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

ANNUAL FINANCIAL REPORT

2009

CITY OF MUNCIE

DELAWARE COUNTY, INDIANA



**FILED**  
07/21/2010



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Mary Ann Kratochvil, CPA	01-01-09 to 12-31-10
Mayor	Sharon McShurley	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Sara Shade	01-01-09 to 12-31-10
President of the Common Council	Alison Quirk Michael A. King	01-01-09 to 12-31-09 01-01-10 to 12-31-10
President of the Board of Sanitary Commissioners	Tom Bennington	01-01-09 to 12-31-10



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

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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muncie (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, and Schedule of Contributions From the Employer and Other Contributing Entities, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The City provides postemployment health insurance benefits to eligible retirees. The City has not provided an actuarial study to determine the City's annual postemployment benefit costs in accordance with GASB Statement 45.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 16, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Muncie (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Board of Public Works and Safety, Common Council, Board of Sanitary Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 16, 2010

CITY OF MUNCIE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 10,814,408	\$ 4,257,178	\$ 20,941	\$ 207,463	\$ (6,328,826)	\$ -	\$ (6,328,826)
Public safety	15,460,367	447,397	476,960	142,717	(14,393,293)	-	(14,393,293)
Highways and streets	1,949,098	106,822	1,822,945	535,721	516,390	-	516,390
Health and welfare	333,298	45,744	-	-	(287,554)	-	(287,554)
Economic development	2,796,189	-	-	1,642,756	(1,153,433)	-	(1,153,433)
Culture and recreation	1,190,597	588,355	-	17,523	(584,719)	-	(584,719)
Urban redevelopment and housing	2,620,229	-	2,717,116	67,561	164,448	-	164,448
Principal and interest on indebtedness	9,545,986	-	-	-	(9,545,986)	-	(9,545,986)
Total governmental activities	44,710,172	5,445,496	5,037,962	2,613,741	(31,612,973)	-	(31,612,973)
Business-type activities:							
Sanitary District	25,010,991	12,203,853	213,799	-	-	(12,593,339)	(12,593,339)
Total business-type activities	25,010,991	12,203,853	213,799	-	-	(12,593,339)	(12,593,339)
Total primary government	\$ 69,721,163	\$ 17,649,349	\$ 5,251,761	\$ 2,613,741	(31,612,973)	(12,593,339)	(44,206,312)
General receipts:							
Property taxes					18,028,468	6,650,226	24,678,694
Intergovernmental					5,413,052	1,550,651	6,963,703
Other local sources					985,531	310,951	1,296,482
Net proceeds from borrowings					6,480,000	9,343,719	15,823,719
Grants and contributions not restricted to specific programs					1,213,957	-	1,213,957
Investment earnings					42,411	74,052	116,463
Transfers					1,496,102	-	1,496,102
Total general receipts and transfers					33,659,521	17,929,599	51,589,120
Change in net assets					2,046,548	5,336,260	7,382,808
Net assets - beginning					6,308,214	9,824,977	16,133,191
Net assets - ending					\$ 8,354,762	\$ 15,161,237	\$ 23,515,999
<u>Assets</u>							
Cash and investments					\$ 5,924,622	\$ 2,411,513	\$ 8,336,135
Cash with fiscal agent					1,071,786	-	1,071,786
Restricted assets:							
Cash and investments					1,181,322	3,280,534	4,461,856
Cash with fiscal agent					177,032	9,469,190	9,646,222
Total assets					\$ 8,354,762	\$ 15,161,237	\$ 23,515,999
<u>Net Assets</u>							
Restricted for:							
General government					\$ 72,650	\$ -	\$ 72,650
Public safety					337,645	-	337,645
Highways and streets					706,233	-	706,233
Health and welfare					21,884	-	21,884
Economic development					33,119	-	33,119
Culture and recreation					2,222	-	2,222
Urban redevelopment and housing					3,498	-	3,498
Debt service					181,103	3,283,436	3,464,539
Capital outlay					-	9,337,181	9,337,181
Other purposes					-	129,107	129,107
Unrestricted					6,996,408	2,411,513	9,407,921
Total net assets					\$ 8,354,762	\$ 15,161,237	\$ 23,515,999

