

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

**Paul D. Joyce, CPA
State Examiner**

FINANCIAL STATEMENT AND
FEDERAL COMPLIANCE AUDIT REPORT
OF
MUNCIE COMMUNITY SCHOOLS
DELAWARE COUNTY, INDIANA
July 1, 2023 to June 30, 2024



FILED

04/02/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

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, 2023 to June 30, 2024. 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, 2024, 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 17 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 18 through 20 of the Single Audit Report.

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

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

Tammy R. White, CPA
Deputy State Examiner

Muncie Community Schools, Indiana
(A Component Unit of Ball State University, Indiana)

Annual Financial Report

June 30, 2024

Muncie Community Schools, Indiana

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Muncie Community Schools, Indiana

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Muncie Community Schools, Indiana

Schedule of Officials
(Unaudited)

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brad DeRome	07-01-19 to 06-30-24
Director of Public Education and Chief Executive Officer	Dr. Lee Ann Kwiatkowski	07-01-19 to 06-30-24
President of the School Board	James Williams	07-01-19 to 06-30-26

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, 2024, 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, 2024, 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, 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 nonmajor fund financial statements and the combining fiduciary fund financial statements are presented for purposes of additional analysis and are 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 nonmajor fund financial statements and the combining fiduciary fund financial statements 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 opinions on the basic financial statements do 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 basic financial statements, 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

Indianapolis, Indiana
October 4, 2024

Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

As management of Muncie Community Schools, Indiana, (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024. 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 ii-iv of this report.

Financial Highlights

- The assets and deferred outflows of resources, \$136,200,519 and \$9,036,002, respectively of the School exceeded its liabilities and deferred inflows of \$50,597,791 and \$2,597,029, respectively at the close of the most recent fiscal year by \$92,041,701 (net position).
- The School's total net position increased by \$14,863,767 as compared to the prior year.
- At the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$37,418,168, an decrease of \$3,158,654 in comparison to the prior year.
- At the end of the current fiscal year, the fund balance for the Operations Fund was \$253,790 which represented 2.37% of total Operations Fund expenditures (\$10,689,536), excluding transfers out.
- The School's total amount of bonds decreased by \$1,522,615 during the current fiscal year. The net change was a result of \$6,085,000 in new debt, reduced by \$7,650,000 of principal payments on existing bonds.
- Nondebt Long-Term Obligations increased \$511,314.

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's finances, in a manner similar to private-sector business.

The statement of net position presents information on all the School'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 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 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 include instruction, support services, community services, facilities acquisition and construction.

Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

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, 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 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 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 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 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 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's various functions. The School 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'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, Indiana

Management's Discussion and Analysis
June 30, 2024

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School's budgets for its major funds as well as a reconciliation between the budget schedules and fund financial statements. Since the School budgets on a calendar year basis and reports on fiscal year ending June 30th basis, there is a timing exception. In addition, the School'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 47-57 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 58-87 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, assets exceeded liabilities by \$92,041,701 at the close of the most recent fiscal year.

The largest portion, \$59,913,753 or 65.09%, of the School'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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the School'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 \$10,446,997 (11.35%), 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	
	2024	2023
Current and other assets	\$ 51,369,297	\$ 52,041,983
Capital assets	<u>84,831,222</u>	<u>72,055,685</u>
Total assets	136,200,519	124,097,668
Deferred outflow of resources	<u>9,036,002</u>	<u>7,741,884</u>
Long-term liabilities	44,682,442	45,193,756
Other liabilities	<u>5,915,349</u>	<u>6,485,090</u>
Total liabilities	<u>50,597,791</u>	<u>51,678,846</u>
Deferred inflow of resources	<u>2,597,029</u>	<u>2,982,773</u>
Net investment in capital assets	59,913,753	46,395,165
Restricted net position	10,446,997	25,558,566
Unrestricted net position	<u>21,680,951</u>	<u>5,224,203</u>
Total net position	<u>\$ 92,041,701</u>	<u>\$ 77,177,934</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 can report a positive balance in net position. The same situation held true for the prior fiscal year.

Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

Governmental Activities

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

	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 814,285	\$ 659,974
Operating grants and contributions	27,505,181	41,821,906
General revenues:		
Property taxes	12,226,301	11,995,654
Other taxes	-	-
State aid	47,357,214	41,844,388
Other	10,561,052	13,002,520
Total revenues	<u>98,464,033</u>	<u>109,324,442</u>
Expenses:		
Instruction	46,788,601	40,658,569
Support services	27,699,347	22,661,557
Community services	7,766,619	10,279,369
Facilities acquisition	175,396	4,703,657
Nonprogrammed charges	79,385	16,653,145
Interest expense	1,090,918	1,091,510
Total expenses	<u>83,600,266</u>	<u>96,047,807</u>
Change in net position	14,863,767	13,276,635
Net Position, Beginning	<u>77,177,934</u>	<u>63,901,299</u>
Net Position at June 30	<u>\$ 92,041,701</u>	<u>\$ 77,177,934</u>

The School's net position from governmental activities, including the statement of net position increased by \$14,863,767 or 19.26% in 2024, over the net position of 2023. Notable changes in governmental activities revenues and expenses in 2024 compared to 2023 include the following:

- Program revenues (operating grants and contributions) decreased by \$14,316,725, due to contributions for non-employer amounts contributed for the Pre 96 TRF plan were posted to operating grants in FY23.
- Property tax revenues increased by \$230,647 in comparison to prior year due to the an increase in the certified levy.
- State aid increased by 5,512,826 in comparison to prior year due to the an increase in the amounts to repay.
- Support services expenses decreased by \$5,037,790 in comparison with the prior year.
- Community services expenses decreased by \$2,512,750 in comparison with the prior year.
- Facilities acquisition and construction expenses decreased by \$4,528,261 in comparison with the prior year.

Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

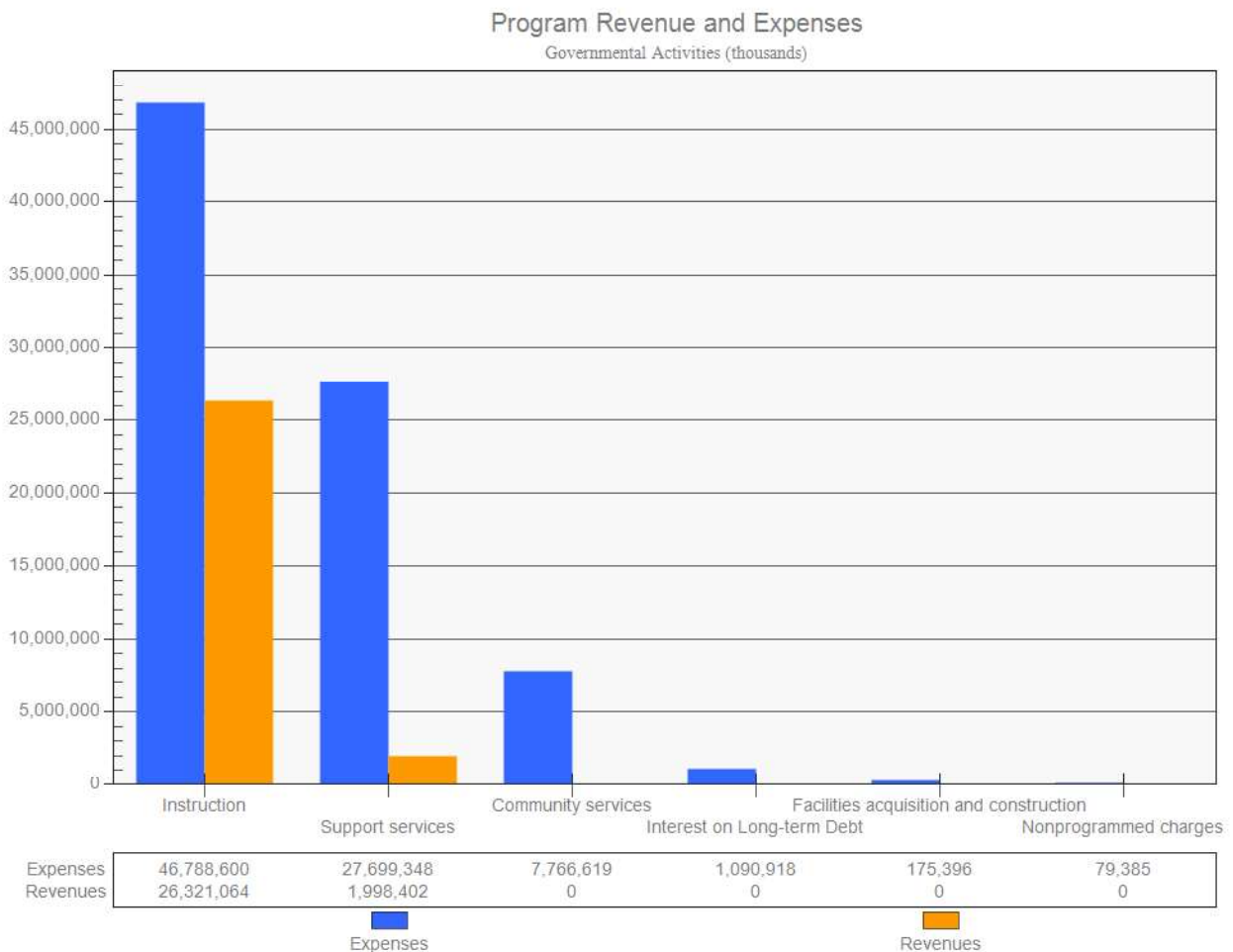
- Nonprogrammed charges expenses decreased by \$16,573,760 in comparison with the prior year.

The School's overall cash and cash equivalents \$39,099,828 remained strong in the current economic environment. The School's property tax rate for 2024 increased slightly to \$1.2050 from \$1.2021 for 2023, per \$100 of assessed value.

Program Revenue and Expenses - Governmental Activities

State aid, as in prior years, was the School'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's governmental activities.

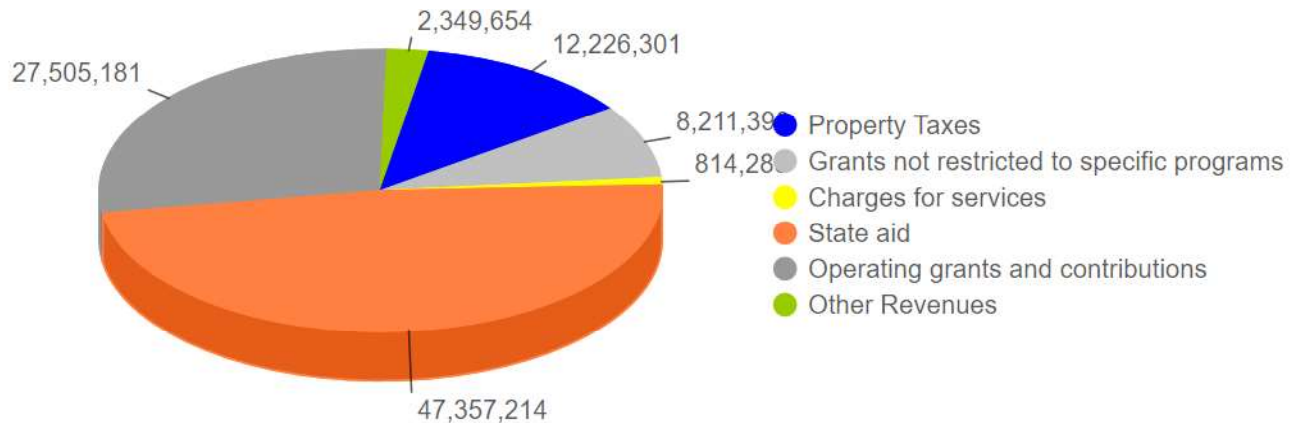


Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

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

General Revenues



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the School'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'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, Indiana

Management's Discussion and Analysis

June 30, 2024

As of the end of the current fiscal year, the School's governmental funds reported combined ending fund balances of \$37,418,168 an decrease of \$3,158,654 in comparison with the prior year. The fund balance has restricted fund balance of \$13,246,502, committed fund balance of \$9,092,041, and unassigned fund balance of \$15,079,625 (See page 19).

The operations fund is the chief operating fund of the School. At the end of the current fiscal year the total fund balance totaled \$253,790. As a measure of the operations fund's liquidity, it may be useful to compare total fund balance to total expenditures of \$10,689,536 excluding transfers. Total fund balance represents 2.37% of total operations fund expenditures.

The fund balance of the School's operations fund had an increase of \$215,439 during the current fiscal year. Key factors in this increase are as follows:

- Expenses exceeded revenues by \$6,534,946 excluding other financing sources and uses.
- Other financing sources decreased by \$1,954,541 during the current fiscal year.
- Revenues increased by \$454,109 and expenditures decreased by \$1,904,087 from 2023 to 2024.
- Revenue changes include an increase in intergovernmental receipts of \$58,864 and a decrease miscellaneous revenue of \$40,259, in 2024.
- Major expenditure changes include an decrease in support services expenses of \$1,929,482.

The Education Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$21,981,170. The major source of revenue was state aid received from the state. Significant expenditures include instruction of \$32,570,536, support services of \$9,457,222 and community services of \$3,235,767.

The Debt Service Fund is a major fund for the current fiscal year. The fund balance for this major fund is \$2,057,958. The major source of revenue is property taxes. Significant expenditures include debt payments and transfers out of \$3,610,000 and \$7,826,229 respectively.

The ESSER II Grant Fund is a major fund for the current fiscal year. The ESSER II Grant fund did not have a fund balance at year end. 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 ESSER III Grant fund did not have a fund balance at year end. The major source of revenues are grant funds received. The expenditures are mainly for facilities acquisition and construction.

General Fund Budgetary Highlights

The School 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 adjusts the budget accordingly. The budget is prepared on a calendar year basis.

Capital Asset and Debt Administration

The School's investment in capital assets for its governmental activities as of June 30, 2024 amounts to \$84,831,222 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment and infrastructure.

