

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MUNCIE COMMUNITY SCHOOLS
DELAWARE COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
04/17/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Williams, CPA	07-01-16 to 01-10-17
	Bruce Perry	01-11-17 to 03-07-17
	(Vacant)	03-08-17 to 05-10-17
	Robert Coddington	05-11-17 to 12-09-18
	Brad DeRome	12-10-18 to 06-30-19
Superintendent of Schools	Dr. Steven Baule	07-01-16 to 06-30-18
	Stephen Edwards (interim)	07-01-18 to 04-30-19
President of the School Board	Michael Long	01-01-16 to 12-31-16
	Deborah Feick	01-01-17 to 06-30-18
	James Williams	07-01-18 to 06-30-19



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Muncie Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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 School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, 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 School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling 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 School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 March 14, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 School Corporation'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 School Corporation's internal control over financial reporting and compliance.



Tammy R. White, CPA
Deputy State Examiner

March 14, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Muncie Community Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 14, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001 to be a significant deficiency.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002.

Muncie Community Schools' Response to Findings

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

Purpose of This Report

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



Tammy R. White, CPA
Deputy State Examiner

March 14, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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MUNCIE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 7,462,163	\$ 43,111,563	\$ 59,262,095	\$ 924,641	\$ (7,763,728)	\$ 47,612,415	\$ 41,040,652	\$ 548,312	\$ (643,653)
Debt Service	2,898,561	12,133,792	8,763,289	-	6,269,064	10,888,005	7,621,712	(5,262,762)	4,272,595
Capital Projects	362,264	5,739,493	6,964,182	365,880	(496,545)	3,949,244	6,246,317	5,120,624	2,327,006
School Transportation	431,831	1,764,197	2,037,693	-	158,335	1,708,462	2,759,110	1,527,599	635,286
School Bus Replacement	104,824	21,318	-	-	126,142	10,976	-	21,996	159,114
Facility Const/Repair	(3,674)	-	74,800	-	(78,474)	-	6,800	85,274	-
2014 GO Construction Bond	9,398,655	-	219,101	-	9,179,554	-	4,387	-	9,175,167
School Lunch	129,977	3,325,589	3,362,263	-	93,303	3,100,841	2,674,152	-	519,992
Textbook Rental	(158,258)	606,997	892,009	-	(443,270)	413,426	48,414	91,629	13,371
Self-Insurance	2,924,794	7,770,751	9,395,243	-	1,300,302	3,470,913	5,064,061	308,914	16,068
Levy Excess	150	-	-	-	150	-	-	(150)	-
Joint Services and Supply - Special Education Cooperative	(5,311,576)	5,835,930	-	(524,354)	-	-	-	-	-
2014/15 Special Ed Preschool	99,770	387,750	-	(487,520)	-	-	-	-	-
2015/16 Dela.-Blackford Sp. Ed.	(5,366,588)	6,444,333	534,672	-	543,073	-	-	(543,073)	-
2015/16 Special Ed. Preschool	156,857	357,500	19,073	(281,395)	213,889	187,000	-	(400,889)	-
2016/17 Dela.-Blackford Sp. Ed.	-	96,988	5,960,740	773,631	(5,090,121)	5,586,484	496,363	-	-
17/18 General Fund w/ Preschool	-	-	-	-	-	219,884	1,685,476	(406)	(1,465,998)
2014/15 Vocation. COOP-Distr #22	(941,825)	1,020,366	452	(78,541)	(452)	-	-	452	-
2015/16 Vocation. COOP-Distr #22	(1,049,967)	1,227,824	111,556	-	66,301	-	-	(66,301)	-
2016/17 Vocation. COOP-Distr #22	-	15,870	896,292	-	(880,422)	1,175,003	177,021	(117,560)	-
2017/18 Vocation. COOP-Distr #22	-	-	-	-	-	8,793	269,513	-	(260,720)
2015/16 Creative Child Care	71,651	-	6,436	(65,215)	-	-	-	-	-
2016/17 Creative Child Care	-	193,311	182,469	55,215	66,057	-	1,367	(64,690)	-
Educational License Plates	683	619	-	-	1,302	629	1,045	-	886
Alternative Education	164,571	73,965	124,824	-	113,712	118,465	45,111	-	187,066
SAFE School Haven	(16,303)	-	-	-	(16,303)	20,000	-	(3,697)	-
2015 Early Intervention Grant	2,091	-	1,016	-	1,075	-	-	(1,075)	-
2016 Literacy Early Interv Grant	46,463	-	46,813	-	(350)	-	-	350	-
2017 Literacy Early Int Grant	-	29,215	3,760	-	25,455	-	25,105	725	1,075
Lilly Counsl Initiative	-	50,000	17,571	-	32,429	-	34,422	1,993	-
Special Education Donation Fund	1,581	-	-	-	1,581	-	-	-	1,581
Harry Mock Gift Fund	14,167	-	14,233	-	(66)	-	-	66	-
Kick-Off to Kindergarten	2,634	-	3,889	-	(1,255)	27,258	30,053	1,255	(2,795)
2016-17 Kick-Off to Kindergarten	-	34,784	33,627	-	1,157	-	-	(1,157)	-
2015 Ball Brothers Operation Bearcat	96,952	-	98,048	-	(1,096)	-	300	1,396	-
2014 Ball Brothers Team 1-One Team	1,604	-	1,604	-	-	-	-	-	-
Fieldhouse Banner Fund	4,299	-	3,845	-	454	-	-	-	454
2016 Ball Fnd. Spr. Aftersch.P3	4,485	-	957	-	3,528	-	-	(3,528)	-
STEM - Longfellow Elem	-	14,471	11,952	-	2,519	28,350	26,424	-	4,445
2016-17 Ball Grant Innovation	337,250	-	139,028	-	198,222	-	197,391	(831)	-
2017-18 Ball Grant Innovation	-	305,000	-	-	305,000	-	207,066	-	97,934
2014 Ball Brothers A. Oliver Sp. Needs	427	-	427	-	427	-	-	(427)	-
MCS Donation Fund	31,001	252,702	227,531	-	56,172	398,369	355,842	-	98,699
MCS Fieldhouse Donation 2016	-	1,000	-	-	1,000	-	-	-	1,000
Mutual Bank Enrichment Grant	-	-	-	-	-	5,000	2,000	-	3,000
CFP Foundation Community Grant	-	-	-	-	-	5,000	777	-	4,223
Ball - 2016 Excellence Teach	15,000	-	6,630	-	8,370	-	5,762	-	2,608
2016 Ball Bros-SMS Greenhouse	-	50,000	47,333	-	2,667	-	2,000	(667)	-

MUNCIE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
2014/15 Opportunity School	(2,753,830)	2,753,830	-	-	-	-	-	-	-
2014/15 Priority School	(68,746)	288,601	-	(219,855)	-	-	-	-	-
2015/16 Opportunity School	(960,567)	1,069,999	95,938	-	13,494	-	-	(13,494)	-
2015/16 Priority School	(311,470)	344,675	33,205	-	-	-	-	-	-
2016/17 Opportunity School	-	-	756,703	-	(756,703)	74,472	148,978	831,209	-
2017/18 Opportunity School	-	-	-	-	-	-	227,981	-	(227,981)
2016/17 Priority School	-	27,000	247,230	-	(220,230)	302,300	9,781	(72,289)	-
2017/18 Priority School	-	-	-	-	-	157,775	13,560	-	144,215
Adventure Environmental Learning Center	10,113	44,515	26,357	-	28,271	31,453	22,891	-	36,833
2015 Ball Brothers Camp Adventure	306	-	306	-	-	-	-	-	-
Central ROTC Services	1,517	1,064	1,249	-	1,332	510	1,021	-	821
Christmas Sing	(3,367)	11,364	15,499	-	(7,502)	925	985	7,562	-
Cultural Arts	3,781	-	-	-	3,781	-	-	(3,781)	-
Penny Seramur Scholarship	10,595	-	500	-	10,095	-	-	-	10,095
Walburn Scholarship	32,245	15,069	14,000	-	33,314	17,046	17,998	-	32,362
Demaree Scholarship	3,135	6	-	-	3,141	7	-	-	3,148
Devoe Scholarship	525,389	206	27,500	-	498,095	-	27,500	-	470,595
ICE League Scholarship	3,025	6,000	-	-	9,025	-	9,025	-	-
16/17 Chartwells - Scholarship	-	20,000	5,000	-	15,000	-	-	-	15,000
High Ability Contingency	10,471	-	5,036	3,043	8,478	-	2,689	-	5,789
2016 PBIS Meridian Intecare Grant	195,377	-	113,198	-	82,179	-	39,737	-	42,442
2016/17 RFF Evidence Based PRC	-	8,581	-	-	5,754	2,394	801	-	801
2016/17 High Ability Grant	-	51,361	21,347	-	30,014	-	29,846	1,624	1,792
2017/18 High Ability Grant	-	-	-	-	-	49,693	38,365	-	11,328
Formative Assessment	-	75,488	48,390	(23,562)	3,536	63,790	59,823	-	7,503
IN Preschool Grants	-	84,255	53,301	-	30,954	34,878	96,874	-	(31,042)
17/18 Dual Language Immersion	-	-	-	-	-	47,167	32,215	-	14,952
2015/2016 High Ability Grant	28,908	-	27,157	(4,206)	(2,455)	-	-	2,455	-
2014/2015 High Ability Grant	(1,163)	-	295	1,163	(295)	-	2,807	3,102	-
PD Contingency Fund	7,688	-	5,746	-	1,942	-	150	(1,792)	-
Secured Schools Safety Grant	(65,290)	50,000	100,000	-	(115,290)	-	5,000	115,290	(5,000)
Extra-Curricular Activities	325	6,004	5,680	-	649	-	-	(649)	-
ESL Clearing Account	22,260	-	-	-	22,260	-	-	(22,260)	-
I-Pad Insurance Fund	30,885	23,341	31,715	-	22,511	16,203	12,010	-	26,704
2015/16 Non-English Speaking	1,795	-	652	(1,164)	(21)	-	-	21	-
2016/17 Non-English Speaking	-	13,346	1,872	1,164	12,638	-	11,109	(21)	1,508
School Technology	21,542	255,502	103,291	-	173,753	249,252	-	-	423,005
Career and Technical Performance Grant	-	12,071	4,684	-	7,387	11,673	-	(7,387)	11,673
2016/17 Excellence in Performance	-	39,599	39,599	-	-	86,592	-	(86,592)	-
2016/17 Excellence in Performance (2)	-	-	86,860	-	(86,860)	-	-	86,860	-
17/18 Title I 1003G SIG SMS	-	-	-	-	-	-	60,457	-	(60,457)
2012/13 Title I Basic	(291)	-	-	-	(291)	-	-	291	-
2017/18 Title I SIG-SMS/EWA	-	-	-	-	-	51,042	53,869	-	(2,827)
2017/18 Title I Neglected Delinquent YOC	-	-	-	-	-	115,457	149,895	-	(34,438)
2017/18 Title I Basic	-	-	-	-	-	1,512,617	2,136,758	-	(624,141)
2015/16 Title I Basic	(274,967)	670,391	378,512	-	16,912	-	452	(16,460)	-
2015/16 Title I Neglected Delinquent YOC	(13,913)	57,441	43,528	-	-	-	-	-	-