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

CITY OF MUNCIE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2009

	General Fund	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 16,344,068	\$ 3,152,279	\$ 19,496,347
Licenses and permits	234,459	45,530	279,989
Intergovernmental	5,319,454	6,291,430	11,610,884
Charges for services	727,563	768,977	1,496,540
Fines and forfeits	410,962	259,317	670,279
Interfund loans	-	79,917	79,917
Other	213,488	1,908,844	2,122,332
	<u>23,249,994</u>	<u>12,506,294</u>	<u>35,756,288</u>
Total receipts			
Disbursements:			
General government	4,065,516	433,960	4,499,476
Public safety	17,258,603	1,021,277	18,279,880
Highways and streets	-	2,205,121	2,205,121
Health and welfare	375,687	11,861	387,548
Economic development	-	2,796,189	2,796,189
Culture and recreation	-	1,388,097	1,388,097
Urban redevelopment and housing	-	2,648,688	2,648,688
Interfund loans	25,517	54,400	79,917
Debt service:			
Principal	8,000,000	996,169	8,996,169
Interest	38,138	511,679	549,817
	<u>29,763,461</u>	<u>12,067,441</u>	<u>41,830,902</u>
Total disbursements			
Deficiency of receipts over disbursements	<u>(6,513,467)</u>	<u>438,853</u>	<u>(6,074,614)</u>
Other financing sources (uses):			
Net proceeds from borrowings	6,480,000	-	6,480,000
Transfers in	321,389	2,530,115	2,851,504
Transfers out	-	(1,355,402)	(1,355,402)
Other receipts	-	148,900	148,900
	<u>6,801,389</u>	<u>1,323,613</u>	<u>8,125,002</u>
Total other financing sources (uses)			
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	287,922	1,762,466	2,050,388
Cash and investment fund balance - beginning	<u>1,804,001</u>	<u>4,497,424</u>	<u>6,301,425</u>
Cash and investment fund balance - ending	<u>\$ 2,091,923</u>	<u>\$ 6,259,890</u>	8,351,813
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:			
Internal services funds are used by management to charge the costs of certain services to individual funds. The transactions of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			<u>2,949</u>
Net assets of governmental activities			<u>\$ 8,354,762</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	\$ 2,091,923	\$ 3,832,699	\$ 5,924,622
Cash with fiscal agent	-	1,071,786	1,071,786
Restricted assets:			
Cash and investments	-	1,178,373	1,178,373
Cash with fiscal agent	-	177,032	177,032
	<u>2,091,923</u>	<u>6,259,890</u>	<u>8,351,813</u>
Total cash and investment assets - ending			
<u>Cash and Investment Fund Balance - Ending</u>			
Restricted for:			
General government	\$ -	\$ 69,701	\$ 69,701
Public safety	-	337,645	337,645
Highways and streets	-	706,233	706,233
Health and welfare	-	21,884	21,884
Economic development	-	33,119	33,119
Culture and recreation	-	2,222	2,222
Urban redevelopment and housing	-	3,498	3,498
Debt service	-	181,103	181,103
Unrestricted	2,091,923	4,904,485	6,996,408
Total cash and investment fund balance - ending	<u>\$ 2,091,923</u>	<u>\$ 6,259,890</u>	<u>\$ 8,351,813</u>

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

CITY OF MUNCIE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2009

	Enterprise Fund <u>Sanitary District</u>	Internal Service Funds <u>                    </u>
Operating receipts:		
Measured and flat rate receipts	\$ 11,675,800	\$ -
Special assessments	65,289	-
Operating grants	213,799	-
Reimbursements	406,220	-
Employee/employer contributions	-	6,708,015
Miscellaneous	<u>56,544</u>	<u>-</u>
Total operating receipts	<u>12,417,652</u>	<u>6,708,015</u>
Operating disbursements:		
Trash collection and recycling	5,610,710	-
Wastewater collection and treatment	14,304,682	-
Storm water collection	1,485,159	-
Insurance claims and expense	-	6,010,011
Customer accounts	621,280	-
Administration and general	370,136	701,844
Miscellaneous	<u>-</u>	<u>-</u>
Total operating disbursements	<u>22,391,967</u>	<u>6,711,855</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(9,974,315)</u>	<u>(3,840)</u>
Nonoperating receipts (disbursements):		
Property taxes	6,650,226	-
Intergovernmental	1,550,651	-
SRF loan proceeds	343,719	-
Note proceeds	9,000,000	-
Investment income	74,052	-
Other receipts	310,951	-
Debt service of principal	(1,631,514)	-
Interest disbursements	<u>(987,510)</u>	<u>-</u>
Total nonoperating receipts (disbursements)	<u>15,310,575</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	5,336,260	(3,840)
Cash and investment fund balance - beginning	<u>9,824,977</u>	<u>6,789</u>
Cash and investment fund balance - ending	<u>\$ 15,161,237</u>	<u>\$ 2,949</u>
<u>Cash and Investment Assets - December 31</u>		
Cash and investments	\$ 2,411,513	\$ -
Cash with fiscal agent	-	-
Restricted assets:		
Cash and investments	3,280,534	2,949
Cash with fiscal agent	<u>9,469,190</u>	<u>-</u>
Total cash and investment assets - December 31	<u>\$ 15,161,237</u>	<u>\$ 2,949</u>
<u>Cash and Investment Fund Balance - December 31</u>		
Restricted for:		
General government	\$ -	\$ 2,949
Debt service	3,283,436	-
Capital outlay	9,337,181	-
Other purposes	129,107	-
Unrestricted	<u>2,411,513</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 15,161,237</u>	<u>\$ 2,949</u>

