

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF MUNCIE
DELAWARE COUNTY, INDIANA

January 1, 2017 to December 31, 2017



FILED
12/13/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-12
Notes to Financial Statement	13-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-44
Schedule of Payables and Receivables	45
Schedule of Leases and Debt	46
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	48-50
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	52
Notes to Schedule of Expenditures of Federal Awards	53
Schedule of Findings and Questioned Costs	54-70
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	72-75
Corrective Action Plan	76-83
Other Reports	84

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Audrey Jones Clares Burke (interim) Kevin Nemyer	01-01-17 to 06-09-17 06-10-17 to 07-30-17 07-31-17 to 12-31-18
Mayor	Dennis Tyler	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	John Quirk	01-01-17 to 12-31-18
President of the Common Council	Douglas Marshall	01-01-17 to 12-31-18
President of the Sanitary District Board	Bill Smith	01-01-17 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2017.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 5, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 5, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Muncie (City), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 5, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

City of Muncie's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

November 5, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
General Fund	\$ 3,562,383	\$ 27,070,768	\$ 26,211,861	\$ 4,421,290
Motor Vehicle Highway	1,597,069	3,980,910	3,909,941	1,668,038
Local Road and Street	5,017	1,481,219	1,097,373	388,863
Parking Meter	131,670	57,685	90,018	99,337
Economic Development Operating	35,119	-	-	35,119
Clerk's Records Perpetuation	69,481	28,621	6,926	91,176
Parks and Recreation	646,323	985,251	1,406,939	224,635
Rainy Day	538,319	-	-	538,319
Cumulative Capital Improvement	-	170,440	170,440	-
Center Township Revenue	1,732,333	400,000	-	2,132,333
Police Pension	1,982,181	3,254,697	3,945,215	1,291,663
Fire Pension	2,145,826	3,229,485	3,534,781	1,840,530
COIT Public Safety	1,039,118	2,775,548	2,312,480	1,502,186
Bond Revenue/Tuhey Pool	130,208	122,656	162,681	90,183
MPD Reserves Grant	1,600	-	-	1,600
Land Bank	17,761	1,007	16,378	2,390
Fuel Surcharge	894	-	-	894
Historic Preservation	4,697	-	4,693	4
Muncie Endurathon Grant	167	-	-	167
Regions Bank Indiana Stamping Bond	5,476	23,578	23,534	5,520
MPD Towing	62,707	34,680	38,839	58,548
Redevelopment TIF Indiana Stamping	-	11,036	11,036	-
MFD Search and Rescue Dog Fund	2,308	-	-	2,308
MPD Domestic Violence Donations and Contributions	11,803	25,598	27,589	9,812
MPD Corrupt Business Influence	164	93,801	92,079	1,886
Dog Park Sponsor Fund	1,762	-	789	973
Animal Shelter Non-Reverting Fund	83,391	7,298	90,551	138
CD FY13 Home Program	-	29,298	27,098	2,200
Sanitary Levy Excess	46	-	-	46
Redevelopment TIF Muncie Downtown Expansion	166,609	32	166,641	-
Prairie Creek-City Hall-Other Bond	347,802	-	-	347,802
COHEN Peace Conference	50	-	-	50
CD FY14 CDBG Program	-	7,900	7,900	-
City Levy Excess	116	-	-	116
CD FY14 Home Program	-	140,639	254,389	(113,750)
MFD Safe Station	250	-	-	250
RDC TIF 2014 Multi TIF Bond	1,244,993	179,214	1,234,539	189,668
RDC TIF Muncie South Muncie	30,001	7	30,008	-
Bath house-George & Frances Ball	50,000	-	7,409	42,591
Gateway Park Project Grant	(333,969)	-	-	(333,969)
Ball Bros Foundation Grant Beech Grove	63	-	63	-
Economic Dev Income Tax Revenue Bond 2013 Sinking	(44,314)	456,092	411,778	-
MFD Equipment Grant	3,993	-	-	3,993
City of Muncie Redevelopment Commission Parking Garage	453,714	98,689	85,597	466,806
CD FY15 CDBG Program	-	232,719	236,033	(3,314)
CD FY15 Home Program	-	8,025	13,025	(5,000)
MPD Stop Domestic Violence 15-16	191	-	-	191
Bike Muncie	740	500	-	1,240
Hardest Hit	(90,546)	738,724	1,073,712	(425,534)
Hillcroft Bond First Merchants	45,100	45,115	90,200	15
MPD SWAT Team	310	-	-	310

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Public Defender Fee	250	1,500	-	1,750
LOIT Special Distribution	85,379	-	85,360	19
MPD Dive Team Donation	492	-	-	492
CD FY16 CDBG Program	-	522,967	546,417	(23,450)
CD FY16 Home Program	-	152,714	152,903	(189)
MPD JAG Grant 2016	14,841	-	-	14,841
MPD Victim Advocate 2016-2018	35,784	165,878	159,684	41,978
RDC TIF Cardinal Redevelopment	153,375	9	153,384	-
Animal Shelter Adoption Fees	2,095	18,847	19,656	1,286
Cardinal Square	2,473	240,641	240,612	2,502
MAP Muncie North, LLC Construction Bond	-	183,332	183,320	12
Economic Development Grant Series 2014	1,799,509 607,063	616,412 307,210	1,362,531 606,800	1,053,390 307,473
Hillcroft Acquisition Fund	1,004	6	-	1,010
MPD Domestic Violence 16-17	(11,346)	26,008	14,662	-
MPD OPO 2016-2017	(8,600)	97,767	89,167	-
CD FY17 CDBG Program	-	55,776	89,112	(33,336)
CD FY17 Home Program	-	17,523	32,185	(14,662)
MPD DUI 2016-2017	-	41,416	41,416	-
MPD DUI 2018	-	-	3,449	(3,449)
MPD OPO 2018	-	-	17,839	(17,839)
MPD Domestic Violence 2017-2018	-	-	11,004	(11,004)
Muncie Consolidated	-	2,864,068	1,028,483	1,835,585
Prairie Creek Grant/CF & DC	-	30,000	12,338	17,662
MSD/MPD Vehicle Loan	-	445,998	437,116	8,882
Cemetery Operating	123,184	753,541	492,772	383,953
Probation	62,682	21,945	-	84,627
Park Grant	121,085	-	-	121,085
Police Donation	4,541	-	-	4,541
Parks and Recreation #3	(41,577)	630,272	622,673	(33,978)
Arborist License	22,244	3,551	50	25,745
Park Non-Reverting	35,194	21,601	49,265	7,530
Park Dept-Burt Whiteley	14,002	2,359	-	16,361
Beech Grove Cumulative Building Maintenance	78,897	59,814	14,126	124,585
MPD Interdiction	616	-	-	616
MPD LEBG Safety Vest Grant	-	12,733	-	12,733
MPD Uniform Forfeiture	300	-	-	300
MPD Dare	6,132	-	-	6,132
MPD K-9 Special Olympics	104	53,386	22,803	30,687
MPD Traffic Division	10,169	-	3,100	7,069
MPD Arson Investigations	9,840	-	-	9,840
MPD Police Training	11,475	3,670	15,041	104
Law Enforcement Continuing Education	100,318	58,545	65,397	93,466
Fire Department Donations	70,032	21,553	11,797	79,788
Fire Dept Smoke Alarms	5	-	-	5
Muncie-Delaware Haz-Mat Team	171	-	-	171
Animal Shelter Donation	17,299	45,756	54,870	8,185
CD Grants Other (Non-HUD)	180	-	180	-
Alarm Ordinance	1,990	-	-	1,990
TIF Central City	342,685	28,914	371,599	-
Redevelopment Tech Park	82,886	785,795	731,635	137,046

