>-</u>	<u>3,922</u>	<u>534,494</u>	<u>757</u>
Fund Balances							
Restricted	1,499	3,086	-	416,142	-	-	1,292,965
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(21,313)	-	-	(163,685)	-
Total fund balances	<u>1,499</u>	<u>3,086</u>	<u>(21,313)</u>	<u>416,142</u>	<u>-</u>	<u>(163,685)</u>	<u>1,292,965</u>
Total liabilities and fund balances	<u>\$ 1,806</u>	<u>\$ 4,077</u>	<u>\$ 91,267</u>	<u>\$ 416,142</u>	<u>\$ 3,922</u>	<u>\$ 370,809</u>	<u>\$ 1,293,722</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	<u>Title I Grants</u>	<u>Title II Grants</u>	<u>Title III Grants</u>	<u>Title IV Grants</u>	<u>Vocational COOP</u>	<u>Mental Health Relief Grant</u>	<u>2021-2022 Early Intervention</u>
Assets							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 2,140	\$ -	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	<u>419,624</u>	<u>32,983</u>	<u>220</u>	<u>16,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 419,624</u>	<u>\$ 32,983</u>	<u>\$ 220</u>	<u>\$ 16,292</u>	<u>\$ 2,140</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 164,564	\$ 850	\$ 478	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	166,026	14,898	-	3,649	-	-	-
Due to other funds	<u>419,624</u>	<u>32,983</u>	<u>220</u>	<u>16,292</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>750,214</u>	<u>48,731</u>	<u>698</u>	<u>19,941</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	-	-	-	2,140	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	<u>(330,590)</u>	<u>(15,748)</u>	<u>(478)</u>	<u>(3,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>(330,590)</u>	<u>(15,748)</u>	<u>(478)</u>	<u>(3,649)</u>	<u>2,140</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 419,624</u>	<u>\$ 32,983</u>	<u>\$ 220</u>	<u>\$ 16,292</u>	<u>\$ 2,140</u>	<u>\$ -</u>	<u>\$ -</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	Family Navigator Grant	Student Learning Recovery	Digital Learning Grant	Extra- Curricular Activities	Marian Univ Family Navigator	BSU Create Grant	CO-AG Grant
Assets							
Cash and investments	\$ 56,445	\$ 317	\$ -	\$ 464,425	\$ -	\$ 144,875	\$ 80,244
Receivables:							
Accounts	-	-	-	-	32,907	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ 56,445</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 464,425</u>	<u>\$ 32,907</u>	<u>\$ 144,875</u>	<u>\$ 80,244</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	5,883	-	-	-	3,534	29,040	-
Due to other funds	-	-	-	-	32,908	-	-
Total liabilities	<u>5,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,442</u>	<u>29,040</u>	<u>-</u>
Fund Balances							
Restricted	50,562	317	-	464,425	-	115,835	80,244
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(3,535)	-	-
Total fund balances	<u>50,562</u>	<u>317</u>	<u>-</u>	<u>464,425</u>	<u>(3,535)</u>	<u>115,835</u>	<u>80,244</u>
Total liabilities and fund balances	<u>\$ 56,445</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 464,425</u>	<u>\$ 32,907</u>	<u>\$ 144,875</u>	<u>\$ 80,244</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	UCAN - Cell Grant UIndy	Eastern Indiana Works	STEM Grants	Indiana Gear Up	McKinney Vento	ARSI S25 Grant	Afghan Refugee Impact Grant
Assets							
Cash and investments	\$ -	\$ 4,569	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Accounts	12,157	-	-	-	-	-	-
Intergovernmental	-	-	5,582	-	2,109	22,397	9,452
Total assets	<u>\$ 12,157</u>	<u>\$ 4,569</u>	<u>\$ 5,582</u>	<u>\$ -</u>	<u>\$ 2,109</u>	<u>\$ 22,397</u>	<u>\$ 9,452</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 907	\$ -	\$ 13,984	\$ -	\$ 1,538	\$ 12,274	\$ 3,075
Accrued wages and payroll withholding	-	-	4,595	-	-	8,069	960
Due to other funds	12,157	-	5,582	-	2,109	22,397	9,452
Total liabilities	<u>13,064</u>	<u>-</u>	<u>24,161</u>	<u>-</u>	<u>3,647</u>	<u>42,740</u>	<u>13,487</u>
Fund Balances							
Restricted	-	4,569	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	(907)	-	(18,579)	-	(1,538)	(20,343)	(4,035)
Total fund balances	<u>(907)</u>	<u>4,569</u>	<u>(18,579)</u>	<u>-</u>	<u>(1,538)</u>	<u>(20,343)</u>	<u>(4,035)</u>
Total liabilities and fund balances	<u>\$ 12,157</u>	<u>\$ 4,569</u>	<u>\$ 5,582</u>	<u>\$ -</u>	<u>\$ 2,109</u>	<u>\$ 22,397</u>	<u>\$ 9,452</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2023