MUNCIE COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
2016/17 Title I Neglected Delinquent YOC	-	151,187	182,474	-	(31,287)	67,930	38,125	1,482	-
2016/17 Title I Basic	-	1,558,028	1,853,161	-	(295,133)	1,066,805	775,170	3,498	-
2016/17 Title I SIG-SMS/Sutton	-	1,595	40,935	-	(39,340)	74,668	35,328	-	-
2015/16 Title I SIG-SSMS/SUTT	(6,870)	10,538	14,074	-	(10,406)	-	-	10,406	-
2014/15 Sp. Ed. Preschool	-	914	-	-	914	-	-	(914)	-
2015/16 Sp. Ed. Preschool	(18,304)	52,603	35,293	(4,716)	(5,710)	5,710	403	403	-
Preschool Muncie FY18 PT.B619	-	-	-	-	-	93,572	136,738	-	(43,166)
2013/14 IDEA Muncie	(26,376)	26,376	-	-	-	-	-	-	-
2014/15 IDEA Muncie	(42,823)	183,868	51,011	-	90,034	-	375	(89,659)	-
2015/16 Spec. Ed. IDEA Muncie	(23,724)	1,209,956	354,919	-	831,313	60,657	8,007	(883,963)	-
2017/18 Spec. Ed. IDEA Muncie	-	-	-	-	-	1,815,941	1,677,663	(554,850)	(416,572)
2014/15 IDEA Pass-Through COOP	6,568	-	103,668	-	(97,100)	-	-	97,100	-
2015/16 IDEA Pass-Through COOP	(113,435)	900,748	1,667,504	-	(880,191)	56,018	58,338	882,511	-
2016/17 Spec. Ed. Preschool	-	52,250	108,003	-	(55,753)	29,746	11,304	46,060	8,749
2016/17 Spec. Ed. IDEA Muncie	-	1,112,365	1,435,260	-	(322,895)	1,078,170	496,083	(246,896)	12,296
2016/17 IDEA Pass-Through COOP 619	-	-	-	-	-	(608)	23,041	23,649	-
2016/17 IDEA Pass-Through COOP 611	-	2,221,571	2,065,779	-	155,792	1,528,238	1,831,404	147,374	-
FY 2018 Part B 619 COOP PT Fund	-	-	-	-	-	122,712	101,145	-	21,567
FY 2018 Part B 611 COOP PT Fund	-	-	-	-	-	2,862,909	3,052,281	554,850	365,478
2014/15 Adult Basic Education	(12,980)	-	-	12,980	-	-	-	-	-
2014/15 ABE Professional Dev.	(4,762)	-	-	-	(4,762)	-	-	4,762	-
2015/16 Adult Basic Education	(88,409)	155,349	56,944	(9,996)	-	-	-	-	-
MACC-ABE-CTE	46,242	13,068	24,184	12,438	47,564	312	29,201	(2,093)	16,582
2016/17 Adult Basic Education	-	322,905	419,853	-	(96,948)	110,620	42,739	-	(29,067)
2017/18 Adult Basic Education	-	-	-	-	-	251,539	343,207	-	(91,668)
2017/19 Title IV	-	-	-	-	-	106,136	13,439	-	92,697
2015 Hire Technology Program	2,183	-	4,112	1,929	-	-	-	-	-
2015/16 Perkins	(48,929)	121,488	65,208	(7,351)	-	-	-	-	-
2016/17 Perkins	-	194,428	213,312	(5,000)	(23,884)	18,097	46,476	9,480	(42,783)
2017/18 Perkins	-	-	-	-	-	142,708	125,703	-	17,005
2015/16 21st CCLC BSU/Longfellow	(12,800)	12,800	-	-	-	-	-	-	-
2016/17 21st CCLC BSU/Longfellow	-	60,200	70,350	-	(10,150)	14,784	7,290	-	(2,656)
2017/18 21st CCLC BSU/Longfellow	-	-	-	-	-	51,200	67,126	-	(15,926)
2015/16 Title IIA, Improving Teacher Quality	(103,933)	309,470	84,334	(121,203)	-	-	2,350	-	(2,350)
2016/18 Title IIA, Improving Teacher Quality	-	315,423	337,685	121,203	98,941	147,616	208,172	-	38,385
2017/19 Title IIA, Improving Teacher Quality	-	-	-	-	-	-	16,108	-	(16,108)
2014-16 Title III, English Proficiency	(239)	5,500	-	-	5,261	5,498	10,979	-	(220)
Public Charter School ESEA Title X, Part C	-	-	-	-	-	13,750	3,165	-	10,585
McKinney - Vento Education for Homeless	-	470	1,135	-	(665)	14,100	10,553	-	2,882
Food Service Prepaid Account	-	549,132	542,396	-	6,736	224,489	224,701	-	6,524
Payroll Withholdings	384,020	9,905,342	10,022,809	-	266,553	7,975,911	8,094,690	-	147,774
Totals	\$ 8,307,696	\$ 116,242,611	\$ 121,516,606	\$ 439,209	\$ 3,472,910	\$ 99,698,991	\$ 89,739,070	\$ 2,070,261	\$ 15,503,092

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

Note 4. Deposits and Investments

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts

The financial statement contains some receipts which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the corrections were made in separate periods, negative receipts were shown in the current period.

Note 8. Cash Balance Deficits

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with the Muncie School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2016-2017 and 2017-2018 totaled \$6,698,500 and \$3,751,000, respectively.

Note 10. Other Postemployment Benefits

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

Note 11. Emergency Management

Indiana Code 6-1.1-20.3-1 states: "As used in this chapter, 'board' refers to the distressed unit appeal board established by section 4 of this chapter."

Indiana Code 6-1.1-20.3-7.1 states:

"(a) This section applies only to the Muncie Community Schools.

(b) The general assembly finds that the provisions of this section:

- (1) are necessary to address the unique issues faced by the Muncie Community Schools;
- (2) are not precedent for and may not be appropriate for addressing issues faced by other school corporations; and
- (3) are consistent with the board designating the Muncie Community school corporation as a distressed political subdivision effective January 1, 2018.

(c) Notwithstanding section 7.5(d) of this chapter, the board shall determine the compensation of the emergency manager, pay the emergency manager's compensation, and reimburse the emergency manager for actual and necessary expenses from funds appropriated to the board.

(d) In addition to any other actions that the board may take under this chapter concerning a distressed political subdivision, the board may recommend, before July 1, 2020, to the state board of finance that the state board of finance make an interest free loan to the school corporation from the common school fund. The distressed unit appeal board shall determine the payment schedule and the commencement date for the loan. If the board makes a recommendation that such a loan be made, the state board of finance may, notwithstanding IC 20-49, make the loan for a term of not more than ten (10) years."

The School Corporation is currently under the management of an emergency manager appointed by the distressed units appeals board in accordance with Indiana Code 6-1.1-20.3-7.5.

MUNCIE COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Indiana Code 6-1.1-20.3-7.5 states in part:

- "(a) This section does not apply to a school corporation designated before July 1, 2013, as a distressed political subdivision.
- (b) If a political subdivision is designated as a distressed political subdivision under this chapter, the board shall appoint an emergency manager for the distressed political subdivision. An emergency manager serves at the pleasure of the board. For purposes of IC 34-13, an emergency manager appointed under this section is acting on behalf of the distressed political subdivision and not the state. . . ."

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Facility Const/Repair	2014 GO Construction Bond	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ 7,462,163	\$ 2,898,561	\$ 362,264	\$ 431,831	\$ 104,824	\$ (3,674)	\$ 9,398,655	\$ 129,977	\$ (158,258)	\$ 2,924,794
Receipts:										
Local sources	(2,048,190)	8,740,792	4,118,493	1,764,197	21,318	-	-	614,481	256,846	7,770,272
Intermediate sources	96	-	-	-	-	-	-	-	-	-
State sources	42,404,131	-	-	-	-	-	-	-	350,151	-
Federal sources	64,447	-	-	-	-	-	-	2,711,108	-	-
Temporary loans	2,666,000	3,393,000	1,621,000	-	-	-	-	-	-	-
Other receipts	25,079	-	-	-	-	-	-	-	-	479
Total receipts	43,111,563	12,133,792	5,739,493	1,764,197	21,318	-	-	3,325,589	606,997	7,770,751
Disbursements:										
Instruction	41,246,560	-	-	-	-	-	-	-	892,009	-
Support services	10,483,490	-	4,643,973	2,037,693	-	-	-	851	-	-
Noninstructional services	227,317	-	-	-	-	-	-	3,361,412	-	-
Facilities acquisition and construction	-	-	820,209	-	-	74,800	219,101	-	-	-
Debt service	7,300,000	8,763,289	1,500,000	-	-	-	-	-	-	707
Nonprogrammed charges	4,728	-	-	-	-	-	-	-	-	9,394,536
Total disbursements	59,262,095	8,763,289	6,964,182	2,037,693	-	74,800	219,101	3,362,263	892,009	9,395,243
Excess (deficiency) of receipts over disbursements	(16,150,532)	3,370,503	(1,224,689)	(273,496)	21,318	(74,800)	(219,101)	(36,674)	(285,012)	(1,624,492)
Other financing sources (uses):										
Sale of capital assets	73,329	-	365,880	-	-	-	-	-	-	-
Transfers in	851,312	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	924,641	-	365,880	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,225,891)	3,370,503	(858,809)	(273,496)	21,318	(74,800)	(219,101)	(36,674)	(285,012)	(1,624,492)
Cash and investments - ending	\$ (7,763,728)	\$ 6,269,064	\$ (496,545)	\$ 158,335	\$ 126,142	\$ (78,474)	\$ 9,179,554	\$ 93,303	\$ (443,270)	\$ 1,300,302

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Levy Excess	Joint Services and Supply - Special Education Cooperative	2014/15 Special Ed Preschool	2015/16 Dela.-Blackford Sp. Ed.	2015/16 Special Ed. Preschool	2016/17 Dela.-Blackford Sp. Ed.	17/18 General w/ Preschool	2014/15 Vocation. COOP-Distr #22	2015/16 Vocation. COOP-Distr #22	2016/17 Vocation. COOP-Distr #22
Cash and investments - beginning	\$ 150	\$ (5,311,576)	\$ 99,770	\$ (5,366,588)	\$ 156,857	\$ -	\$ -	\$ (941,825)	\$ (1,049,967)	\$ -
Receipts:										
Local sources	-	5,835,930	387,750	6,444,333	357,500	96,988	-	1,020,366	1,227,824	15,870
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	5,835,930	387,750	6,444,333	357,500	96,988	-	1,020,366	1,227,824	15,870
Disbursements:										
Instruction	-	-	-	476,857	19,073	4,976,924	-	452	111,556	896,292
Support services	-	-	-	57,815	-	983,816	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	534,672	19,073	5,960,740	-	452	111,556	896,292
Excess (deficiency) of receipts over disbursements	-	5,835,930	387,750	5,909,661	338,427	(5,863,752)	-	1,019,914	1,116,268	(880,422)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	773,631	-	-	-	-
Transfers out	-	(524,354)	(487,520)	-	(281,395)	-	-	(78,541)	-	-
Total other financing sources (uses)	-	(524,354)	(487,520)	-	(281,395)	773,631	-	(78,541)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,311,576	(99,770)	5,909,661	57,032	(5,090,121)	-	941,373	1,116,268	(880,422)
Cash and investments - ending	\$ 150	\$ -	\$ -	\$ 543,073	\$ 213,889	\$ (5,090,121)	\$ -	\$ (452)	\$ 66,301	\$ (880,422)

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	2017/18 Vocaton. COOP-Distr #22	2015/16 Creative Child Care	2016/17 Creative Child Care	Educational License Plates	Alternative Education	SAFE School Haven	2015 Early Intervention Grant	2016 Literacy Early Interv Grant	2017 Literacy Early Int Grant	Lilly Counsl Initiative
Cash and investments - beginning	\$ -	\$ 71,651	\$ -	\$ 683	\$ 164,571	\$ (16,303)	\$ 2,091	\$ 46,463	\$ -	\$ -
Receipts:										
Local sources	-	-	193,311	-	-	-	-	-	-	50,000
Intermediate sources	-	-	-	619	-	-	-	-	-	-
State sources	-	-	-	-	73,965	-	-	-	29,215	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	193,311	619	73,965	-	-	-	29,215	50,000
Disbursements:										
Instruction	-	-	-	-	124,824	-	-	26,366	3,760	17,571
Support services	-	-	-	-	-	-	1,016	20,447	-	-
Noninstructional services	-	6,436	182,469	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	6,436	182,469	-	124,824	-	1,016	46,813	3,760	17,571
Excess (deficiency) of receipts over disbursements	-	(6,436)	10,842	619	(50,859)	-	(1,016)	(46,813)	25,455	32,429
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	55,215	-	-	-	-	-	-	-
Transfers out	-	(65,215)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(65,215)	55,215	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(71,651)	66,057	619	(50,859)	-	(1,016)	(46,813)	25,455	32,429
Cash and investments - ending	\$ -	\$ -	\$ 66,057	\$ 1,302	\$ 113,712	\$ (16,303)	\$ 1,075	\$ (350)	\$ 25,455	\$ 32,429

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Special Education Donation Fund	Harry Mock Gift Fund	Kick-Off to Kindergarten	2016-17 Kick-Off to Kindergarten	2015 Ball Brothers Operation Bearcat	2014 Ball Brothers Team 1-One Team	Fieldhouse Banner Fund	2016 Ball Fnd. Spr. Aftersch.P3	STEM - Longfellow Elem	2016-17 Ball Grant Innovation
Cash and investments - beginning	\$ 1,581	\$ 14,167	\$ 2,634	\$ -	\$ 96,952	\$ 1,604	\$ 4,299	\$ 4,485	\$ -	\$ 337,250
Receipts:										
Local sources	-	-	-	34,784	-	-	-	-	14,471	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	34,784	-	-	-	-	14,471	-
Disbursements:										
Instruction	-	14,233	3,889	33,627	98,048	(10,481)	3,845	957	5,929	11,414
Support services	-	-	-	-	-	(10,534)	-	-	6,023	70,114
Noninstructional services	-	-	-	-	-	15,151	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	7,468	-	-	-	57,500
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	14,233	3,889	33,627	98,048	1,604	3,845	957	11,952	139,028
Excess (deficiency) of receipts over disbursements	-	(14,233)	(3,889)	1,157	(98,048)	(1,604)	(3,845)	(957)	2,519	(139,028)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,233)	(3,889)	1,157	(98,048)	(1,604)	(3,845)	(957)	2,519	(139,028)
Cash and investments - ending	\$ 1,581	\$ (66)	\$ (1,255)	\$ 1,157	\$ (1,096)	\$ -	\$ 454	\$ 3,528	\$ 2,519	\$ 198,222