Muncie Community Schools, Indiana

Management's Discussion and Analysis
June 30, 2024

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

- The School had construction in progress expenditures totaling \$4,782,857 during fiscal year 2024. Some of the larger categories of expenses related to the construction in progress were locker rooms at the football stadium.

The following table displays the City's capital assets.

	Governmental Funds	
	2024	2023
Land	\$ 281,665	\$ 281,665
Construction in progress	4,500,602	15,329,990
Buildings	119,396,145	99,895,278
Improvements	7,984,225	2,214,864
Machinery and equipment	3,323,397	3,513,132
Subscription Assets	<u>413,314</u>	<u>413,314</u>
Total capital assets	135,899,348	121,648,243
Accumulated depreciation	<u>(51,068,126)</u>	<u>(49,592,558)</u>
Net capital assets	<u>\$ 84,831,222</u>	<u>\$ 72,055,685</u>

Long-term obligations. At the end of the current fiscal year, the School had outstanding total long-term debt related liabilities (net of unamortized premiums and discounts and current portion) of \$32,774,830. Of this amount \$16,783,901 comprises general obligation debt payable in more than one year.

The remainder of the School's long-term obligations consist of \$6,840,000 of loans payable, \$54,584 of subscription based information technology agreements payable, 384,278 of compensated absences and \$8,712,067 of net pension liability. The following table reflects the School's long-term obligations:

	Governmental Activities	
	2024	2023
General obligation bonds	<u>\$ 26,313,901</u>	<u>\$ 27,836,516</u>
Subtotal	<u>26,313,901</u>	<u>27,836,516</u>
Compensated absences	512,371	534,271
Subscription payable	104,103	168,051
Loans payable	9,040,000	10,320,000
Net pension liability	<u>8,712,067</u>	<u>6,205,756</u>
Subtotal	<u>44,682,442</u>	<u>45,064,594</u>
Less current portion	<u>(11,907,612)</u>	<u>(9,127,516)</u>
Total long-term obligations	<u>\$ 32,774,830</u>	<u>\$ 35,937,078</u>

The School's total long-term obligations decreased by \$382,152 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.

Muncie Community Schools, Indiana

Management's Discussion and Analysis

June 30, 2024

The School 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's long-term debt can be found on pages 24-26 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 decreased from the 2023 value of \$1.2021 to \$1.2050 per \$100 in assessed value. Overall, the School's assessed value increased by about 2.8% from 2023 to 2024.
- Property tax and the Basic Tuition Support is the School's largest source of revenue. These funds are used for education expenses as well as operating expenses. The School received \$47,357,214 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 2024 budget year, the expected loss to the School due to the caps is \$11,933,908. 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'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 DeRome, CFO, 4301 S Cowan Rd, Muncie, IN 47302.

Muncie Community Schools, Indiana

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets and Deferred Outflows of Resources	
Assets	
Cash and investments	\$ 31,507,914
Receivables (net):	
Taxes receivable	5,256,688
Intergovernmental receivable	6,666,656
Accounts	54,899
Interest	59
Prepaid expenses	291,167
Restricted assets:	
Cash and investments	7,591,914
Capital assets:	
Land and construction in progress	4,782,267
Other capital assets, net of depreciation	<u>80,048,955</u>
Total assets	<u>136,200,519</u>
Deferred Outflows of Resources	
Pension related amounts	<u>9,036,002</u>
Total deferred outflows of resources	<u>9,036,002</u>
Liabilities, Deferred Inflows of Resources and Net Position	
Liabilities	
Accounts payable	3,022,765
Accrued wages	1,964,409
Interest payable	561,672
Claims payable	366,503
Due within one year:	
Compensated absences	128,093
Bonds payable	9,530,000
Loans payable	2,200,000
Subscription liability	49,519
Due in more than one year:	
Loans payable	6,840,000
Bonds payable (net of premiums)	16,783,901
Compensated absences	384,278
Subscription liability	54,584
Net pension liabilities	<u>8,712,067</u>
Total liabilities	<u>50,597,791</u>
Deferred Inflows of Resources	
Pension related amounts	<u>2,597,029</u>
Total deferred inflows of resources	<u>2,597,029</u>
Net Position	
Net investment in capital assets	59,913,753
Restricted for:	
Instruction	859,908
Support services	2,103,821
Other	453,026
Debt service	7,030,242
Unrestricted	<u>21,680,951</u>
Total net position	<u>\$ 92,041,701</u>

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Activities

Year Ended June 30, 2024

<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	\$ 46,788,601	\$ 585,446	\$ 25,735,618	\$ (20,467,537)
Support services	27,699,347	228,839	1,769,563	(25,700,945)
Community services	7,766,619	-	-	(7,766,619)
Facilities acquisition and construction	175,396	-	-	(175,396)
Interest on long term debt	1,090,918	-	-	(1,090,918)
Nonprogrammed charges	<u>79,385</u>	<u>-</u>	<u>-</u>	<u>(79,385)</u>
Total governmental activities	<u>\$ 83,600,266</u>	<u>\$ 814,285</u>	<u>\$ 27,505,181</u>	<u>(55,280,800)</u>
Total Primary Government	<u>\$ 83,600,266</u>	<u>\$ 814,285</u>	<u>\$ 27,505,181</u>	<u>(55,280,800)</u>
General Revenues				
Property taxes				12,226,301
State aid				47,357,214
Grants and contributions not restricted to specific programs				8,211,398
Investment income				899,177
Sale of property				2,749
Miscellaneous				<u>1,447,728</u>
Total general revenues				<u>70,144,567</u>
Change in net position				14,863,767
Net Position, Beginning				<u>77,177,934</u>
Net Position, Ending				<u>\$ 92,041,701</u>

See notes to financial statements

Muncie Community Schools, Indiana

Balance Sheet -
 Governmental Funds
 June 30, 2024

	Education Fund	Debt Service Fund	Operations Fund	Esser II Grant	Esser III	Nonmajor Governmental Funds	Total Governmental Funds
Assets							
Cash and investments	\$ 18,060,970	\$ -	\$ 1,021,987	\$ -	\$ -	\$ 8,977,037	\$ 28,059,994
Receivables:							
Taxes	-	4,161,638	1,095,050	-	-	-	5,256,688
Intergovernmental	5,098,384	-	-	-	-	1,568,272	6,666,656
Accounts	6	-	3,523	-	-	51,370	54,899
Interest	59	-	-	-	-	-	59
Due from other funds	1,506,824	-	-	-	-	-	1,506,824
Restricted cash	-	2,057,958	-	-	-	5,533,956	7,591,914
Total assets	\$ 24,666,243	\$ 6,219,596	\$ 2,120,560	\$ -	\$ -	\$ 16,130,635	\$ 49,137,034
Liabilities							
Accounts payable	\$ 1,182,191	\$ -	\$ 713,074	\$ -	\$ -	\$ 1,095,680	\$ 2,990,945
Accrued wages	1,502,882	-	58,646	-	-	402,881	1,964,409
Due to other funds	-	-	-	-	-	1,506,824	1,506,824
Total liabilities	2,685,073	-	771,720	-	-	3,005,385	6,462,178
Deferred Inflows of Resources							
Unavailable revenues	-	4,161,638	1,095,050	-	-	-	5,256,688
Fund Balances							
Restricted	-	2,057,958	253,790	-	-	10,934,754	13,246,502
Committed	6,210,136	-	-	-	-	2,881,905	9,092,041
Unassigned (deficit)	15,771,034	-	-	-	-	(691,409)	15,079,625
Total fund balances	21,981,170	2,057,958	253,790	-	-	13,125,250	37,418,168
Total liabilities, deferred inflows of resources and fund balances	\$ 24,666,243	\$ 6,219,596	\$ 2,120,560	\$ -	\$ -	\$ 16,130,635	\$ 49,137,034

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.	84,831,222
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	3,049,597
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	5,256,688
Some assets, are not received in the current period, and therefore, are not reported in the fund financial statements.	
Prepaid expenses	291,167
Deferred outflows of resources related to pensions do not relate to current financial resources are not reported in the governmental funds.	
Deferred outflows, pensions	9,036,002
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(2,597,029)
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	(561,672)
Compensated absences	(512,371)
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	\$ (26,313,901)
Loans payable	(9,040,000)
Subscription liability	(104,103)
Net pension liability	(8,712,067)
	<u>(44,170,071)</u>
Net Position of Governmental Activities	\$ 92,041,701

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 Year Ended June 30, 2024

	Education	Debt Service	Operations	Esser II Grant	Esser III	Nonmajor Governmental	Total Governmental
	Fund	Fund	Fund			Funds	Funds
Revenues							
Property taxes	\$ -	\$ 9,618,203	\$ 2,513,982	\$ -	\$ -	\$ -	\$ 12,132,185
State aid	47,357,214	-	-	-	-	-	47,357,214
Charges for services	21,798	-	21,854	-	-	770,633	814,285
Intergovernmental:	2,081,971	594,200	836,328	133,421	8,755,111	19,895,556	32,296,587
Interest	65,191	-	682,449	-	-	151,537	899,177
Other	66,619	-	99,977	-	-	1,281,132	1,447,728
On-behalf contributions	33,024,107	-	-	-	-	-	33,024,107
Total revenues	82,616,900	10,212,403	4,154,590	133,421	8,755,111	22,098,858	127,971,283
Expenditures							
Current:							
Instruction	32,570,536	-	-	61,600	5,720	9,991,585	42,629,441
Support services	9,457,222	-	10,626,628	25,980	150,663	7,495,700	27,756,193
Community services	3,235,767	-	-	-	-	4,530,852	7,766,619
Facilities acquisition and construction	5,695	-	-	13,714	15,182	140,805	175,396
Nonprogrammed charges	33,024,107	-	-	-	-	82,350	33,106,457
Bond issue costs	-	-	-	-	-	85,713	85,713
Debt service:							
Principal paid on debt	1,200,000	3,610,000	-	-	-	4,120,000	8,930,000
Bond issue costs	-	-	-	-	-	32,409	32,409
Principal on subscriptions	63,948	-	-	-	-	-	63,948
Interest on debt	7,896	54,050	-	-	-	945,469	1,007,415
Capital outlay	1,312,586	-	62,908	-	8,223,667	6,113,835	15,712,996
Total expenditures	80,877,757	3,664,050	10,689,536	101,294	8,395,232	33,538,718	137,266,587
Excess (deficiency) of revenues over (under) expenditures	1,739,143	6,548,353	(6,534,946)	32,127	359,879	(11,439,860)	(9,295,304)
Other Financing Sources (Uses)							
Debt proceeds	-	-	-	-	-	6,085,000	6,085,000
Premium on long-term debt	-	-	-	-	-	48,901	48,901
Sale of property	-	-	2,749	-	-	-	2,749
Transfers in	195,440	-	6,748,000	-	-	8,033,106	14,976,546
Transfers out	(6,748,000)	(7,826,229)	(364)	-	-	(401,953)	(14,976,546)
Total other financing sources (uses)	(6,552,560)	(7,826,229)	6,750,385	-	-	13,765,054	6,136,650
Net change in fund balances	(4,813,417)	(1,277,876)	215,439	32,127	359,879	2,325,194	(3,158,654)
Fund Balances, Beginning	26,794,587	3,335,834	38,351	(32,127)	(359,879)	10,800,056	40,576,822
Fund Balances, Ending	\$ 21,981,170	\$ 2,057,958	\$ 253,790	\$ -	\$ -	\$ 13,125,250	\$ 37,418,168

See notes to financial statements

Muncie Community Schools, Indiana

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2024

Net Change in Fund Balances, Total Governmental Funds \$ (3,158,654)

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 outlays	15,712,996
Depreciation	(2,632,371)
Loss on asset disposals	(305,088)

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

Unavailable revenues	94,116
----------------------	--------

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	7,650,000
Amortization of bond premium	6,516
Principal paid on loans	1,280,000
Premium on bonds	(48,901)
Bond proceeds	(6,085,000)
Principal paid on subscriptions	63,948

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

Net Pension Liabilities	(2,506,311)
-------------------------	-------------

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	(90,019)
Change in prepaid expenses	122,228
Change in compensated absences	21,900
Change in deferred outflows	1,294,117

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	385,744
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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.

	<u>3,058,546</u>
--	------------------

Change in Net Position of Governmental Activities \$ 14,863,767

Muncie Community Schools, Indiana

Statement of Net Position -

Proprietary Fund

June 30, 2024

	Internal Service Fund
	<u> </u>
Assets	
Current Assets	
Cash and investments	\$ <u>3,447,920</u>
Liabilities and Net Position	
Current Liabilities	
Accounts payable	31,820
Claims payable	<u>366,503</u>
Total current liabilities	<u>398,323</u>
Noncurrent Liabilities	
Total liabilities	<u>398,323</u>
Net Position	
Unrestricted	<u>3,049,597</u>
Total net position	<u>\$ 3,049,597</u>

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Revenues, Expenses and Changes in Net Position -

Proprietary Fund

Year Ended June 30, 2024

	Internal Service Fund
Operating Revenues	
Charges for services	\$ 5,084,745
Total operating revenues	<u>5,084,745</u>
Operating Expenses	
Health and dependent care costs	<u>2,026,199</u>
Total operating expenses	<u>2,026,199</u>
Operating income	<u>3,058,546</u>
Income before contributions and transfers	<u>3,058,546</u>
Change in net position	3,058,546
Net Position, Beginning	<u>(8,949)</u>
Net Position, Ending	<u>\$ 3,049,597</u>

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Cash Flows -
Proprietary Fund
Year Ended June 30, 2024

	Internal Service Fund
Cash Flows From Operating Activities	
Received from customers	\$ 5,084,745
Payments for interfund services used	<u>(1,983,837)</u>
Net cash flows from operating activities	<u>3,100,908</u>
Net change in cash and cash equivalents	3,100,908
Cash and Cash Equivalents, Beginning	<u>347,012</u>
Cash and Cash Equivalents, Ending	<u>\$ 3,447,920</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities	
Operating income	\$ 3,058,546
Adjustments to reconcile operating loss to net cash flows from operating activities:	
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Accounts payable	<u>(194,979)</u>
Net cash flows from operating activities	<u>\$ 3,100,908</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position	
Cash and investments	<u>\$ 3,447,920</u>
Total cash and cash equivalents	<u>\$ 3,447,920</u>

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Fiduciary Net Position -

Fiduciary Funds

June 30, 2024

	Custodial Funds
Assets	
Cash and investments	\$ 409,628
Accounts receivable	93
Intergovernmental receivable	<u>4,785</u>
Total assets	<u>414,506</u>
Liabilities	
Accounts payable	<u>407,488</u>
Total liabilities	<u>407,488</u>
Total fiduciary net position restricted	<u>\$ 7,018</u>

See notes to financial statements

Muncie Community Schools, Indiana

Statement of Changes in Fiduciary Net Position -

Fiduciary Funds

Year Ended June 30, 2024

	Custodial Funds
Additions	
Intergovernmental	\$ 2,716,476
Total additions	<u>2,716,476</u>
Deductions	
Paid to other governments	<u>2,741,030</u>
Total deductions	<u>2,741,030</u>
Changes in net position	(24,554)
Net Position, Beginning	<u>31,572</u>
Net Position, Ending	<u>\$ 7,018</u>

See notes to financial statements

Muncie Community Schools, Indiana

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June 30, 2024

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Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

1. Summary of Significant Accounting Policies

The Muncie Community Schools, Indiana (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, Indiana, 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, Indiana

Notes to Financial Statements
June 30, 2024

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 \$4,270,753 for the year ended June 30, 2024. 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

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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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.