CITY OF MUNCIE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Redevelopment Commission	221,115	94,622	262,021	53,716
Industrial Develop Revolving Loan	774,012	594,400	890,609	477,803
Redevelopment Commission Other Projects	86,339	548	-	86,887
CD Unsafe Building Fund	27,783	96,230	37,309	86,704
Park White River Beautification	224	-	-	224
Park Beautification Program	225	-	-	225
Fire Safety & Equipment	532	-	-	532
Drug Task Force Federal Forfeiture	19,122	35	13,130	6,027
Adult Probation Services Fees	222,783	24,726	-	247,509
EDIT	138,384	3,805,817	3,942,748	1,453
Urban Development	672	-	-	672
Health Insurance	100,248	11,043,082	8,880,741	2,262,589
Beech Grove Thompson Trust	9,905	70	-	9,975
Beech Grove Cemetery Trust	26,011	184	-	26,195
Beech Grove Grace Maring	41,008	289	-	41,297
Beech Grove Hardin Rhoads	18,716	132	-	18,848
Redevelopment Commission/Allocation	2,239,940	501,793	2,440,264	301,469
Payroll	(339)	32,800,414	32,800,075	-
Insurance-Other	898,281	603,147	3,855	1,497,573
Beech Grove Pre-Need	158,395	15,277	8,175	165,497
User Fee Law Enforcement Education	34,988	18,939	16,121	37,806
Security Deposit	47,550	-	650	46,900
Court Cost Due County	-	196,975	196,975	-
City Court	68,782	1,240,327	1,236,959	72,150
Cabin Rental Deposits	1,440	1,717	917	2,240
Sanitation	5,483,307	6,724,107	6,239,578	5,967,836
Cumulative Building and Sinking	376,313	468,738	343,773	501,278
Reserve Operating and Maintenance	431,062	56,691	-	487,753
Revolving Sanitary Sewer Construction	40,269	-	-	40,269
Reserve Bond 07 Operating and Maintenance	1	2,000	2,000	1
Storm Water Bond and Interest	45	189,799	189,799	45
MSD New Equipment	70,000	100,000	35,500	134,500
Sewage Works Sinking	94,721	6,539,081	6,529,422	104,380
Sewage Debt Service Reserve	4,645,124	1,025,592	-	5,670,716
Storm Water Bond Payment	4,135	1,699,284	1,689,785	13,634
Storm Water Fee/Delaware County	2,789,932	7,019,438	4,179,530	5,629,840
Recycling	182,744	97,116	102,922	176,938
88 Clean Up Race Track FD	20,238	136	5,619	14,755
Rainy Day-MSD	178,655	-	-	178,655
5 Year Planned Replacement	255,962	-	-	255,962
MSD 2014 Stormwater Bond Construction	157,055	137,544	294,599	-
MSD Improvement Reserve	1,507,513	6,025	-	1,513,538
Bond Proceeds	11	-	11	-
2016 Bond Sewage Construction	43,606,932	230,732	30,376,963	13,460,701
2017 BAN Sewage Construction	-	20,673,466	-	20,673,466
Sewage General	4,050,443	22,196,794	21,551,273	4,695,964
Totals	\$ 88,470,277	\$ 172,188,006	\$ 176,806,604	\$ 83,851,679

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

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants,

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

CITY OF MUNCIE
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Plan Description

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

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

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

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grant expenditures not being received by December 31, 2017, or expenditures exceeding receipts.

Note 8. Holding Corporation

The City has entered into a capital lease with the Muncie EDIT Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related-party of the City. Lease payments during the year 2017 totaled \$256,412.

Note 9. Other Postemployment Benefits

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

OTHER INFORMATION - UNAUDITED

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

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

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

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	General Fund	Motor Vehicle Highway	Local Road and Street	Parking Meter	Economic Development Operating	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 3,562,383	\$ 1,597,069	\$ 5,017	\$ 131,670	\$ 35,119	\$ 69,481
Receipts:						
Taxes	21,233,126	-	-	-	-	-
Licenses and permits	756,895	19,785	-	-	-	-
Intergovernmental receipts	3,170,584	3,850,617	701,205	-	-	-
Charges for services	483,084	180	-	57,685	-	28,621
Fines and forfeits	212,906	3,376	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,214,173	106,952	780,014	-	-	-
Total receipts	<u>27,070,768</u>	<u>3,980,910</u>	<u>1,481,219</u>	<u>57,685</u>	<u>-</u>	<u>28,621</u>
Disbursements:						
Personal services	20,482,272	1,462,460	-	-	-	-
Supplies	545,260	601,372	-	-	-	-
Other services and charges	4,206,644	1,426,403	1,097,373	57,684	-	6,926
Debt service - principal and interest	515,385	60,081	-	32,334	-	-
Capital outlay	462,300	359,625	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>26,211,861</u>	<u>3,909,941</u>	<u>1,097,373</u>	<u>90,018</u>	<u>-</u>	<u>6,926</u>
Excess (deficiency) of receipts over disbursements	<u>858,907</u>	<u>70,969</u>	<u>383,846</u>	<u>(32,333)</u>	<u>-</u>	<u>21,695</u>
Cash and investments - ending	<u>\$ 4,421,290</u>	<u>\$ 1,668,038</u>	<u>\$ 388,863</u>	<u>\$ 99,337</u>	<u>\$ 35,119</u>	<u>\$ 91,176</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Parks and Recreation	Rainy Day	Cumulative Capital Improvement	Center Township Revenue	Police Pension	Fire Pension
Cash and investments - beginning	\$ 646,323	\$ 538,319	\$ -	\$ 1,732,333	\$ 1,982,181	\$ 2,145,826
Receipts:						
Taxes	725,236	-	-	-	970,266	714,036
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	96,838	-	170,440	-	84,457	62,203
Charges for services	122,016	-	-	400,000	2,199,690	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	41,161	-	-	-	284	2,453,246
Total receipts	985,251	-	170,440	400,000	3,254,697	3,229,485
Disbursements:						
Personal services	964,661	-	-	-	1,684,731	989,063
Supplies	75,608	-	-	-	-	-
Other services and charges	303,697	-	-	-	497	2,545,718
Debt service - principal and interest	15,989	-	-	-	-	-
Capital outlay	42,950	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	4,034	-	170,440	-	2,259,987	-
Total disbursements	1,406,939	-	170,440	-	3,945,215	3,534,781
Excess (deficiency) of receipts over disbursements	(421,688)	-	-	400,000	(690,518)	(305,296)
Cash and investments - ending	\$ 224,635	\$ 538,319	\$ -	\$ 2,132,333	\$ 1,291,663	\$ 1,840,530

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	COIT Public Safety	Bond Revenue/Tuhey Pool	MPD Reserves Grant	Land Bank	Fuel Surcharge	Historic Preservation
Cash and investments - beginning	\$ 1,039,118	\$ 130,208	\$ 1,600	\$ 17,761	\$ 894	\$ 4,697
Receipts:						
Taxes	2,775,548	117,416	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	5,240	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	1,007	-	-
Total receipts	<u>2,775,548</u>	<u>122,656</u>	<u>-</u>	<u>1,007</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	1,785,282	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	16,378	-	4,693
Debt service - principal and interest	79,694	161,931	-	-	-	-
Capital outlay	40,306	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	407,198	750	-	-	-	-
Total disbursements	<u>2,312,480</u>	<u>162,681</u>	<u>-</u>	<u>16,378</u>	<u>-</u>	<u>4,693</u>
Excess (deficiency) of receipts over disbursements	<u>463,068</u>	<u>(40,025)</u>	<u>-</u>	<u>(15,371)</u>	<u>-</u>	<u>(4,693)</u>
Cash and investments - ending	<u>\$ 1,502,186</u>	<u>\$ 90,183</u>	<u>\$ 1,600</u>	<u>\$ 2,390</u>	<u>\$ 894</u>	<u>\$ 4</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Muncie Endurathon Grant	Regions Bank Indiana Stamping Bond	MPD Towing	Redevelopment TIF Indiana Stamping	MFD Search and Rescue Dog Fund	MPD Domestic Violence Donations and Contributions
Cash and investments - beginning	\$ 167	\$ 5,476	\$ 62,707	\$ -	\$ 2,308	\$ 11,803
Receipts:						
Taxes	-	-	-	11,036	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	23,578	34,680	-	-	25,598
Total receipts	-	23,578	34,680	11,036	-	25,598
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	38,839	-	-	27,589
Debt service - principal and interest	-	21,331	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	2,203	-	11,036	-	-
Total disbursements	-	23,534	38,839	11,036	-	27,589
Excess (deficiency) of receipts over disbursements	-	44	(4,159)	-	-	(1,991)
Cash and investments - ending	\$ 167	\$ 5,520	\$ 58,548	\$ -	\$ 2,308	\$ 9,812