	<u>21st Century Grant</u>	<u>School Counseling Grant</u>	<u>Explore, Engage, Exsperience</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets				
Cash and investments	\$ -	\$ -	\$ -	\$ 7,451,685
Receivables:				
Accounts	-	-	-	50,657
Intergovernmental	<u>44,811</u>	<u>14,566</u>	-	<u>1,142,852</u>
 Total assets	<u>\$ 44,811</u>	<u>\$ 14,566</u>	<u>\$ -</u>	<u>\$ 8,645,194</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 8,603	\$ 4,545	\$ -	\$ 482,536
Accrued wages and payroll withholding	-	143	-	402,075
Due to other funds	<u>44,811</u>	<u>14,566</u>	-	<u>1,184,176</u>
 Total liabilities	<u>53,414</u>	<u>19,254</u>	-	<u>2,068,787</u>
 Fund Balances				
Restricted	-	-	-	4,677,087
Committed	-	-	-	2,529,095
Unassigned (deficit)	<u>(8,603)</u>	<u>(4,688)</u>	-	<u>(629,775)</u>
 Total fund balances	<u>(8,603)</u>	<u>(4,688)</u>	-	<u>6,576,407</u>
 Total liabilities and fund balances	<u>\$ 44,811</u>	<u>\$ 14,566</u>	<u>\$ -</u>	<u>\$ 8,645,194</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Cafeteria Fund	Educational Promotions Fund	PBIS Grant - Star Press	ONB Comm Volunteer Pass- Thru	Alternative Ed. Grant	Lilly Counsel Initiative	BBF- Excellence Teaching Award Donations
Revenues							
Charges for services	\$ 152,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,179,275	712	-	68,776	-	-	-
Other	-	-	7	-	-	-	-
Total revenues	4,331,615	712	7	68,776	-	-	-
Expenditures							
Current:							
Instruction	-	-	3,103	-	26,674	119,242	-
Support services	-	-	-	71,856	-	-	-
Community services	5,406,826	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	205,761	-	-	-	-	-	-
Total expenditures	5,612,587	-	3,103	71,856	26,674	119,242	-
Excess (deficiency) of revenues over (under) expenditures	(1,280,972)	712	(3,096)	(3,080)	(26,674)	(119,242)	-
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	(1,280,972)	712	(3,096)	(3,080)	(26,674)	(119,242)	-
Fund Balance (Deficit), Beginning	2,915,153	1,646	18,121	-	26,674	188,703	241
Fund Balance (Deficit), Ending	\$ 1,634,181	\$ 2,358	\$ 15,025	\$ (3,080)	\$ -	\$ 69,461	\$ 241

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Mutual Bank Enrichment Grant	BBF-Improve, Innov Enhance Grant	In & Out Other	Adventure Envir Learn Cntr Fund	Community Found - Longfellow Fitness	Central ROTC Services Fund	Christmas Sing Fund
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -
Intergovernmental	-	-	70,492	71,691	-	-	-
Other	-	-	29,988	23,114	-	-	164
Total revenues	-	-	100,480	95,205	-	-	164
Expenditures							
Current:							
Instruction	-	-	66,550	-	-	-	-
Support services	-	-	-	22,838	-	-	-
Community services	-	-	-	-	-	-	1,769
Facilities acquisition and construction	-	-	-	-	668	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	-	66,550	22,838	668	-	1,769
Excess (deficiency) of revenues over (under) expenditures	-	-	33,930	72,367	(668)	-	(1,605)
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	-	-	33,930	72,367	(668)	-	(1,605)
Fund Balance (Deficit), Beginning	22	68,709	47,402	29,897	668	(2,009)	5,496
Fund Balance (Deficit), Ending	\$ 22	\$ 68,709	\$ 81,332	\$ 102,264	\$ -	\$ (2,009)	\$ 3,891

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	2016 PBIS Meridian Intecare Grant	Formative Assessment Grant	Special Education Student Reimbursement	Pre-School Program	Career Tech Perf Grant	Connectivity Technology Grant	Come Back Stronger Grant
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 224,912	\$ -	\$ -	\$ -
Intergovernmental	-	66,600	16,065	-	972	25,808	-
Other	-	-	-	-	-	-	-
Total revenues	-	66,600	16,065	224,912	972	25,808	-
Expenditures							
Current:							
Instruction	140	64,000	2,315	596,459	972	-	7
Support services	-	-	-	-	-	898	-
Community services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	140	64,000	2,315	596,459	972	898	7
Excess (deficiency) of revenues over (under) expenditures	(140)	2,600	13,750	(371,547)	-	24,910	(7)
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	570	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	-	-	570	-	-	-
Net change in fund balance	(140)	2,600	13,750	(370,977)	-	24,910	(7)
Fund Balance (Deficit), Beginning	<u>2,922</u>	<u>-</u>	<u>3,575</u>	<u>772,633</u>	<u>-</u>	<u>16,549</u>	<u>7</u>
Fund Balance (Deficit), Ending	<u>\$ 2,782</u>	<u>\$ 2,600</u>	<u>\$ 17,325</u>	<u>\$ 401,656</u>	<u>\$ -</u>	<u>\$ 41,459</u>	<u>\$ -</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	2016/17 McKinney- Vento Education	CF-Mental Health Program	Digital Learning Building	GFB Virtual Learning Grant	2021 Habitat Learning Cohart	Educational Promotions Fund	I Pad Insurance Fund
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,020	\$ 10,907
Intergovernmental	5,017	-	19,200	5,996	1	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>5,017</u>	<u>-</u>	<u>19,200</u>	<u>5,996</u>	<u>1</u>	<u>2,020</u>	<u>10,907</u>
Expenditures							
Current:							
Instruction	-	1,729	-	-	1	-	-
Support services	-	-	-	-	-	122,425	16,098
Community services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,729</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>122,425</u>	<u>16,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,017</u>	<u>(1,729)</u>	<u>19,200</u>	<u>5,996</u>	<u>-</u>	<u>(120,405)</u>	<u>(5,191)</u>
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>5,017</u>	<u>(1,729)</u>	<u>19,200</u>	<u>5,996</u>	<u>-</u>	<u>(120,405)</u>	<u>(5,191)</u>
Fund Balance (Deficit), Beginning	<u>(5,017)</u>	<u>1,729</u>	<u>(19,200)</u>	<u>(5,996)</u>	<u>-</u>	<u>288,179</u>	<u>78,748</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 167,774</u>	<u>\$ 73,557</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Upward Pathways Program	Medicaid Reimbursement - State	Alternative Education 2019- 20	Career Ladders Grant	Medicaid Reimbursement - FED	21st Centruy Community Learn	Adult Basic Education Grants
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	92,185	-	-	292,834	6,146	424,259
Other	-	-	42,000	-	-	-	-
Total revenues	-	92,185	42,000	-	292,834	6,146	424,259
Expenditures							
Current:							
Instruction	-	-	45,952	-	63,559	6,022	349,572
Support services	-	-	-	244,648	-	-	-
Community services	-	-	-	-	-	124	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	-	-	45,952	244,648	63,559	6,146	349,572
Excess (deficiency) of revenues over (under) expenditures	-	92,185	(3,952)	(244,648)	229,275	-	74,687
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	-	92,185	(3,952)	(244,648)	229,275	-	74,687
Fund Balance (Deficit), Beginning	15,904	116,675	-	244,648	461,683	-	(97,730)
Fund Balance (Deficit), Ending	\$ 15,904	\$ 208,860	\$ (3,952)	\$ -	\$ 690,958	\$ -	\$ (23,043)