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

CITY OF MUNCIE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 3,458,553	\$ -	
Plan members	76,738	-	
State	<u>5,870,367</u>	<u>-</u>	
Total contributions	<u>9,405,658</u>	<u>-</u>	
Taxes	-	3,250,336	
Investment earnings:			
Interest	-	694	
Transfers in	<u>-</u>	<u>230,938</u>	
Total additions	<u>9,405,658</u>	<u>3,481,968</u>	
Deductions:			
Benefits	7,979,660	-	
Administrative and general	15,687	1,749	
Transfers out	<u>-</u>	<u>1,727,040</u>	
Total deductions	<u>7,995,347</u>	<u>1,728,789</u>	
Excess of total additions over total deductions	1,410,311	1,753,179	
Cash and investment fund balance - beginning	<u>73,327</u>	<u>125,289</u>	
Cash and investment fund balance - ending	<u>\$ 1,483,638</u>	<u>\$ 1,878,468</u>	<u>\$ 1,537,947</u>

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

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, general administrative services, wastewater, storm water, sanitation, economic development and urban redevelopment and housing.

The City's financial reporting entity is composed of the following:

Primary Government: City of Muncie

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Related Organizations

The City's officials are also responsible for appointing the voting majority of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the voting majority of the Muncie Indiana Transit System and Muncie Housing Authority.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major enterprise funds:

The sanitary district fund accounts for the operation of the City's sanitary district which includes the wastewater utility, storm water utility, and trash collection operations.

Additionally, the City reports the following fund types:

The internal service fund accounts for the City's health care program provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for other government and private agencies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. Property tax collections were delayed in 2009 due to reassessment delays resulting in the first installment for 2009 being distributed in December 2009. The second installment was distributed in April 2010.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
- 3. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$28,907,661. Of this amount, the following was exposed to custodial credit risk:

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	2009
Uninsured deposits in money market mutual funds in the depositor government's name collateralized with securities not held by the pledging financial institution's trust department and not in the depositor government's name	<u>\$ 66,074,656</u>

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
Other governmental funds	General Fund	\$ 321,389
	Other governmental funds	803,075
	All others	230,938
All others	Other governmental funds	<u>1,727,040</u>
Totals		<u>\$ 3,082,442</u>

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

C. Segment Information

The Muncie Sanitary District has issued revenue bonds to finance storm water drainage projects, has obtained loans from the Indiana State Revolving Loan Fund to finance improvements to the wastewater treatment facilities, and has issued a bond anticipation note to fund lift station improvements, a combined sewer overflow structure, and the cleaning of interceptor sewer systems. Investors in the revenue supported debt rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Sanitary District is presented below.

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Condensed Statement of Cash and Investment Net Assets	
	2009
Cash and investment assets:	
Cash and investments	\$ 1,128,484
Restricted assets	12,620,617
Total cash and investment assets	\$ 13,749,101
Cash and investment net assets:	
Restricted for:	
Debt Service reserve and capital improvements	\$ 12,620,617
Unrestricted	1,128,484
Total cash and investment net assets	\$ 13,749,101

Condensed Statement of Receipts, Disbursements and Changes in Cash and Investment Net Assets	
	2009
Receipts (pledged against bond)	\$ 12,275,604
Operating disbursements	(13,800,424)
Excess (deficiency) of receipts over disbursements	(1,524,820)
Nonoperating receipts (disbursements):	
Interest received	50,868
Debt proceeds	9,343,719
Other	13,596
Debt service principal	(1,631,514)
Interest on debt	(987,510)
Transfers	(403,763)
Total nonoperating receipts (disbursements)	6,385,396
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	4,860,576
Beginning cash and investment net assets	8,888,525
Ending cash and investment net assets	\$ 13,749,101

D. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent posting errors for health insurance disbursements.