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MPD Corrupt Business Influence	Dog Park Sponsor Fund	Animal Shelter Non-Reverting Fund	CD FY13 Home Program	Sanitary Levy Excess	Redevelopment TIF Muncie Downtown Expansion
Cash and investments - beginning	\$ 164	\$ 1,762	\$ 83,391	\$ -	\$ 46	\$ 166,609
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	27,098	-	-
Charges for services	-	-	7,298	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	93,801	-	-	2,200	-	32
Total receipts	93,801	-	7,298	29,298	-	32
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	92,079	789	90,551	27,098	-	166,641
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	92,079	789	90,551	27,098	-	166,641
Excess (deficiency) of receipts over disbursements	1,722	(789)	(83,253)	2,200	-	(166,609)
Cash and investments - ending	\$ 1,886	\$ 973	\$ 138	\$ 2,200	\$ 46	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Prairie Creek-City Hall-Other Bond	COHEN Peace Conference	CD FY14 CDBG Program	City Levy Excess	CD FY14 Home Program	MFD Safe Station
Cash and investments - beginning	\$ 347,802	\$ 50	\$ -	\$ 116	\$ -	\$ 250
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	7,900	-	137,639	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	3,000	-
Total receipts	-	-	7,900	-	140,639	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	7,900	-	254,389	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	7,900	-	254,389	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(113,750)	-
Cash and investments - ending	\$ 347,802	\$ 50	\$ -	\$ 116	\$ (113,750)	\$ 250

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	RDC TIF 2014 Multi TIF Bond	RDC TIF Muncie South Muncie	Bath house-George & Frances Ball	Gateway Park Project Grant	Ball Bros Foundation Grant Beech Grove	Economic Dev Income Tax Revenue Bond 2013 Sinking
Cash and investments - beginning	\$ 1,244,993	\$ 30,001	\$ 50,000	\$ (333,969)	\$ 63	\$ (44,314)
Receipts:						
Taxes	-	-	-	-	-	456,092
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	179,214	7	-	-	-	-
Total receipts	179,214	7	-	-	-	456,092
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,234,539	30,008	7,409	-	63	-
Debt service - principal and interest	-	-	-	-	-	411,778
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	1,234,539	30,008	7,409	-	63	411,778
Excess (deficiency) of receipts over disbursements	(1,055,325)	(30,001)	(7,409)	-	(63)	44,314
Cash and investments - ending	\$ 189,668	\$ -	\$ 42,591	\$ (333,969)	\$ -	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MFD Equipment Grant	City of Muncie Redevelopment Commission Parking Garage	CD FY15 CDBG Program	CD FY15 Home Program	MPD Stop Domestic Violence 15-16	Bike Muncie
Cash and investments - beginning	\$ 3,993	\$ 453,714	\$ -	\$ -	\$ 191	\$ 740
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	232,719	8,025	-	-
Charges for services	-	98,642	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	47	-	-	-	500
Total receipts	-	98,689	232,719	8,025	-	500
Disbursements:						
Personal services	-	-	29,461	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	85,597	191,217	13,025	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	15,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	355	-	-	-
Total disbursements	-	85,597	236,033	13,025	-	-
Excess (deficiency) of receipts over disbursements	-	13,092	(3,314)	(5,000)	-	500
Cash and investments - ending	\$ 3,993	\$ 466,806	\$ (3,314)	\$ (5,000)	\$ 191	\$ 1,240

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Hardest Hit	Hillcroft Bond First Merchants	MPD SWAT Team	Public Defender Fee	LOIT Special Distribution	MPD Dive Team Donation
Cash and investments - beginning	\$ (90,546)	\$ 45,100	\$ 310	\$ 250	\$ 85,379	\$ 492
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	1,500	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	738,724	45,115	-	-	-	-
Total receipts	<u>738,724</u>	<u>45,115</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,073,712	-	-	-	85,360	-
Debt service - principal and interest	-	90,200	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,073,712</u>	<u>90,200</u>	<u>-</u>	<u>-</u>	<u>85,360</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(334,988)</u>	<u>(45,085)</u>	<u>-</u>	<u>1,500</u>	<u>(85,360)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (425,534)</u>	<u>\$ 15</u>	<u>\$ 310</u>	<u>\$ 1,750</u>	<u>\$ 19</u>	<u>\$ 492</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	CD FY16 CDBG Program	CD FY16 Home Program	MPD JAG Grant 2016	MPD Victim Advocate 2016-2018	RDC TIF Cardinal Redevelopment	Animal Shelter Adoption Fees
Cash and investments - beginning	\$ -	\$ -	\$ 14,841	\$ 35,784	\$ 153,375	\$ 2,095
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	522,854	150,114	-	165,876	-	-
Charges for services	-	-	-	-	-	18,847
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	113	2,600	-	2	9	-
Total receipts	522,967	152,714	-	165,878	9	18,847
Disbursements:						
Personal services	190,381	31,565	-	155,917	-	-
Supplies	9,000	-	-	3,767	-	-
Other services and charges	344,183	121,338	-	-	153,384	19,656
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,853	-	-	-	-	-
Total disbursements	546,417	152,903	-	159,684	153,384	19,656
Excess (deficiency) of receipts over disbursements	(23,450)	(189)	-	6,194	(153,375)	(809)
Cash and investments - ending	\$ (23,450)	\$ (189)	\$ 14,841	\$ 41,978	\$ -	\$ 1,286

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Cardinal Square	MAP Muncie North, LLC Construction Bond	Economic Development Grant	Series 2014	Hillcroft Acquisition Fund	MPD Domestic Violence 16-17
Cash and investments - beginning	\$ 2,473	\$ -	\$ 1,799,509	\$ 607,063	\$ 1,004	\$ (11,346)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	26,008
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	240,641	183,332	616,412	307,210	6	-
Total receipts	<u>240,641</u>	<u>183,332</u>	<u>616,412</u>	<u>307,210</u>	<u>6</u>	<u>26,008</u>
Disbursements:						
Personal services	-	-	-	-	-	12,546
Supplies	-	-	-	-	-	1,037
Other services and charges	240,612	70	1,362,531	-	-	1,079
Debt service - principal and interest	-	183,250	-	606,800	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>240,612</u>	<u>183,320</u>	<u>1,362,531</u>	<u>606,800</u>	<u>-</u>	<u>14,662</u>
Excess (deficiency) of receipts over disbursements	<u>29</u>	<u>12</u>	<u>(746,119)</u>	<u>(299,590)</u>	<u>6</u>	<u>11,346</u>
Cash and investments - ending	<u>\$ 2,502</u>	<u>\$ 12</u>	<u>\$ 1,053,390</u>	<u>\$ 307,473</u>	<u>\$ 1,010</u>	<u>\$ -</u>

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MPD OPO 2016-2017	CD FY17 CDBG Program	CD FY17 Home Program	MPD DUI 2016-2017	MPD DUI 2018	MPD OPO 2018
Cash and investments - beginning	\$ (8,600)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	97,767	55,776	17,523	41,416	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>97,767</u>	<u>55,776</u>	<u>17,523</u>	<u>41,416</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	951	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	37,470	88,161	32,185	17,874	789	4,593
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	51,697	-	-	23,542	2,660	13,246
Total disbursements	<u>89,167</u>	<u>89,112</u>	<u>32,185</u>	<u>41,416</u>	<u>3,449</u>	<u>17,839</u>
Excess (deficiency) of receipts over disbursements	<u>8,600</u>	<u>(33,336)</u>	<u>(14,662)</u>	<u>-</u>	<u>(3,449)</u>	<u>(17,839)</u>
Cash and investments - ending	\$ -	\$ (33,336)	\$ (14,662)	\$ -	\$ (3,449)	\$ (17,839)