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Ball Brothers Grants	Cares Act Grants	Donation Funds	Dual Language Grants	Excellence in Performance Grants	George and Frances Ball	High Ability Grants
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	467,500	531,640	432,900	20,000	181,606	886,000	45,054
Other	-	-	13,145	-	-	-	-
Total revenues	467,500	531,640	446,045	20,000	181,606	886,000	45,054
Expenditures							
Current:							
Instruction	144,791	19,265	7,637	20,000	175,988	23,062	50,054
Support services	192,107	372,028	69,526	-	-	91,372	249
Community services	52,154	-	-	-	-	71,655	-
Facilities acquisition and construction	19,701	-	-	-	-	-	-
Nonprogrammed charges	-	-	403,402	-	-	-	-
Debt service:							
Principal on subscriptions	-	94,949	-	-	-	-	-
Interest on debt	-	5,051	-	-	-	-	-
Capital outlay	-	94,949	70,302	-	-	-	-
Total expenditures	408,753	586,242	550,867	20,000	175,988	186,089	50,303
Excess (deficiency) of revenues over (under) expenditures	58,747	(54,602)	(104,822)	-	5,618	699,911	(5,249)
Other Financing Sources							
Subscription proceeds	-	94,949	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	94,949	-	-	-	-	-
Net change in fund balance	58,747	40,347	(104,822)	-	5,618	699,911	(5,249)
Fund Balance (Deficit), Beginning	390,999	(40,347)	123,309	-	-	(31,126)	36,652
Fund Balance (Deficit), Ending	\$ 449,746	\$ -	\$ 18,487	\$ -	\$ 5,618	\$ 668,785	\$ 31,403

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Kindergarten Kickoff	Non English Speaking Grants	Perkins Grant	Scholarship Funds	Secured School Grants	Special Education	Textbook Rental
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,704
Intergovernmental	-	24,372	286,685	20,000	185,556	2,212,023	287,832
Other	5,000	-	161,538	13,007	-	-	15,750
Total revenues	5,000	24,372	448,223	33,007	185,556	2,212,023	344,286
Expenditures							
Current:							
Instruction	3,501	25,983	371,036	-	-	1,967,305	997,746
Support services	-	-	-	-	-	72,422	814
Community services	-	1,680	-	-	100,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	37,000	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	3,501	27,663	371,036	37,000	100,000	2,039,727	998,560
Excess (deficiency) of revenues over (under) expenditures	1,499	(3,291)	77,187	(3,993)	85,556	172,296	(654,274)
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balance	1,499	(3,291)	77,187	(3,993)	85,556	172,296	(654,274)
Fund Balance (Deficit), Beginning	-	6,377	(98,500)	420,135	(85,556)	(335,981)	1,947,239
Fund Balance (Deficit), Ending	\$ 1,499	\$ 3,086	\$ (21,313)	\$ 416,142	\$ -	\$ (163,685)	\$ 1,292,965

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	<u>Title I Grants</u>	<u>Title II Grants</u>	<u>Title III Grants</u>	<u>Title IV Grants</u>	<u>Vocational COOP</u>	<u>Mental Health Relief Grant</u>	<u>2021-2022 Early Intervention</u>
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,750,530	442,139	868	188,987	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	<u>3,750,530</u>	<u>442,139</u>	<u>868</u>	<u>188,987</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures							
Current:							
Instruction	2,828,683	309,460	2	39,419	-	-	8,665
Support services	1,072,936	91,209	603	147,843	-	311	-
Community services	37,655	201	541	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>3,939,274</u>	<u>400,870</u>	<u>1,146</u>	<u>187,262</u>	<u>-</u>	<u>311</u>	<u>8,665</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(188,744)</u>	<u>41,269</u>	<u>(278)</u>	<u>1,725</u>	<u>-</u>	<u>(311)</u>	<u>(8,665)</u>
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	(6,665)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>(6,665)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(188,744)</u>	<u>34,604</u>	<u>(278)</u>	<u>1,725</u>	<u>-</u>	<u>(311)</u>	<u>(8,665)</u>
Fund Balance (Deficit), Beginning	<u>(141,846)</u>	<u>(50,352)</u>	<u>(200)</u>	<u>(5,374)</u>	<u>2,140</u>	<u>311</u>	<u>8,665</u>
Fund Balance (Deficit), Ending	<u>\$ (330,590)</u>	<u>\$ (15,748)</u>	<u>\$ (478)</u>	<u>\$ (3,649)</u>	<u>\$ 2,140</u>	<u>\$ -</u>	<u>\$ -</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	Family Navigator Grant	Student Learning Recovery	Digital Learning Grant	Extra- Curricular Activities	Marian Univ Family Navigator	BSU Create Grant	CO-AG Grant
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 183,165	\$ -	\$ -	\$ -
Intergovernmental	200,000	72,908	30,000	-	58,091	160,000	100,000
Other	-	-	-	798,010	-	-	-
Total revenues	<u>200,000</u>	<u>72,908</u>	<u>30,000</u>	<u>981,175</u>	<u>58,091</u>	<u>160,000</u>	<u>100,000</u>
Expenditures							
Current:							
Instruction	-	48,199	-	-	-	6,548	-
Support services	147,328	20,800	23,999	868,027	61,626	37,617	19,756
Community services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	99,377	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>147,328</u>	<u>68,999</u>	<u>23,999</u>	<u>967,404</u>	<u>61,626</u>	<u>44,165</u>	<u>19,756</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,672</u>	<u>3,909</u>	<u>6,001</u>	<u>13,771</u>	<u>(3,535)</u>	<u>115,835</u>	<u>80,244</u>
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>52,672</u>	<u>3,909</u>	<u>6,001</u>	<u>13,771</u>	<u>(3,535)</u>	<u>115,835</u>	<u>80,244</u>
Fund Balance (Deficit), Beginning	<u>(2,110)</u>	<u>(3,592)</u>	<u>(6,001)</u>	<u>450,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 50,562</u>	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ 464,425</u>	<u>\$ (3,535)</u>	<u>\$ 115,835</u>	<u>\$ 80,244</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	UCAN - Cell Grant UIndy	Eastern Indiana Works	STEM Grants	Indiana Gear Up	McKinney Vento	ARSI S25 Grant	Afghan Refugee Impact Grant
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	27,854	5,419	68,397	17,337	17,776	22,397	22,885
Other	-	-	-	-	-	-	-
Total revenues	<u>27,854</u>	<u>5,419</u>	<u>68,397</u>	<u>17,337</u>	<u>17,776</u>	<u>22,397</u>	<u>22,885</u>
Expenditures							
Current:							
Instruction	16,625	850	69,523	17,337	-	30,466	19,283
Support services	12,136	-	17,453	-	17,789	5,535	3,075
Community services	-	-	-	-	955	6,739	4,562
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt service:							
Principal on subscriptions	-	-	-	-	-	-	-
Interest on debt	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>28,761</u>	<u>850</u>	<u>86,976</u>	<u>17,337</u>	<u>18,744</u>	<u>42,740</u>	<u>26,920</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(907)</u>	<u>4,569</u>	<u>(18,579)</u>	<u>-</u>	<u>(968)</u>	<u>(20,343)</u>	<u>(4,035)</u>
Other Financing Sources							
Subscription proceeds	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	(570)	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(570)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(907)</u>	<u>4,569</u>	<u>(18,579)</u>	<u>-</u>	<u>(1,538)</u>	<u>(20,343)</u>	<u>(4,035)</u>
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (907)</u>	<u>\$ 4,569</u>	<u>\$ (18,579)</u>	<u>\$ -</u>	<u>\$ (1,538)</u>	<u>\$ (20,343)</u>	<u>\$ (4,035)</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2023