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported December 31, 2008	Prior Period Adjustments	Balance as Restated January 1, 2009
Government Wide	\$ 16,579,141	\$ (445,950)	\$ 16,133,191
Enterprise Fund	10,047,952	(222,975)	9,824,977
General Fund	2,026,976	(222,975)	1,804,001
Pension Trust Fund	(372,623)	445,950	73,327

IV. Other Information

A. Risk Management

The City is 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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties.

Job Related Illnesses or Injuries to Employees

The City has chosen to establish a risk financing fund for risks associated with job related illnesses or injuries to employees. The risk financing is budgeted in all funds from which payroll is paid and is paid on a claim by claim basis. Claims are paid from the same fund from which the employee's salary is paid. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per accident and \$650,000 in aggregate to a maximum of \$1,000,000.

Medical Benefits to Employees, Retirees and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Health Insurance Fund an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$175,000 and \$7,946,125 in aggregate per year. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon Cobra rates and the number of covered employees which is applied to each affected fund and are reported as quasi-external interfund transactions. Provisions are also made for unexpected and unusual claims.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporations

The City has entered into a capital lease with Muncie's EDIT Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. The Horizon Civic Center facilities under the lease are included in the capital assets of the primary government and the corresponding lease obligation has been considered to be a contingent liability as described in section D. Lease payments during the year 2009 totaled \$300,000.

The City has entered into an operating lease with Mun-Del 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 Justice Center facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2009 totaled \$52,530.

C. Subsequent Events

The Department of Homeland Security approved a grant for the City in the amount of \$3,539,864 for a Staffing for Adequate Fire and Emergency Response (SAFER) grant in May 2010. Acceptance of the grant by the City will be confirmed when the City requests and receives any of the Federal grant funds.

D. Contingent Liabilities

1. Lease Agreement

The City, together with the Delaware Civic Center Authority (the Authority), has entered into a lease agreement with Muncie's EDIT Building Corporation to make lease rental payments on the Horizon Civic Center facility. On October 2, 2001, the City Council passed Ordinance 42-01 which limited the primary government's maximum annual payment to \$300,000. In 2009, the City made a payment of \$300,000.

2. Indiana Department of Environmental Management (IDEM) Administrative Order

In 1996, the United States Environmental Protection Agency (EPA) delegated responsibility for any groundwater clean-up of a "Superfund" site known as the Muncie Race Track to the IDEM. IDEM then issued an administrative order which seeks to require Muncie Sanitary District and other potentially responsible parties to perform and pay for additional groundwater investigation and to pay unspecified cost IDEM has incurred or will incur in responding to the contamination at the site. The groundwater investigation was completed, but the project is continuing to be monitored on a yearly basis and some of the restrictions may soon be released.

E. Conduit Debt Obligation

The primary government has issued special facility economic development revenue bonds to provide financial assistance to the Muncie Sports Commission, Inc. (the Corporation), a not-for-profit corporation, to finance a portion of the cost of additional ball diamond facilities deemed to be in the public interest and to refinance debt issued in 1999. The bonds are secured by a loan agreement which pledges repayment of the bonds from innkeeper's tax revenues collected by the

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Delaware County Convention, Visitor and Tourism Commission and pledged to the Corporation for payment of the bonds and fees collected by the Corporation. The Corporation has agreed to maintain and preserve the security interest in the collateral created by the loan as long as the loan is outstanding and to not take any actions that would adversely affect the ability of the Corporation to make payments and perform its obligations required under the loan agreement. Upon repayment of the bonds, ownership of the acquired facilities transfers to the not-for-profit entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$955,000.