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MPD Domestic Violence 2017-2018	Muncie Consolidated	Prairie Creek Grant/CF & DC	MSD/MPD Vehicle Loan	Cemetery Operating	Probation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 123,184	\$ 62,682
Receipts:						
Taxes	-	2,326,695	-	-	601,353	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	30,000	-	18,380	-
Charges for services	-	38,253	-	-	97,592	21,945
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	499,120	-	445,998	36,216	-
Total receipts	-	2,864,068	30,000	445,998	753,541	21,945
Disbursements:						
Personal services	11,004	-	-	-	402,470	-
Supplies	-	-	-	-	29,339	-
Other services and charges	-	1,028,483	12,338	-	43,976	-
Debt service - principal and interest	-	-	-	87,116	-	-
Capital outlay	-	-	-	-	16,987	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	350,000	-	-
Total disbursements	11,004	1,028,483	12,338	437,116	492,772	-
Excess (deficiency) of receipts over disbursements	(11,004)	1,835,585	17,662	8,882	260,769	21,945
Cash and investments - ending	\$ (11,004)	\$ 1,835,585	\$ 17,662	\$ 8,882	\$ 383,953	\$ 84,627

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Park Grant	Police Donation	Parks and Recreation #3	Arborist License	Park Non-Reverting	Park Dept-Burt Whiteley
Cash and investments - beginning	\$ 121,085	\$ 4,541	\$ (41,577)	\$ 22,244	\$ 35,194	\$ 14,002
Receipts:						
Taxes	-	-	3,808	-	-	-
Licenses and permits	-	-	1,550	3,551	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	623,762	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,152	-	21,601	2,359
Total receipts	-	-	630,272	3,551	21,601	2,359
Disbursements:						
Personal services	-	-	442,369	-	-	-
Supplies	-	-	61,369	-	24,608	-
Other services and charges	-	-	110,805	50	24,657	-
Debt service - principal and interest	-	-	4,982	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	3,148	-	-	-
Total disbursements	-	-	622,673	50	49,265	-
Excess (deficiency) of receipts over disbursements	-	-	7,599	3,501	(27,664)	2,359
Cash and investments - ending	\$ 121,085	\$ 4,541	\$ (33,978)	\$ 25,745	\$ 7,530	\$ 16,361

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Beech Grove Cumulative Building Maintenance	MPD Interdiction	MPD LEBG Safety Vest Grant	MPD Uniform Forfeiture	MPD Dare	MPD K-9 Special Olympics
Cash and investments - beginning	\$ 78,897	\$ 616	\$ -	\$ 300	\$ 6,132	\$ 104
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	12,733	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	59,814	-	-	-	-	53,386
Total receipts	59,814	-	12,733	-	-	53,386
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,055	-	-	-	-	22,803
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	13,071	-	-	-	-	-
Total disbursements	14,126	-	-	-	-	22,803
Excess (deficiency) of receipts over disbursements	45,688	-	12,733	-	-	30,583
Cash and investments - ending	\$ 124,585	\$ 616	\$ 12,733	\$ 300	\$ 6,132	\$ 30,687

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	MPD Traffic Division	MPD Arson Investigations	MPD Police Training	Law Enforcement Continuing Education	Fire Department Donations	Fire Dept Smoke Alarms
Cash and investments - beginning	\$ 10,169	\$ 9,840	\$ 11,475	\$ 100,318	\$ 70,032	\$ 5
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	21,894	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	3,670	31,570	-	-
Fines and forfeits	-	-	-	5,081	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	21,553	-
Total receipts	-	-	3,670	58,545	21,553	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,100	-	15,041	65,397	11,797	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	3,100	-	15,041	65,397	11,797	-
Excess (deficiency) of receipts over disbursements	(3,100)	-	(11,371)	(6,852)	9,756	-
Cash and investments - ending	\$ 7,069	\$ 9,840	\$ 104	\$ 93,466	\$ 79,788	\$ 5

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Muncie-Delaware Haz-Mat Team	Animal Shelter Donation	CD Grants Other (Non-HUD)	Alarm Ordinance	TIF Central City	Redevelopment Tech Park
Cash and investments - beginning	\$ 171	\$ 17,299	\$ 180	\$ 1,990	\$ 342,685	\$ 82,886
Receipts:						
Taxes	-	-	-	-	-	785,431
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	22,888	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	45,756	-	-	6,026	364
Total receipts	-	45,756	-	-	28,914	785,795
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	41,623	-	-	371,599	731,635
Debt service - principal and interest	-	13,247	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	180	-	-	-
Total disbursements	-	54,870	180	-	371,599	731,635
Excess (deficiency) of receipts over disbursements	-	(9,114)	(180)	-	(342,685)	54,160
Cash and investments - ending	\$ 171	\$ 8,185	\$ -	\$ 1,990	\$ -	\$ 137,046

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Redevelopment Commission	Industrial Develop Revolving Loan	Redevelopment Commission Other Projects	CD Unsafe Building Fund	Park White River Beautification	Park Beautification Program
Cash and investments - beginning	\$ 221,115	\$ 774,012	\$ 86,339	\$ 27,783	\$ 224	\$ 225
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	66,865	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	27,757	594,400	548	96,230	-	-
Total receipts	94,622	594,400	548	96,230	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	262,021	890,609	-	37,309	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	262,021	890,609	-	37,309	-	-
Excess (deficiency) of receipts over disbursements	(167,399)	(296,209)	548	58,921	-	-
Cash and investments - ending	\$ 53,716	\$ 477,803	\$ 86,887	\$ 86,704	\$ 224	\$ 225

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Fire Safety & Equipment	Drug Task Force Federal Forfeiture	Adult Probation Services Fees	EDIT	Urban Development	Health Insurance
Cash and investments - beginning	\$ 532	\$ 19,122	\$ 222,783	\$ 138,384	\$ 672	\$ 100,248
Receipts:						
Taxes	-	-	-	3,518,332	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	24,726	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	35	-	287,485	-	11,043,082
Total receipts	-	35	24,726	3,805,817	-	11,043,082
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	13,130	-	3,536,306	-	8,880,741
Debt service - principal and interest	-	-	-	406,442	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	13,130	-	3,942,748	-	8,880,741
Excess (deficiency) of receipts over disbursements	-	(13,095)	24,726	(136,931)	-	2,162,341
Cash and investments - ending	\$ 532	\$ 6,027	\$ 247,509	\$ 1,453	\$ 672	\$ 2,262,589

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Beech Grove Thompson Trust	Beech Grove Cemetery Trust	Beech Grove Grace Maring	Beech Grove Hardin Rhoads	Redevelopment Commission/ Allocation	Payroll
Cash and investments - beginning	\$ 9,905	\$ 26,011	\$ 41,008	\$ 18,716	\$ 2,239,940	\$ (339)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	70	184	289	132	501,793	32,800,414
Total receipts	70	184	289	132	501,793	32,800,414
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	1,838,548	-
Debt service - principal and interest	-	-	-	-	601,716	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	32,800,075
Total disbursements	-	-	-	-	2,440,264	32,800,075
Excess (deficiency) of receipts over disbursements	70	184	289	132	(1,938,471)	339
Cash and investments - ending	\$ 9,975	\$ 26,195	\$ 41,297	\$ 18,848	\$ 301,469	\$ -