	21st Century Grant	School Counseling Grant	Explore, Engage, Exsperience	Total Nonmajor Special Revenue Funds
Revenues				
Charges for services	\$ -	\$ -	\$ -	\$ 614,448
Intergovernmental	138,006	14,566	114,604	16,379,961
Other	-	-	-	1,101,723
	<u>138,006</u>	<u>14,566</u>	<u>114,604</u>	<u>18,096,132</u>
Total revenues				
Expenditures				
Current:				
Instruction	87,834	-	65,000	8,700,559
Support services	57,847	19,254	42,104	3,944,529
Community services	928	-	7,500	5,693,289
Facilities acquisition and construction	-	-	-	20,369
Nonprogrammed charges	-	-	-	539,779
Debt service:				
Principal on subscriptions	-	-	-	94,949
Interest on debt	-	-	-	5,051
Capital outlay	-	-	-	371,012
	<u>146,609</u>	<u>19,254</u>	<u>114,604</u>	<u>19,369,537</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(8,603)</u>	<u>(4,688)</u>	<u>-</u>	<u>(1,273,405)</u>
Other Financing Sources				
Subscription proceeds	-	-	-	94,949
Transfer in	-	-	-	570
Transfer out	-	-	-	(7,235)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,284</u>
Total other financing sources				
Net change in fund balance	<u>(8,603)</u>	<u>(4,688)</u>	<u>-</u>	<u>(1,185,121)</u>
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,761,528</u>
Fund Balance (Deficit), Ending	<u>\$ (8,603)</u>	<u>\$ (4,688)</u>	<u>\$ -</u>	<u>\$ 6,576,407</u>

Muncie Community Schools

Combining Balance Sheet

Nonmajor Governmental Funds - Debt Service Funds

June 30, 2023

	<u>Building Corporation</u>	<u>Building Corporation 2022 Bond Issue</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets			
Restricted Assets			
Cash and investments	\$ 457,434	\$ 2,177,000	\$ 2,634,434
Total assets	<u>\$ 457,434</u>	<u>\$ 2,177,000</u>	<u>\$ 2,634,434</u>
Liabilities and Fund Balances			
Fund Balances			
Restricted	<u>\$ 457,434</u>	<u>\$ 2,177,000</u>	<u>2,634,434</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - Debt Service Funds

Year Ended June 30, 2023

	Building Corporation	Building Corporation 2022 Bond Issue	Total Nonmajor Debrt Service Funds
Revenues			
Miscellaneous:			
Interest on investments	\$ 2,893	\$ 473	\$ 3,366
Total revenues	<u>2,893</u>	<u>473</u>	<u>3,366</u>
Expenditures			
Current:			
Nonprogrammed charges	3,850	-	3,850
Bond issue costs	-	129,156	129,156
Principal paid on debt	3,285,000	-	3,285,000
Interest on debt	<u>780,773</u>	<u>-</u>	<u>780,773</u>
Total expenditures	<u>4,069,623</u>	<u>129,156</u>	<u>4,198,779</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,066,730)</u>	<u>(128,683)</u>	<u>(4,195,413)</u>
Other Financing Sources			
Debt proceeds	-	180,000	180,000
Transfer in	2,398,000	2,177,000	4,575,000
Transfer out	<u>-</u>	<u>(51,317)</u>	<u>(51,317)</u>
Total other financing sources	<u>2,398,000</u>	<u>2,305,683</u>	<u>4,703,683</u>
Net change in fund balance	<u>(1,668,730)</u>	<u>2,177,000</u>	<u>508,270</u>
Fund Balance, Beginning	<u>2,126,164</u>	<u>-</u>	<u>2,126,164</u>
Fund Balance, Ending	<u>\$ 457,434</u>	<u>\$ 2,177,000</u>	<u>\$ 2,634,434</u>