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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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.

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.

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

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.

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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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.

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, 2024 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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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 seven days to 10 days per year and three days to four 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, three 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 three 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 three 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.

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, 2024, 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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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.
- 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 potion 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.

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

- 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.

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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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, 2024, the following individual funds held a deficit fund balance:

Fund	Amount	Reason
McKinney Vento Grant	\$ 2,183	Reimbursable grants
Alternative Education 2019-20	4,809	Reimbursable grants
School Counseling Grant	13,537	Reimbursable grants
Adult Basic Education Grants	9,925	Reimbursable grants
Student Learning Recovery Extension Grant	79	Reimbursable grants
Perkins Grants	25,484	Reimbursable grants
Special Education	368,649	Reimbursable grants
Title I Grants	159,628	Reimbursable grants
Title II Grants	13,732	Reimbursable grants
Title IV Grants	11,021	Reimbursable grants
2024 Bonds	40,792	Reimbursable grants
UCAN - Cell Grant Uindy	12,054	Reimbursable grants
Bipartisan Safer Grant	3,440	Reimbursable grants
Child Care Block Grant	26,075	Reimbursable grants

3. Detailed Notes on All Funds

Deposits and Investments

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

	Carrying Value	Statement Balances	Associated Risks
Checking accounts	\$ 39,509,456	\$ 38,618,516	Custodial risk
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	\$ 31,507,914		
Restricted cash and investments	7,591,914		
Per statement of fiduciary net position, fiduciary funds:			
Custodial funds	409,628		
Total deposits and investments	\$ 39,509,456		

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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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.

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	\$ 5,256,688
Total unavailable revenue for governmental funds	<u>\$ 5,256,688</u>

Capital Assets

Capital asset activity for the year ended June 30, 2024, 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>15,329,990</u>	<u>14,790,993</u>	<u>25,620,381</u>	<u>4,500,602</u>
Total capital assets not being depreciated	<u>15,611,655</u>	<u>14,790,993</u>	<u>25,620,381</u>	<u>4,782,267</u>
Capital assets being depreciated				
Buildings	99,895,278	19,901,672	400,805	119,396,145
Improvements other than buildings	2,214,864	6,545,361	776,000	7,984,225
Machinery and equipment	3,513,132	95,350	285,085	3,323,397
Subscription assets	<u>413,314</u>	<u>-</u>	<u>-</u>	<u>413,314</u>
Total capital assets being depreciated	<u>106,036,588</u>	<u>26,542,383</u>	<u>1,461,890</u>	<u>131,117,081</u>
Total capital assets	<u>121,648,243</u>	<u>41,333,376</u>	<u>27,082,271</u>	<u>135,899,348</u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings	\$ (44,931,766)	\$ (2,098,811)	\$ 362,757	\$ (46,667,820)
Improvements other than buildings	(1,654,286)	(336,415)	522,183	(1,468,518)
Machinery and equipment	(2,856,192)	(85,722)	271,863	(2,670,051)
Subscription assets	<u>(150,314)</u>	<u>(111,423)</u>	<u>-</u>	<u>(261,737)</u>
Total accumulated depreciation	<u>(49,592,558)</u>	<u>(2,632,371)</u>	<u>1,156,803</u>	<u>(51,068,126)</u>
Net capital assets being depreciated	<u>56,444,030</u>	<u>23,910,012</u>	<u>305,087</u>	<u>80,048,955</u>
Total governmental activities capital assets, net of accumulated depreciation	<u>\$ 72,055,685</u>	<u>\$ 38,701,005</u>	<u>\$ 25,925,468</u>	<u>\$ 84,831,222</u>

Depreciation expense was charged to functions as follows:

Governmental Activities

Nonprogrammed charges	<u>\$ 2,632,371</u>
Total governmental activities depreciation expense	<u>\$ 2,632,371</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	Nonmajor Funds	<u>\$ 1,506,824</u>
Total, fund financial statements		1,506,824
Less government-wide eliminations		<u>(1,506,824)</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, Indiana

Notes to Financial Statements
June 30, 2024

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	Education Fund	\$ 6,748,000	For support of operations fund
Nonmajor Governmental Funds	Debt Service Fund	7,826,229	Debt service payments
Nonmajor Governmental Funds	Operations	364	Reimbursement of expenses
Nonmajor Governmental Funds	Nonmajor Governmental Funds	206,513	Reimbursement of expenses
Education	Nonmajor Governmental Funds	<u>195,440</u>	Reimbursement of expenses
Total, fund financial statements		14,976,546	
Less fund eliminations		<u>(14,976,546)</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, 2024, 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	\$ 22,015,000	\$ 6,085,000	\$ 3,530,000	\$ 24,570,000	\$ 7,835,000
General obligation notes from direct borrowings and direct placements	5,815,000	-	4,120,000	1,695,000	1,695,000
Loan payable	10,320,000	-	1,280,000	9,040,000	2,200,000
Subscription liabilities	413,414	-	309,311	104,103	49,519
(Discounts)/Premiums	<u>6,516</u>	<u>48,901</u>	<u>6,516</u>	<u>48,901</u>	<u>-</u>
Subtotal	<u>38,569,930</u>	<u>6,133,901</u>	<u>9,245,827</u>	<u>35,458,004</u>	<u>11,779,519</u>
Other liabilities:					
Compensated absences	534,271	-	21,900	512,371	128,093
Net pension liabilities	<u>6,205,756</u>	<u>4,700,166</u>	<u>2,193,855</u>	<u>8,712,067</u>	<u>-</u>
Total other liabilities	<u>6,740,027</u>	<u>4,700,166</u>	<u>2,215,755</u>	<u>9,224,438</u>	<u>128,093</u>
Total governmental activities long-term liabilities	<u>\$ 45,309,957</u>	<u>\$ 10,834,067</u>	<u>\$ 11,461,582</u>	<u>\$ 44,682,442</u>	<u>\$ 11,907,612</u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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, 2024</u>
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	15,385,000
Ad Valorem Property Tax First Mortgage Bonds, Series 2023	11/06/2023	01/15/2025	4.14	6,085,000	<u>6,085,000</u>
Total governmental activities, general obligation debt					<u>\$ 24,570,000</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>
2025	\$ 7,835,000	\$ 987,920
2026	1,820,000	631,494
2027	1,895,000	560,284
2028	1,970,000	486,259
2029	2,050,000	409,169
2030-2032	<u>9,000,000</u>	<u>803,596</u>
Total	<u>\$ 24,570,000</u>	<u>\$ 3,878,722</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, 2024</u>
Ad Valorem Property Tax First Mortgage Bonds, Series, 2022	11/30/2022	01/15/2025	4.14%	\$ 5,815,000	\$ 1,695,000

<u>Years</u>	<u>Governmental Activities Notes From Direct Borrowings and Direct Placements</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,695,000	\$ 52,785

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

Loans Payable

Loans Payable at June 30, 2024 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, 2024</u>
Common School Loan	11/20/2018	06/01/2028	0.00%	\$ 12,000,000	\$ 9,000,000
Common School Loan B0158	11/26/2019	12/01/2024	1.00	400,000	<u>40,000</u>
Total governmental activities loans payable					<u>\$ 9,040,000</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 2,200,000	\$ 200
2026	2,220,000	-
2027	2,280,000	-
2028	<u>2,340,000</u>	<u>-</u>
Total	<u>\$ 9,040,000</u>	<u>\$ 200</u>

Net Position/Fund Balances

Net position reported on the government wide statement of net position at June 30, 2024, includes the following:

Governmental Activities

Net investment in capital assets:

Land and construction in progress	\$ 4,782,267
Other capital assets, net of accumulated depreciation	80,048,955
Less general obligation debt outstanding, net of premium	(26,313,901)
Plus unspent bond proceeds	1,500,535
Less Subscription liability	<u>(104,103)</u>
Total net investment in capital assets	<u>\$ 59,913,753</u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

Governmental Funds

Governmental fund balances reported on the fund financial statements at June 30, 2024, include the following:

	<u>Education Fund</u>	<u>Debt Service Fund</u>	<u>Operations Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Fund Balances					
Restricted for:					
Instruction	\$ -	\$ -	\$ -	\$ 1,246,656	\$ 1,246,656
Support services	-	-	253,790	2,159,788	2,413,578
Debt service	-	2,057,958	-	5,533,957	7,591,915
Building acquisition	-	-	-	1,541,327	1,541,327
Other	-	-	-	453,026	453,026
Subtotal	<u>-</u>	<u>2,057,958</u>	<u>253,790</u>	<u>10,934,754</u>	<u>13,246,502</u>
Committed to:					
Instruction	-	-	-	434,314	434,314
Support services	-	-	-	2,444,627	2,444,627
Community services	-	-	-	2,964	2,964
Rainy day	<u>6,210,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,210,136</u>
Subtotal	<u>6,210,136</u>	<u>-</u>	<u>-</u>	<u>2,881,905</u>	<u>9,092,041</u>
Unassigned	<u>15,771,034</u>	<u>-</u>	<u>-</u>	<u>(691,409)</u>	<u>15,079,625</u>
Total fund balances	<u>\$ 21,981,170</u>	<u>\$ 2,057,958</u>	<u>\$ 253,790</u>	<u>\$ 13,125,250</u>	<u>\$ 37,418,168</u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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	\$ 3,395,572	\$ 1,976,925	\$ 35,473
TRF	<u>5,316,495</u>	<u>7,059,077</u>	<u>2,561,556</u>
Total	<u>\$ 8,712,067</u>	<u>\$ 9,036,002</u>	<u>\$ 2,597,029</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 2023 is 11.20% of annual covered payroll. The rate for 2024 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 \$749,715 for the fiscal year ended June 30, 2024 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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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 (2.5)%.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

Net Pension Liability

At June 30, 2024 the School Corporation reported a liability of \$3,395,572 for its proportionate share of the net pension liability, based on the June 30, 2023 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, 2023 measurement date, the School Corporation's proportion was 0.09621% an increase of 0.00184% from the 0.09805% at June 30, 2022. The net pension liability as of June 30, 2024 is calculated, using the measurement date of June 30, 2023, as set forth in the following table:

	PERF Plan Total
Net pension liability, beginning	\$ 3,092,332
Differences between projected and actual experience	14,551
Net difference between projected and actual investment	396,647
Change of assumptions	(101,374)
Changes in proportion and differences between employer contributions and proportionate share of contributions	(169,191)
Pension expense	833,211
Contributions	<u>(670,604)</u>
Net pension liability, ending	<u>\$ 3,395,572</u>

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the School Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions, based on the measurement date of June 30, 2023, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,472	\$ -
Changes in assumptions	185,167	-
Net differences between projected and actual earnings on pension plan investments	778,274	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	194,297	35,473
Employer contributions subsequent to the measurement date	<u>749,715</u>	<u>-</u>
Total	<u>\$ 1,976,925</u>	<u>\$ 35,473</u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

An amount of \$749,715 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, 2025, with a measurement date of 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:

Measurement Date Years Ending June 30,	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
2025	\$ 476,895
2026	103,729
2027	505,109
2028	106,004

Pension Expense

The School Corporation recognized pension expense, for the measurement date of June 30, 2023, for the following proportionate share of pension expense:

Pension Expense	
Proportionate share of plan pension expense	\$ 689,311
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<u>143,900</u>
Total	<u>\$ 833,211</u>

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

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, 2023
Liabilities	June 30, 2022 - Member census data as of June 30, 2022 was used in the valuation and adjusted where appropriate to reflect changes between June 30, 2022 and June 30, 2023 Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022 to June 30, 2023 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, 2026 - 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	https://www.in.gov/inprs/files/INPRS_Funding_Policy.pdf

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

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. The full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact of the actuarial liability.

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.

Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.7%	20.0%
Private Markets	6.4	15.0
Fixed Income, Ex Inflation-Linked	2.2	20.0
Fixed Income, Inflation-Linked	0.5	15.0
Commodities	1.1	10.0
Real Estate	3.4	10.0
Absolute Return	1.6	5.0
Risk Parity	5.9	20.0
Cash and Cash Overlay	--	N/A

Discount Rate

The discount rate used to measure the total pension liability was 6.25% as of June 30, 2023 and is equal to the long-term expected return on plan investments.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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

For the June 30, 2023 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:

	<u>1% Decrease to Discount Rate (5.25%)</u>	<u>Current Discount Rate (6.25%)</u>	<u>1% Increase to Discount Rate (7.25%)</u>
School Corporation's proportionate share of the net pension liability (asset)	\$5,533,704	\$3,395,572	\$1,612,791

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/20223ActuarialReport_PERF.pdf
https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY23.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.

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

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%.