MUNCIE COMMUNITY SCHOOLS
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	2017-18 Ball Grant Innovation	2014 Ball Brothers A. Oliver Sp. Needs	MCS Donation Fund	MCS Fieldhouse Donation 2016	Mutual Bank Enrichment Grant	CFP Foundation Community Grant	Ball - 2016 Excellence Teach	2016 Ball Bros-SMS Greenhouse	2014/15 Opportunity School	2014/15 Priority School
Cash and investments - beginning	\$ -	\$ 427	\$ 31,001	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ (2,753,830)	\$ (68,746)
Receipts:										
Local sources	305,000	-	252,702	1,000	-	-	-	50,000	2,753,830	288,601
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	305,000	-	252,702	1,000	-	-	-	50,000	2,753,830	288,601
Disbursements:										
Instruction	-	-	-	-	-	-	4,630	47,333	-	-
Support services	-	-	1,000	-	-	-	2,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	226,531	-	-	-	-	-	-	-
Total disbursements	-	-	227,531	-	-	-	6,630	47,333	-	-
Excess (deficiency) of receipts over disbursements	305,000	-	25,171	1,000	-	-	(6,630)	2,667	2,753,830	288,601
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(219,855)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(219,855)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	305,000	-	25,171	1,000	-	-	(6,630)	2,667	2,753,830	68,746
Cash and investments - ending	\$ 305,000	\$ 427	\$ 56,172	\$ 1,000	\$ -	\$ -	\$ 8,370	\$ 2,667	\$ -	\$ -

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	2015/16 Opportunity School	2015/16 Priority School	2016/17 Opportunity School	2017/18 Opportunity School	2016/17 Priority School	2017/18 Priority School	Adventure Environmental Learning Center	2015 Ball Brothers Camp Adventure	Central ROTC Services	Christmas Sing
Cash and investments - beginning	\$ (960,567)	\$ (311,470)	\$ -	\$ -	\$ -	\$ -	\$ 10,113	\$ 306	\$ 1,517	\$ (3,367)
Receipts:										
Local sources	1,069,999	344,675	-	-	27,000	-	44,515	-	-	11,364
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	1,064	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	1,069,999	344,675	-	-	27,000	-	44,515	-	1,064	11,364
Disbursements:										
Instruction	95,938	33,205	756,703	-	247,230	-	-	-	1,249	-
Support services	-	-	-	-	-	-	26,357	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	15,499
Facilities acquisition and construction	-	-	-	-	-	-	-	306	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	95,938	33,205	756,703	-	247,230	-	26,357	306	1,249	15,499
Excess (deficiency) of receipts over disbursements	974,061	311,470	(756,703)	-	(220,230)	-	18,158	(306)	(185)	(4,135)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	974,061	311,470	(756,703)	-	(220,230)	-	18,158	(306)	(185)	(4,135)
Cash and investments - ending	\$ 13,494	\$ -	\$ (756,703)	\$ -	\$ (220,230)	\$ -	\$ 28,271	\$ -	\$ 1,332	\$ (7,502)

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	Cultural Arts	Penny Seramur Scholarship	Walburn Scholarship	Demaree Scholarship	Devoe Scholarship	ICE League Scholarship	16/17 Chartwells - Scholarship	High Ability Contingency	2016 PBIS Meridian Intecare Grant	2016/17 RFF Evidence Based PRC
Cash and investments - beginning	\$ 3,781	\$ 10,595	\$ 32,245	\$ 3,135	\$ 525,389	\$ 3,025	\$ -	\$ 10,471	\$ 195,377	\$ -
Receipts:										
Local sources	-	-	15,069	6	206	6,000	20,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	8,581
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	15,069	6	206	6,000	20,000	-	-	8,581
Disbursements:										
Instruction	-	-	-	-	-	-	-	5,036	43,359	2,827
Support services	-	-	-	-	-	-	-	-	69,839	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	500	14,000	-	27,500	-	5,000	-	-	-
Total disbursements	-	500	14,000	-	27,500	-	5,000	5,036	113,198	2,827
Excess (deficiency) of receipts over disbursements	-	(500)	1,069	6	(27,294)	6,000	15,000	(5,036)	(113,198)	5,754
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	3,043	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	3,043	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(500)	1,069	6	(27,294)	6,000	15,000	(1,993)	(113,198)	5,754
Cash and investments - ending	\$ 3,781	\$ 10,095	\$ 33,314	\$ 3,141	\$ 498,095	\$ 9,025	\$ 15,000	\$ 8,478	\$ 82,179	\$ 5,754

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	2016/17 High Ability Grant	2017/18 High Ability Grant	Formative Assessment	IN Preschool Grants	17/18 Dual Language Immersion	2015/2016 High Ability Grant	2014/2015 High Ability Grant	PD Contingency Fund	Secured Schools Safety Grant	Extra- Curricular Activities
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,908	\$ (1,163)	\$ 7,688	\$ (65,290)	\$ 325
Receipts:										
Local sources	-	-	-	84,255	-	-	-	-	-	6,004
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	51,361	-	75,488	-	-	-	-	-	50,000	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	51,361	-	75,488	84,255	-	-	-	-	50,000	6,004
Disbursements:										
Instruction	5,857	-	48,390	52,933	-	-	295	-	-	5,680
Support services	15,490	-	-	368	-	27,157	-	5,746	100,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,347	-	48,390	53,301	-	27,157	295	5,746	100,000	5,680
Excess (deficiency) of receipts over disbursements	30,014	-	27,098	30,954	-	(27,157)	(295)	(5,746)	(50,000)	324
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,163	-	-	-
Transfers out	-	-	(23,562)	-	-	(4,206)	-	-	-	-
Total other financing sources (uses)	-	-	(23,562)	-	-	(4,206)	1,163	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,014	-	3,536	30,954	-	(31,363)	868	(5,746)	(50,000)	324
Cash and investments - ending	\$ 30,014	\$ -	\$ 3,536	\$ 30,954	\$ -	\$ (2,455)	\$ (295)	\$ 1,942	\$ (115,290)	\$ 649

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	ESL Clearing Account	I-Pad Insurance Fund	2015/16 Non-English Speaking	2016/17 Non-English Speaking	School Technology	Career and Technical Performance Grant	2016/17 Excellence in Performance	2016/17 Excellence in Performance (2)	17/18 Title I 1003G SIG SMS	2012/13 Title I Basic
Cash and investments - beginning	\$ 22,260	\$ 30,885	\$ 1,795	\$ -	\$ 21,542	\$ -	\$ -	\$ -	\$ -	\$ (291)
Receipts:										
Local sources	-	12,778	-	-	254,962	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	13,346	540	12,071	39,599	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	10,563	-	-	-	-	-	-	-	-
Total receipts	-	23,341	-	13,346	255,502	12,071	39,599	-	-	-
Disbursements:										
Instruction	-	-	-	-	-	4,684	39,599	86,860	-	-
Support services	-	31,715	652	1,872	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	103,291	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	31,715	652	1,872	103,291	4,684	39,599	86,860	-	-
Excess (deficiency) of receipts over disbursements	-	(8,374)	(652)	11,474	152,211	7,387	-	(86,860)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	1,164	-	-	-	-	-	-
Transfers out	-	-	(1,164)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(1,164)	1,164	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,374)	(1,816)	12,638	152,211	7,387	-	(86,860)	-	-
Cash and investments - ending	\$ 22,260	\$ 22,511	\$ (21)	\$ 12,638	\$ 173,753	\$ 7,387	\$ -	\$ (86,860)	\$ -	\$ (291)

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	2017/18 Title I SIG- SMS/EWA	2017/18 Title I Neglected Delinquent YOC	2017/18 Title I Basic	2015/16 Title I Basic	2015/16 Title I Neglected Delinquent YOC	2016/17 Title I Neglected Delinquent YOC	2016/17 Title I Basic	2016/17 Title I SIG- SMS/Sutton	2015/16 Title I SIG-SSMS/SUTT	2014/15 Sp. Ed. Preschool
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (274,967)	\$ (13,913)	\$ -	\$ -	\$ -	\$ (6,870)	\$ -
Receipts:										
Local sources	-	-	-	98,080	-	6,322	-	-	-	914
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	572,311	57,441	144,865	1,558,028	1,595	10,538	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	670,391	57,441	151,187	1,558,028	1,595	10,538	914
Disbursements:										
Instruction	-	-	-	190,467	43,528	182,474	803,814	-	-	-
Support services	-	-	-	182,202	-	-	1,037,085	40,935	14,074	-
Noninstructional services	-	-	-	5,843	-	-	12,262	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	378,512	43,528	182,474	1,853,161	40,935	14,074	-
Excess (deficiency) of receipts over disbursements	-	-	-	291,879	13,913	(31,287)	(295,133)	(39,340)	(3,536)	914
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	291,879	13,913	(31,287)	(295,133)	(39,340)	(3,536)	914
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 16,912	\$ -	\$ (31,287)	\$ (295,133)	\$ (39,340)	\$ (10,406)	\$ 914

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	2015/16 Sp. Ed. Preschool	Preschool Muncie FY18 PT.B619	2013/14 IDEA Muncie	2014/15 IDEA Muncie	2015/16 Spec. Ed. IDEA Muncie	2017/18 Spec. Ed. IDEA Muncie	2014/15 IDEA Pass-Through COOP	2015/16 IDEA Pass-Through COOP	2016/17 Spec. Ed. Preschool	2016/17 Spec. Ed. IDEA Muncie
Cash and investments - beginning	\$ (18,304)	\$ -	\$ (26,376)	\$ (42,823)	\$ (23,724)	\$ -	\$ 6,568	\$ (113,435)	\$ -	\$ -
Receipts:										
Local sources	-	-	26,376	149,099	1,196,850	-	-	16	-	1,078,471
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	52,603	-	-	34,769	13,106	-	-	900,732	52,250	33,894
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	52,603	-	26,376	183,868	1,209,956	-	-	900,748	52,250	1,112,365
Disbursements:										
Instruction	35,293	-	-	23,847	304,338	-	103,668	1,667,504	108,003	1,376,044
Support services	-	-	-	27,164	50,581	-	-	-	-	59,216
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	35,293	-	-	51,011	354,919	-	103,668	1,667,504	108,003	1,435,260
Excess (deficiency) of receipts over disbursements	17,310	-	26,376	132,857	855,037	-	(103,668)	(766,756)	(55,753)	(322,895)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(4,716)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(4,716)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,594	-	26,376	132,857	855,037	-	(103,668)	(766,756)	(55,753)	(322,895)
Cash and investments - ending	\$ (5,710)	\$ -	\$ -	\$ 90,034	\$ 831,313	\$ -	\$ (97,100)	\$ (880,191)	\$ (55,753)	\$ (322,895)

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	2016/17 IDEA Pass-Through COOP 619	2016/17 IDEA Pass-Through COOP 611	FY 2018 B 619 COOP PT Fund	FY 2018 B 611 COOP PT Fund	2014/15 Adult Basic Education	2014/15 ABE Professional Dev.	2015/16 Adult Basic Education	MACC-ABE-CTE	2016/17 Adult Basic Education
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (12,980)	\$ (4,762)	\$ (88,409)	\$ 46,242	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	11,000	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	2,221,571	-	-	-	-	155,349	2,068	322,905
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	2,221,571	-	-	-	-	155,349	13,068	322,905
Disbursements:									
Instruction	-	2,065,779	-	-	-	-	56,944	24,184	419,853
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,065,779	-	-	-	-	56,944	24,184	419,853
Excess (deficiency) of receipts over disbursements	-	155,792	-	-	-	-	98,405	(11,116)	(96,948)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	12,980	-	-	17,351	-
Transfers out	-	-	-	-	-	-	(9,996)	(4,913)	-
Total other financing sources (uses)	-	-	-	-	12,980	-	(9,996)	12,438	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	155,792	-	-	12,980	-	88,409	1,322	(96,948)
Cash and investments - ending	\$ -	\$ 155,792	\$ -	\$ -	\$ -	\$ (4,762)	\$ -	\$ 47,564	\$ (96,948)