Muncie Community Schools

Combining Balance Sheet

Nonmajor Governmental Funds - Capital Project Funds

June 30, 2023

	2022 Muncie School Bonds	2014 GO Construction Bond Fund	NSMS GYM Renovations	Building Corporation 2022 Bond Issue	Total Nonmajor Capital Project Funds
Assets					
Cash and investments	\$ 55,921	\$ -	\$ 12,500	\$ 2,120,075	\$ 2,188,496
Total assets	<u>\$ 55,921</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 2,120,075</u>	<u>\$ 2,188,496</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 1,172	\$ -	\$ -	\$ 598,109	\$ 599,281
Total liabilities	<u>1,172</u>	<u>-</u>	<u>-</u>	<u>598,109</u>	<u>599,281</u>
Fund Balances					
Restricted	<u>54,749</u>	<u>-</u>	<u>12,500</u>	<u>1,521,966</u>	<u>1,589,215</u>
Total fund balances	<u>54,749</u>	<u>-</u>	<u>12,500</u>	<u>1,521,966</u>	<u>1,589,215</u>
Total liabilities and fund balances	<u>\$ 55,921</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 2,120,075</u>	<u>\$ 2,188,496</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds - Capital Project Fund
 Year Ended June 30, 2023

	2022 Muncie School Bonds	2014 GO Construction Bond Fund	NSMS GYM Renovations	Building Corporation 2022 Bond Issue	Total Capital Project Funds
Revenues					
Intergovernmental:	\$ -	\$ -	\$ 12,500	\$ -	\$ 12,500
Interest	-	-	-	98,377	98,377
Total revenues	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>98,377</u>	<u>110,877</u>
Expenditures					
Current:					
Facilities acquisition and construction	208,794	-	-	-	208,794
Capital outlay	<u>344,957</u>	<u>71,258</u>	<u>-</u>	<u>3,654,228</u>	<u>4,070,443</u>
Total expenditures	<u>553,751</u>	<u>71,258</u>	<u>-</u>	<u>3,654,228</u>	<u>4,279,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(553,751)</u>	<u>(71,258)</u>	<u>12,500</u>	<u>(3,555,851)</u>	<u>(4,168,360)</u>
Other Financing Sources					
Debt proceeds	608,500	-	-	5,026,500	5,635,000
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,317</u>	<u>51,317</u>
Total other financing sources	<u>608,500</u>	<u>-</u>	<u>-</u>	<u>5,077,817</u>	<u>5,686,317</u>
Net change in fund balance	<u>54,749</u>	<u>(71,258)</u>	<u>12,500</u>	<u>1,521,966</u>	<u>1,517,957</u>
Fund Balance, Beginning	<u>-</u>	<u>71,258</u>	<u>-</u>	<u>-</u>	<u>71,258</u>
Fund Balance, Ending	<u>\$ 54,749</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 1,521,966</u>	<u>\$ 1,589,215</u>

Muncie Community Schools

Combining Statement of Fiduciary Net Position -

Custodial Funds

June 30, 2023

	Special Education Pass-through	Prepaid Lunch	Total
Assets			
Cash and cash equivalents	\$ 370,861	\$ 31,572	\$ 402,433
Total assets	<u>\$ 370,861</u>	<u>\$ 31,572</u>	<u>\$ 402,433</u>
Liabilities			
Accounts payable	\$ 370,861	\$ -	\$ 370,861
Total liabilities	<u>370,861</u>	<u>-</u>	<u>370,861</u>
Net Position			
Net Position, Restricted	<u>\$ -</u>	<u>\$ 31,572</u>	<u>\$ 31,572</u>

Muncie Community School Corporation

Combining Statement of Changes in Fiduciary Net Position -

Custodial Funds

Year Ended June 30, 2023

	<u>Special Education Preschool</u>	<u>Prepaid Lunch</u>	<u>Total</u>
Additions			
Intergovernmental	\$ 3,077,888	\$ 74,898	\$ 3,152,786
Total additions	<u>3,077,888</u>	<u>74,898</u>	<u>3,152,786</u>
Deductions			
Paid to other governments	<u>3,118,535</u>	<u>74,637.00</u>	<u>3,193,172</u>
Total deductions	<u>3,118,535</u>	<u>74,637</u>	<u>3,193,172</u>
Changes in net position	(40,647)	261	(40,386)
Net Position, Beginning	<u>40,647</u>	<u>31,311</u>	<u>71,958</u>
Net Position, Ending	<u>\$ -</u>	<u>\$ 31,572</u>	<u>\$ 31,572</u>

MUNCIE COMMUNITY SCHOOLS
(A Component Unit of Ball State University)
Muncie, Indiana

**SINGLE AUDIT REPORT IN
ACCORDANCE WITH UNIFORM GUIDANCE**

June 30, 2023

MUNCIE COMMUNITY SCHOOLS
(A Component Unit of Ball State University)
Muncie, Indiana

**SINGLE AUDIT REPORT
IN ACCORDANCE WITH UNIFORM GUIDANCE**
June 30, 2023

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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 FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Those Charged with Governance
Muncie Community Schools
Delaware County, Indiana

We have audited, in accordance with the 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 statements of the governmental activities, each major fund, and the aggregate remaining fund information of Muncie Community Schools (the "School Corporation"), a component of Ball State University, Indiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements, and have issued our report thereon dated October 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School Corporation's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
October 5, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Those Charged with Governance
Muncie Community Schools
Delaware County, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Muncie Community Schools' ("School Corporation") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the School Corporation's major federal programs for the year ended June 30, 2023. 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.

In our opinion, the School Corporation complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on School Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about School Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of School Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 School Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-006 and 2023-007 to be material weaknesses.

(Continued)

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School Corporation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements. We issued our report thereon dated March 19, 2024 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
March 19, 2024