F. Certified Technology Park

The Certified Technology Parks program was created as a tool to support the attraction and growth of high-technology business and promote technology transfer opportunities. Designation as a Certified Tech Park allows for the local recapture of certain state and local tax revenue which can be invested in the development of the park. The Certified Tech Park was established to purchase land and other assets that are or may become eligible for depreciation for federal income tax purposes for a business incubator located in a certified technology park. The Muncie Redevelopment Commission has oversight responsibilities for the Certified Tech Park. The Redevelopment Tech Park fund is maintained on the City's records and for the year 2009 disbursed no funds to the Muncie Innovation Connector, Inc. (Corporation). The Corporation is responsible for the construction and ongoing occupation of the business incubator. Partners of the Corporation include the City of Muncie, Ball State University and Clarian Health Partners.

G. Postemployment Benefits

Policemen and Firefighters

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all policemen and firefighters who retire from the City on or after attaining age 60 with at least 15 years of service and age 65 with at least 10 years of service. Currently, 312 retirees meet these eligibility requirements. The City and retirees provide 85% and 15%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2009, disbursements of \$2,118,326 were recognized for postemployment benefits.

Sanitary District Employees

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by IC 5-10-8, to all full time Sanitary District employees which consists of a continuation of insurance at the time of retirement of either single or family health insurance coverage from age 60 to the employee's "full retirement age" as defined by Social Security. Also, a Medicare supplement of the District's choice will be provided after the employee's "full retirement age" provided the employee has at least 15 years of service with the District. A full time employee is also eligible for retiree insurance benefits, as stated above, if the employee's age in years plus years of service of Public Employees Retirement Fund (PERF) participation equals 85 and the employee is at least 55 years of age with at least 15 years of service with the District. Currently, 31 retirees meet these eligibility requirements. The City

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2009, disbursements of \$124,724 were recognized for postemployment benefits.

H. Loans Receivable – Indiana Department of Commerce

Industrial Development Revolving Loans

These loans were made to various businesses for the purposes of establishing a new business, business expansion, equipment purchases, and creating additional jobs. During the year 2009 new loans totaling \$90,000 were issued. Principal payments received on loans totaled \$376,833. The total balance of loans outstanding at December 31, 2009, was \$3,259,474.

I. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure for the Wastewater Utility was approved by the Board of Sanitary Commissioners in Resolution 2008-15 on November 18, 2008.

The current rate structure for the Storm Water Utility was approved by the Board of Sanitary Commissioners in Resolution 2006-10 on December 19, 2006.

J. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

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

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$547,243.

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The contributions made by the City during the period were \$4,229,921.

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The contributions made by the City during the period were \$5,098,899.

CITY OF MUNCIE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$1,652,669.

CITY OF MUNCIE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 12,531,938	\$ 13,594,756	\$ (1,062,818)	92%	\$ 8,963,913	(12%)
07-01-08	12,442,393	13,742,130	(1,299,737)	91%	8,478,030	(15%)
07-01-09	10,001,806	13,612,751	(3,610,945)	73%	8,721,389	(41%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 866,963	\$ 38,410,200	\$(37,543,237)	2%	\$ 232,200	(16,168%)
01-01-05	1,141,596	37,038,100	(35,896,504)	3%	199,400	(18,002%)
01-01-06	709,400	37,254,500	(36,545,100)	2%	163,900	(22,297%)
01-01-07	228,142	36,623,600	(36,395,458)	1%	85,000	(42,818%)
01-01-08	775,152	36,220,100	(35,444,948)	2%	44,300	(80,011%)
01-01-09	(173,020)	35,040,000	(35,213,020)	(0%)	-	No covered payroll

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 1,045,651	\$ 42,225,500	\$(41,179,849)	2%	\$ 1,122,500	(3,669%)
01-01-05	726,383	39,111,300	(38,384,917)	2%	877,100	(4,376%)
01-01-06	837,043	40,722,200	(39,885,157)	2%	778,400	(5,124%)
01-01-07	-	37,511,600	(37,511,600)	0%	467,700	(8,020%)
01-01-08	-	32,146,500	(32,146,500)	0%	-	No covered payroll
01-01-09	(199,603)	45,529,700	(45,729,303)	(0%)	-	No covered payroll

CITY OF MUNCIE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
			1925 Police Officers' Pension Plan	12-31-04
	12-31-05	2,673,600	54%	56%
	12-31-06	2,711,400	63%	69%
	12-31-07	2,676,500	103%	61%
	12-31-08	2,673,200	46%	71%
	12-31-09	2,618,500	48%	71%
1937 Firefighters' Pension Plan	12-31-04	5,117,500	26%	26%
	12-31-05	3,028,700	59%	55%
	12-31-06	3,142,700	47%	66%
	12-31-07	2,858,500	77%	87%
	12-31-08	2,364,500	64%	100%
	12-31-09	3,402,400	0%	0%