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.

Muncie Community Schools, Indiana

Notes to Financial Statements

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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 2023, which is being utilized as the measurement date, was 5.50% 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 \$1,316,864 for the year ended June 30, 2024 measurement date.

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

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 School reported an liability of \$5,316,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2023, the School's proportion was 0.48339% an increase of 0.01055% from the 0.47284% as of the 2022 measurement date. The net pension liability as of June 30, 2024 is calculated as set forth in the following table:

	<u>TRF Plan Total</u>
Net pension asset, beginning	\$ 3,113,424
Differences between projected and actual experience	422,561
Net difference between projected and actual investment	1,061,510
Change of assumptions	(128,786)
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,580
Pension expense	1,901,106
Contributions	<u>(1,123,900)</u>
Net pension liability, ending	<u><u>\$ 5,316,495</u></u>

Pension Expense

For the measurement date, year ended June 30, 2023, the School recognized pension expense of \$1,901,106 for the TRF Fund. A breakdown of the pension expense is shown below:

<u>Pension Expense</u>	
Proportionate share of plan pension expense	\$ 2,033,539
Specific liabilities of individual employers	32,496
Net amortization of deferred amounts from changes in proportion and differences between employer contributions and proportionate share of contributions	<u>(164,929)</u>
Total	<u><u>\$ 1,901,106</u></u>

Muncie Community Schools, Indiana

Notes to Financial Statements
June 30, 2024

Deferred Outflows and Resources and Deferred Inflows of Resources

At June 30, 2024, the School reported deferred inflows of resources and deferred outflows of resources related to pensions, based on the June 30, 2023 measurement date, from the following services:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,305,023	\$ 557,175
Changes in assumptions	2,330,686	949,172
Net differences between projected and actual earnings on pension plan investments	2,050,785	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,719	1,055,209
Employer contributions subsequent to the measurement date	<u>1,316,864</u>	<u>-</u>
Total	<u>\$ 7,059,077</u>	<u>\$ 2,561,556</u>

\$1,316,864 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, 2025. 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>
2025	\$ 455,709
2026	204,397
2027	1,367,139
2028	364,839
2029	91,673
Thereafter	696,900

Muncie Community Schools, Indiana

Notes to Financial Statements

June 30, 2024

Actuarial Assumptions

Inflation:	2.00%
Salary increases, including inflation:	2.65% - 11.90%
Cost of Living Increases:	Beginning January 1, 2026 - 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, 2023 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in May 2023. 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. The full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact on the actuarial liability.

Long-Term Return Expectation

For the measurement date of June 30, 2023, 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, Indiana

Notes to Financial Statements
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Global Asset Class	Long-Term Expected Rate of Return (Geometric Basis)	Target Asset Allocation
Public Equity	3.7%	20.0%
Private Markets	6.4	15.0
Fixed Income, Ex Inflation-Linked	2.2	20.0
Fixed Income, Inflation-Linked	0.5	15.0
Commodities	1.1	10.0
Real Estate	3.4	10.0
Absolute Return	1.6	5.0
Risk Parity	5.9	20.0
Cash and Cash Overlay	—	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, 2023 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, 2023 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	\$12,864,161	\$5,316,495	\$(784,500)

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/2023_INPRSCAFRBook.pdf

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 \$40,786,076, as of the June 30, 2023 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.'

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 3% 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 10% of their compensation into their annuity savings accounts. The School Corporation has elected to make 3% contributions on behalf of their participating employees. For the fiscal year ended June 30, 2023, the School Corporation showed 424 employees participating in the Teachers' Retirement Fund Pre-1996 Account with annual payroll equal to \$1,684,372. The School Corporation chose to fund member portion of contributions of \$50,531 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, 2024, 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, Indiana

Notes to Financial Statements

June 30, 2024

For the measurement date, year ended June 30, 2023, the School recognized pension expense of \$3,419,992 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 \$33,024,107 of Nonemployer Contributing Entity Contributions, as revenue on the financial statements.

Actuarial Assumptions

Inflation:	2.00%
Salary increases, including inflation:	2.65% - 11.90%, based on years of service
Cost of Living Increases:	Beginning January 1, 2026 - 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, 2023 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in May 2023. 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. The full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in overed position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact on the actuarial liability.

Discount Rate

The discount rate used to measure the total pension liability was 6.25%, based on the June 30, 2023 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, Indiana

Notes to Financial Statements
June 30, 2024

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	\$ 198,126	\$ 129,162
Current year claims and changes in estimates	3,414,917	2,026,199
Claim payments	<u>(3,483,881)</u>	<u>(1,788,858)</u>
Unpaid claims, ending	<u>\$ 129,162</u>	<u>\$ 366,503</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, Indiana

Budgetary Comparison Schedule (Non-GAAP Basis)

Operations Fund

Year Ended December 31, 2023

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 13,179,847	\$ 13,179,847	\$ 2,342,731	\$ (10,837,116)
Intergovernmental	650,000	763,728	829,019	65,291
Interest	118,000	118,000	679,946	561,946
Miscellaneous	214,000	214,000	223,415	9,415
Total revenues	<u>14,161,847</u>	<u>14,275,575</u>	<u>4,075,111</u>	<u>(10,200,464)</u>
Expenditures				
General government:				
Support services - general administration				
Personal services	497,555	497,555	476,056	21,499
Supplies	8,479	8,479	8,479	-
Other services and charges	64,547	64,547	64,547	-
Central office				
Personal services	860,372	860,372	852,967	7,405
Supplies	71,540	71,540	71,540	-
Other services and charges	95,373	95,373	95,373	-
Capital outlays	73,599	73,599	73,599	-
Maintenance of buildings				
Personal services	33,113	33,113	31,144	1,969
Supplies	2,250	2,250	2,250	-
Other services and charges	4,650,871	4,650,871	4,670,765	(19,894)
Capital outlays	830,650	830,650	827,410	3,240
Maintenance of equipment				
Capital outlays	7,579	7,579	7,803	(224)
Student transportation				
Supplies	94,116	94,116	94,116	-
Other services and charges	2,522,106	2,522,106	2,522,106	-
Capital outlays	-	-	5,244	(5,244)
Vehicle maintenance (not buses)				
Supplies	34,711	34,711	34,711	-
Capital outlays	5,000	5,000	8,324	(3,324)
Insurance				
Personal services	-	-	-	-
Supplies	-	-	160	(160)
Other services and charges	373,976	373,976	373,976	-
Total expenditures	<u>10,225,837</u>	<u>10,225,837</u>	<u>10,220,570</u>	<u>5,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,936,010</u>	<u>4,049,738</u>	<u>(6,145,459)</u>	<u>(10,195,197)</u>
Other Financing Sources (Uses)				
Transfers in	6,537,000	6,537,000	6,748,000	211,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>6,537,000</u>	<u>6,537,000</u>	<u>6,748,000</u>	<u>211,000</u>
Net changes in fund balances	10,473,010	10,586,738	602,541	(9,984,197)
Fund Balance, Beginning	<u>1,315,344</u>	<u>1,315,344</u>	<u>1,315,344</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 11,788,354</u>	<u>\$ 11,902,082</u>	<u>\$ 1,917,885</u>	<u>\$ (9,984,197)</u>

See notes to required supplementary information

Muncie Community Schools, Indiana

Budgetary Comparison Schedule (Non-GAAP Basis)

Education Fund

Year Ended December 31, 2023

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 42,057,000	\$ 42,057,000	\$ 46,264,870	\$ 4,207,870
Interest	-	-	65,132	65,132
Miscellaneous	1,582,000	1,582,000	105,215	(1,476,785)
Total revenues	43,639,000	43,639,000	46,435,217	2,796,217
Expenditures				
General government:				
Regular programs				
Personal services	23,283,917	23,283,917	23,284,420	(503)
Supplies	266,046	266,046	251,117	14,929
Other services and charges	464,004	464,004	458,689	5,315
Special programs				
Personal services	4,572,288	4,572,288	4,572,647	(359)
Supplies	1,560	1,560	1,560	-
Other services and charges	729,930	729,930	729,930	-
Summer school programs				
Personal services	120,273	120,273	120,273	-
Remediation programs				
Personal services	92,843	92,843	92,843	-
Payments to other governmental units within the state				
Personal services	2,043	2,043	2,043	-
Other services and charges	92,147	92,147	92,147	-
Support services - students				
Personal services	2,015,455	2,015,455	2,015,656	(201)
Supplies	25,340	25,340	25,340	-
Other services and charges	26,402	26,402	26,402	-
Support services - instructions				
Personal services	899,818	899,818	900,144	(326)
Supplies	1,931,388	1,931,388	1,702,359	229,029
Other services and charges	10,184	10,184	1,184	9,000
Support services - school administration				
Personal services	2,267,485	2,267,485	2,267,485	-
Other services and charges	17,278	17,278	17,278	-
Community service operations				
Personal services	745,153	745,153	745,153	-
Debt service				
Emergency loans - principal	600,000	600,000	600,000	-
Total expenditures	38,163,554	38,163,554	37,906,670	256,884
Excess (deficiency) of revenues over (under) expenditures	5,475,446	5,475,446	8,528,547	3,053,101
Other Financing Sources (Uses)				
Transfers in	-	-	195,440	195,440
Transfers out	(280,699)	(280,699)	(6,748,000)	6,467,301
Total other financing sources (uses)	(280,699)	(280,699)	(6,552,560)	6,662,741
Net changes in fund balances	5,194,747	5,194,747	1,975,987	(3,218,760)
Fund Balance, Beginning	24,105,578	24,105,578	24,105,578	-
Fund Balance, Ending	\$ 29,300,325	\$ 29,300,325	\$ 26,081,565	\$ (3,218,760)

See notes to required supplementary information

Muncie Community Schools, Indiana

Budget/GAAP Reconciliation (Non-GAAP Basis) -

Education Fund and Operations Fund

Year Ended June 30, 2024

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)	\$ 1,975,987	\$ 602,541
Adjustments:		
To adjust for change in Rainy Day fund, which is not part of the Education Fund for budget purposes	(4,022,378)	-
To adjust revenues for accruals	832,572	3,523
To adjust expenditures for accruals	(650,055)	(143,498)
To adjust for calendar year to fiscal year differences	<u>(2,949,543)</u>	<u>(247,127)</u>
Net change in fund balance (GAAP basis)	<u>\$ (4,813,417)</u>	<u>\$ 215,439</u>

See notes to required supplementary information

Muncie Community Schools, Indiana

Schedule of the School's Proportionate Share of the Net Pension Liability -

Public Employees' Retirement Fund

Last 10 Fiscal Years

Fiscal Year Ended **	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	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, 2023	0.09621%	\$ 3,395,572	\$ 6,048,355	56.1%	80.8%
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:

** 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, Indiana

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, 2024	11.20%	\$ 749,715	\$ 6,874,780	10.91%
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:

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, Indiana

Schedule of the School's Proportionate Share of the Net Pension Liability -
Teachers' Retirement Fund
Last 10 Fiscal Years

<u>Fiscal Year Ended **</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</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, 2023	0.48939%	\$ 5,316,495	\$ 20,608,913	25.8%	87.7%
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:

** 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, Indiana

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, 2024	5.50%	\$ 1,316,864	\$ 26,632,766	4.94%
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:

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 Schools, Indiana

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, 2023	\$ 33,024,107
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

Muncie Community Schools, Indiana

Notes to Required Supplementary Information
Year Ended June 30, 2024

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

Muncie Community Schools, Indiana

Notes to Required Supplementary Information
Year Ended June 30, 2024

Financial Reporting – Pension Plans

Public Employees Retirement Fund

Valuation Date:

Assets: June 30, 2023

Liabilities: June 30, 2022 - Member census data as of June 30, 2022, was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2022, and June 30, 2023.

Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2022, to the June 30, 2023, 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 2023:

- There were no changes in assumptions from the June 30, 2023 actuarial valuations to the June 30, 2024 actuarial valuations.

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

Plan Amendments: The full retirement benefit eligibility condition of age 70 and 20 years of credible service while still active in covered position was changed to age 65 and 20 years of creditable service while still active in a covered position. This change was deemed immaterial and has no impact of the actuarial liability.

TRF Plan:

The actuarial assumptions and methods used in the June 30, 2023 valuation of the Teachers' 1996 Defined Benefit Account were adopted by the INPRS Board in May 2023. 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.

Muncie Community Schools, Indiana

Notes to Required Supplementary Information
Year Ended June 30, 2024

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, 2023 valuation of the Teachers' Pre-1996 Defined Benefit Account were adopted by the INPRS Board in May 2023. 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.