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Child Nutrition Cluster				
Child Nutrition Cluster	Indiana Department of Education			
School Breakfast Program		10.553	FY2023	\$ 4,006,966
National School Lunch Program		10.555	FY2023	239,327
Commodities		10.555	FY2023	269,322
Summer Food Service Program for Children		10.559	FY2023	<u>262,678</u>
Total - Child Nutrition Cluster				<u>4,778,293</u>
Child and Adult Care Food Program	Indiana Department of Education			
National School Lunch Program		10.558	FY2023	<u>13,291</u>
Total - Department of Agriculture				<u>4,791,584</u>
<u>Department of Education</u>				
Special Education Cluster(IDEA)				
Special Education Grants to States	Indiana Department of Education			
Special Ed- Part B		84.027	21611-008-PN01	358
Special Ed- Part B		84.027	22611-008-PN01	953,463
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	22611-008-ARP	280,802
Special Ed- Part B		84.027	23611-008-PN01	<u>916,029</u>
Total - Special Education Grants to States				<u>2,150,652</u>
Special Education Preschool Grants	Indiana Department of Education			
Special Ed Preschool		84.173	21619-008-PN01	3,887
Special Ed Preschool		84.173	22619-008-PN01	42,074
COVID-19 - Supplemental Funding - IDEA, Preschool		84.173X	22619-008-ARP	13,737
Special Ed Preschool		84.173	23619-008-PN01	<u>27,826</u>
Total - Special Education Preschool Grants				<u>87,524</u>
Total - Special Education Cluster(IDEA)				<u>2,238,176</u>
Adult Education - Basic Grants to States	Indiana Department of Education			
Adult Education Basic Grant		84.002	V002A21014	9,092
Adult Education Basic Grant		84.002	V002A20014	9,305
Adult Education Basic Grant		84.002	V002A22014	<u>208,464</u>
Total - Adult Education - Basic Grants to States				<u>226,861</u>

(Continued)

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Title I Grants to Local Educational Agencies	Indiana Department of Education			
Title I, Part A		84.010A	S010A210014	\$ 1,267,100
Title I, Part A		84.010A	S010A220014	2,055,554
Title I, Part A, School Improvement Grants		84.010A	S010A210014	352,654
Title I, Part A, School Improvement Grants		84.010A	S010A200014	32,524
Title I, Part A, School Improvement Grants		84.010A	S010A220014	70,197
Total - Title I Grants to Local Educational Agencies				<u>3,778,029</u>
Title I State Agency Program for Neglected & Delinquent Children & Youth	Indiana Department of Education			
Title I, Part D		84.013	S010A200014	101,347
Title I, Part D		84.013	S010A220014	138,816
Total - Title I State Agency Program for Neglected & Delinquent Children & Youth				<u>240,163</u>
Career and Technical Education - Basic Grants to States	Indiana Department of Education			
Perkins Assessment Grant		84.048	22-0512-A022	2,490
Perkins Basic Grant		84.048	22-0512-B022	161,538
Perkins Supply Chain		84.048	22-0512-S022	7,370
Perkins Basic Grant		84.048	23-0512-P022	185,558
Total - Career and Technical Education - Basic Grants to States				<u>356,956</u>
Education for Homeless Children and Youth	Indiana Department of Education			
McKinney Vento: Homeless Children and Youth		84.196	S196A270015	30,761
Total - Education for Homeless Children and Youth				<u>30,761</u>
Twenty-First Century Community Learning Centers	Indiana Department of Education			
21st Century Learning Grant		84.287	S287C20014	52,067
21st Century Learning Grant		84.287	287C220014	93,195
Total - Twenty-First Century Community Learning				<u>145,262</u>
English Language Acquisition State Grants	Indiana Department of Education			
Title III, Part A		84.365	S365A200013	2,171
Title III, Part A		84.365	S365A210013	6,231
Total - English Language Acquisition State Grants				<u>8,402</u>
Title II Part A; Supporting Effective Instruction State Grants	Indiana Department of Education			
Title II, Part A		84.367A	S367A190013	4,340
Title II, Part A		84.367A	S367A200013	184,783
Title II, Part A		84.367A	S367A210013	344,365
Total - Title II Part A; Supporting Effective Instruction State Grants				<u>533,488</u>

(Continued)

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Title IV Part A; Student Support and Academic Enrichment Program	Indiana Department of Education			
Title IV Part A		84.424	S424A200015	\$ 106,315
Title IV Part A		84.424	S424A220015	3,457
Title IV Part A		84.424	S424Z210015	<u>133,286</u>
Total - Title IV-A Student Support and Academic Enrichment				<u>243,058</u>
COVID-19 Education Stabilization Fund	Indiana Department of Education			
Explore, Engage, and Experience (3E) Grant		84.425D	7000S425U210013	114,604
Elementary and Secondary School Emergency Relief (ESSER I) Fund		84.425D	S425D200013	304,139
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	5,152,350
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund		84.425U	S425U210013	12,452,566
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP HCY II) Homeless Children and Youth Grant		84.425W	S425W210015	<u>47,125</u>
Total - COVID-19 Education Stabilization Fund				<u>18,070,784</u>
Total - Department of Education				<u>25,871,940</u>
<u>Department of Health and Human Services</u>				
Medicaid Cluster	Indiana Department of Education			
Medical Assistance Program		93.778	FY2023	<u>316,300</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Indiana Department of Education			
Afghan Refugee School Impact Support to School		93.566	700REFSOCVCF23	<u>13,433</u>
Total - Department of Health and Human Services				<u>329,733</u>
<u>Social Security Administration</u>				
Social Security Disability Insurance	Social Security Administration			
Social Security Disability Insurance		96.001	BOLP 736	<u>1,274</u>
Total - Social Security Administration				<u>1,274</u>
Total federal awards expended				<u>\$ 30,994,531</u>

See accompanying notes to the schedule of expenditures of federal awards.

**Muncie Community Schools
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

A. 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, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

NOTE 2 - INDIRECT COST RATE

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - OTHER INFORMATION

The School Corporation did not have any subrecipient activity for the year ended June 30, 2023.

NOTE 4 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)

The School Corporation is a member of the Delaware Blackford Special Education Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued	Unmodified		
Internal control over financial reporting			
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> None Reported
Noncompliance material to financial statement noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs			
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None Reported

Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u> X </u>	Yes	<u> </u> No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies
84.425D, 84.425U, 84.425W	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs \$ 929,798

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings

FINDING 2023-001

Subject: Internal Controls over Financial Reporting
Audit Findings: Material Weakness

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, ..."

Condition: During testing of the year end financial statement account balances, errors in financial reporting were discovered. As a result, material adjusting entries were recorded as described in the effect section.

Cause: Management had not established a system of internal control that would have ensured proper reporting the financial statements.

Context: Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Effect section.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (Continued)

FINDING 2023-001 (Continued)

Effect: The below misstatements were discovered. Management posted entries to correct these errors.