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	2017/18 Adult Basic Education	2017/19 Title IV	2015 Hire Technology Program	2015/16 Perkins	2016/17 Perkins	2017/18 Perkins	2015/16 21st CCLC BSU/Longfellow	2016/17 21st CCLC BSU/Longfellow	2017/18 21st CCLC BSU/Longfellow
Cash and investments - beginning	\$ -	\$ -	\$ 2,183	\$ (48,929)	\$ -	\$ -	\$ (12,800)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	121,488	194,428	-	12,800	60,200	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	121,488	194,428	-	12,800	60,200	-
Disbursements:									
Instruction	-	-	4,112	65,208	213,312	-	-	70,350	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	4,112	65,208	213,312	-	-	70,350	-
Excess (deficiency) of receipts over disbursements	-	-	(4,112)	56,280	(18,884)	-	12,800	(10,150)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,929	-	-	-	-	-	-
Transfers out	-	-	-	(7,351)	(5,000)	-	-	-	-
Total other financing sources (uses)	-	-	1,929	(7,351)	(5,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,183)	48,929	(23,884)	-	12,800	(10,150)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (23,884)	\$ -	\$ -	\$ (10,150)	\$ -

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	2015/16 Title IIA, Improving Teacher Quality	2016/18 Title IIA, Improving Teacher Quality	2017/19 Title IIA, Improving Teacher Quality	2014-16 Title III, English Proficiency	Public Charter School ESEA Title X, Part C	McKinney - Vento Education for Homeless	Food Service Prepaid Account	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (103,933)	\$ -	\$ -	\$ (239)	\$ -	\$ -	\$ -	\$ 384,020	\$ 8,307,696
Receipts:									
Local sources	-	-	-	-	-	470	549,132	-	45,582,032
Intermediate sources	-	-	-	-	-	-	-	-	715
State sources	-	-	-	5,500	-	-	-	-	43,113,948
Federal sources	309,470	315,423	-	-	-	-	-	-	9,924,453
Temporary loans	-	-	-	-	-	-	-	-	7,680,000
Other receipts	-	-	-	-	-	-	-	9,905,342	9,941,463
Total receipts	309,470	315,423	-	5,500	-	470	549,132	9,905,342	116,242,611
Disbursements:									
Instruction	-	-	-	-	-	777	-	-	58,195,012
Support services	71,189	332,567	-	-	-	-	-	-	20,391,913
Noninstructional services	13,145	5,118	-	-	-	-	-	-	3,844,652
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,282,675
Debt service	-	-	-	-	-	-	-	-	17,563,996
Nonprogrammed charges	-	-	-	-	-	358	542,396	10,022,809	20,238,358
Total disbursements	84,334	337,685	-	-	-	1,135	542,396	10,022,809	121,516,606
Excess (deficiency) of receipts over disbursements	225,136	(22,262)	-	5,500	-	(665)	6,736	(117,467)	(5,273,995)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	439,209
Transfers in	-	121,203	-	-	-	-	-	-	1,838,991
Transfers out	(121,203)	-	-	-	-	-	-	-	(1,838,991)
Total other financing sources (uses)	(121,203)	121,203	-	-	-	-	-	-	439,209
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	103,933	98,941	-	5,500	-	(665)	6,736	(117,467)	(4,834,786)
Cash and investments - ending	\$ -	\$ 98,941	\$ -	\$ 5,261	\$ -	\$ (665)	\$ 6,736	\$ 266,553	\$ 3,472,910

MUNCIE COMMUNITY SCHOOLS
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	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Facility Const/Repair	2014 GO Construction Bond	School Lunch	Textbook Rental	Self-Insurance
Cash and investments - beginning	\$ (7,763,728)	\$ 6,269,064	\$ (496,545)	\$ 158,335	\$ 126,142	\$ (78,474)	\$ 9,179,554	\$ 93,303	\$ (443,270)	\$ 1,300,302
Receipts:										
Local sources	1,178,903	10,888,005	1,056,493	817,462	10,976	-	-	756,255	98,410	3,441,148
Intermediate sources	48	-	-	-	-	-	-	-	-	-
State sources	39,658,355	-	-	-	-	-	-	-	315,016	-
Federal sources	65,902	-	-	-	-	-	-	2,344,586	-	-
Temporary loans	6,709,000	-	1,400,000	891,000	-	-	-	-	-	-
Other receipts	207	-	1,492,751	-	-	-	-	-	-	29,765
Total receipts	47,612,415	10,888,005	3,949,244	1,708,462	10,976	-	-	3,100,841	413,426	3,470,913
Disbursements:										
Instruction	27,727,562	-	-	-	-	-	-	-	48,384	-
Support services	10,430,052	-	3,898,450	2,759,110	-	-	-	1,030	30	-
Noninstructional services	208,141	-	-	-	-	-	-	2,673,122	-	-
Facilities acquisition and construction	-	-	726,867	-	-	6,800	4,387	-	-	-
Debt service	2,666,000	7,621,712	1,621,000	-	-	-	-	-	-	-
Nonprogrammed charges	8,897	-	-	-	-	-	-	-	-	5,064,061
Total disbursements	41,040,652	7,621,712	6,246,317	2,759,110	-	6,800	4,387	2,674,152	48,414	5,064,061
Excess (deficiency) of receipts over disbursements	6,571,763	3,266,293	(2,297,073)	(1,050,648)	10,976	(6,800)	(4,387)	426,689	365,012	(1,593,148)
Other financing sources (uses):										
Sale of capital assets	571,326	-	1,498,610	-	-	-	-	-	325	-
Transfers in	1,382,548	-	3,622,014	1,527,599	21,996	85,274	-	-	117,737	471,513
Transfers out	(1,405,562)	(5,262,762)	-	-	-	-	-	-	(26,433)	(162,599)
Total other financing sources (uses)	548,312	(5,262,762)	5,120,624	1,527,599	21,996	85,274	-	-	91,629	308,914
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,120,075	(1,996,469)	2,823,551	476,951	32,972	78,474	(4,387)	426,689	456,641	(1,284,234)
Cash and investments - ending	\$ (643,653)	\$ 4,272,595	\$ 2,327,006	\$ 635,286	\$ 159,114	\$ -	\$ 9,175,167	\$ 519,992	\$ 13,371	\$ 16,068

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 OTHER FINANCING SOURCES (USES), AND CASH AND
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	Levy Excess	Joint Services and Supply - Special Education Cooperative	2014/15 Special Ed Preschool	2015/16 Dela.-Blackford Sp. Ed.	2015/16 Special Ed. Preschool	2016/17 Dela.-Blackford Sp. Ed.	17/18 General w/ Preschool	2014/15 Vocation. COOP-Distr #22	2015/16 Vocation. COOP-Distr #22	2016/17 Vocation. COOP-Distr #22
Cash and investments - beginning	\$ 150	\$ -	\$ -	\$ 543,073	\$ 213,889	\$ (5,090,121)	\$ -	\$ (452)	\$ 66,301	\$ (880,422)
Receipts:										
Local sources	-	-	-	-	187,000	5,586,484	219,884	-	-	1,175,003
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	187,000	5,586,484	219,884	-	-	1,175,003
Disbursements:										
Instruction	-	-	-	-	-	388,193	1,339,193	-	-	177,021
Support services	-	-	-	-	-	108,170	346,283	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	496,363	1,685,476	-	-	177,021
Excess (deficiency) of receipts over disbursements	-	-	-	-	187,000	5,090,121	(1,465,592)	-	-	997,982
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	7,123	452	-	65,849
Transfers out	(150)	-	-	(543,073)	(400,889)	-	(7,529)	-	(66,301)	(183,409)
Total other financing sources (uses)	(150)	-	-	(543,073)	(400,889)	-	(406)	452	(66,301)	(117,560)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(150)	-	-	(543,073)	(213,889)	5,090,121	(1,465,998)	452	(66,301)	880,422
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,465,998)	\$ -	\$ -	\$ -

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	2017/18 Vocation. COOP-Distr #22	2015/16 Creative Child Care	2016/17 Creative Child Care	Educational License Plates	Alternative Education	SAFE School Haven	2015 Early Intervention Grant	2016 Literacy Early Interv Grant	2017 Literacy Early Int Grant	Lilly Counsl Initiative
Cash and investments - beginning	\$ -	\$ -	\$ 66,057	\$ 1,302	\$ 113,712	\$ (16,303)	\$ 1,075	\$ (350)	\$ 25,455	\$ 32,429
Receipts:										
Local sources	8,793	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	629	-	-	-	-	-	-
State sources	-	-	-	-	118,465	20,000	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	8,793	-	-	629	118,465	20,000	-	-	-	-
Disbursements:										
Instruction	269,513	-	-	-	45,111	-	-	-	12,361	34,422
Support services	-	-	-	1,045	-	-	-	-	12,744	-
Noninstructional services	-	-	1,367	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	269,513	-	1,367	1,045	45,111	-	-	-	25,105	34,422
Excess (deficiency) of receipts over disbursements	(260,720)	-	(1,367)	(416)	73,354	20,000	-	-	(25,105)	(34,422)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	350	1,075	1,993
Transfers out	-	-	(64,690)	-	-	(3,697)	(1,075)	-	(350)	-
Total other financing sources (uses)	-	-	(64,690)	-	-	(3,697)	(1,075)	350	725	1,993
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(260,720)	-	(66,057)	(416)	73,354	16,303	(1,075)	350	(24,380)	(32,429)
Cash and investments - ending	\$ (260,720)	\$ -	\$ -	\$ 886	\$ 187,066	\$ -	\$ -	\$ -	\$ 1,075	\$ -

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	Special Education Donation Fund	Harry Mock Gift Fund	Kick-Off to Kindergarten	2016-17 Kick-Off to Kindergarten	2015 Ball Brothers Operation Bearcat	2014 Ball Brothers Team 1-One Team	Fieldhouse Banner Fund	2016 Ball Fnd. Spr. Aftersch.P3	STEM - Longfellow Elem	2016-17 Ball Grant Innovation
Cash and investments - beginning	\$ 1,581	\$ (66)	\$ (1,255)	\$ 1,157	\$ (1,096)	\$ -	\$ 454	\$ 3,528	\$ 2,519	\$ 198,222
Receipts:										
Local sources	-	-	27,258	-	-	-	-	-	28,350	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	27,258	-	-	-	-	-	28,350	-
Disbursements:										
Instruction	-	-	30,053	-	300	-	-	-	19,452	17,317
Support services	-	-	-	-	-	-	-	-	6,972	146,728
Noninstructional services	-	-	-	-	-	-	-	-	-	33,346
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	30,053	-	300	-	-	-	26,424	197,391
Excess (deficiency) of receipts over disbursements	-	-	(2,795)	-	(300)	-	-	-	1,926	(197,391)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	66	1,255	-	1,396	-	-	-	-	-
Transfers out	-	-	-	(1,157)	-	-	-	(3,528)	-	(831)
Total other financing sources (uses)	-	66	1,255	(1,157)	1,396	-	-	(3,528)	-	(831)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	66	(1,540)	(1,157)	1,096	-	-	(3,528)	1,926	(198,222)
Cash and investments - ending	\$ 1,581	\$ -	\$ (2,795)	\$ -	\$ -	\$ -	\$ 454	\$ -	\$ 4,445	\$ -

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	2017-18 Ball Grant Innovation	2014 Ball Brothers A. Oliver Sp. Needs	MCS Donation Fund	MCS Fieldhouse Donation 2016	Mutual Bank Enrichment Grant	CFP Foundation Community Grant	Ball - 2016 Excellence Teach	2016 Ball Bros-SMS Greenhouse	2014/15 Opportunity School	2014/15 Priority School
Cash and investments - beginning	\$ 305,000	\$ 427	\$ 56,172	\$ 1,000	\$ -	\$ -	\$ 8,370	\$ 2,667	\$ -	\$ -
Receipts:										
Local sources	-	-	398,369	-	5,000	5,000	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	398,369	-	5,000	5,000	-	-	-	-
Disbursements:										
Instruction	47,237	-	-	-	-	777	3,762	2,000	-	-
Support services	159,829	-	189	-	2,000	-	2,000	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	355,653	-	-	-	-	-	-	-
Total disbursements	207,066	-	355,842	-	2,000	777	5,762	2,000	-	-
Excess (deficiency) of receipts over disbursements	(207,066)	-	42,527	-	3,000	4,223	(5,762)	(2,000)	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(427)	-	-	-	-	-	(667)	-	-
Total other financing sources (uses)	-	(427)	-	-	-	-	-	(667)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(207,066)	(427)	42,527	-	3,000	4,223	(5,762)	(2,667)	-	-
Cash and investments - ending	\$ 97,934	\$ -	\$ 98,699	\$ 1,000	\$ 3,000	\$ 4,223	\$ 2,608	\$ -	\$ -	\$ -