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Insurance-Other	Beech Grove Pre-Need	User Fee Law Enforcement Education	Security Deposit	Court Cost Due County	City Court
Cash and investments - beginning	\$ 898,281	\$ 158,395	\$ 34,988	\$ 47,550	\$ -	\$ 68,782
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	14,334	18,939	-	-	-
Fines and forfeits	-	-	-	-	196,975	1,240,327
Utility fees	-	-	-	-	-	-
Other receipts	603,147	943	-	-	-	-
Total receipts	603,147	15,277	18,939	-	196,975	1,240,327
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,855	-	16,121	650	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	8,175	-	-	196,975	1,236,959
Total disbursements	3,855	8,175	16,121	650	196,975	1,236,959
Excess (deficiency) of receipts over disbursements	599,292	7,102	2,818	(650)	-	3,368
Cash and investments - ending	\$ 1,497,573	\$ 165,497	\$ 37,806	\$ 46,900	\$ -	\$ 72,150

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Cabin Rental Deposits	Sanitation	Cumulative Building and Sinking	Reserve Operating and Maintenance	Revolving Sanitary Sewer Construction	Reserve Bond 07 Operating and Maintenance
Cash and investments - beginning	\$ 1,440	\$ 5,483,307	\$ 376,313	\$ 431,062	\$ 40,269	\$ 1
Receipts:						
Taxes	-	6,155,066	423,381	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	502,478	42,271	-	-	-
Charges for services	1,717	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	22,435	-	-	-	-
Other receipts	-	44,128	3,086	56,691	-	2,000
Total receipts	1,717	6,724,107	468,738	56,691	-	2,000
Disbursements:						
Personal services	-	1,682,657	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	107,448	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	600,533	74,092	-	-	-
Utility operating expenses	-	3,846,992	269,681	-	-	-
Other disbursements	917	1,948	-	-	-	2,000
Total disbursements	917	6,239,578	343,773	-	-	2,000
Excess (deficiency) of receipts over disbursements	800	484,529	124,965	56,691	-	-
Cash and investments - ending	\$ 2,240	\$ 5,967,836	\$ 501,278	\$ 487,753	\$ 40,269	\$ 1

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Storm Water Bond and Interest	MSD New Equipment	Sewage Works Sinking	Sewage Debt Service Reserve	Storm Water Bond Payment	Storm Water Fee/Delaware County
Cash and investments - beginning	\$ 45	\$ 70,000	\$ 94,721	\$ 4,645,124	\$ 4,135	\$ 2,789,932
Receipts:						
Taxes	-	-	-	-	-	9,512
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	30,937
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	6,452,124
Other receipts	189,799	100,000	6,539,081	1,025,592	1,699,284	526,865
Total receipts	189,799	100,000	6,539,081	1,025,592	1,699,284	7,019,438
Disbursements:						
Personal services	-	-	-	-	-	175,366
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	222
Debt service - principal and interest	189,799	-	6,528,672	-	1,499,986	-
Capital outlay	-	35,500	-	-	-	721,971
Utility operating expenses	-	-	-	-	-	1,364,348
Other disbursements	-	-	750	-	189,799	1,917,623
Total disbursements	189,799	35,500	6,529,422	-	1,689,785	4,179,530
Excess (deficiency) of receipts over disbursements	-	64,500	9,659	1,025,592	9,499	2,839,908
Cash and investments - ending	\$ 45	\$ 134,500	\$ 104,380	\$ 5,670,716	\$ 13,634	\$ 5,629,840

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Recycling	88 Clean Up Race Track FD	Rainy Day-MSD	5 Year Planned Replacement	MSD 2014 Stormwater Bond Construction	MSD Improvement Reserve
Cash and investments - beginning	\$ 182,744	\$ 20,238	\$ 178,655	\$ 255,962	\$ 157,055	\$ 1,507,513
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	96,720	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	396	136	-	-	137,544	6,025
Total receipts	97,116	136	-	-	137,544	6,025
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	82,456	-
Utility operating expenses	-	-	-	-	116,272	-
Other disbursements	102,922	5,619	-	-	95,871	-
Total disbursements	102,922	5,619	-	-	294,599	-
Excess (deficiency) of receipts over disbursements	(5,806)	(5,483)	-	-	(157,055)	6,025
Cash and investments - ending	\$ 176,938	\$ 14,755	\$ 178,655	\$ 255,962	\$ -	\$ 1,513,538

CITY OF MUNCIE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Bond Proceeds	2016 Bond Sewage Construction	2017 BAN Sewage Construction	Sewage General	Totals
Cash and investments - beginning	\$ 11	\$ 43,606,932	\$ -	\$ 4,050,443	\$ 88,470,277
Receipts:					
Taxes	-	-	-	-	40,826,334
Licenses and permits	-	-	-	-	803,675
Intergovernmental receipts	-	-	-	-	10,365,818
Charges for services	-	-	-	-	4,383,824
Fines and forfeits	-	-	-	-	1,658,665
Utility fees	-	-	-	21,797,824	28,272,383
Other receipts	-	230,732	20,673,466	398,970	85,877,307
Total receipts	-	230,732	20,673,466	22,196,794	172,188,006
Disbursements:					
Personal services	-	-	-	4,782,028	35,285,184
Supplies	-	-	-	-	1,351,360
Other services and charges	-	-	-	213,633	33,801,695
Debt service - principal and interest	-	-	-	-	11,510,733
Capital outlay	-	30,376,963	-	249,737	33,078,420
Utility operating expenses	-	-	-	6,533,222	12,130,515
Other disbursements	11	-	-	9,772,653	49,648,697
Total disbursements	11	30,376,963	-	21,551,273	176,806,604
Excess (deficiency) of receipts over disbursements	(11)	(30,146,231)	20,673,466	645,521	(4,618,598)
Cash and investments - ending	\$ -	\$ 13,460,701	\$ 20,673,466	\$ 4,695,964	\$ 83,851,679

CITY OF MUNCIE
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 67,877	\$ 1,729,259
Wastewater	<u>6,838</u>	<u>3,369,534</u>
Totals	<u>\$ 74,715</u>	<u>\$ 5,098,793</u>

CITY OF MUNCIE
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Muncie EDIT Building Corporation	CONVENTION CENTER	<u>\$ 895,500</u>	03/14/02	12/31/21

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Indiana Park District Bonds Series 2011 (Tuhey Pool)	\$ 1,595,000	\$ 163,432
Revenue bonds	Economic Development Income Tax Revenue Bonds 2013	2,865,000	416,083
Revenue bonds	Economic Development Bonds Series 2014 A (Horizon Center Garage Project)	14,000,000	495,600
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2014 B (Horizon Center Garage Project)	2,000,000	111,200
Notes and loans payable	Tower Fire Truck 2012	333,006	116,738
Notes and loans payable	Downtown Façade Work 2013	928,984	154,468
Notes and loans payable	Parking Meters 2014	62,118	32,334
Notes and loans payable	Animal Control Trucks 2014	19,259	13,247
Notes and loans payable	Street Equipment 2014	9,715	9,853
Notes and loans payable	Park Chevrolet 1500 Silverado 2015	35,646	14,945
Notes and loans payable	Street Equipment 2015	446,621	108,120
Notes and loans payable	Street Plow Arm Dump Body 2016	146,614	40,375
Notes and loans payable	Fire Truck and Ford Explorers 2016	<u>864,398</u>	<u>188,694</u>
Total governmental activities		<u>23,306,361</u>	<u>1,865,089</u>
Wastewater:			
Revenue bonds	Sanitary District Revenue Bonds, Series 2013	27,305,000	2,922,945
Revenue bonds	Sanitary District Revenue Bonds, Series 2013B	3,552,000	297,644
Revenue bonds	Sanitary District Revenue Bonds, Series 2014	13,466,000	517,373
Revenue bonds	Sanitary District Revenue Bonds, Series 2016A	62,840,000	2,914,369
Revenue bonds	Sanitary District Refunding Revenue Bonds Series 2017	12,575,000	1,543,420
Notes and loans payable	Automated Trash Collection Trucks (5) 2014-1	813,315	188,926
Notes and loans payable	Automated Trash Collection Trucks (2) 2014-2	238,905	55,496
Notes and loans payable	Automated Trash Collection Trucks (2) 2014-3	269,225	62,539
Notes and loans payable	Automated Trash Collection Truck 2014-4	122,934	27,997
Notes and loans payable	Freightliner Vac Truck 2015	89,952	46,864
Notes and loans payable	Freightliner M2-112 with 600 Sweeper Truck 2016	172,212	60,919
Notes and loans payable	Police Vehicles 2017	320,913	87,116
Notes and loans payable	Sanitary District Bond Anticipation Notes Series 2017	<u>20,840,000</u>	<u>623,741</u>
Total Wastewater		<u>142,605,456</u>	<u>9,349,349</u>
Totals		<u>\$ 165,911,817</u>	<u>\$ 11,214,438</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Muncie's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on the Economic Development Cluster

As described in item 2017-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the City with its Economic Development Cluster regarding Reporting. Consequently, we were unable to determine whether the City complied with these requirements applicable to the program.