- During testing of Construction-In-Progress (CIP), we noted management did not record CIP for the June 2023 Core Construction invoice which was paid after year-end. The posted audit entry at the government-wide level debited CIP for \$1,405,540 and credited facilities and acquisition and construction expense for the same amount.
- We noted that the Core Construction invoice noted above was not accrued for as an intergovernmental receivable and revenue at the fund-level and government-wide level. The invoice was reimbursed by IDOE after year-end; thus, it should be accrued as revenue and a receivable.
 - At the fund level, the posted audit entry debited an intergovernmental receivable in the ESSER III fund for \$1,405,540 and credited intergovernmental revenue for the same amount.
 - At the government-wide level, the posted audit entry debited an intergovernmental receivable for \$1,405,540 and credited operating grants and contributions for the same amount.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend that management implement a financial reporting checklist to address known issues from FY23 and use the checklist as a tool while working with their advisors to mitigate risks in future.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2023-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness

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.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (Continued)

FINDING 2023-002 (Continued)

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:

. . .

- Accurate and timely recording of transactions. . . ."

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

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 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.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (Continued)

FINDING 2023-002 (Continued)

(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."

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

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

Context: The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the gross overstatement on the SEFA of \$322,978, the gross understatement of \$921,920, and the net understatement of the total federal awards expended on the SEFA by \$598,942 for the year ended June 30, 2023:

1. The Child Nutrition Cluster (10.553, 10.555, 10.559) expenditures were understated by \$759,975
2. The Child and Adult Care Food Program (10.558) expenditures were overstated by \$178,922
3. The Special Education Cluster (84.027, 84.173) expenditures were understated by \$122,812
4. The Adult Education – Basic Grants to States (84.002) expenditures were overstated by \$108,041
5. \$240,163 in Title I Part D (84.013) expenditures were incorrectly labeled as Title I Part A (84.010) expenditures
6. The Education for Homeless Children and Youth (84.196) expenditures were understated by \$15,667
7. The Education Stabilization Fund (84.425) expenditures were overstated by \$36,437
8. The Medicaid Cluster (93.778) expenditures were understated by \$23,466
9. \$70,197 in Title I Part A (84.010) school improvement grants were incorrectly labeled as ALN 84.377 expenditures. 84.377 is for an ALN that does not exist.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

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

Identification as a repeat finding, if applicable: No.

Recommendation: We recommended that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (Continued)

FINDING 2023-003

Subject: Financial Transactions - Average Daily Membership (ADM)
Audit Findings: Material Weakness

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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Officials shall maintain records (enrollment cards, records, rosters, reporting forms, etc.) which substantiate the number of students claim for ADM. The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, must provide a written certification of ADM to properly document responsibility. The certification must at minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed (Accounting and Uniform Compliance Guidelines Manual for Indiana Public Schools, Part 9).

Indiana Code 20-43-4-1(a) provides, "An individual is an eligible pupil if the individual is a pupil enrolled in a school corporation . . ." Under Indiana Code 20-43-1-11.5, "Enrolled" means to be: (1) registered with a school corporation to attend educational programs offered by or through the school corporation; and (2) attending these educational programs or receiving educational services." Under Indiana Code 20-43-1-7.5, "Attending" means "physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered."

Condition: The School Corporation did not have a proper system of internal control in place to ensure students were reported accurately on the ADM count days.

Cause: Management had not established a system of internal control that would have ensured only students who were actively engaged were included on the ADM count records.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings (Continued)

FINDING 2023-003 (Continued)

Context: During our ADM compliance testing, 11 virtual students in our sample of 60 virtual students selected for testing, were not regularly attending class during FY23. The students had no attendance in the two weeks prior the ADM count date sampled for both count dates. These students should have been considered for removal from the ADM count records since they did not appear to be actively engaged. The noncompliance was isolated to the virtual students sampled; no issues were noted in the sample of 60 brick and mortar students sampled.

Effect: The School Corporation may have improperly received basic tuition payments from the State for students who were not actively engaged and should have been excluded from the School Corporation's count records.

Recommendation: We recommended that the School Corporation's management establish a formal, documented process to review attendance for virtual students during the ADM count days and remove any students who are not actively engaged from the count date records.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Section III – Federal Award Findings and Questioned Costs

FINDING 2023-004

Information on the federal program:

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listing Number: 84.010A
Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Significant Deficiency

Criteria: 2 CFR section 200.303 states in part: "The non-Federal entity must:

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

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the activities allowed or unallowed and allowable costs/cost principle compliance requirements.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2023-004 (Continued)

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

Questioned Costs: \$1,400

Context: In a sample of forty payroll disbursements, one disbursement was for an unallowable purpose. The item was for a coaching stipend payment of \$1,400 that was incorrectly charged to the Title I grant instead of the education fund.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend that the School Corporation establish a documented, primary review of all Title I claims before they are paid to ensure they relate to Title I activities.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

FINDING 2023-005

Information on the federal program:

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
Assistance Listing Number: 84.010A
Federal Award Numbers and Years (or Other Identifying Numbers): S010A210014, S010A220014
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Maintenance of Effort
Audit Finding: Significant Deficiency

Criteria: 2 CFR section 200.303 states in part: "The non-Federal entity must:

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

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs (Continued)

FINDING 2023-005 (Continued)

Condition: An effective internal control system was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the maintenance of effort compliance requirements.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

Questioned Costs: There were no questioned costs identified.

Context: In a sample of twenty five disbursements selected for proper classification, one disbursement for \$13,000 was coded to the incorrect account code. The State uses the expenditures and account codes reported by the School Corporation on the semi-annual form 9 report to determine if the School Corporation has met its maintenance of effort requirement.

Identification as a repeat finding, if applicable: No.

Recommendation: We recommend that the School Corporation establish a documented, primary review of all Title I claims to ensure they are recorded to the correct account code.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Finding 2023-006

Information on the federal program:

Subject: Education Stabilization Fund (ESSER) – Internal Controls
Federal Agency: Department of Education
Federal Program: COVID-19 – Education Stabilization Fund
Assistance Listing Number: 84.425C, 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425D200013, S425D210013, S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 Financial reporting"

34 CFR 76.722 states:

"A State may require a subgrantee to submit reports in a manner and format that assists the State in complying with the requirements under 34 CFR 76.720 and in carrying out other responsibilities under the program."