Muncie Community Schools, Indiana

Combining Balance Sheet -
 Nonmajor Governmental Funds
 June 30, 2024

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 6,902,224	\$ -	\$ 2,074,813	\$ 8,977,037
Receivables:				
Accounts	51,370	-	-	51,370
Intergovernmental	1,568,272	-	-	1,568,272
Restricted assets:				
Cash and cash equivalents	<u>-</u>	<u>5,533,956</u>	<u>-</u>	<u>5,533,956</u>
Total assets	<u>\$ 8,521,866</u>	<u>\$ 5,533,956</u>	<u>\$ 2,074,813</u>	<u>\$ 16,130,635</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 521,402	\$ -	\$ 574,278	\$ 1,095,680
Accrued wages and payroll withholding	402,881	-	-	402,881
Due to other funds	<u>1,506,824</u>	<u>-</u>	<u>-</u>	<u>1,506,824</u>
Total liabilities	<u>2,431,107</u>	<u>-</u>	<u>574,278</u>	<u>3,005,385</u>
Fund Balances				
Restricted	3,859,471	5,533,956	1,541,327	10,934,754
Committed	2,881,905	-	-	2,881,905
Unassigned (deficit)	<u>(650,617)</u>	<u>-</u>	<u>(40,792)</u>	<u>(691,409)</u>
Total fund balances	<u>6,090,759</u>	<u>5,533,956</u>	<u>1,500,535</u>	<u>13,125,250</u>
Total liabilities and fund balances	<u>\$ 8,521,866</u>	<u>\$ 5,533,956</u>	<u>\$ 2,074,813</u>	<u>\$ 16,130,635</u>

Muncie Community Schools, Indiana

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -

Nonmajor Governmental Funds

Year Ended June 30, 2024

	Special Revenue Funds	Debt Service Funds	Capital Project Funds	Total Nonmajor Governmental Funds
Revenues				
Charges for services	\$ 770,633	\$ -	\$ -	\$ 770,633
Intergovernmental	19,894,456	-	1,100	19,895,556
Miscellaneous:				
Interest on investments	-	14,837	136,700	151,537
Other	<u>1,281,132</u>	<u>-</u>	<u>-</u>	<u>1,281,132</u>
Total revenues	<u>21,946,221</u>	<u>14,837</u>	<u>137,800</u>	<u>22,098,858</u>
Expenditures				
Current:				
Instruction	9,977,985	-	13,600	9,991,585
Support services	7,495,700	-	-	7,495,700
Community services	4,530,852	-	-	4,530,852
Facilities acquisition and construction	31,656	-	109,149	140,805
Nonprogrammed charges	79,500	2,850	-	82,350
Bond issue costs	-	85,713	-	85,713
Capital outlay	121,100	-	5,992,735	6,113,835
Debt service:				
Principal paid on debt	-	4,120,000	-	4,120,000
Bond issue costs	-	-	32,409	32,409
Interest on debt	<u>-</u>	<u>945,469</u>	<u>-</u>	<u>945,469</u>
Total expenditures	<u>22,236,793</u>	<u>5,154,032</u>	<u>6,147,893</u>	<u>33,538,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(290,572)</u>	<u>(5,139,195)</u>	<u>(6,010,093)</u>	<u>(11,439,860)</u>
Other Financing Sources				
Debt proceeds	-	225,000	5,860,000	6,085,000
Premium on bonds	-	-	48,901	48,901
Transfer in	365	7,826,229	206,512	8,033,106
Transfer out	<u>(195,441)</u>	<u>(12,512)</u>	<u>(194,000)</u>	<u>(401,953)</u>
Total other financing sources	<u>(195,076)</u>	<u>8,038,717</u>	<u>5,921,413</u>	<u>13,765,054</u>
Net change in fund balance	<u>(485,648)</u>	<u>2,899,522</u>	<u>(88,680)</u>	<u>2,325,194</u>
Fund Balance, Beginning	<u>6,576,407</u>	<u>2,634,434</u>	<u>1,589,215</u>	<u>10,800,056</u>
Fund Balance, Ending	<u>\$ 6,090,759</u>	<u>\$ 5,533,956</u>	<u>\$ 1,500,535</u>	<u>\$ 13,125,250</u>

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds - Special Revenue Funds
 June 30, 2024

	<u>Cafeteria Fund</u>	<u>Educational Promotions Fund</u>	<u>PBIS Grant - Star Press</u>	<u>Harry & Janet Kitzelman Fund</u>	<u>ONB Comm Volunteer Pass-Thru</u>	<u>Lilly Counsel Initiative</u>	<u>BBF- Excellence Teaching Award Donations</u>
Assets							
Cash and investments	\$ 2,355,405	\$ 2,827	\$ 4,277	\$ 3,500	\$ -	\$ -	\$ 241
Receivables:							
Accounts	7,445	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ 2,362,850</u>	<u>\$ 2,827</u>	<u>\$ 4,277</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 82,415	\$ -	\$ 148	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	1,583	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>83,998</u>	<u>-</u>	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	-	4,129	3,500	-	-	241
Committed	2,278,852	2,827	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>2,278,852</u>	<u>2,827</u>	<u>4,129</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>241</u>
Total liabilities and fund balances	<u>\$ 2,362,850</u>	<u>\$ 2,827</u>	<u>\$ 4,277</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	Mutual Bank Enrichment Grant	BBF-Improve, Innov Enhance Grant	In & Out Other	Adventure Envir Learn Cntr Fund	Central ROTC Services Fund	Christmas Sing Fund	2016 PBIS Meridian Intecare Grant
Assets							
Cash and investments	\$ -	\$ 66,209	\$ 48,938	\$ 40,075	\$ 71,683	\$ 2,964	\$ -
Receivables:							
Accounts	-	-	-	10,350	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 66,209</u>	<u>\$ 48,938</u>	<u>\$ 50,425</u>	<u>\$ 71,683</u>	<u>\$ 2,964</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 1,033	\$ 941	\$ 24	\$ -	\$ -
Accrued wages and payroll withholding	-	-	-	-	11,093	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>1,033</u>	<u>941</u>	<u>11,117</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	66,209	47,905	-	-	-	-
Committed	-	-	-	49,484	60,566	2,964	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>66,209</u>	<u>47,905</u>	<u>49,484</u>	<u>60,566</u>	<u>2,964</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 66,209</u>	<u>\$ 48,938</u>	<u>\$ 50,425</u>	<u>\$ 71,683</u>	<u>\$ 2,964</u>	<u>\$ -</u>

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds - Special Revenue Funds
 June 30, 2024

	Formative Assessment Grant	Special Education Student Reimbursement	Pre-School Program	Connectivity Technology Grant	Educational Promotions Fund	I Pad Insurance Fund	Upward Pathways Program
Assets							
Cash and investments	\$ -	\$ 30,099	\$ 379,685	\$ 41,459	\$ 247,185	\$ 74,832	\$ 15,904
Receivables:							
Accounts	-	-	26,075	-	-	-	-
Intergovernmental	-	-	-	-	310	-	-
Total assets	<u>\$ -</u>	<u>\$ 30,099</u>	<u>\$ 405,760</u>	<u>\$ 41,459</u>	<u>\$ 247,495</u>	<u>\$ 74,832</u>	<u>\$ 15,904</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 10,012	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	-	-	4,761	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>14,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	30,099	390,987	-	247,495	-	15,904
Committed	-	-	-	41,459	-	74,832	-
Unassigned (deficit)	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>30,099</u>	<u>390,987</u>	<u>41,459</u>	<u>247,495</u>	<u>74,832</u>	<u>15,904</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 30,099</u>	<u>\$ 405,760</u>	<u>\$ 41,459</u>	<u>\$ 247,495</u>	<u>\$ 74,832</u>	<u>\$ 15,904</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	Medicaid Reimbursement - State	Alternative Education 2019- 20	Medicaid Reimbursement - FED	Adult Basic Education Grants	Ball Brothers Grants	Cares Act Grants	Donation Funds
Assets							
Cash and investments	\$ 163,231	\$ -	\$ 690,721	\$ 10,300	\$ 441,618	\$ -	\$ 119,877
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	1,484	73,798	3,030	113,983	-	-	-
Total assets	<u>\$ 164,715</u>	<u>\$ 73,798</u>	<u>\$ 693,751</u>	<u>\$ 124,283</u>	<u>\$ 441,618</u>	<u>\$ -</u>	<u>\$ 119,877</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 5	\$ 9,254	\$ 11,937	\$ 52,572	\$ -	\$ -
Accrued wages and payroll withholding	-	4,804	-	8,288	-	-	-
Due to other funds	-	73,798	-	113,983	-	-	-
Total liabilities	<u>-</u>	<u>78,607</u>	<u>9,254</u>	<u>134,208</u>	<u>52,572</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	164,715	-	684,497	-	389,046	-	119,877
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	(4,809)	-	(9,925)	-	-	-
Total fund balances	<u>164,715</u>	<u>(4,809)</u>	<u>684,497</u>	<u>(9,925)</u>	<u>389,046</u>	<u>-</u>	<u>119,877</u>
Total liabilities and fund balances	<u>\$ 164,715</u>	<u>\$ 73,798</u>	<u>\$ 693,751</u>	<u>\$ 124,283</u>	<u>\$ 441,618</u>	<u>\$ -</u>	<u>\$ 119,877</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>Dual Language Grants</u>	<u>Excellence in Performance Grants</u>	<u>George and Frances Ball</u>	<u>High Ability Grants</u>	<u>Kindergarten Kickoff</u>	<u>Non English Speaking Grants</u>	<u>Perkins Grant</u>
Assets							
Cash and investments	\$ -	\$ 1,445	\$ 386,302	\$ 29,804	\$ 3,360	\$ -	\$ 568
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	4,972	-	-	-	-	-	105,350
Total assets	<u>\$ 4,972</u>	<u>\$ 1,445</u>	<u>\$ 386,302</u>	<u>\$ 29,804</u>	<u>\$ 3,360</u>	<u>\$ -</u>	<u>\$ 105,918</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 3,155	\$ 500	\$ -	\$ -	\$ 19,691
Accrued wages and payroll withholding	-	-	12,226	193	-	-	6,359
Due to other funds	4,972	-	-	-	-	-	105,352
Total liabilities	<u>4,972</u>	<u>-</u>	<u>15,381</u>	<u>693</u>	<u>-</u>	<u>-</u>	<u>131,402</u>
Fund Balances							
Restricted	-	1,445	-	29,111	3,360	-	-
Committed	-	-	370,921	-	-	-	-
Unassigned (deficit)	-	-	-	-	-	-	(25,484)
Total fund balances	<u>-</u>	<u>1,445</u>	<u>370,921</u>	<u>29,111</u>	<u>3,360</u>	<u>-</u>	<u>(25,484)</u>
Total liabilities and fund balances	<u>\$ 4,972</u>	<u>\$ 1,445</u>	<u>\$ 386,302</u>	<u>\$ 29,804</u>	<u>\$ 3,360</u>	<u>\$ -</u>	<u>\$ 105,918</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>Scholarship Funds</u>	<u>Secured School Grants</u>	<u>Special Education</u>	<u>Textbook Rental</u>	<u>Title I Grants</u>	<u>Title II Grants</u>	<u>Title III Grants</u>
Assets							
Cash and investments	\$ 360,149	\$ -	\$ -	\$ 608,795	\$ -	\$ -	\$ 1
Receivables:							
Accounts	7,500	-	-	-	-	-	-
Intergovernmental	-	5,700	556,910	-	250,378	122,504	-
Total assets	<u>\$ 367,649</u>	<u>\$ 5,700</u>	<u>\$ 556,910</u>	<u>\$ 608,795</u>	<u>\$ 250,378</u>	<u>\$ 122,504</u>	<u>\$ 1</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 34,500	\$ -	\$ 210,814	\$ 146	\$ 27,181	\$ 1,486	\$ -
Accrued wages and payroll withholding	-	-	157,829	-	132,436	12,243	-
Due to other funds	-	5,700	556,916	-	250,389	122,507	1
Total liabilities	<u>34,500</u>	<u>5,700</u>	<u>925,559</u>	<u>146</u>	<u>410,006</u>	<u>136,236</u>	<u>1</u>
Fund Balances							
Restricted	333,149	-	-	608,649	-	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	(368,649)	-	(159,628)	(13,732)	-
Total fund balances	<u>333,149</u>	<u>-</u>	<u>(368,649)</u>	<u>608,649</u>	<u>(159,628)</u>	<u>(13,732)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 367,649</u>	<u>\$ 5,700</u>	<u>\$ 556,910</u>	<u>\$ 608,795</u>	<u>\$ 250,378</u>	<u>\$ 122,504</u>	<u>\$ 1</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>Title IV Grants</u>	<u>Vocational COOP</u>	<u>Mental Health Relief Grant</u>	<u>2021-2022 Early Intervention</u>	<u>Family Navigator Grant</u>	<u>Student Learning Recovery</u>	<u>Digital Learning Grant</u>
Assets							
Cash and investments	\$ -	\$ -	\$ 23,519	\$ -	\$ 217,481	\$ -	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	49,525	-	-	-	-	-	-
Total assets	<u>\$ 49,525</u>	<u>\$ -</u>	<u>\$ 23,519</u>	<u>\$ -</u>	<u>\$ 217,481</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 1,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and payroll withholding	10,023	-	-	-	-	-	-
Due to other funds	49,523	-	-	-	-	-	-
Total liabilities	<u>60,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	-	23,519	-	217,481	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	(11,021)	-	-	-	-	-	-
Total fund balances	<u>(11,021)</u>	<u>-</u>	<u>23,519</u>	<u>-</u>	<u>217,481</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 49,525</u>	<u>\$ -</u>	<u>\$ 23,519</u>	<u>\$ -</u>	<u>\$ 217,481</u>	<u>\$ -</u>	<u>\$ -</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>Extra- Curricular Activities</u>	<u>Marian Univ Family Navigator</u>	<u>BSU Create Grant</u>	<u>CO-AG Grant</u>	<u>UCAN - Cell Grant UIndy</u>	<u>Eastern Indiana Works</u>	<u>STEM Grants</u>
Assets							
Cash and investments	\$ 426,672	\$ 1	\$ 10,561	\$ 17,852	\$ -	\$ -	\$ 1
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	-	31,500	-	9,661	549	-
Total assets	<u>\$ 426,672</u>	<u>\$ 1</u>	<u>\$ 42,061</u>	<u>\$ 17,852</u>	<u>\$ 9,661</u>	<u>\$ 549</u>	<u>\$ 1</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ -	\$ 200	\$ 779	\$ 12,054	\$ -	\$ -
Accrued wages and payroll withholding	-	-	14,435	2,632	-	-	-
Due to other funds	-	1	-	-	9,661	549	1
Total liabilities	<u>-</u>	<u>1</u>	<u>14,635</u>	<u>3,411</u>	<u>21,715</u>	<u>549</u>	<u>1</u>
Fund Balances							
Restricted	426,672	-	27,426	14,441	-	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	(12,054)	-	-
Total fund balances	<u>426,672</u>	<u>-</u>	<u>27,426</u>	<u>14,441</u>	<u>(12,054)</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 426,672</u>	<u>\$ 1</u>	<u>\$ 42,061</u>	<u>\$ 17,852</u>	<u>\$ 9,661</u>	<u>\$ 549</u>	<u>\$ 1</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>McKinney Vento</u>	<u>ARSI S25 Grant</u>	<u>Afghan Refugee Impact Grant</u>	<u>21st Century Grant</u>	<u>School Counseling Grant</u>	<u>Explore, Engage, Experience</u>	<u>Literacy Cadre</u>
Assets							
Cash and investments	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	3,064	-	-	-	44,888	5,058	75,519
Total assets	<u>\$ 3,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 44,888</u>	<u>\$ 5,058</u>	<u>\$ 75,519</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 2,183	\$ -	\$ -	\$ -	\$ 6,509	\$ -	\$ 1,659
Accrued wages and payroll withholding	-	-	-	-	7,027	-	13,876
Due to other funds	3,064	-	-	1	44,889	5,058	50,371
Total liabilities	<u>5,247</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>58,425</u>	<u>5,058</u>	<u>65,906</u>
Fund Balances							
Restricted	-	-	-	-	-	-	9,613
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	(2,183)	-	-	-	(13,537)	-	-
Total fund balances	<u>(2,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,537)</u>	<u>-</u>	<u>9,613</u>
Total liabilities and fund balances	<u>\$ 3,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 44,888</u>	<u>\$ 5,058</u>	<u>\$ 75,519</u>