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	2015/16 Opportunity School	2015/16 Priority School	2016/17 Opportunity School	2017/18 Opportunity School	2016/17 Priority School	2017/18 Priority School	Adventure Environmental Learning Center	2015 Ball Brothers Camp Adventure	Central ROTC Services	Christmas Sing
Cash and investments - beginning	\$ 13,494	\$ -	\$ (756,703)	\$ -	\$ (220,230)	\$ -	\$ 28,271	\$ -	\$ 1,332	\$ (7,502)
Receipts:										
Local sources	-	-	74,472	-	302,300	157,775	31,453	-	-	925
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	510	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	74,472	-	302,300	157,775	31,453	-	510	925
Disbursements:										
Instruction	-	-	148,978	227,981	9,781	13,560	-	-	1,021	-
Support services	-	-	-	-	-	-	22,891	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	985
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	148,978	227,981	9,781	13,560	22,891	-	1,021	985
Excess (deficiency) of receipts over disbursements	-	-	(74,506)	(227,981)	292,519	144,215	8,562	-	(511)	(60)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	868,219	-	-	-	-	-	-	7,562
Transfers out	(13,494)	-	(37,010)	-	(72,289)	-	-	-	-	-
Total other financing sources (uses)	(13,494)	-	831,209	-	(72,289)	-	-	-	-	7,562
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,494)	-	756,703	(227,981)	220,230	144,215	8,562	-	(511)	7,502
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (227,981)	\$ -	\$ 144,215	\$ 36,833	\$ -	\$ 821	\$ -

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	Cultural Arts	Penny Seramur Scholarship	Walburn Scholarship	Demaree Scholarship	Devoe Scholarship	ICE League Scholarship	16/17 Chartwells - Scholarship	High Ability Contingency	2016 PBIS Meridian Intecare Grant	2016/17 RFF Evidence Based PRC
Cash and investments - beginning	\$ 3,781	\$ 10,095	\$ 33,314	\$ 3,141	\$ 498,095	\$ 9,025	\$ 15,000	\$ 8,478	\$ 82,179	\$ 5,754
Receipts:										
Local sources	-	-	17,046	7	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	2,394
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	17,046	7	-	-	-	-	-	2,394
Disbursements:										
Instruction	-	-	-	-	-	-	-	1,289	21,097	7,347
Support services	-	-	-	-	-	-	-	1,400	18,640	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	17,998	-	27,500	9,025	-	-	-	-
Total disbursements	-	-	17,998	-	27,500	9,025	-	2,689	39,737	7,347
Excess (deficiency) of receipts over disbursements	-	-	(952)	7	(27,500)	(9,025)	-	(2,689)	(39,737)	(4,953)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(3,781)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,781)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,781)	-	(952)	7	(27,500)	(9,025)	-	(2,689)	(39,737)	(4,953)
Cash and investments - ending	\$ -	\$ 10,095	\$ 32,362	\$ 3,148	\$ 470,595	\$ -	\$ 15,000	\$ 5,789	\$ 42,442	\$ 801

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2016/17 High Ability Grant	2017/18 High Ability Grant	Formative Assessment	IN Preschool Grants	17/18 Dual Language Immersion	2015/2016 High Ability Grant	2014/2015 High Ability Grant	PD Contingency Fund	Secured Schools Safety Grant	Extra- Curricular Activities
Cash and investments - beginning	\$ 30,014	\$ -	\$ 3,536	\$ 30,954	\$ -	\$ (2,455)	\$ (295)	\$ 1,942	\$ (115,290)	\$ 649
Receipts:										
Local sources	-	-	-	34,878	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	49,693	63,790	-	47,167	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	49,693	63,790	34,878	47,167	-	-	-	-	-
Disbursements:										
Instruction	7,181	11,940	59,823	96,874	32,215	-	2,807	-	-	-
Support services	22,665	26,425	-	-	-	-	-	150	5,000	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	29,846	38,365	59,823	96,874	32,215	-	2,807	150	5,000	-
Excess (deficiency) of receipts over disbursements	(29,846)	11,328	3,967	(61,996)	14,952	-	(2,807)	(150)	(5,000)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	1,792	-	-	-	-	2,455	3,102	-	115,290	-
Transfers out	(168)	-	-	-	-	-	-	(1,792)	-	(649)
Total other financing sources (uses)	1,624	-	-	-	-	2,455	3,102	(1,792)	115,290	(649)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,222)	11,328	3,967	(61,996)	14,952	2,455	295	(1,942)	110,290	(649)
Cash and investments - ending	\$ 1,792	\$ 11,328	\$ 7,503	\$ (31,042)	\$ 14,952	\$ -	\$ -	\$ -	\$ (5,000)	\$ -

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	ESL Clearing Account	I-Pad Insurance Fund	2015/16 Non-English Speaking	2016/17 Non-English Speaking	School Technology	Career and Technical Performance Grant	2016/17 Excellence in Performance	2016/17 Excellence in Performance (2)	17/18 Title I 1003G SIG SMS	2012/13 Title I Basic
Cash and investments - beginning	\$ 22,260	\$ 22,511	\$ (21)	\$ 12,638	\$ 173,753	\$ 7,387	\$ -	\$ (86,860)	\$ -	\$ (291)
Receipts:										
Local sources	-	4,624	-	-	213,454	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	35,798	11,673	86,592	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	11,579	-	-	-	-	-	-	-	-
Total receipts	-	16,203	-	-	249,252	11,673	86,592	-	-	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	16,259	-
Support services	-	12,010	-	11,109	-	-	-	-	44,198	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	12,010	-	11,109	-	-	-	-	60,457	-
Excess (deficiency) of receipts over disbursements	-	4,193	-	(11,109)	249,252	11,673	86,592	-	(60,457)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	21	-	-	-	-	86,860	-	291
Transfers out	(22,260)	-	-	(21)	-	(7,387)	(86,592)	-	-	-
Total other financing sources (uses)	(22,260)	-	21	(21)	-	(7,387)	(86,592)	86,860	-	291
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,260)	4,193	21	(11,130)	249,252	4,286	-	86,860	(60,457)	291
Cash and investments - ending	\$ -	\$ 26,704	\$ -	\$ 1,508	\$ 423,005	\$ 11,673	\$ -	\$ -	\$ (60,457)	\$ -

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2017/18 Title I SIG- SMS/EWA	2017/18 Title I Neglected Delinquent YOC	2017/18 Title I Basic	2015/16 Title I Basic	2015/16 Title I Neglected Delinquent YOC	2016/17 Title I Neglected Delinquent YOC	2016/17 Title I Basic	2016/17 Title I SIG- SMS/Sutton	2015/16 Title I SIG-SSMS/SUTT	2014/15 Sp. Ed. Preschool
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 16,912	\$ -	\$ (31,287)	\$ (295,133)	\$ (39,340)	\$ (10,406)	\$ 914
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	51,042	115,457	1,512,617	-	-	67,930	1,066,805	74,668	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	51,042	115,457	1,512,617	-	-	67,930	1,066,805	74,668	-	-
Disbursements:										
Instruction	-	149,895	1,840,643	-	-	38,125	386,173	-	-	-
Support services	53,869	-	283,910	452	-	-	383,516	35,328	-	-
Noninstructional services	-	-	12,205	-	-	-	5,481	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	53,869	149,895	2,136,758	452	-	38,125	775,170	35,328	-	-
Excess (deficiency) of receipts over disbursements	(2,827)	(34,438)	(624,141)	(452)	-	29,805	291,635	39,340	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	1,482	3,498	-	10,406	-
Transfers out	-	-	-	(16,460)	-	-	-	-	-	(914)
Total other financing sources (uses)	-	-	-	(16,460)	-	1,482	3,498	-	10,406	(914)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,827)	(34,438)	(624,141)	(16,912)	-	31,287	295,133	39,340	10,406	(914)
Cash and investments - ending	\$ (2,827)	\$ (34,438)	\$ (624,141)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2015/16 Sp. Ed. Preschool	Preschool Muncie FY18 PT.B619	2013/14 IDEA Muncie	2014/15 IDEA Muncie	2015/16 Spec. Ed. IDEA Muncie	2017/18 Spec. Ed. IDEA Muncie	2014/15 IDEA Pass-Through COOP	2015/16 IDEA Pass-Through COOP	2016/17 Spec. Ed. Preschool	2016/17 Spec. Ed. IDEA Muncie
Cash and investments - beginning	\$ (5,710)	\$ -	\$ -	\$ 90,034	\$ 831,313	\$ -	\$ (97,100)	\$ (880,191)	\$ (55,753)	\$ (322,895)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	144,132
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	5,710	93,572	-	-	60,657	1,815,941	-	56,018	29,746	934,038
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	5,710	93,572	-	-	60,657	1,815,941	-	56,018	29,746	1,078,170
Disbursements:										
Instruction	403	136,738	-	-	1,327	1,586,930	-	58,338	10,844	479,560
Support services	-	-	-	375	6,680	90,733	-	-	460	16,523
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	403	136,738	-	375	8,007	1,677,663	-	58,338	11,304	496,083
Excess (deficiency) of receipts over disbursements	5,307	(43,166)	-	(375)	52,650	138,278	-	(2,320)	18,442	582,087
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	810	-	-	-	7,123	176,288	97,100	882,511	57,884	-
Transfers out	(407)	-	-	(89,659)	(891,086)	(731,138)	-	-	(11,824)	(246,896)
Total other financing sources (uses)	403	-	-	(89,659)	(883,963)	(554,850)	97,100	882,511	46,060	(246,896)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,710	(43,166)	-	(90,034)	(831,313)	(416,572)	97,100	880,191	64,502	335,191
Cash and investments - ending	\$ -	\$ (43,166)	\$ -	\$ -	\$ -	\$ (416,572)	\$ -	\$ -	\$ 8,749	\$ 12,296

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2016/17 IDEA Pass-Through COOP 619	2016/17 IDEA Pass-Through COOP 611	FY 2018 B 619 COOP PT Fund	FY 2018 B 611 COOP PT Fund	2014/15 Adult Basic Education	2014/15 ABE Professional Dev.	2015/16 Adult Basic Education	MACC-ABE-CTE	2016/17 Adult Basic Education
Cash and investments - beginning	\$ -	\$ 155,792	\$ -	\$ -	\$ -	\$ (4,762)	\$ -	\$ 47,564	\$ (96,948)
Receipts:									
Local sources	-	-	-	-	-	-	-	312	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	(608)	1,528,238	122,712	2,862,909	-	-	-	-	110,620
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	(608)	1,528,238	122,712	2,862,909	-	-	-	312	110,620
Disbursements:									
Instruction	23,041	1,831,404	101,145	3,052,281	-	-	-	29,201	42,739
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	23,041	1,831,404	101,145	3,052,281	-	-	-	29,201	42,739
Excess (deficiency) of receipts over disbursements	(23,649)	(303,166)	21,567	(189,372)	-	-	-	(28,889)	67,881
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	23,649	159,198	-	731,138	-	9,524	-	9,524	-
Transfers out	-	(11,824)	-	(176,288)	-	(4,762)	-	(11,617)	-
Total other financing sources (uses)	23,649	147,374	-	554,850	-	4,762	-	(2,093)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(155,792)	21,567	365,478	-	4,762	-	(30,982)	67,881
Cash and investments - ending	\$ -	\$ -	\$ 21,567	\$ 365,478	\$ -	\$ -	\$ -	\$ 16,582	\$ (29,067)

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2017/18 Adult Basic Education	2017/19 Title IV	2015 Hire Technology Program	2015/16 Perkins	2016/17 Perkins	2017/18 Perkins	2015/16 21st CCLC BSU/Longfellow	2016/17 21st CCLC BSU/Longfellow	2017/18 21st CCLC BSU/Longfellow
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (23,884)	\$ -	\$ -	\$ (10,150)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	251,539	106,136	-	-	18,097	142,708	-	14,784	51,200
Temporary loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	251,539	106,136	-	-	18,097	142,708	-	14,784	51,200
Disbursements:									
Instruction	343,207	9,360	-	-	46,476	125,703	-	7,290	67,126
Support services	-	4,079	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	343,207	13,439	-	-	46,476	125,703	-	7,290	67,126
Excess (deficiency) of receipts over disbursements	(91,668)	92,697	-	-	(28,379)	17,005	-	7,494	(15,926)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	9,480	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	9,480	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(91,668)	92,697	-	-	(18,899)	17,005	-	7,494	(15,926)
Cash and investments - ending	\$ (91,668)	\$ 92,697	\$ -	\$ -	\$ (42,783)	\$ 17,005	\$ -	\$ (2,656)	\$ (15,926)