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 reporting compliance requirements.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above. Management misinterpreted the instructions for the reporting requirements and believed that they did not need to fill in the expense information as an LEA.

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

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2023-006 (Continued)

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation was required to submit one Annual Data Report to the Indiana Department of Education (IDOE) to meet federal reporting requirements for ESSER grant awards. The report was for the period of July 1, 2021 through June 30, 2022 and was due by April 7, 2023. We noted the amounts reported as expended (\$0) on the report did not agree to the amounts expended per the underlying expenditure records, \$8,175,199 for the report time period.

Identification as a repeat finding: No.

Recommendation: We recommend someone other than the preparer of the report perform a documented review prior to submission to validate the accuracy and completeness of the data submitted.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

Finding 2023-007

Information on the federal program:

Subject: Education Stabilization Fund – Internal Controls
Federal Agency: Department of Education
Federal Program: COVID-19 - Education Stabilization Fund
Assistance Listing Number: 84.425D, 84.425U
Federal Award Numbers and Years (or Other Identifying Numbers): S425U210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements
Audit Findings: Material Weakness

Criteria: 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

29 CFR 5.5 states in part:

a. The Agency head shall cause or require the contracting officer to insert in full in any contract in excess of \$2,000 which is entered into for the actual construction, alteration and/or repair, including painting and decorating, of a public building or public work, or building or work financed in whole or in part from Federal funds or in accordance with guarantees of a Federal agency or financed from funds obtained by pledge of any contract of a Federal agency to make a loan, grant or annual contribution (except where a different

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2023-007 (Continued)

meaning is expressly indicated), and which is subject to the labor standards provisions of any of the acts listed in §5.1, the following clauses...

(1) Minimum wages.

(i) All laborers and mechanics employed or working upon the site of the work (or under the United States Housing Act of 1937 or under the Housing Act of 1949 in the construction or development of the project), will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by regulations issued by the Secretary of Labor under the Copeland Act (29 CFR part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalents thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the contractor and such laborers and mechanics...

(3)(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency).

2 CFR 200 Appendix II states in part:

In addition to other provisions required by the Federal agency or non-Federal entity; all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable. . . .

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts

Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. . . ."

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 Special Tests and Provisions – Wage Rate Requirements compliance requirements.

Cause: The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2023**

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2023-007 (Continued)

Questioned Costs: There were no questioned costs identified.

Context: For one of the two construction items sampled, the School Corporation did not have an internal control designed to collect the weekly payroll reports certifications from a construction company and its subcontractors for a building project. Additionally, the contract with the vendor did not include the required wage-rate requirements in the contract. The item cost \$15,405 to remove asbestos in the building.

For the other sample item, the School Corporation did receive the weekly payroll reports and include the wage-rate requirements in the contract. The total paid to the vendor in the audit period was \$14,140,694 for construction on two of the School Corporation's buildings.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior finding number was 2022-001.

Recommendation: We recommend the School Corporation implement a formal process to ensure the required weekly payroll reports certifications are collected and reviewed for all construction related federal expenditures to ensure compliance with the wage rate requirements.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has prepared a corrective action plan.

(Continued)



Muncie Community Schools
4301 South Cowan Road
Muncie, IN 47302
(765) 747-5211

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS
June 30, 2023

Finding 2023-001 – Financial Statement Findings

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: In the future, we will work the advisors to ensure all payables are captured on the financial statements for the correct fiscal year. Additionally, payables will be analyzed to determine if there is any grant portion that should be recorded as receivables and revenue.

Anticipated Completion Date: 6/30/24 financial statements

Finding 2023-002 – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will work to double check all amounts on the SEFA to ensure the amounts recorded agree to the underlying detail for the year.

Anticipated Completion Date: 6/30/24 SEFA

Finding 2023-003 – Financial Transactions - Average Daily Membership (ADM)

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will work to review the ADM records and ensure any students who are not actively engaged are removed from the count date records.

Anticipated Completion Date: September 2024 – next ADM count date

Finding 2023-004 – Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will ensure all payroll amounts recorded to Title I are reviewed to ensure they represent Title I payroll activity only.

Anticipated Completion Date: March 2024

Finding 2023-005 – Title I Grants to Local Educational Agencies - Maintenance of Effort

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will ensure all expenses are recorded correctly and any capital items over the threshold are properly recorded to capital object codes.

Anticipated Completion Date: March 2024

Finding 2023-006 – Education Stabilization Fund - Reporting

Contact Person Responsible for Corrective Action: Brad DeRome
Contact Phone Number: 765-747-5222

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will ensure all ESSER reports include accurate information that agree to the underlying disbursement records.

Anticipated Completion Date: Next ESSER reports due in FY24

Finding 2023-007 – Education Stabilization Fund - Special Tests and Provisions - Wage Rate Requirement

Contact Person Responsible for Corrective Action: Brad DeRome

Contact Phone Number: 765-747-5222

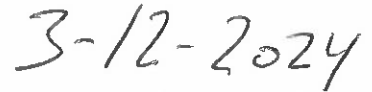
Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: We will ensure all construction projects using federal funding will meet the wage rate requirements.

Anticipated Completion Date: March 2024



Bradley T. DeRome, CFO/Treasurer



Date



Muncie Community Schools
4301 South Cowan Road
Muncie, IN 47302
(765) 747-5211

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2022-001

Information on the federal program:

Subject: Education Stabilization Fund – Special Tests and Provisions - Wage Rate Requirements

Federal Agency: Department of Education

Federal Program: COVID-19 - Education Stabilization Fund

Assistance Listing Number: 84.425D, 84.425U

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Audit Findings: Material Weakness, Material Noncompliance

Context: The School Corporation did not have an internal control designed to collect the weekly payroll reports certifications from a construction company and its subcontractors for a building project. The construction payments represented 49% of the Education Stabilization Fund expenditures for the audit period. Therefore, no review was performed to ensure that pay rates complied with the federal wage rate requirements. The construction contracts did include clauses for federal wage rate requirements.

Status: Partially resolved, see current year finding 2023-007