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	Student Learning		Indiana Early	2022-2023 Early		2023-24 R SIG	Bipartisan
	Recovery	Recovery	Literacy Grant	Intervention	K-12 Robotics	Grant	Safer
	Gear Up Grant	Extension Grant					
Assets							
Cash and investments	\$ -	\$ -	\$ 4,682	\$ -	\$ -	\$ -	\$ -
Receivables:							
Accounts	-	-	-	-	-	-	-
Intergovernmental	-	8,097	-	-	-	9,119	18,989
Total assets	\$ -	\$ 8,097	\$ 4,682	\$ -	\$ -	\$ 9,119	\$ 18,989
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ -	\$ 80	\$ 4,682	\$ -	\$ -	\$ -	\$ 367
Accrued wages and payroll withholding	-	-	-	-	-	-	3,073
Due to other funds	-	8,096	-	-	-	9,119	18,989
Total liabilities	-	8,176	4,682	-	-	9,119	22,429
Fund Balances							
Restricted	-	-	1	-	-	-	-
Committed	-	-	-	-	-	-	-
Unassigned (deficit)	-	(79)	(1)	-	-	-	(3,440)
Total fund balances	-	(79)	-	-	-	-	(3,440)
Total liabilities and fund balances	\$ -	\$ 8,097	\$ 4,682	\$ -	\$ -	\$ 9,119	\$ 18,989

Muncie Community Schools

Combining Balance Sheet -

Nonmajor Governmental Funds - Special Revenue Funds

June 30, 2024

	<u>Child Care Block Grant</u>	<u>2023-24 21st Century Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets			
Cash and investments	\$ -	\$ -	\$ 6,902,224
Receivables:			
Accounts	-	-	51,370
Intergovernmental	<u>23,065</u>	<u>50,819</u>	<u>1,568,272</u>
Total assets	<u>\$ 23,065</u>	<u>\$ 50,819</u>	<u>\$ 8,521,866</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 26,075	\$ -	\$ 521,402
Accrued wages and payroll withholding	-	-	402,881
Due to other funds	<u>23,065</u>	<u>50,819</u>	<u>1,506,824</u>
Total liabilities	<u>49,140</u>	<u>50,819</u>	<u>2,431,107</u>
Fund Balances			
Restricted	-	-	3,859,471
Committed	-	-	2,881,905
Unassigned (deficit)	<u>(26,075)</u>	<u>-</u>	<u>(650,617)</u>
Total fund balances	<u>(26,075)</u>	<u>-</u>	<u>6,090,759</u>
Total liabilities and fund balances	<u>\$ 23,065</u>	<u>\$ 50,819</u>	<u>\$ 8,521,866</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds - Special Revenue Funds
Year Ended June 30, 2024

	Cafeteria Fund	Educational Promotions Fund	PBIS Grant - Star Press	Harry & Janet Kitzelman Fund	ONB Comm Volunteer Pass-Thru	Lilly Counsel Initiative	BBF- Excellence Teaching Award Donations
Revenues							
Charges for services	\$ 180,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,297,566	469	-	7,500	11,981	-	-
Other	30,681	-	-	-	-	-	-
Total revenues	<u>4,508,924</u>	<u>469</u>	<u>-</u>	<u>7,500</u>	<u>11,981</u>	<u>-</u>	<u>-</u>
Expenditures							
Current:							
Instruction	-	-	10,896	-	-	69,461	-
Support services	12	-	-	-	8,901	-	-
Community services	3,864,606	-	-	4,000	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>3,864,618</u>	<u>-</u>	<u>10,896</u>	<u>4,000</u>	<u>8,901</u>	<u>69,461</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>644,306</u>	<u>469</u>	<u>(10,896)</u>	<u>3,500</u>	<u>3,080</u>	<u>(69,461)</u>	<u>-</u>
Other Financing Sources							
Transfer in	365	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-
Total other financing sources	<u>365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>644,671</u>	<u>469</u>	<u>(10,896)</u>	<u>3,500</u>	<u>3,080</u>	<u>(69,461)</u>	<u>-</u>
Fund Balance (Deficit), Beginning	<u>1,634,181</u>	<u>2,358</u>	<u>15,025</u>	<u>-</u>	<u>(3,080)</u>	<u>69,461</u>	<u>241</u>
Fund Balance (Deficit), Ending	<u>\$ 2,278,852</u>	<u>\$ 2,827</u>	<u>\$ 4,129</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	Mutual Bank Enrichment Grant	BBF-Improve, Innov Enhance Grant	In & Out Other	Adventure Envir Learn Cntr Fund	Central ROTC Services Fund	Christmas Sing Fund	2016 PBIS Meridian Intecare Grant
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Intergovernmental	-	-	8,222	48,128	138,185	-	-
Other	-	-	67,909	16,413	-	-	-
Total revenues	-	-	76,131	74,541	138,185	-	-
Expenditures							
Current:							
Instruction	-	-	85,400	-	75,610	-	-
Support services	-	-	7,258	127,321	-	-	-
Community services	-	-	2,000	-	-	927	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,500	-	-	-	-	-
Capital outlay	-	-	14,900	-	-	-	-
Total expenditures	-	2,500	109,558	127,321	75,610	927	-
Excess (deficiency) of revenues over (under) expenditures	-	(2,500)	(33,427)	(52,780)	62,575	(927)	-
Other Financing Sources							
Transfer in	-	-	-	-	-	-	-
Transfer out	(22)	-	-	-	-	-	(2,782)
Total other financing sources	(22)	-	-	-	-	-	(2,782)
Net change in fund balance	(22)	(2,500)	(33,427)	(52,780)	62,575	(927)	(2,782)
Fund Balance (Deficit), Beginning	22	68,709	81,332	102,264	(2,009)	3,891	2,782
Fund Balance (Deficit), Ending	\$ -	\$ 66,209	\$ 47,905	\$ 49,484	\$ 60,566	\$ 2,964	\$ -

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	Formative Assessment Grant	Special Education Student Reimbursement	Pre-School Program	Connectivity Technology Grant	Educational Promotions Fund	I Pad Insurance Fund	Upward Pathways Program
Revenues							
Charges for services	\$ -	\$ -	\$ 474,833	\$ -	\$ 102,551	\$ 1,403	\$ -
Intergovernmental	75,263	12,774	-	-	310	-	-
Other	-	-	10,800	-	-	-	-
Total revenues	<u>75,263</u>	<u>12,774</u>	<u>485,633</u>	<u>-</u>	<u>102,861</u>	<u>1,403</u>	<u>-</u>
Expenditures							
Current:							
Instruction	77,863	-	496,302	-	-	-	-
Support services	-	-	-	-	23,140	128	-
Community services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>77,863</u>	<u>-</u>	<u>496,302</u>	<u>-</u>	<u>23,140</u>	<u>128</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,600)</u>	<u>12,774</u>	<u>(10,669)</u>	<u>-</u>	<u>79,721</u>	<u>1,275</u>	<u>-</u>
Other Financing Sources							
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>(2,600)</u>	<u>12,774</u>	<u>(10,669)</u>	<u>-</u>	<u>79,721</u>	<u>1,275</u>	<u>-</u>
Fund Balance (Deficit), Beginning	<u>2,600</u>	<u>17,325</u>	<u>401,656</u>	<u>41,459</u>	<u>167,774</u>	<u>73,557</u>	<u>15,904</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ 30,099</u>	<u>\$ 390,987</u>	<u>\$ 41,459</u>	<u>\$ 247,495</u>	<u>\$ 74,832</u>	<u>\$ 15,904</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds - Special Revenue Funds
Year Ended June 30, 2024

	Medicaid Reimbursement - State	Alternative Education 2019- 20	Medicaid Reimbursement - FED	Adult Basic Education Grants	Ball Brothers Grants	Cares Act Grants	Donation Funds
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	100,062	73,798	304,301	364,117	479,000	20,692	916,107
Other	-	34,553	-	-	-	-	1,550
Total revenues	<u>100,062</u>	<u>108,351</u>	<u>304,301</u>	<u>364,117</u>	<u>479,000</u>	<u>20,692</u>	<u>917,657</u>
Expenditures							
Current:							
Instruction	4,020	109,208	265,573	350,999	131,692	4,020	6,964
Support services	140,187	-	1,589	-	199,189	16,672	809,303
Community services	-	-	-	-	127,563	-	-
Facilities acquisition and construction	-	-	-	-	31,656	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	43,600	-	49,600	-	-
Total expenditures	<u>144,207</u>	<u>109,208</u>	<u>310,762</u>	<u>350,999</u>	<u>539,700</u>	<u>20,692</u>	<u>816,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(44,145)</u>	<u>(857)</u>	<u>(6,461)</u>	<u>13,118</u>	<u>(60,700)</u>	<u>-</u>	<u>101,390</u>
Other Financing Sources							
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>(44,145)</u>	<u>(857)</u>	<u>(6,461)</u>	<u>13,118</u>	<u>(60,700)</u>	<u>-</u>	<u>101,390</u>
Fund Balance (Deficit), Beginning	<u>208,860</u>	<u>(3,952)</u>	<u>690,958</u>	<u>(23,043)</u>	<u>449,746</u>	<u>-</u>	<u>18,487</u>
Fund Balance (Deficit), Ending	<u>\$ 164,715</u>	<u>\$ (4,809)</u>	<u>\$ 684,497</u>	<u>\$ (9,925)</u>	<u>\$ 389,046</u>	<u>\$ -</u>	<u>\$ 119,877</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	Dual Language Grants	Excellence in Performance Grants	George and Frances Ball	High Ability Grants	Kindergarten Kickoff	Non English Speaking Grants	Perkins Grant
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	18,000	185,281	277,988	61,792	-	-	350,737
Other	-	-	-	-	2,003	-	-
Total revenues	<u>18,000</u>	<u>185,281</u>	<u>277,988</u>	<u>61,792</u>	<u>2,003</u>	<u>-</u>	<u>350,737</u>
Expenditures							
Current:							
Instruction	18,000	189,454	40,935	64,084	-	3,086	354,908
Support services	-	-	433,718	-	142	-	-
Community services	-	-	101,199	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>18,000</u>	<u>189,454</u>	<u>575,852</u>	<u>64,084</u>	<u>142</u>	<u>3,086</u>	<u>354,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,173)</u>	<u>(297,864)</u>	<u>(2,292)</u>	<u>1,861</u>	<u>(3,086)</u>	<u>(4,171)</u>
Other Financing Sources							
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>-</u>	<u>(4,173)</u>	<u>(297,864)</u>	<u>(2,292)</u>	<u>1,861</u>	<u>(3,086)</u>	<u>(4,171)</u>
Fund Balance (Deficit), Beginning	<u>-</u>	<u>5,618</u>	<u>668,785</u>	<u>31,403</u>	<u>1,499</u>	<u>3,086</u>	<u>(21,313)</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ 1,445</u>	<u>\$ 370,921</u>	<u>\$ 29,111</u>	<u>\$ 3,360</u>	<u>\$ -</u>	<u>\$ (25,484)</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	Scholarship Funds	Secured School Grants	Special Education	Textbook Rental	Title I Grants	Title II Grants	Title III Grants
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ 1,169	\$ -	\$ -	\$ -
Intergovernmental	-	101,778	4,270,753	783,658	4,195,520	545,293	18,106
Other	11,507	-	-	3,190	-	-	-
Total revenues	<u>11,507</u>	<u>101,778</u>	<u>4,270,753</u>	<u>788,017</u>	<u>4,195,520</u>	<u>545,293</u>	<u>18,106</u>
Expenditures							
Current:							
Instruction	-	-	3,077,271	1,472,112	2,091,838	161,991	16,338
Support services	-	5,700	1,179,238	221	1,671,354	381,286	548
Community services	-	96,078	219,208	-	79,938	-	742
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	77,000	-	-	-	-	-	-
Capital outlay	-	-	-	-	13,000	-	-
Total expenditures	<u>77,000</u>	<u>101,778</u>	<u>4,475,717</u>	<u>1,472,333</u>	<u>3,856,130</u>	<u>543,277</u>	<u>17,628</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,493)</u>	<u>-</u>	<u>(204,964)</u>	<u>(684,316)</u>	<u>339,390</u>	<u>2,016</u>	<u>478</u>
Other Financing Sources							
Transfer in	-	-	-	-	-	-	-
Transfer out	(17,500)	-	-	-	(168,428)	-	-
Total other financing sources	<u>(17,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,428)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(82,993)</u>	<u>-</u>	<u>(204,964)</u>	<u>(684,316)</u>	<u>170,962</u>	<u>2,016</u>	<u>478</u>
Fund Balance (Deficit), Beginning	<u>416,142</u>	<u>-</u>	<u>(163,685)</u>	<u>1,292,965</u>	<u>(330,590)</u>	<u>(15,748)</u>	<u>(478)</u>
Fund Balance (Deficit), Ending	<u>\$ 333,149</u>	<u>\$ -</u>	<u>\$ (368,649)</u>	<u>\$ 608,649</u>	<u>\$ (159,628)</u>	<u>\$ (13,732)</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, 2024