MUNCIE COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	2015/16 Title IIA, Improving Teacher Quality	2016/18 Title IIA, Improving Teacher Quality	2017/19 Title IIA, Improving Teacher Quality	2014-16 Title III, English Proficiency	Public Charter School ESEA Title X, Part C	McKinney - Vento Education for Homeless	Food Service Prepaid Account	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 98,941	\$ -	\$ 5,261	\$ -	\$ (665)	\$ 6,736	\$ 266,553	\$ 3,472,910
Receipts:									
Local sources	-	800	-	-	-	14,100	224,489	-	27,109,560
Intermediate sources	-	-	-	-	-	-	-	-	677
State sources	-	-	-	5,498	13,750	-	-	-	40,428,191
Federal sources	-	146,816	-	-	-	-	-	-	13,650,350
Temporary loans	-	-	-	-	-	-	-	-	9,000,000
Other receipts	-	-	-	-	-	-	-	7,975,911	9,510,213
Total receipts	-	147,616	-	5,498	13,750	14,100	224,489	7,975,911	99,698,991
Disbursements:									
Instruction	-	-	-	-	-	3,086	-	-	41,191,846
Support services	2,350	198,299	14,453	10,979	3,165	1,728	-	-	19,146,019
Noninstructional services	-	9,873	1,655	-	-	-	-	-	2,946,175
Facilities acquisition and construction	-	-	-	-	-	-	-	-	738,054
Debt service	-	-	-	-	-	-	-	-	11,908,712
Nonprogrammed charges	-	-	-	-	-	5,739	224,701	8,094,690	13,808,264
Total disbursements	2,350	208,172	16,108	10,979	3,165	10,553	224,701	8,094,690	89,739,070
Excess (deficiency) of receipts over disbursements	(2,350)	(60,556)	(16,108)	(5,481)	10,585	3,547	(212)	(118,779)	9,959,921
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	2,070,261
Transfers in	-	-	-	-	-	-	-	-	10,573,447
Transfers out	-	-	-	-	-	-	-	-	(10,573,447)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,070,261
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,350)	(60,556)	(16,108)	(5,481)	10,585	3,547	(212)	(118,779)	12,030,182
Cash and investments - ending	\$ (2,350)	\$ 38,385	\$ (16,108)	\$ (220)	\$ 10,585	\$ 2,882	\$ 6,524	\$ 147,774	\$ 15,503,092

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MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 644,024</u>	<u>\$ -</u>

MUNCIE COMMUNITY SCHOOLS
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	General Obligation Bonds of 2014	\$ 9,110,000	\$ 655,738
Tax anticipation warrants	Temporary Loans	9,000,000	9,215,220
Capital Lease	Muncie School Building Corporation First Mortgage Refunding Bonds 2015A	4,490,000	3,045,000
Capital Lease	Muncie School Building Corporation First Mortgage Refunding Bonds 2015B	11,130,000	290,000
Capital Lease	Muncie School Building Corporation First Mortgage Refunding Bonds 2017A	3,100,000	158,000
Capital Lease	Muncie School Building Corporation First Mortgage Refunding Bonds 2017B	<u>15,385,000</u>	<u>565,000</u>
Total governmental activities		<u>52,215,000</u>	<u>13,928,958</u>
Totals		<u>\$ 52,215,000</u>	<u>\$ 13,928,958</u>

MUNCIE COMMUNITY SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 474,850
Buildings	119,135,761
Improvements other than buildings	2,686,339
Machinery, equipment, and vehicles	<u>3,022,741</u>
Total governmental activities	<u>125,319,691</u>
Total capital assets	<u><u>\$ 125,319,691</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Muncie Community Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs, other than the Supporting Effective Instruction State Grants, for the period of July 1, 2016 to June 30, 2018. We were engaged to audit those same types of compliance requirements for the Supporting Effective Instruction State Grants. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above 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 Uniform Guidance. Because of the matter described in the *Basis for Disclaimer of Opinion on Supporting Effective Instruction State Grants* paragraph; however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance for that major program.

Basis for Disclaimer of Opinion on Supporting Effective Instruction State Grants

As described in items 2018-010 and 2018-011 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient documentation supporting the compliance of the School Corporation with Supporting Effective Instruction State Grants regarding the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Performance, and Reporting compliance requirements. Consequently, we were unable to test the School Corporation's compliance with those requirements.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in item 2018-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2018-003, 2018-005, 2018-006, and 2018-007 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, Program Income, and Reporting compliance requirements that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Disclaimer of Opinion on Supporting Effective Instruction State Grants

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on Supporting Effective Instruction State Grants* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the School Corporation's compliance with the types of compliance requirements referred to above that could have a direct and material effect on Supporting Effective Instruction State Grants for the period of July 1, 2016 to June 30, 2018.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I Grants to Local Educational Agencies for the period of July 1, 2016 to June 30, 2018.

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

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

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 2018-009. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, and 2018-011, that we consider to be material weaknesses.

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

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

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



Tammy R. White, CPA
Deputy State Examiner

March 14, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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MUNCIE COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster School Breakfast Program	Indiana Department of Education	10.553	FY 2016-2017 FY 2017-2018	\$ - -	\$ 596,725 -	\$ - -	\$ - 478,735
Total - School Breakfast Program				-	596,725	-	478,735
National School Lunch Program Cafeteria Fund #800 Cafeteria Fund #800 Commodities Commodities	Indiana Department of Education	10.555	FY 2016-2017 FY 2017-2018 FY 2016-2017 FY 2017-2018	- - - -	1,984,131 - 314,445 -	- - - -	- 1,788,813 - 302,378
Total - National School Lunch Program				-	2,298,576	-	2,091,191
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2016-2017 FY 2017-2018	- -	55,313 -	- -	- 73,228
Total - Summer Food Service Program for Children				-	55,313	-	73,228
Total - Child Nutrition Cluster				-	2,950,614	-	2,643,154
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY 2016-2017 FY 2017-2018	- -	65,468 -	- -	- 221,946
Total - Child and Adult Care Food Program				-	65,468	-	221,946
Total - Department of Agriculture				-	3,016,082	-	2,865,100
<u>Department of Education</u>							
Special Education Cluster (IDEA) Special Education Grants to States 2016-2017 Special Education IDEA #5271 2016-2017 Special Education IDEA #5271 2016-2017 Special Education IDEA #5271 5271 - 16/17 Special Ed IDEA	Indiana Department of Education	84.027	14215-010-PN01 14216-008-PN01 14217-008-PN01 18611-008-PN01	- - - -	98,499 501,636 1,210,118 -	- - - -	- 58,337 632,237 1,471,429
Total - Special Education Grants to States				-	1,810,253	-	2,162,003

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
2015/2016 Special Education-Preschool #5206			45716-008-PN01	-	27,479	-	2,983
2016-2017 Special Education Preschool #5270			45717-008-PN01	-	61,067	-	11,185
5208 - Preschool Muncie FY 18 Part B 619			18619-008-PN01	-	-	-	68,304
Total - Special Education Preschool Grants				-	88,546	-	82,472
Total - Special Education Cluster (IDEA)				-	1,898,799	-	2,244,475
Adult Education - Basic Grants to States	New Castle Community School Corporation & Indiana Department of Workforce Development	84.002					
2016-2017 Adult Basic Education #5570			AE6-25	-	115,621	-	-
5570 - 16/17 Adult Basic Education			AE5-25	-	85,478	-	34,410
5571 - 17/18 Adult Basic Education			AE7-34	-	-	-	101,498
Total - Adult Education - Basic Grants to States				-	201,099	-	135,908
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
2016/2017 Title I Basic Grant #4178			2016-2017	-	1,558,028	-	1,066,805
4174 - 17/18 Title I Basic			2017-2018	-	-	-	1,512,617
2015/2016 Title I Basic Grant #4175			2015-2016	-	666,855	-	-
2016/2017 Title I SIG Grant #4179			2016-2017	-	1,595	-	74,668
4171 - 17/18 Title I SIG SMS			2015-2016	-	14,074	-	-
4172 - 17/18 Title I SIG - SMS/EWA			2017-2018	-	-	-	51,042
Total - Title I Grants to Local Educational Agencies				-	2,240,552	-	2,705,132
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
2016/2017 Title I Basic Delinquent Grant #4178			2015-2016	-	57,441	-	-
2016/2017 Title I Basic Delinquent Grant #4177			2016-2017	-	151,187	-	67,930
4173 - 17/18 Title I Negl/Del - YOC			2017-2018	-	-	-	115,457
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	208,628	-	183,387
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
15/16 Perkins #6280			15-4700-1970	-	103,676	-	-
16/17 Perkins #6290			17-4700-1970	-	194,428	-	18,097
17/18 Perkins #6291			18-4700-1970	-	-	-	142,708
Total - Career and Technical Education -- Basic Grants to States				-	298,104	-	160,805
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
2016-19 McKinney-Vento			A58-7-17SS-3964	-	470	-	4,530
Total - Education for Homeless Children and Youth				-	470	-	4,530

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
English Language Acquisition State Grants 6885 - Title III English Proficiency	Indiana Department of Education	84.365	01117-013-PN01	-	5,500	-	5,498
Total - English Language Acquisition State Grants				-	5,500	-	5,498
Supporting Effective Instruction State Grants 2015/2016 Title IIA-Improving Teacher Quality #6846 2016-2017 Title IIA Improving Teacher Quality #6847	Indiana Department of Education	84.367	S367A150015 S367A160013	-	309,470	-	4,771
Total - Supporting Effective Instruction State Grants				-	315,423	-	146,816
Student Support and Academic Enrichment Program 5800 - 17/19 Title IV Part A	Indiana Department of Education	84.424	S424A170015	-	-	-	12,360
Total - Student Support and Academic Enrichment Program				-	-	-	12,360
Total - Department of Education				-	5,478,045	-	5,603,682
<u>Department of Health and Human Services</u>							
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	Indiana State Department of Health	93.079	2016-2017	-	500	-	-
Total - Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance				-	500	-	-
Total - Department of Health and Human Services				-	500	-	-
<u>Social Security Administration</u>							
Social Security Disability Insurance	Family and Social Services Administration	96.001	BOLP 736	-	1,694	-	2,380
Total - Social Security Disability Insurance				-	1,694	-	2,380
Total - Social Security Administration				-	1,694	-	2,380
Total federal awards expended				\$ -	\$ 8,496,321	\$ -	\$ 8,471,162

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

MUNCIE COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

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

MUNCIE COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	yes
Significant deficiency identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency 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
84.010	Child Nutrition Cluster	Qualified
84.367	Title I Grants to Local Educational Agencies	Qualified
	Supporting Effective Instruction State Grants	Disclaimer

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Finding: Significant Deficiency

Condition

The following deficiencies in the internal control system of the School Corporation related to financial transactions and reporting occurred during the audit period:

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts and cash. One individual opened the mail, collected payments, posted receipts, and prepared the bank reconciliation. No oversight was performed over the receipt entries. No oversight of the bank reconciliations was documented, except for June 2017.

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

Context

The lack of controls was a systemic issue, which occurred 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. . . .

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. . . ."

Cause

Management had not established a proper system of internal control related to financial transactions and reporting over receipts and cash.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected.

Recommendation

We recommended that the School Corporation establish a system of internal controls related to financial transactions and reporting over receipts and cash.

Views of Responsible Officials

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

FINDING 2018-002

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 report. The prior audit finding number was 2016-001.

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

Condition

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

The School Corporation had not established effective controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal information into Gateway without a control in place to prevent, or detect and correct, any errors prior to submission.

Context

The SEFA contained the following errors:

- The Child Nutrition Cluster commodities of \$314,445 were omitted for fiscal year 2016-2017 and were overstated by \$69,294 for fiscal year 2017-2018.
- The Child Nutrition Cluster non-commodities amounts were overstated by \$938,398 for fiscal year 2016-2017 and \$468,826 for fiscal year 2017-2018.
- The Special Education Cluster (IDEA) was understated by \$629,332 for fiscal year 2016-2017 and \$985,104 for fiscal year 2017-2018.
- The Adult Education - Basic Grants to States program was overstated by \$121,805 for fiscal year 2016-2017 and \$226,252 for fiscal year 2017-2018.
- The Career and Technical Education -- Basic Grants to States program was understated by \$67,979 for fiscal year 2016-2017 and \$1,209,404 for fiscal year 2017-2018.
- The Child Nutrition Cluster grants were not separately identified within the cluster.
- Numerous program names were incorrectly reported.
- Identification numbers for numerous programs were incorrectly reported.