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road And Street	Cemetery Operating	Parking Meter	Probation	Economic Development Operating	Historic Preservation Education
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ 264,264	\$ -	\$ -	\$ -	\$ -
Licenses and permits	21,854	-	-	-	-	-	-
Intergovernmental	1,822,945	535,721	18,776	-	-	-	-
Charges for services	3,480	-	117,470	15,615	-	-	-
Fines and forfeits	81,488	-	-	-	96,341	-	-
Interfund loans	-	-	54,400	-	-	-	-
Other	10,571	32,678	25,128	-	-	1,000	1,800
<b>Total receipts</b>	<b>1,940,338</b>	<b>568,399</b>	<b>480,038</b>	<b>15,615</b>	<b>96,341</b>	<b>1,000</b>	<b>1,800</b>
<b>Disbursements:</b>							
General government	-	-	392,251	97	-	-	-
Public safety	-	-	-	-	12,024	-	-
Highways and streets	1,668,329	536,792	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	1,800
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,668,329</b>	<b>536,792</b>	<b>392,251</b>	<b>97</b>	<b>12,024</b>	<b>-</b>	<b>1,800</b>
Excess (deficiency) of receipts over disbursements	272,009	31,607	87,787	15,518	84,317	1,000	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(52,004)	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,004)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	272,009	31,607	87,787	15,518	32,313	1,000	-
Cash and investment fund balance - beginning	26,535	376,082	(87,787)	69,451	72,553	32,119	-
Cash and investment fund balance - ending	\$ 298,544	\$ 407,689	\$ -	\$ 84,969	\$ 104,866	\$ 33,119	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ 84,969	\$ 104,866	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	298,544	407,689	-	-	-	33,119	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 298,544</b>	<b>\$ 407,689</b>	<b>\$ -</b>	<b>\$ 84,969</b>	<b>\$ 104,866</b>	<b>\$ 33,119</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	298,544	407,689	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	33,119	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	84,969	104,866	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 298,544</b>	<b>\$ 407,689</b>	<b>\$ -</b>	<b>\$ 84,969</b>	<b>\$ 104,866</b>	<b>\$ 33,119</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended December 31, 2009  
 (Continued)

	Clerk's Records Perpetuation	Parks And Recreation	Rainy Day	Park Grant	M.P.D. Stop Domestic Violence 2009	IN Preservation Grant/Eco Rehab	Victim Advocate 2008-2009
<b>Receipts:</b>							
Taxes	\$ -	\$ 851,970	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	78,046	-	-	-	700	-
Charges for services	-	28,105	-	-	-	-	-
Fines and forfeits	12,577	-	-	-	-	-	-
Interfund loans	-	-	-	-	11,872	-	-
Other	-	6,133	-	-	-	-	238
<b>Total receipts</b>	<b>12,577</b>	<b>964,254</b>	<b>-</b>	<b>-</b>	<b>11,872</b>	<b>700</b>	<b>238</b>
<b>Disbursements:</b>							
General government	6,356	-	-	-	-	-	-
Public safety	-	-	-	-	11,872	-	238
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	858,485	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	700	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,356</b>	<b>858,485</b>	<b>-</b>	<b>-</b>	<b>11,872</b>	<b>700</b>	<b>238</b>
Excess (deficiency) of receipts over disbursements	6,221	105,769	-	-	-	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,221	105,769	-	-	-	-	-
Cash and investment fund balance - beginning	53,741	14,691	325,117	2,222	-	-	-
Cash and investment fund balance - ending	\$ 59,962	\$ 120,460	\$ 325,117	\$ 2,222	\$ -	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 120,460	\$ 325,117	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	59,962	-	-	2,222	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 59,962</b>	<b>\$ 120,460</b>	<b>\$ 325,117</b>	<b>\$ 2,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ 59,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	2,222	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	120,460	325,117	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 59,962</b>	<b>\$ 120,460</b>	<b>\$ 325,117</b>	<b>\$ 2,222</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Police Donation	Prairie Creek	Park Non-Reverting	Bert Whitely	Cumulative Building And Maintenance	M.P.D. Smart Team	M.P.D. Swat Team
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	560,250	-	-	7,713	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	100	217	2,000	2,440	1,598	-	-
<b>Total receipts</b>	<b>100</b>	<b>560,467</b>	<b>2,000</b>	<b>2,440</b>	<b>9,311</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	35,256	-	-
Public safety	59	-	-	-	-	-	141
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	487,009	4,866	2,112	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	54,400	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>59</b>	<b>487,009</b>	<b>4,866</b>	<b>2,112</b>	<b>89,656</b>	<b>-</b>	<b>141</b>
Excess (deficiency) of receipts over disbursements	41	73,458	(2,866)	328	(80,345)	-	(141)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41	73,458	(2,866)	328	(80,345)	-	(141)
Cash and investment fund balance - beginning	-	-	17,497	10,722	116,305	46	141
Cash and investment fund balance - ending	\$ 41	\$ 73,458	\$ 14,631	\$ 11,050	\$ 35,960	\$ 46	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 41	\$ 73,458	\$ 14,631	\$ 11,050	\$ 35,960	\$ 46	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 41</b>	<b>\$ 73,458</b>	<b>\$ 14,631</b>	<b>\$ 11,050</b>	<b>\$ 35,960</b>	<b>\$ 46</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	41	73,458	14,631	11,050	35,960	46	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 41</b>	<b>\$ 73,458</b>	<b>\$ 14,631</b>	<b>\$ 11,050</b>	<b>\$ 35,960</b>	<b>\$ 46</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended December 31, 2009  
 (Continued)