	<u>Title IV Grants</u>	<u>Vocational COOP</u>	<u>Mental Health Relief Grant</u>	<u>2021-2022 Early Intervention</u>	<u>Family Navigator Grant</u>	<u>Student Learning Recovery</u>	<u>Digital Learning Grant</u>
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	262,139	-	38,800	-	202,499	-	9,715
Other	-	-	-	-	-	-	-
Total revenues	<u>262,139</u>	<u>-</u>	<u>38,800</u>	<u>-</u>	<u>202,499</u>	<u>-</u>	<u>9,715</u>
Expenditures							
Current:							
Instruction	19,092	-	-	-	-	317	-
Support services	250,419	-	15,281	-	35,580	-	9,715
Community services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>269,511</u>	<u>-</u>	<u>15,281</u>	<u>-</u>	<u>35,580</u>	<u>317</u>	<u>9,715</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,372)</u>	<u>-</u>	<u>23,519</u>	<u>-</u>	<u>166,919</u>	<u>(317)</u>	<u>-</u>
Other Financing Sources							
Transfer in	-	-	-	-	-	-	-
Transfer out	-	(2,140)	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>(2,140)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(7,372)</u>	<u>(2,140)</u>	<u>23,519</u>	<u>-</u>	<u>166,919</u>	<u>(317)</u>	<u>-</u>
Fund Balance (Deficit), Beginning	<u>(3,649)</u>	<u>2,140</u>	<u>-</u>	<u>-</u>	<u>50,562</u>	<u>317</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (11,021)</u>	<u>\$ -</u>	<u>\$ 23,519</u>	<u>\$ -</u>	<u>\$ 217,481</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, 2024

	Extra- Curricular Activities	Marian Univ Family Navigator	BSU Create Grant	CO-AG Grant	UCAN - Cell Grant UIndy	Eastern Indiana Works	STEM Grants
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	25,993	110,500	-	66,313	549	81,603
Other	1,074,834	-	-	-	-	-	-
Total revenues	1,074,834	25,993	110,500	-	66,313	549	81,603
Expenditures							
Current:							
Instruction	-	-	6,041	-	31,203	549	42,376
Support services	1,112,587	22,458	191,368	65,803	40,457	-	20,648
Community services	-	-	1,500	-	5,800	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	1,112,587	22,458	198,909	65,803	77,460	549	63,024
Excess (deficiency) of revenues over (under) expenditures	(37,753)	3,535	(88,409)	(65,803)	(11,147)	-	18,579
Other Financing Sources							
Transfer in	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	(4,569)	-
Total other financing sources	-	-	-	-	-	(4,569)	-
Net change in fund balance	(37,753)	3,535	(88,409)	(65,803)	(11,147)	(4,569)	18,579
Fund Balance (Deficit), Beginning	464,425	(3,535)	115,835	80,244	(907)	4,569	(18,579)
Fund Balance (Deficit), Ending	\$ 426,672	\$ -	\$ 27,426	\$ 14,441	\$ (12,054)	\$ -	\$ -

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	McKinney Vento	ARSI S25 Grant	Afghan Refugee Impact Grant	21st Century Grant	School Counseling Grant	Explore, Engage, Experience	Literacy Cadre
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	955	124,532	86,094	11,994	209,409	119,662	305,579
Other	27,692	-	-	-	-	-	-
Total revenues	<u>28,647</u>	<u>124,532</u>	<u>86,094</u>	<u>11,994</u>	<u>209,409</u>	<u>119,662</u>	<u>305,579</u>
Expenditures							
Current:							
Instruction	-	84,621	78,511	3,391	-	70,058	-
Support services	26,781	14,570	3,548	-	218,258	42,104	295,966
Community services	2,511	4,998	-	-	-	7,500	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>29,292</u>	<u>104,189</u>	<u>82,059</u>	<u>3,391</u>	<u>218,258</u>	<u>119,662</u>	<u>295,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(645)</u>	<u>20,343</u>	<u>4,035</u>	<u>8,603</u>	<u>(8,849)</u>	<u>-</u>	<u>9,613</u>
Other Financing Sources							
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>(645)</u>	<u>20,343</u>	<u>4,035</u>	<u>8,603</u>	<u>(8,849)</u>	<u>-</u>	<u>9,613</u>
Fund Balance (Deficit), Beginning	<u>(1,538)</u>	<u>(20,343)</u>	<u>(4,035)</u>	<u>(8,603)</u>	<u>(4,688)</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (2,183)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,537)</u>	<u>\$ -</u>	<u>\$ 9,613</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances -
 Nonmajor Governmental Funds - Special Revenue Funds
 Year Ended June 30, 2024

	Student Learning Recovery		Indiana Early	2022-2023 Early		2023-24 R SIG	Bipartisan
	Gear Up Grant	Extension Grant	Literacy Grant	Intervention	K-12 Robotics	Grant	Safer
Revenues							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	163,336	8,097	107,361	15,462	7,500	42,772	55,603
Other	-	-	-	-	-	-	-
Total revenues	<u>163,336</u>	<u>8,097</u>	<u>107,361</u>	<u>15,462</u>	<u>7,500</u>	<u>42,772</u>	<u>55,603</u>
Expenditures							
Current:							
Instruction	162,341	8,096	102,679	15,462	-	38,479	-
Support services	995	80	4,682	-	-	-	59,043
Community services	-	-	-	-	7,500	4,293	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total expenditures	<u>163,336</u>	<u>8,176</u>	<u>107,361</u>	<u>15,462</u>	<u>7,500</u>	<u>42,772</u>	<u>59,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,440)</u>
Other Financing Sources							
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>-</u>	<u>(79)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,440)</u>
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ -</u>	<u>\$ (79)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,440)</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances -
Nonmajor Governmental Funds - Special Revenue Funds
Year Ended June 30, 2024

	Child Care Block Grant	2023-24 21st Century Grant	Total Nonmajor Special Revenue Funds
Revenues			
Charges for services	\$ -	\$ -	\$ 770,633
Intergovernmental	23,065	147,543	19,894,456
Other	-	-	1,281,132
Total revenues	<u>23,065</u>	<u>147,543</u>	<u>21,946,221</u>
Expenditures			
Current:			
Instruction	49,140	87,604	9,977,985
Support services	-	59,450	7,495,700
Community services	-	489	4,530,852
Facilities acquisition and construction	-	-	31,656
Nonprogrammed charges	-	-	79,500
Capital outlay	-	-	121,100
Total expenditures	<u>49,140</u>	<u>147,543</u>	<u>22,236,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,075)</u>	<u>-</u>	<u>(290,572)</u>
Other Financing Sources			
Transfer in	-	-	365
Transfer out	-	-	(195,441)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(195,076)</u>
Net change in fund balance	<u>(26,075)</u>	<u>-</u>	<u>(485,648)</u>
Fund Balance (Deficit), Beginning	<u>-</u>	<u>-</u>	<u>6,576,407</u>
Fund Balance (Deficit), Ending	<u>\$ (26,075)</u>	<u>\$ -</u>	<u>\$ 6,090,759</u>

Muncie Community Schools

Combining Balance Sheet -
Nonmajor Governmental Funds - Debt Service Funds
June 30, 2024

	<u>Building Corporation</u>	<u>Building Corporation 2022 Bond Issue</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets			
Restricted Assets			
Cash and investments	\$ 1,327,119	\$ 4,206,837	\$ 5,533,956
Total assets	<u>\$ 1,327,119</u>	<u>\$ 4,206,837</u>	<u>\$ 5,533,956</u>
Liabilities and Fund Balances			
Fund Balances			
Restricted	<u>\$ 1,327,119</u>	<u>\$ 4,206,837</u>	<u>\$ 5,533,956</u>
Total fund balances	<u>\$ 1,327,119</u>	<u>\$ 4,206,837</u>	<u>\$ 5,533,956</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds - Debt Service Funds
 Year Ended June 30, 2024

	Building Corporation	Building Corporation 2022 Bond Issue	Total Nonmajor Debt Service Funds
Revenues			
Miscellaneous:			
Interest on investments	\$ 2,312	\$ 12,525	\$ 14,837
Total revenues	<u>2,312</u>	<u>12,525</u>	<u>14,837</u>
Expenditures			
Current:			
Nonprogrammed charges	2,850	-	2,850
Bond issue costs	-	85,713	85,713
Principal paid on debt	-	4,120,000	4,120,000
Interest on debt	716,553	228,916	945,469
Total expenditures	<u>719,403</u>	<u>4,434,629</u>	<u>5,154,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(717,091)</u>	<u>(4,422,104)</u>	<u>(5,139,195)</u>
Other Financing Sources			
Debt proceeds	-	225,000	225,000
Transfer in	1,586,776	6,239,453	7,826,229
Transfer out	-	(12,512)	(12,512)
Total other financing sources	<u>1,586,776</u>	<u>6,451,941</u>	<u>8,038,717</u>
Net change in fund balance	<u>869,685</u>	<u>2,029,837</u>	<u>2,899,522</u>
Fund Balance, Beginning	<u>457,434</u>	<u>2,177,000</u>	<u>2,634,434</u>
Fund Balance, Ending	<u>\$ 1,327,119</u>	<u>\$ 4,206,837</u>	<u>\$ 5,533,956</u>

Muncie Community Schools

Combining Balance Sheet -
 Nonmajor Governmental Funds - Capital Project Funds
 June 30, 2024

	2022 Muncie School Bonds	2023 Muncie School Bonds	2024 Bonds	NSMS GYM Renovations	Building Corporation 2022 Bond Issue	Total Nonmajor Capital Project Funds
Assets						
Cash and investments	\$ -	\$ 16,945	\$ -	\$ -	\$ 2,057,868	\$ 2,074,813
Total assets	<u>\$ -</u>	<u>\$ 16,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,057,868</u>	<u>\$ 2,074,813</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ 4,201	\$ 40,792	\$ -	\$ 529,285	\$ 574,278
Total liabilities	<u>-</u>	<u>4,201</u>	<u>40,792</u>	<u>-</u>	<u>529,285</u>	<u>574,278</u>
Fund Balances						
Restricted	-	12,744	-	-	1,528,583	1,541,327
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(40,792)</u>	<u>-</u>	<u>-</u>	<u>(40,792)</u>
Total fund balances	<u>-</u>	<u>12,744</u>	<u>(40,792)</u>	<u>-</u>	<u>1,528,583</u>	<u>1,500,535</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 16,945</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,057,868</u>	<u>\$ 2,074,813</u>

Muncie Community Schools

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds - Capital Project Fund
 Year Ended June 30, 2024

	2022 Muncie School Bonds	2023 Muncie School Bonds	2024 Bonds	NSMS GYM Renovations	Building Corporation 2022 Bond Issue	Total Capital Project Funds
Revenues						
Intergovernmental:	\$ -	\$ -	\$ -	\$ 1,100	\$ -	\$ 1,100
Interest	-	-	-	-	136,700	136,700
Total revenues	-	-	-	1,100	136,700	137,800
Expenditures						
Current:						
Instruction	-	-	-	13,600	-	13,600
Facilities acquisition and construction	19,707	48,650	40,792	-	-	109,149
Capital outlay	35,042	132,606	-	-	5,825,087	5,992,735
Debt Service						
Bond issue costs	-	-	-	-	32,409	32,409
Total expenditures	54,749	181,256	40,792	13,600	5,857,496	6,147,893
Excess (deficiency) of revenues over (under) expenditures	(54,749)	(181,256)	(40,792)	(12,500)	(5,720,796)	(6,010,093)
Other Financing Sources						
Debt proceeds	-	-	-	-	5,860,000	5,860,000
Premium on bonds	-	-	-	-	48,901	48,901
Transfer in	-	194,000	-	-	12,512	206,512
Transfer out	-	-	-	-	(194,000)	(194,000)
Total other financing sources	-	194,000	-	-	5,727,413	5,921,413
Net change in fund balance	(54,749)	12,744	(40,792)	(12,500)	6,617	(88,680)
Fund Balance, Beginning	54,749	-	-	12,500	1,521,966	1,589,215
Fund Balance, Ending	\$ -	\$ 12,744	\$ (40,792)	\$ -	\$ 1,528,583	\$ 1,500,535

Muncie Community Schools

Combining Statement of Fiduciary Net Position -

Custodial Funds

June 30, 2024

	Special Education Pass-through	Prepaid Lunch	Total
Assets			
Cash and cash equivalents	\$ 407,487	\$ 2,141	\$ 409,628
Accounts receivable	-	93	93
Intergovernmental receivable	<u>4,785</u>	<u>-</u>	<u>4,785</u>
Total assets	<u>412,272</u>	<u>2,234</u>	<u>414,506</u>
Liabilities and Net Position			
Liabilities			
Accounts payable	<u>407,488</u>	<u>-</u>	<u>407,488</u>
Total liabilities	<u>407,488</u>	<u>-</u>	<u>407,488</u>
Net Position			
Net Position, Restricted	<u>\$ 4,784</u>	<u>\$ 2,234</u>	<u>\$ 7,018</u>

Muncie Community School Corporation

Combining Statement of Changes in Fiduciary Net Position -

Custodial Funds

Year Ended June 30, 2024

	Special Education Preschool	Prepaid Lunch	Total
Additions			
Intergovernmental	\$ 2,652,438	\$ 64,038	\$ 2,716,476
Total additions	<u>2,652,438</u>	<u>64,038</u>	<u>2,716,476</u>
Deductions			
Paid to other governments	<u>2,647,654</u>	<u>93,376.00</u>	<u>2,741,030</u>
Total deductions	<u>2,647,654</u>	<u>93,376</u>	<u>2,741,030</u>
Changes in net position	4,784	(29,338)	(24,554)
Net Position, Beginning	<u>-</u>	<u>31,572</u>	<u>31,572</u>
Net Position, Ending	<u>\$ 4,784</u>	<u>\$ 2,234</u>	<u>\$ 7,018</u>

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

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

June 30, 2024

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

**SINGLE AUDIT REPORT
IN ACCORDANCE WITH UNIFORM GUIDANCE**
June 30, 2024

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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, 2024, 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 4, 2024.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-002 to be a significant deficiency.