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

Criteria

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

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

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

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

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

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

2 CFR 200.510(b) states:

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

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

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

Effect

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

Recommendation

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

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 2018-003

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that expenditures were only for allowable activities and costs of the Child Nutrition Cluster. The School Corporation contracted with a company for the management of the School Corporation's food service operations. The company provided summarized invoices to the School Corporation without providing adequate detail of the amounts billed.

Additionally, due to the lack of effective internal controls, noncompliance occurred in 5 out of the 14 expenditures tested. Student refunds were paid from the School Lunch fund instead of the Food Service Prepaid Account fund.

Context

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

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

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). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

7 CFR 220.7(e)(1) states in part:

". . . (ii) . . . use all revenues received by such food service only for the operation or improvement of that food service . . .

(iii) Revenues received by the nonprofit school food service shall not be used to purchase land or buildings or to construct buildings; . . ."

7 CFR 210.14(a) states in part:

". . . Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, *except that*, such revenues shall not be used to purchase land or buildings, unless otherwise approved by FNS, or to construct buildings. . . ."

7 CFR 225.15(a) states in part:

"*General.* (1) Sponsors shall operate the food service in accordance with: the provisions of this part; any instructions and handbooks issued by FNS under this part; and any instructions and handbooks issued by the State agency which are not inconsistent with the provisions of this part. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement, the Activities Allowed or Unallowed compliance requirement, and the Allowable Costs/Cost Principles compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement, the Activities Allowed or Unallowed compliance requirement, and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement, the Activities Allowed or Unallowed compliance requirement, and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-004

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

Cash Management - The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Cash Management compliance requirement. There were no procedures in place to monitor that net cash resources did not exceed a three month average of School Lunch fund expenditures. The School Corporation's cash resources for the Child Nutrition Cluster programs did not exceed the three month average of expenditures. However, there were no procedures in place to perform calculations verifying that the School Corporation did not exceed the average; therefore, there were no procedures to review such calculations.

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

Eligibility - The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Eligibility compliance requirement. No procedures were in place to review or monitor the accuracy of the Child Nutrition Cluster eligibility determinations. Free and reduced price applications were processed by the management company's administrative assistant with no additional review or oversight over the determinations made.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) - The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement. Verifications of free and reduced price applications were performed by the management company's resident district manager; however, there was no documented review of the verified applications during the second year of the audit.

Special Tests and Provisions - School Food Accounts - The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the requirements of the Special Tests and Provisions - School Food Accounts compliance requirement. The reimbursement claims were prepared and submitted by the management company's resident district manager; however, there were no procedures in place to ensure that the reimbursement receipt was promptly and properly receipted into the School Lunch fund.

Special Tests and Provisions - Paid Lunch Equity - The School Corporation had not designed or implemented adequate policies or procedures to ensure that there was a proper segregation of duties in regard to the Special Tests and Provisions - Paid Lunch Equity compliance requirement. The paid lunch equity calculations were prepared by the management company's resident district manager without any additional review of the calculations before the paid student lunch price recommendations were made to the School Board of Trustees.

Context

The lack of controls was a systemic issue, which occurred 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 that segregated key functions.

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the grant agreement and the Cash Management, Eligibility, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that procurement requirements over contractual procurements were being followed. The School Corporation could not provide evidence ensuring full and open competition or that a price analysis was performed before entering into a contract with the management company.

Additionally, procedures were not in place to verify that the management company was not suspended or debarred from receiving federal awards.

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

Context

The lack of controls and noncompliance were systemic issues, which occurred 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). . . ."

2 CFR 200.318(a) states: "The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part."

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."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls related to 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.

FINDING 2018-006

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure compliance with program income requirements. The School Corporation contracted with a management company for the School Corporation's food service operations. The School Corporation did not provide any additional review of the school lunch income or the detailed expenditures charged by the management company. Due to the lack of an effective internal control system, unallowed costs were paid from the School Lunch fund as referenced in Finding 2018-003 above.

Context

The lack of controls was a systemic issue, which occurred 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). . . ."

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

2 CFR 200.307(e) states in part:

"Use of program income. If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

- (1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

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

FINDING 2018-007

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016-2017, FY 2017-2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that there was a proper segregation of duties with regard to the Reporting compliance requirement. The annual financial reports, reimbursement claims, and Verification Summary Reports were prepared and submitted by the management company's resident district manager without any review or oversight. The lack of an effective internal control enabled material inconsistencies in both of the annual financial reports tested for the audit period. The annual financial reports were not supported by the School Corporation's records during both years of the audit period.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The noncompliance was isolated to the annual financial reports, but was also 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). . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

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

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the 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 2018-008

Subject: Title I Grants to Local Educational Agencies - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Cash Management, Reporting

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 2016-2017, 2017-2018

Pass-Through Entity: Indiana Department of Education

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

Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting.

The lack of an internal control system allowed several expenditures to be requested for reimbursement multiple times throughout the 2017-2018 school year. The appropriation report's month to date column was used to determine the amount for reimbursement, but it also contained amounts for expenditures previously requested. These duplicated amounts were considered questioned costs.

Additionally, we identified one employee who received additional compensation for safety patrol and student council duties, which was paid from Title I funding.

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

Context

The lack of controls and noncompliance in regard to the payment of unallowable compensation were systemic issues throughout the audit period. The duplication of reimbursement amounts was isolated to the 2017-2018 school year.

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). . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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

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

2 CFR 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer for funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. . . .

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement."

31 CFR 205.12(b)(5) states: "Reimbursable funding means that a Federal Program Agency transfers Federal funds to a State after that State has already paid out the funds for Federal assistance program purposes."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, and Reporting compliance requirements.

Questioned Costs

Questioned costs of \$648,808.30 were identified, as described in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, 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.

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

FINDING 2018-009

Subject: Title I Grants to Local Educational Agencies - Earmarking
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 2015-2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Matching, Level of Effort, Earmarking
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not comply with the parental involvement earmarking requirement for the 2015-2016 Title I program. The total expenditures for parental involvement were less than the required amount set aside per the grant application. Additionally, the School Corporation was unable to provide supporting documentation for one of the parental involvement claims selected for testing.

Context

The lack of controls and noncompliance were isolated to the 2015-2016 grant award.

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). . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

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

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. . . ."

20 USC 6318 (a)(3) states in part:

"(A) In general - Each local educational agency shall reserve at least 1 percent of its allocation under subpart 2 to assist schools to carry out the activities described in this section, except that this subparagraph shall not apply if 1 percent of such agency's allocation under subpart 2 for the fiscal year for which the determination is made is \$5,000 or less. Nothing in this subparagraph shall be construed to limit local educational agencies from reserving more than 1 percent of its allocation under subpart 2 to assist schools to carry out activities described in this section. . . ."

(D) Use of Funds - Funds reserved under subparagraph (A) by a local educational agency shall be used to carry out activities and strategies consistent with the local educational agency's parent and family engagement policy, including not less than 1 of the following:

- (i) Supporting schools and nonprofit organizations in providing professional development for local educational agency and school personnel regarding parent and family engagement strategies, which may be provided jointly to teachers, principals, other school leaders, specialized instructional support personnel, paraprofessionals, early childhood educators, and parents and family members.
- (ii) Supporting programs that reach parents and family members at home, in the community, and at school.
- (iii) Disseminating information on best practices focused on parent and family engagement, especially best practices for increasing the engagement of economically disadvantaged parents and family members.
- (iv) Collaborating, or providing subgrants to schools to enable such schools to collaborate, with community-based or other organizations or employers with a record of success in improving and increasing parent and family engagement.
- (v) Engaging in any other activities and strategies that the local educational agency determines are appropriate and consistent with such agency's parent and family engagement policy."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Matching, Level of Effort, Earmarking 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 2018-010

Subject: Supporting Effective Instruction State Grants - Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Level of Effort

Federal Agency: Department of Education

Federal Program: Supporting Effective Instruction State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): S367A150015, S367A160013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Reporting; Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Matching, Level of Effort, Earmarking compliance requirements.

Reimbursement requests were based on requisitions instead of actual disbursements made from the grant. The School Corporation could not provide adequate documentation to support the amount claimed on the reimbursement requests throughout the audit period. This prevented the determination of compliance with the compliance requirements listed above.

However, during our review of the records, we identified the following expenditures charged to the grant that would not be considered allowable activities or allowable costs:

An amount claimed as indirect costs in the amount of \$4,770.65 was paid to an employee directly involved with the grant and not considered to be indirect. The amount paid was based on what was left in the grant and was not related to the actual time spent on the grant. This amount was in addition to the employee's salary and did not have approval from the School Board. This was repaid to the School Corporation on March 5, 2019.

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

Some amounts paid to employees included items such as athletic coaching and safety patrol. The total amount identified was \$8,665.

These were considered questioned costs.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of adequate supporting documentation prevented the determination of the School Corporation's compliance with the compliance requirements listed above.

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). . . ."

2 CFR 200.302(b) states in part:

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

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

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. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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

Cause

The School Corporation had not developed a system of internal controls to ensure compliance with grant agreement and the Allowable Costs/Cost Principles, Cash Management, Reporting, and Matching, Level of Effort, Earmarking compliance requirements.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Allowable Costs/Cost Principles, Cash Management, Reporting, and Matching, Level of Effort, Earmarking compliance requirements.

Questioned Costs

Questioned costs of \$13,435.65 were identified, as detailed in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Allowable Costs/Cost Principles, Cash Management, Reporting, and Matching, Level of Effort, Earmarking compliance requirements.

MUNCIE COMMUNITY SCHOOLS
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 2018-011

Subject: Supporting Effective Instruction State Grants - Period of Performance
Federal Agency: Department of Education
Federal Program: Supporting Effective Instruction State Grants
CFDA Number: 84.367
Federal Award Number and Year (or Other Identifying Number): S367A150015
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Period of Performance
Audit Findings: Material Weakness, Modified Opinion

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Period of Performance compliance requirement.

The School Corporation could not provide adequate documentation to support the disbursements claimed on the reimbursement requests throughout the audit period. This prevented the determination of compliance with the Period of Performance compliance requirement..

Context

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of adequate supporting documentation prevented the determination of the School Corporation's compliance with the Period of Performance compliance requirement.

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). . . ."

2 CFR 200.302(b)(3) states:

"Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation."

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

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

The School Corporation had not developed a system of internal controls to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

Effect

The failure to retain or provide appropriate supporting documentation prevented the determination of the School Corporation's compliance with the Period of Performance compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish an effective internal control system to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

MUNCIE COMMUNITY SCHOOLS

2500 N. ELGIN STREET, MUNCIE, IN 47303

Phone: 765-747-5222

February 11, 2019

SUMMARY SCHEDULE –PRIOR AUDIT FINDINGS

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

Contact Person Responsible for Corrective Action: Bob Coddington (former) CFO / Treasurer
Brad DeRome (current) CFO/ Treasurer

Contact Phone Number : 765-747-5222

Description of Corrective Action Plan

Before submitting any reports, one person will be responsible for collecting the data and the CFO will verify accuracy of data, compare to previous report, and document any significant changes to data.

STATUS of CORRECTIVE ACTION PLAN

The corrective action plan (SEFA Data) as described above was not able to be verified as implemented by the current CFO as to the initial anticipated completion date of September 1, 2017. The implementation of this action plan as to the collecting of the SEFA data and the preparation of the reports in a timely manner and uploaded into the State Gateway portal will occur by August 1, 2019.

FINDING 2016-002 – Allowable Costs

Contact Person Responsible for Corrective Action: Bob Coddington (former) CFO / Treasurer
Brad DeRome (current) CFO/ Treasurer

Contact Phone Number : 765-747-5222

Description of Corrective Action Plan

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

STATUS of CORRECTIVE ACTION PLAN

The corrective action plan (Allowable Costs) as described above was not able to be verified as implemented by the current CFO as to the initial anticipated completion date of September 1, 2017. The implementation of this action plan as to the review of allowable costs for funds and grants will occur by July 1, 2019.

FINDING 2016-003 – Allowable Activities and Allowable Costs

Contact Person Responsible for Corrective Action: Bob Coddington (former) CFO / Treasurer
Brad DeRome (current) CFO/ Treasurer

Contact Phone Number : 765-747-5222

Description of Corrective Action Plan

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

STATUS of CORRECTIVE ACTION PLAN

The corrective action plan (Allowable Activities and Allowable Costs) as described above was not able to be verified as implemented by the current CFO as to the initial anticipated completion date of September 1, 2017. The implementation of this action plan as to the review of allowable costs for funds and grants will occur by July 1, 2019.