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

As described in items 2017-003 and 2017-005 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Special Tests and Provisions - Loan Requirements that are applicable to its Economic Development Cluster program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Qualified Opinion on the Economic Development Cluster

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the City's compliance with the requirements of its Economic Development Cluster regarding Reporting, and except for the noncompliance described in the *Basis for Qualified Opinion the Economic Development Cluster* paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Economic Development Cluster program for the year ended December 31, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable


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

possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003, 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, and 2017-009, that we consider to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

November 5, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF MUNCIE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Commerce</u>					
Economic Development Cluster Economic Adjustment Assistance	Direct Grant	11.307	06-19-01414	\$ -	\$ 2,223,817
Total - Economic Development Cluster				-	2,223,817
Total - Department of Commerce				-	2,223,817
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster Community Development Block Grants/Entitlement Grants	Direct Grant	14.218	B-14-MC-18-0010 B-15-MC-18-0010 B-16-MC-18-0010 B-17-MC-18-0010	- 6,177 192,230 55,776	7,900 232,719 522,854 55,776
Total - CDBG - Entitlement Grants Cluster				254,183	819,249
Home Investment Partnerships Program	Direct Grant	14.239	M-13-MC-18-0206 M-14-MC-18-0206 M-15-MC-18-0206 M-16-MC-18-0206 M-17-MC-18-0206	19,684 137,639 8,025 136,568 17,523	27,098 137,639 8,025 150,114 17,523
Total - Home Investment Partnership Program				319,439	340,399
Total - Department of Housing and Urban Development				573,622	1,159,648
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	5375	-	132,530
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588	5061	-	26,008
Bulletproof Vest Partnership Program	Direct grant	16.607	1121-035	-	12,733
Total - Department of Justice				-	171,271
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 0501032 DES 0501033 DES 0710089 DES 0800295 DES 1006333 DES 1592996 DES 9786202	- - - - - - -	100 128,640 10,443 78,078 84,228 130,331 132,527
Total - Highway Planning and Construction				-	564,347
Recreational Trails Program	Indiana Department of Natural Resources	20.219	E-10-5-RT14005	-	21,277
Total - Highway Planning and Construction Cluster				-	585,624
Highway Safety Cluster State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	D3-17-11109	42,063	97,767
Alcohol Impaired Driving Countermeasures Incentive Grants I	Indiana Criminal Justice Institute	20.601	D3-17-11183	18,663	41,416
Total - Highway Safety Cluster				60,726	139,183
Total - Department of Transportation				60,726	724,807
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER)	Direct grant	97.083	EMW-2014-FH-00344	-	1,562,683
Total - Department of Homeland Security				-	1,562,683
Total federal awards expended				\$ 634,348	\$ 5,842,226

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

CITY OF MUNCIE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Calculation of Economic Adjustment Assistance Expenditures on the SEFA

The reported expenditures were calculated as follows in accordance with guidance by the grantor:

Revolving Loan Fund (RLF):	
Outstanding loans as of December 31, 2017	\$ 2,482,168
Cash and Investments as of December 31, 2017	477,803
Administrative expenses paid out of RLF income during 2017	61,947
Unpaid principal on loans written off during 2017	<u>297,212</u>
Subtotal	\$ 3,319,130
Calculation of Federal Participation Rate (FPR):	
Original grant	\$ 5,000,000
Original match (In-kind)	<u>2,500,000</u>
Subtotal	\$ 7,500,000
FPR - Original grant awarded divided by total including original match	<u>67%</u>
Expenditures reported on the SEFA	<u>\$ 2,223,817</u>

CITY OF MUNCIE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
97.083	Economic Development Cluster	Qualified
	CDBG - Entitlement Grants Cluster	Unmodified
	Staffing for Adequate Fire and Emergency Response (SAFER)	Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2017-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

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

Condition

The City did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City failed to properly review the federal grant information prepared and submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the SEFA. One employee prepared the grant information for the federal awards without a system of oversight or review to detect and correct the errors before submission.

Context

Due to the lack of controls, the SEFA presented for audit contained the following errors:

1. Several grants were understated by either using the wrong amounts or omitting grant expenditures. The net understatement totaled \$1,208,708.
2. Amounts provided to subrecipients were overstated by \$1,736,511.
3. Information such as grantor agency, program title, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were either incorrectly reported or omitted for some grants.

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

Criteria

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

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

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

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

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

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

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. . . ."

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

2 CFR 200.510(b) states:

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

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

Cause

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

Effect

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

Recommendation

We recommended that the City's management establish controls related to the preparation of the SEFA.

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

Views of Responsible Officials

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

FINDING 2017-002

Subject: Financial Transactions and Reporting of Redevelopment Commission
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

Condition

The Muncie Redevelopment Commission funds, which included the Economic Adjustment Assistance (revolving loan funds/RLF), were not properly recorded within the City's ledger by the City Controller. For all fund activity, except for the Redevelopment Commission funds, receipts and disbursements were individually entered into the City's ledger. For the Redevelopment Commission funds, each related bank statement activity was posted as one receipt for the total month's deposits and one disbursement for the month's debit activity. Deposits in transit, outstanding checks, and other potential reconciling items were not accounted for under this method.

Supporting documentation for the individual disbursements of the Redevelopment Commission were also not included in the City's ledger, as was required for all other departments. Additionally, the City Controller was not the signatory for all accounts related to the Muncie Redevelopment Commission. The City had not established an internal control system to ensure that the Redevelopment Commission activity was properly accounted for within the City's ledger in the same manner as all other departments of the City.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

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. . . .

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

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

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

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

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

Indiana Code 36-4-10-2(c) states in part: "The city controller appointed under [IC 36-4-9-6](#) is the fiscal officer of each second class city. . . ."

Indiana Code 36-4-10-5(b) states in part:

". . . The fiscal officer shall do the following:

- (1) Prescribe the form of reports and accounts to be submitted to the department.
- (2) Sign and issue all warrants on the city treasury.
- (3) Audit and revise all accounts and trusts in which the city is concerned.
- (4) Keep separate accounts for each item of appropriation made for each city department,
. . .
- (9) Manage the finances and accounts of the city . . ."

Indiana Code 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. . . . the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. . . ."

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Cause

Management of the City had not established a proper system of internal control over the financial transactions and reporting of the Redevelopment Commission funds.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected regarding the Redevelopment Commission funds.

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

Recommendation

We recommended that the City establish a system of internal controls related to financial transactions and reporting of the Redevelopment Commission funds.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-003

Subject: Economic Development Cluster - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

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

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-003.

Condition

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

The City paid three claims, which totaled \$1,119, to a vendor for the reimbursement of expenses associated with administering the federal program. However, no invoices were provided to substantiate these claims. In addition, the City paid two claims for \$26,463 to two other vendors and no invoices were provided to substantiate these claims. Since the City did not provide invoices to substantiate these claims, it could not be determined whether these expenses were for activities allowed according to the requirements of the program. These claims paid without adequate supporting documentation were considered questioned costs.

The City had an inter-local agreement to pay an unspecified portion of the Director of Business Development's (Director) salary from the revolving loan fund grant. The City paid \$17,443 of the Director's salary from grant funds. No supporting documentation of the time allocated to the management of the grant was provided. The compensation paid without adequate supporting documentation was considered questioned costs.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

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

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

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

13 CFR 307.13(b) states in part:

"*Administrative records.* RLF Recipients must at all time: . . .