(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 findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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

Indianapolis, Indiana
October 4, 2024

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, 2024. 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, 2024.

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.

(Continued)

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.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-003. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School Corporation's response to the noncompliance finding 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004 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 responses 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 responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, 2024, and the related notes to the financial statements, which collectively comprise the School Corporation's basic financial statements. We issued our report thereon dated October 4, 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

Indianapolis, Indiana
March 20, 2025

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

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 06-30-24
<u>Department of Agriculture</u>				
Child Nutrition Cluster	Indiana Department of Education			
School Breakfast Program		10.553	FY2024	\$ 1,012,658
National School Lunch Program		10.555	FY2024	3,128,936
Commodities		10.555	FY2024	<u>302,643</u>
Total - Child Nutrition Cluster				<u>4,444,237</u>
Child and Adult Care Food Program CACFP	Indiana Department of Education			
		10.558	FY2024	<u>206,402</u>
Total - Child and Adult Care Food Program				<u>206,402</u>
Total - Department of Agriculture				<u>3,637,981</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	22611-008-PN01	3,498
Special Ed- Part B		84.027	23611-008-PN01	920,697
Special Ed- Part B		84.027	24611-008-PN01	1,066,685
COVID-19 - Supplemental Funding - IDEA, Part B		84.027X	22611-008-ARP	<u>9,816</u>
Total - Special Education Grants to States				<u>2,000,696</u>
Special Education Preschool Grants	Indiana Department of Education			
Special Ed Preschool		84.173	22619-008-PN01	23,547
Special Ed Preschool		84.173	23619-008-PN01	34,614
Special Ed Preschool		84.173	24619-008-PN01	13,088
COVID-19 - Supplemental Funding - IDEA, Preschool		84.173X	22619-008-ARP	<u>8,286</u>
Total - Special Education Preschool Grants				<u>79,535</u>
Total - Special Education Cluster(IDEA)				<u>2,080,231</u>
Adult Education - Basic Grants to States	Indiana Department of Education			
Adult Education Basic Grant		84.002	V02A2300014	<u>190,743</u>
Total - Adult Education - Basic Grants to States				<u>190,743</u>

(Continued)

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

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 06-30-24
Title I Grants to Local Educational Agencies				
Indiana Department of Education				
Title I, Part A, School Improvement Grants		84.010	S010A210014	\$ 188,346
Title I, Part A, School Improvement Grants		84.010	S010A220014	607,216
Title I, Part A, School Improvement Grants		84.010	S010A230014	1,924,928
Title I, Part A		84.010A	S010A220014	1,369,507
Title I, Part A		84.010A	S010A230014	<u>1,997,947</u>
Total - Title I Grants to Local Educational Agencies				<u>6,087,944</u>
Title I State Agency Program for Neglected & Delinquent Children & Youth				
Indiana Department of Education				
Title I, Part D		84.013	S010A220014	57,402
Title I, Part D		84.013	S010A230014	<u>144,348</u>
Total - Title I State Agency Program for Neglected & Delinquent Children & Youth				<u>201,750</u>
Career and Technical Education -- Basic Grants to States				
Indiana Department of Education				
Perkins Basic Grant		84.048	23-0512-p022	166,073
Perkins Basic Grant		84.048	24-0512-9022	164,782
Perkins Assessment Grant		84.048	24-0512-p022	<u>5,800</u>
Total - Career and Technical Education -- Basic Grants to States				<u>336,655</u>
Education for Homeless Children and Youth				
Indiana Department of Education				
McKinney Vento: Homeless Children and Youth		84.196	S196A230015	<u>24,522</u>
Total - Education for Homeless Children and Youth				<u>24,522</u>
Twenty-First Century Community Learning Centers				
Indiana Department of Education				
21st Century Learning Grant		84.287	S287C220014	56,805
21st Century Learning Grant		84.287	S287C230014	<u>96,724</u>
Total - Twenty-First Century Community Learning Centers				<u>153,529</u>
English Language Acquisition State Grants				
Indiana Department of Education				
Title III, Part A		84.365	S365A210014	2,822
Title III, Part A		84.365	S365A230014	<u>15,504</u>
Total - English Language Acquisition State Grants				<u>18,326</u>
Supporting Effective Instruction State Grants				
Indiana Department of Education				
Title II, Part A		84.367A	S367A210013	132,386
Title II, Part A		84.367A	S367A220013	287,508
Title II, Part A		84.367A	S367A230013	<u>35,878</u>
Total - Supporting Effective Instruction State Grants				<u>455,772</u>

(Continued)

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

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 06-30-24
Student Support and Academic Enrichment Program	Indiana Department of Education			
Title IV Part A		84.424	S424A220015	\$ 124,543
Title IV Part A		84.424	S424F220015	36,614
Title IV Part A		84.424	S424Z210015	<u>104,363</u>
Total - Student Support and Academic Enrichment Program				<u>265,520</u>
COVID-19 - Education Stabilization Fund				
School Counseling Grant - ESSER II	Indiana Department of Education	84.425D	S425D210013	9,312
Elementary and Secondary School Emergency Relief (ESSER II) Fund		84.425D	S425D210013	287,915
Explore Engage Experience (3E) Grant - ARP ESSER		84.425U	7000S425U210013	293,691
American Rescue Plan Elementary and Secondary School Elementary and Secondary School Emergency Relief (ESSER III) Fund		84.425U	S425U210013	11,216,132
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP HCY II) Homeless Children and Youth Grant		84.425W	S425W210015	<u>16,784</u>
Total - COVID-19 - Education Stabilization Fund				<u>11,823,834</u>
Total - Department of Education				<u>21,638,826</u>
<u>Department of Health and Human Services</u>				
Medicaid Cluster				
Medical Assistance Program	Family and Social Services Administration			
Medicaid		93.778	FY2024	<u>301,271</u>
Total - Medicaid Cluster				<u>301,271</u>
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	Indiana Department of Education			
Afghan Refugee SIS		93.566	REFAFGANRF23	233,022
Afghan Refugee SIS		93.566	REFSOCVCF22	9,452
Afghan Refugee Impact Grant		93.566	REFSOCVCF23	<u>33,653</u>
Total - Refugee and Entrant Assistance State/Replacement Designee Administered Programs				<u>276,127</u>
Total - Department of Health and Human Services				<u>577,398</u>
Total federal awards expended				<u>\$ 26,866,863</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, 2024

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, 2024. 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, 2024.

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. The School Corporation serves as the fiscal agent of the Cooperative. As a result, all Cooperative financial activities, including receipts and disbursements, are reported in the financial statement for the School Corporation, however, the School Corporation only reports their allocated share of the Cooperative activity on the SEFA for the Special Education Cluster (IDEA) grant awards. Each school participating in the Cooperative is responsible for reporting their respective share of the Cooperative's federal expenditures on their SEFA.

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

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> X </u>	Yes	<u> </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> </u>	Yes	<u> X </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
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.027X, 84.173, 84.173X	Special Education Cluster
84.425D, 84.425U, 84.425W	COVID-19 - Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$806,006

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, 2024**

Section II – Financial Statement Findings

FINDING 2024-001

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.

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.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

Section II – Financial Statement Findings (Continued)

FINDING 2024-001 (Continued)

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

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

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

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

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 net understatement of the total federal awards expended on the SEFA by \$2,320,056 for the year ended June 30, 2024:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were understated by \$14,346
- The Special Education Cluster (84.027, 84.027X, 84.173, 84.173X) expenditures were overstated by \$95,960
- The Adult Education – Basic Grants to States (84.002) expenditures were overstated by \$146,338
- The Title I Part A (84.010) expenditures were overstated by \$33,653
- The Education for Homeless Children and Youth (84.196) expenditures were understated by \$24,522
- The Education Stabilization Fund (84.425D, 84.425U, 84.425W) expenditures were understated by \$2,523,487
- Refugee and Entrant Assistance State/Replacement Designee Administered Programs (93.566) expenditures were understated by \$33,652

Additionally, we noted \$607,216 in Title I Part A (84.010A) 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.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

Section II – Financial Statement Findings (Continued)

FINDING 2024-001 (Continued)

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

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior finding number was 2023-002.

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.

FINDING 2024-002

Subject: Internal Controls over Financial Reporting
Audit Findings: Significant Deficiency

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.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

Section II – Financial Statement Findings (Continued)

FINDING 2024-002 (Continued)

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.

Effect: The below misstatement was discovered. Management posted an entry to correct this error.

- During testing of property tax receivables, we noted an error in the calculation that resulted in the property tax receivable amount being overstated. The posted audit entry at the fund level debited deferred inflows for \$3,228,150 and credited property tax receivables for the same amount.

Identification as a repeat finding, if applicable: This is a repeat finding from the immediately prior audit. The prior finding number was 2023-001.

Recommendation: We recommend that management implement a financial reporting checklist to address known issues from FY24 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 2024-003

Information on the federal program:

Subject: Child Nutrition Cluster - Internal Controls
Federal Agency: Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
Assistance Listing Number: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2024
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Significant Deficiency, Other Matters

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, 2024**

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

FINDING 2024-003 (Continued)

2 CFR 200.430 states in part:

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity,
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

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 activities allowed or unallowed and allowable costs/cost principle 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: \$5,338 (Known questioned costs)

Context: For 5 selections, in a sample of 5 payroll transactions, the School Corporation did not have time and effort logs to support the portion of the employee's time charged to the grant. The employees' time was split with a non-federal fund; however, the School Corporation did not have support for the allocation of the time charged to the School Lunch fund.

Identification as a repeat finding: No.

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

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

FINDING 2024-003 (Continued)

Recommendation: We recommend management ensure semi-annual certifications are completed for all employees charged to the grant awards at 100% and time and effort logs are maintained for all employees not charged at 100% to support work performed and charged to the grant awards. We recommend management establish a documented review by management of semi-annual certifications and time and effort logs to ensure time charged to grant awards is allowable and allocable based on work performed in accordance with grant requirements.

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

FINDING 2024-004

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: 84.425D
Federal Award Numbers and Years (or Other Identifying Numbers): S425D210013
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
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). . . ."

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."

(Continued)

**Muncie Community Schools
Schedule Of Findings And Questioned Costs
For the Year Ended June 30, 2024**

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

FINDING 2024-004 (Continued)

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.

Questioned Costs: There were no questioned costs identified.

Context: The School Corporation was required to submit one Annual Data Reports to the Indiana Department of Education (IDOE) during the audit period to meet federal reporting requirements for ESSER grant awards. We noted that the ESSER II amount reported for the reports covering the FY23 time period (\$4,934,473) did not agree to the underlying expenditure records (\$4,801,053) for the period of July 1, 2022 through June 30, 2023.

Identification as a repeat finding: This is a repeat finding from the immediately prior audit. The prior finding number was 2023-006.

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.



MUNCIE COMMUNITY SCHOOLS

Admin Offices
4301 S Cowan Rd
Muncie, IN 47302
765-747-5222 office

CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2024

Finding 2024-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards

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 net understatement of the total federal awards expended on the SEFA by \$2,320,056 for the year ended June 30, 2024:

- The Child Nutrition Cluster (10.553, 10.555) expenditures were understated by \$14,346
- The Special Education Cluster (84.027, 84.027X, 84.173, 84.173X) expenditures were overstated by \$95,960
- The Adult Education – Basic Grants to States (84.002) expenditures were overstated by \$146,338
- The Title I Part A (84.010) expenditures were overstated by \$33,653
- The Education for Homeless Children and Youth (84.196) expenditures were understated by \$24,522
- The Education Stabilization Fund (84.425D, 84.425U, 84.425W) expenditures were understated by \$2,523,487
- Refugee and Entrant Assistance State/Replacement Designee Administered Programs (93.566) expenditures were understated by \$33,652

Additionally, we noted \$607,216 in Title I Part A (84.010A) 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.

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: 6/30/25 SEFA

FINDING 2024-002

Subject: Internal Controls over Financial Reporting

Effect: The below misstatement was discovered. Management posted an entry to correct this error.

- During testing of property tax receivables, we noted an error in the calculation that resulted in the property tax receivable amount being overstated. The posted audit entry at the fund level debited deferred inflows for \$3,228,150 and credited property tax receivables for the same amount.

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: 6/30/25 financial statements

Finding 2024-003 – Child Nutrition Cluster – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Context: For 5 selections, in a sample of 5 payroll transactions, the School Corporation did not have time and effort logs to support the portion of the employee's time charged to the grant. The employees' time was split with a non-federal fund; however, the School Corporation did not have support for the allocation of the time charged to the School Lunch fund.

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 food service are reviewed to ensure they represent food service payroll activity only.

Anticipated Completion Date: March 2025

FINDING 2024-004 – COVID-19 – Education Stabilization Fund – Reporting

Context: The School Corporation was required to submit one Annual Data Reports to the Indiana Department of Education (IDOE) during the audit period to meet federal reporting requirements for ESSER grant awards. We noted that the ESSER II amount reported for the reports covering the FY23 time period (\$4,934,473) did not agree to the underlying expenditure records (\$4,801,053) for the period of July 1, 2022 through June 30, 2023.

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 FY25

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2023-001

Subject: Internal Controls over Financial Reporting

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.

Status: Not resolved, see 2024-002. The finding was not resolved due to the lack of detailed review of the financial statements. To resolve the finding, 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.

FINDING 2023-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards

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.

Status: Not resolved, see 2024-001. The finding was not resolved due to the lack of detailed review of the financial statements. To resolve the finding, We will work to double check all amounts on the SEFA to ensure the amounts recorded agree to the underlying detail for the year.

FINDING 2023-003

Subject: Financial Transactions - Average Daily Membership (ADM)

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.

Status: Resolved

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

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.

Status: Resolved

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

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.

Status: Resolved

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

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.

Status: Not resolved, see 2024-004. The finding was not resolved due to the lack of detailed review of the reports submitted. To resolve the finding, We will ensure all ESSER reports include accurate information that agree to the underlying disbursement records.

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

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.

Status: Resolved