Bradley T. DeRome
CFO / Treasurer

Date 2-11-2019

MUNCIE COMMUNITY SCHOOLS

2500 N. ELGIN STREET, MUNCIE, IN 47303

Phone: 765-747-5222

Date: March 12, 2019

To: State Board of Accounts

Audit Period: July 1, 2016 – June 30, 2018

Corrective Action Plan

Finding 2018-001 – Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer-
(Hire Date- Dec 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Financial Transactions and Reporting.

Audit Finding: Significant Deficiency, lack of segregation of duties for activities related to receipts and cash, no oversight on Bank Reconcilements, no oversight on receipt postings. Lack of controls during the audit period. No established system of internal control.

View of Responsible Official - We concur with the findings.

Description of Corrective Action Plan

Establish a system of Internal Controls and clearly defined Segregation of Duties within the Business Office to assure that transactions are timely recorded, properly recorded, as well as properly authorized and verified. Establish and adopt an organized Bank Reconciliation process for month end that follows the SBOA template which can be used to verify with current Komputrol Accounting records, plus be able to show recon to our own Daily Cash Reports by Bank Account.

These changes to process and internal controls were implemented immediately in the current Business Office with the inclusion of new personnel. It is always a MCS goal to have accurate month end reports for Summary of Funds, Cash Balance, Komputrol accounting reports for Appropriations remaining, and monthly reconcilements with Bank Statements to the Komputrol accounting reports.

Anticipated Completion Date: February 1, 2019

Corrective Action Plan

Finding 2018-002 – Preparation of the Schedule of Expenditures of Federal Awards (SEFA)

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Preparation of Schedule of Expenditures of Federal Awards (SEFA)
Audit Finding: Material Weakness, Noncompliance, Repeat finding from prior audit.

View of Responsible Official: We concur with the findings.

Description of Corrective Action Plan

Each year, the CFO will prepare a list of all federal awards with the assistance of the Assistant Treasurer, and Financial Specialist. Once the list of all federal awards is compiled by the CFO, it will be reviewed for accuracy by the administrators and directors such as the Special Ed Director, CTE/Vocational Adult Ed Directors, Federal Grant Administrators, Food Service Director, and Superintendent. The CFO will document this verification and approval process, and arrive at a completed list for SEFA awards.

The CFO will prepare the Schedule of Expenditures for Federal Awards with the Financial Specialist as required after the end of each fiscal year (June) in the state Gateway system. The Financial Specialist will be provided with the list of all federal awards for the fiscal year and will review all of the documentation supporting the Schedule's content for accuracy and completeness prior to the Schedule's submission. The data from the Federal Awards, such as Federal Lunch funds, will be broken out in the various sub section components of lunch funds for data entry and uploaded into the Gateway system, rather than loaded as " total" Federal Lunch funds. The documentation for the SEFA report and upload will be reviewed and verified for accuracy by the CFO before upload and submission. .

At present time, this required Schedule of Expenditures of Federal Awards is a " Gateway " on line report through the State of Indiana web portal. The CFO will print off the instructions, requirements, and deadlines for this on – line report process.

The goal is to have the reports compiled on a timely basis and entered into the Gateway System with accuracy for no audit findings or comments.

Anticipated Completion Date: August 1, 2019.

Corrective Action Plan

Finding 2018-003 – Child Nutrition Cluster – Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Child Nutrition – Activities Allowed or Unallowed and Allowable Costs/ Cost Principles, for School Breakfast Program, Summer Lunch Program, and Summer Food Service.

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance.

View of Responsible Official: We concur with the findings. The Chartwells company is our provider of Food Services. These improvements as to reporting, internal controls, and process will be developed in cooperation with them as an entity and appropriate personnel.

Description of Corrective Action Plan

The CFO, in alliance with the Chartwells Food Service Company representatives, will develop internal control system and policies which will allow MCS to assure ourselves that we are in compliance with the Allowable Costs/ Cost Principles for the various Federal Lunch programs in which we participate. These internal controls would include such changes as to providing verification for detail items billed , in contrast to summary statements, as well as assuring that refunds are paid from the Food Service Prepaid account fund, not the School Lunch fund. These new internal controls will also include processes by which revenues are also verified as to type and for the operation of food service. We currently meet monthly with Chartwell reps to review operations and reports, this will also now include our action plan as described. These new developed processes will be documented as to when developed, reviewed, and implemented.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-004 – Child Nutrition Cluster – Cash Management, Eligibility, Verification of Free/Reduced Applications, Special Tests/ Provision for School Food Accounts

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Child Nutrition – Cash Management, Eligibility, Verifications of Free/Reduced Apps, Special Tests/ Provision for School Food Accounts.

Audit Finding: Material Weakness

View of Responsible Official: We concur with the findings. The Chartwells company is our provider of Food Services. These improvements as to Cash Management, Eligibility, Verification of Free/Reduced Apps, and tests of compliance process will be developed in cooperation with them as an entity and appropriate personnel.

Description of Corrective Action Plan

The CFO, in alliance with the Chartwells Food Service Company representatives, will develop internal control system and policies which will allow MCS to assure ourselves that we are in compliance with cash management, eligibility, verifications of free/reduced apps, and special tests and provisions for the various Federal Lunch programs in which we participate. These internal controls would include such changes as to providing verification and oversight as to federal reimbursements, free/reduced lunch applications, and appropriate segregation of duties. We currently meet monthly with Chartwell reps to review operations and reports, this will also now include our action plan as described. These new developed processes will be documented as to when developed, reviewed, and implemented.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-005 – Child Nutrition Cluster – Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Child Nutrition- Procurement, Suspension, and Debarment

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance with grant agreement for Procurement, Suspension, and Debarment.

View of Responsible Official: We concur with the findings. The Chartwells company is our provider of Food Services. These improvements will be developed in cooperation with them as an entity and appropriate personnel.

Description of Corrective Action Plan

The CFO, in alliance with the Chartwells Food Service Company representatives, will develop internal control system and policies which will allow MCS to assure ourselves that we are in compliance with the person and or entity with whom we intend to do business with is not excluded or disqualified. This process will be done and verified by a) checking SAM exclusions, or b) collecting a certification from that person or entity, or c) adding a clause or condition to the covered transaction with that person or entity that states that they are not currently excluded, or debarred from federal procurement for the various Federal Lunch programs in which we participate. We currently meet monthly with Chartwell reps to review operations and reports. This will also now include our action plan as described. These new developed processes will be documented as to when developed, reviewed, and implemented.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-006 – Child Nutrition Cluster – Program Income

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Child Nutrition- Program Income

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance for program income.

View of Responsible Official: We concur with the findings. The Chartwells company is our provider of Food Services. These improvements as to verification and compliance with program income will be developed in cooperation with them as an entity and appropriate personnel.

Description of Corrective Action Plan

The CFO, in alliance with the Chartwells Food Service Company representatives, will develop internal control system and policies which will allow MCS to assure ourselves that we are in compliance with the Program Income requirements. The process will include review of the school lunch income and the detailed expenditures by the management company. We currently meet monthly with Chartwell reps to review operations and reports. This will also now include our action plan as described. These new developed processes will be documented as to when developed, reviewed, and implemented.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-007 – Child Nutrition Cluster – Reporting

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Child Nutrition- Reporting

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance for reporting.

View of Responsible Official: We concur with the findings. The Chartwells company is our provider of Food Services. These improvements as to reporting of annual financial reports, reimbursement claims, verification summaries, will be developed in cooperation with them as an entity and appropriate personnel.

Description of Corrective Action Plan

The CFO, in alliance with the Chartwells Food Service Company representatives, will develop internal control system and policies which will allow MCS to assure ourselves that we are in compliance with the reporting requirements. The process will include review of the various reports, annual reporting, and reimbursement claims. We currently meet monthly with Chartwell reps to review operations and reports. This will also now include our action plan as described. These new developed processes will be documented as to when developed, reviewed, and implemented.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-008 – Title I Grants to Local Educational Agencies- Activities Allowable or Unallowed, Allowable Costs/ Cost Principles, Cash Management and Reporting.

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Title I Grants to Local Educational Agencies

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance with Activities Allowed, Cost Principles, Cash Management and Reporting.

View of Responsible Official: We concur with the findings. Requests for reimbursements occurred as duplicates by using incorrect source document Appropriation Reports, instead of Month To Date Budget History reports

Description of Corrective Action Plan

The CFO, in alliance with the Assistant Treasurer, Financial Specialist, and appropriate Federal Grant Administrator, will compile the list of all Federal awards for Title I. This team will review these federal program grants which are to have received funds and expenditures. The CFO will develop the process for submitting the reimbursements which will comply with the necessary Allowable Costs, Cost Principles, and reporting requirements. This process will be documented and new written process given to the team of Federal Grant Directors, Financial Specialist, and Assistant Treasurer. The Financial Specialist will provide the appropriate Komputrol Accounting Reports to the Federal Grant Administrator so requests for reimbursements for these federal programs will occur monthly, and requests will not be duplicated. The goal is to use the correct source documents for reimbursements, not submit duplicate requests, and to be in compliance will all necessary Allowable Costs and Allowable Cost Principles, Cash Management and Reporting.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-009 – Title I Grants to Local Educational Agencies- Earmarking

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Title I Grants to Local Educational Agencies

Audit Finding: Material Weakness, Internal Controls not in place to assure compliance with requirements related to grant agreement, Matching, Level of Effort, Earmarking compliance requirement.

View of Responsible Official: We concur with the findings. Effective Internal Controls not in place to ensure compliance with requirements in the grant agreement for Matching, Level of Effort, and Earmarking (minimum or maximum specified levels of spending as stated in the grant).

Description of Corrective Action Plan

The CFO, in alliance with the AssistantTreasurer, Financial Specialist, and appropriate Federal Grant Administrator, will compile the list of all Federal awards for Title I Local Educational Agencies that require earmarking. This team will review these federal program grants which are to have specified "earmarked" funds to be passed on to Local Educational Agencies. The CFO will develop the process for submitting the reimbursements which will comply with the necessary compliance requirements. This process will be documented. The new written process will be given to the team of Federal Grant Directors, Financial Specialist, and Assistant Treasurer in order to ensure that we are in compliance for earmarked spending in the federal grants.

Anticipated Completion Date: June 1, 2019.

Corrective Action Plan

Finding 2018-010 – Supporting Effective Instruction State Grant- Activities Allowed and Unallowwed, Allowable Costs/ Cost Principles, Cash Management, Reporting and Level of Effort.

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Effective Instruction State Grant- Activities Allowed and Unallowed, Allowable Costs/ Cost Principles, Cash Management , Reporting and Level of Effort.

Audit Finding: Material Weakness, Internal Controls not in place to ensure compliance with requirements related to grant agreement, Matching, Level of Effort, Earmarking, Supplement not Supplant compliance requirements.

View of Responsible Official: Effective Internal Controls were not in place to ensure compliance with requirements in the grant agreement for allowable costs as it related to indirect costs and grant administration.

Description of Corrective Action Plan

The CFO, in alliance with the Assistant Treasurer, Grant Administrators, and Assoc. Superintendent, will develop a list of district stipends that would be paid from district funds and State Grants , such as this Support Effective State Grant. The list of board approved stipends would be documented and presented to the school board for approval on at least an annual basis for such items as Stipends for Grants, Sub pay, After school tutor pay, professional development, and others. This would document and affirm any additional pay or stipends that could be paid from the Federal or State approved funds

Anticipated Completion Date: August 1, 2019.

Corrective Action Plan

Finding 2018-011 – Supporting Effective Instruction State Grant- Period of Performance

Contact Person Responsible for Corrective Action: Brad DeRome, CFO / Treasurer
(Hire Date- Dec. 10, 2018)

Contact Phone Number : 765-747-5222

Subject: Effective Instruction State Grant- Period of Performance

Audit Finding: Material Weakness, Internal Controls not in place to ensure compliance with requirements related to grant agreement, and the Period of Performance compliance.

View of Responsible Official: Effective Internal Controls were not in place to ensure compliance with requirements in the grant agreement and expenditures within the period of performance.

Description of Corrective Action Plan

The CFO, in alliance with the Assistant Treasurer, Financial Specialist, Federal Grant Administrators, and Assoc. Superintendent, will compile the list of all Federal awards. This team will review these federal program grants which are to spent in the specified years. The CFO will develop the process for submitting the reimbursements which will comply with the necessary compliance requirements for correct year of the federal and or state award. This process will be documented. The new written process will be given to the team of Federal and State Grant Directors, Financial Specialist, and Assistant Treasurer in order to ensure that we are in compliance for the spending in the correct period of state and federal grants.

Anticipated Completion Date: August 1, 2019.



Bradley T. DeRome, CFO / Treasurer
Muncie Community Schools

Date: March 12, 2019

OTHER REPORTS

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