	M.P.D. Governor Council Equipment	M.P.D. Drug Interdiction	M.P.D. Bullet Proof Vests Grant	M.P.D. Drug Task Forfeiture	M.P.D. Uniform Forfeiture	M.P.D. Honor Guard Donation	M.P.D. Dare
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	9,437	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	6,683	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>9,437</b>	<b>6,683</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	9,906	-	9,907	1,164	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>9,906</b>	<b>-</b>	<b>9,907</b>	<b>1,164</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(9,906)	-	(470)	5,519	-	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,906)	-	(470)	5,519	-	-	-
Cash and investment fund balance - beginning	9,906	1,490	13,141	7,002	300	114	6,127
Cash and investment fund balance - ending	\$ -	\$ 1,490	\$ 12,671	\$ 12,521	\$ 300	\$ 114	\$ 6,127
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ 1,490	\$ -	\$ 12,521	\$ 300	\$ 114	\$ 6,127
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	12,671	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 1,490</b>	<b>\$ 12,671</b>	<b>\$ 12,521</b>	<b>\$ 300</b>	<b>\$ 114</b>	<b>\$ 6,127</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	12,671	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	1,490	-	12,521	300	114	6,127
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 1,490</b>	<b>\$ 12,671</b>	<b>\$ 12,521</b>	<b>\$ 300</b>	<b>\$ 114</b>	<b>\$ 6,127</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 For The Year Ended December 31, 2009  
 (Continued)