- (2) Retain records of administrative expenses incurred for activities and equipment relating to the operation of the RLF for three years from the actual submission date of the last semi-annual report that covers the Reporting Period in which such costs were claimed. . . ."

OMB Circular A-87, Attachment A, section C(1) states in part:

"Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented."

OMB Circular A-87, Attachment A, section C(3)(a) states: "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the compliance requirements listed above. The City did not have controls in place to ensure that adequate documentation was available for expenditures of grant funds.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

Known questioned costs of \$45,025 were identified, as detailed in the *Condition*.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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

Views of Responsible Officials

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

FINDING 2017-004

Subject: Economic Development Cluster - Reporting
Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number and Year (or Other Identifying Number): 06-19-01414
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-004.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement. The City did not have controls in place to ensure that supporting documentation was maintained for reports that were submitted.

The City did not comply with the reporting requirements that supporting documents be maintained per the grant agreement and program regulations. No supporting records were maintained for the ED-209- Revolving Loan Fund Semi-Annual Financial Report and the ED-209I- Revolving Loan Fund Income and Expense Statement.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

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

15 CFR 24.42 states in part:

"(a) *Applicability.*

(1) This section applies to all financial and programmatic records, supporting documents, statistical records, and other records of grantees or subgrantees which are:

(i) Required to be maintained by the terms of this part, program regulations or the grant agreement, or

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

(ii) Otherwise reasonably considered as pertinent to program regulations or the grant agreement.

(2) This section does not apply to records maintained by contractors or subcontractors. For a requirement to place a provision concerning records in certain kinds of contracts, see section 24.36(i)(10).

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

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the reporting requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2017-005

Subject: Economic Development Cluster - Special Tests and Provisions - Loan Requirements

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

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

Compliance Requirement: Special Tests and Provisions - Loan Requirements

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-005.

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

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement. The City did not have controls in place to ensure that standard loan documentation included proper signed bank turn-down letters, board of directors meeting minutes, and loan applications.

The City did not comply with the loan requirements that certain documentation be maintained. The City did not gather the required signed bank turn-down letters demonstrating that credit was not otherwise available before distributing loans. The City also did not maintain loan applications and board meeting minutes showing approval of the loans in the loan files.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

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

13 CFR 307.15(b)(2) states in part:

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

- (i) Loan application; . . .
- (iii) Board of directors' meeting minutes approving the RLF loan; . . .
- (viii) Signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. EDA will permit the RLF Recipient to accept alternate documentation only if such documentation is allowed in the Recipient's EDA-approved RLF Plan."

Cause

Management of the City had not designed or implemented internal control procedures to ensure compliance with the Special Tests and Provisions - Loan Requirements compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the loan requirements could have resulted in the loss of federal funds to the City.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and the Special Tests and Provisions - Loan Requirements compliance requirement.

Views of Responsible Officials

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

FINDING 2017-006

Subject: Economic Development Cluster - Special Tests and Provisions -
Increases to RLF Capital Base and Capital Utilization

Federal Agency: Department of Commerce

Federal Program: Economic Adjustment Assistance

CFDA Number: 11.307

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

Compliance Requirement: Special Tests and Provisions - Increases to
RLF Capital Base and Capital Utilization

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-006.

Condition

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

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), section .300 states in part:

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2017-007

Subject: CDBG-Entitlement Grants Cluster - Internal Controls

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-14-MC-18-0010, B-15-MC-18-0010,
B-16-MC-18-0010, B-17-MC-18-0010

Compliance Requirements: Reporting, Special Tests and Provisions - Environmental Reviews

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-007.

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

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

Reporting

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

Special Tests and Provisions - Environmental Reviews

The Environmental Reviews were the sole responsibility of a planner within the Department of Community Development. There were no controls in place to ensure that the Environmental Reviews were conducted.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

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 City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with 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 program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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

Views of Responsible Officials

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

FINDING 2017-008

Subject: CDBG-Entitlement Grants Cluster - Procurement
and Suspension and Debarment

Federal Agency: Department of Housing and Urban Development

Federal Program: Community Development Block Grants/Entitlement Grants

CFDA Number: 14.218

Federal Award Numbers and Years (or Other Identifying Numbers): B-14-MC-18-0010, B-15-MC-18-0010,
B-16-MC-18-0010, B-17-MC-18-0010

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-008.

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The City did not have adequate policies or procedures in place to ensure that procurement contracts were approved by the Board of Works or to ensure that evidence that vendors were not suspended or debarred from participation in federal programs was maintained.

The City was unable to provide documentation for one of the three contractors selected during testing in order to verify compliance with its procedures before entering into a covered transaction. Additionally, documentation was not provided demonstrating that the contract was approved during the Board of Works meeting.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

2 CFR 200.318(a) states:

"The non-Federal entity must use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not designed or implemented internal control procedures to ensure compliance with the procurement and suspension and debarment requirements.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the procurement and suspension and debarment requirements could have resulted in the loss of federal funds to the City.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-009

Subject: Staffing for Adequate Fire and Emergency Response (SAFER) - Internal Controls
Federal Agency: Department of Homeland Security
Federal Program: Staffing for Adequate Fire and Emergency Response (SAFER)
CFDA Number: 97.083
Federal Award Number and Year (or Other Identifying Number): EMW-2014-FH-00344
Pass-Through Entity: Direct Grant
Compliance Requirements: Cash Management, Reporting
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the City in order to ensure compliance with requirements related to the grant agreement and the Cash Management and Reporting compliance requirements.

Cash Management

Two of the four reimbursement requests tested had no control procedure in place to ensure that program costs were paid prior to requesting reimbursement.

Reporting

There was no control procedure in place to ensure that the performance report, Hiring Performance Report, was submitted timely and accurately.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Cash Management and Reporting compliance requirements.

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

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with 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.

Recommendation

We recommended that management of the City establish controls related to the grant agreement and the Cash Management and Reporting compliance requirements.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001 – Preparation of the Schedule of Expenditures of Federal Awards

Fiscal year: 2016
Auditee Contact Person: Kevin Nemyer
Title of Contact Person: Controller
Contact Phone Number: (765)747-4828

Status of Audit Finding: New SEFA preparation procedures are now in place

Currently, The SEFA preparation is reviewed by the Controller, or his designee, proofreading for errors, omissions and misstatements.

FINDING 2016-002 – Financial Transactions and Reporting of Redevelopment Commission

Fiscal year: 2016
Auditee Contact Person: Kevin Nemyer
Title of Contact Person: Controller
Contact Phone Number: (765)747-4828

Status of Audit Finding: Revised financial transactions and Reporting procedures will be Implemented immediately

The Muncie Redevelopment Commission funds will be entered into the City's ledger in the same manner as all other departments, and an internal control system will be established to ensure accuracy of MRC financial transactions.

FINDING 2016-003 – Economic Adjustment Assistance – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Fiscal year: 2016
Auditee Contact Person: Kevin Nemyer
Title of Contact Person: Controller
Contact Phone Number: (765)747-4828

Federal Agency: Department of Commerce
Federal Program: Economic Adjustment Assistance
CFDA Number: 11.307
Federal Award Number: 06-19-01414

Status of Audit Finding: Procedures ensuring proper

compliance will be implemented
Immediately

Internal controls to ensure compliance and comply with Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirement will be implemented immediately.

FINDING 2016-004 – Economic Adjustment Assistance – Reporting

Fiscal year:	2016
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Contact Phone Number:	(765)747-4828
Federal Agency:	Department of Commerce
Federal Program	Economic Adjustment Assistance
CFDA Number	11.307
Federal Award Number	06-19-01414
Status of Audit Finding:	Procedures ensuring proper compliance will be implemented Immediately

Going forward, a system of controls will be designed and put into place to ensure grant agreement compliance and with the Reporting compliance requirement.

FINDING 2016-005 – Economic Adjustment Assistance – Special Tests and Provisions for Loan Requirements

Fiscal year:	2016
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Contact Phone Number:	(765)747-4828
Federal Agency:	Department of Commerce
Federal Program	Economic Adjustment Assistance
CFDA Number	11.307
Federal Award Number	06-19-01414
Status of Audit Finding:	Procedures ensuring proper compliance will be implemented Immediately

An internal control system to ensure compliance and comply with the grant agreement and the Special Tests and Provisions for Loan Requirements compliance requirement will be immediately implemented, including maintaining bank turn-down letters, loan applications, and board meeting minutes.

FINDING 2016-006 – Economic Adjustment Assistance – Special Tests and Provisions for Increases to RLF Capital Base and Capital Utilization

Fiscal year:	2016
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Contact Phone Number:	(765)747-4828
Federal Agency:	Department of Commerce
Federal Program	Economic Adjustment Assistance
CFDA Number	11.307
Federal Award Number	06-19-01414
Status of Audit Finding:	Procedures ensuring proper compliance, segregated duties, and oversight will be implemented immediately

An internal control system to ensure compliance and comply with the grant agreement and the Special Tests and Provisions for Increases to RLF Capital Base and Capital Utilization compliance requirement, including segregation of duties and proper oversight and review, will be immediately implemented

FINDING 2016-007 – Community Development Block Grants/Entitlement Grants – Internal Controls

Fiscal year:	2016
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Contact Phone Number:	(765)747-4828
Federal Agency:	Department of Housing and Urban Development
Federal Program	Community Development Block Grants/ Entitlement Grants
CFDA Number	14.218
Federal Award Number and Year	B-10-MC-18-0102, B-11-MC-18-0102, B-12-MC-18-0102, B-13-MC-18-0102, B-14-MC-18-0010, B-15-MC-18-0010, B-16-MC-18-0010
Status of Audit Finding:	Procedures establishing controls, including segregation of duties, ensuring requirement compliance will be implemented immediately

The Community Development Department will establish a system of internal controls, including segregation of duties, to ensure accurate time cards, review of required reporting for CDBG, subrecipient monitoring, and documentation of Environmental Reviews.

FINDING 2016-008 – Community Development Block Grants/Entitlement Grants – Suspension And Disbarment

Fiscal year:	2016
Auditee Contact Person:	Kevin Nemyer
Title of Contact Person:	Controller
Contact Phone Number:	(765)747-4828
Federal Agency:	Department of Housing and Urban Development
Federal Program	Community Development Block Grants/ Entitlement Grants
CFDA Number	14.218
Federal Award Number and Year	B-10-MC-18-0102, B-11-MC-18-0102, B-12-MC-18-0102, B-13-MC-18-0102, B-14-MC-18-0010, B-15-MC-18-0010, B-16-MC-18-0010
Status of Audit Finding:	Procedures establishing internal controls ensuring compliance and comply with will be implemented immediately

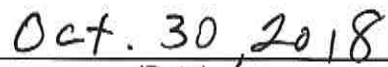
The Community Development Department will design and implement a control system to ensure compliance and comply with the grant agreement, and to ensure vendors are not suspended or debarred, in accordance with the Procurement and Suspension and Disbarment compliance requirement.



(Signature)



(Title)



(Date)



CORRECTIVE ACTION PLAN
Findings 2017-001 and 2017-002

FINDING 2017-001

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a system of oversight and internal control in place to prevent errors and/or misstatements, and several errors were discovered and corrected.

Description of Corrective Action Plan:

An internal control procedure for the Schedule of Expenditures of Federal Awards will be put into place and will include oversight by the Controller, or his designee, who will review and check the SEFA for errors, omissions, and misstatements prior to its submission.

Anticipated Completion Date:

The above internal control procedure will be implemented immediately.

FINDING 2017-002

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls in place to ensure Muncie Redevelopment activity was correctly accounted for, or recorded, in the City's ledger.

Description of Corrective Action Plan:

The funds of the Muncie Redevelopment Commission will be recorded within the City's ledger in the same manner as other departments, with all individual disbursements being correctly recorded, with supporting documentation.

Anticipated Completion Date:

The above procedure will be implemented immediately.

Kevin Neuman
(Signature)

Controller
(Title)

10.31.2018
(Date)



CORRECTIVE ACTION PLAN
Findings 2017-003 to 2017-006

FINDING 2017-003

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls nor requirement of supporting documentation for the expenditures of grant funds, putting these funds at risk.

Description of Corrective Action Plan:

Supporting documentation and invoices will be required before the expenditure of any grant funds, or reimbursements for expenses using grant funds. Documentation of the share of the Director's salary to be paid from grant funds will be filed in the Controller's Office.

Anticipated Completion Date:

Internal control procedures to ensure compliance of the above will be implemented as soon as feasible; documentation concerning the Director's salary will be compiled as soon as feasible.

FINDING 2017-004

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not an internal control system in place to ensure compliance with the grant agreement and the grant reporting requirements, which could have resulted in the loss of federal funds to the City.

Description of Corrective Action Plan:

The Controller's Office will establish an internal control procedure of grant agreements review to ensure compliance, and of grant reporting reviews to ensure they comply with the requirements.

Anticipated Completion Date:

These internal control procedures will be implemented immediately..

FINDING 2017-005

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. The City's lack of internal controls allowed noncompliance with the grant agreement and the loan requirements.

Description of Corrective Action Plan:

An internal control system will be established to ensure compliance with both the grant agreement, and with the Special Tests and Provisions for Loan Requirements compliance requirement.

Anticipated Completion Date:

An internal control system will be designed and implemented as soon as feasible.

FINDING 2017-006

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not an internal control to ensure compliance with the grant agreement and the compliance requirements.

Description of Corrective Action Plan:

An internal control system, including segregation of duties, will be established to ensure compliance with both the grant agreement, and with the Special Tests and Provisions for Increases to RLF Capital Base and Capital Utilization compliance requirement.

Anticipated Completion Date:

An internal control system and segregation of duties will be designed and implemented as soon as feasible.

Kevin Nemyer
(Signature)

Controller
(Title)

10.31.2018
(Date)



CORRECTIVE ACTION PLAN
Findings 2017-007 and 2017-008

FINDING 2017-007

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a system of oversight and internal control in place within the Community Development department to prevent misuse and mismanagement of CDBG funds; to verify the accuracy of claims, including payroll; to ensure proper reporting was submitted; or to ensure monitoring subrecipients was conducted correctly.

Description of Corrective Action Plan:

A system of internal control will be designed and implemented within the Community Development department to ensure the proper use of the CDBG grant funds, to verify the accuracy of claims and of payroll, and to ensure compliance with reporting and monitoring requirements.

Anticipated Completion Date:

A system of internal control will be designed and implemented within the Community Development department as soon as feasible.

FINDING 2017-008

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a proper system of internal controls in place to ensure the Community Development department was in compliance with the grant agreement, and with the Procurement and Suspension and Disbarment compliance requirement.

Description of Corrective Action Plan:

An internal control system in the Community Development department will be designed and implemented as soon as feasible, to ensure compliance with both the grant agreement, and with the Procurement and Suspension and Disbarment compliance requirement.

Anticipated Completion Date:

The system of internal control described above will be implemented as soon as feasible.

Kevin Nguyen
(Signature)

Controller
(Title)

10.31.2018
(Date)



CORRECTIVE ACTION PLAN
Finding 2017-009

FINDING 2017-009

Kevin Nemyer
765.747.4828

Views of Responsible Official:

We concur with the finding. There was not a system of oversight and internal control in place to ensure compliance with the Cash Management and reporting compliance requirement.

Description of Corrective Action Plan:

The City is no longer eligible for this grant; corrective action is not applicable.

Anticipated Completion Date:

Corrective action is not applicable (see above).

Kevin Nemyer
(Signature)

Controller
(Title)

10.31.2018
(Date)

OTHER REPORTS

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