	M.P.D. K-9	M.P.D. Traffic Division	Police Arson Investigations	M.P.D. Cops Cold Case	Police Training	Law Enforcement Continuing Education	M.P.D. Emergency Gas Award
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	23,676	-
Intergovernmental	-	7,889	-	-	-	-	-
Charges for services	-	-	-	-	10,989	25,355	-
Fines and forfeits	-	-	-	-	4,834	10,527	-
Interfund loans	-	-	-	-	-	-	-
Other	10,010	22,125	-	-	-	15,537	-
<b>Total receipts</b>	<b>10,010</b>	<b>30,014</b>	<b>-</b>	<b>-</b>	<b>15,823</b>	<b>75,095</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	16,916	6,802	-	-	42,175	69,943	8,000
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,916</b>	<b>6,802</b>	<b>-</b>	<b>-</b>	<b>42,175</b>	<b>69,943</b>	<b>8,000</b>
Excess (deficiency) of receipts over disbursements	(6,906)	23,212	-	-	(26,352)	5,152	(8,000)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(14,586)	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,586)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,906)	23,212	-	(14,586)	(26,352)	5,152	(8,000)
Cash and investment fund balance - beginning	8,797	28,170	1,712	15,938	34,798	37,691	8,000
Cash and investment fund balance - ending	\$ 1,891	\$ 51,382	\$ 1,712	\$ 1,352	\$ 8,446	\$ 42,843	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,891	\$ 51,382	\$ 1,712	\$ -	\$ 8,446	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	1,352	-	42,843	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,891</b>	<b>\$ 51,382</b>	<b>\$ 1,712</b>	<b>\$ 1,352</b>	<b>\$ 8,446</b>	<b>\$ 42,843</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	1,352	-	42,843	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	1,891	51,382	1,712	-	8,446	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,891</b>	<b>\$ 51,382</b>	<b>\$ 1,712</b>	<b>\$ 1,352</b>	<b>\$ 8,446</b>	<b>\$ 42,843</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Fire Department Donations	Smoke Alarm For Life	Mun-Del Haz-Mat Team	Animal Shelter Donation	C.D. CDBG 02	C.D. CDBG 03	C.D. CDBG 04
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	20,500	-	-	4,248	-	-	-
<b>Total receipts</b>	<b>20,500</b>	<b>-</b>	<b>-</b>	<b>4,248</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	1,190	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	11,861	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	52	57	1,612
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,190</b>	<b>-</b>	<b>-</b>	<b>11,861</b>	<b>52</b>	<b>57</b>	<b>1,612</b>
Excess (deficiency) of receipts over disbursements	19,310	-	-	(7,613)	(52)	(57)	(1,612)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,310	-	-	(7,613)	(52)	(57)	(1,612)
Cash and investment fund balance - beginning	1,827	514	171	23,335	52	57	1,612
Cash and investment fund balance - ending	\$ 21,137	\$ 514	\$ 171	\$ 15,722	\$ -	\$ -	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 21,137	\$ 514	\$ 171	\$ 15,722	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 21,137</b>	<b>\$ 514</b>	<b>\$ 171</b>	<b>\$ 15,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	21,137	514	171	15,722	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 21,137</b>	<b>\$ 514</b>	<b>\$ 171</b>	<b>\$ 15,722</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	C.D. CDBG 05	C.D. CDBG 06	C.D. CDBG 07	C.D. FY 03 Home Program	C.D. FY 05 Home Program	C.D. FY 06 Home Program	C.D. FY 07 Home Program
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	109,964	-	-	2,208	453,088
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>109,964</b>	<b>-</b>	<b>-</b>	<b>2,208</b>	<b>453,088</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	6,477	3,633	109,964	-	16,110	8,140	453,088
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,477</b>	<b>3,633</b>	<b>109,964</b>	<b>-</b>	<b>16,110</b>	<b>8,140</b>	<b>453,088</b>
Excess (deficiency) of receipts over disbursements	(6,477)	(3,633)	-	-	(16,110)	(5,932)	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,477)	(3,633)	-	-	(16,110)	(5,932)	-
Cash and investment fund balance - beginning	6,477	3,633	-	215	16,110	8,108	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 215	\$ -	\$ 2,176	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	215	-	2,176	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 215</b>	<b>\$ -</b>	<b>\$ 2,176</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	215	-	2,176	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 215</b>	<b>\$ -</b>	<b>\$ 2,176</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended December 31, 2009  
 (Continued)

	Rails To Trails	Environmental Enhancement	Seat Belt Grant 07-08	M.P.D. JAG 2006 Grant	C.D. Grants Other	Alarm Ordinance	TIF Central City
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 362,815
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	20,941	-	-	-	2,000	-	10,324
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	4,835	-
Interfund loans	-	-	-	-	-	-	-
Other	14,684	2,686	-	-	-	-	8,754
<b>Total receipts</b>	<b>35,625</b>	<b>2,686</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>4,835</b>	<b>381,893</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	2,133	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	319,043
Culture and recreation	35,625	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	3,315	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>35,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,315</b>	<b>2,133</b>	<b>319,043</b>
Excess (deficiency) of receipts over disbursements	-	2,686	-	-	(1,315)	2,702	62,850
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(7,178)	(14,739)	-	-	(5,575)
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(7,178)</b>	<b>(14,739)</b>	<b>-</b>	<b>-</b>	<b>(5,575)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,686	(7,178)	(14,739)	(1,315)	2,702	57,275
Cash and investment fund balance - beginning	-	228,208	7,178	14,741	2,147	1,713	735,312
Cash and investment fund balance - ending	\$ -	\$ 230,894	\$ -	\$ 2	\$ 832	\$ 4,415	\$ 792,587
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 230,894	\$ -	\$ -	\$ -	\$ 4,415	\$ 792,587
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	2	832	-	-
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 230,894</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 832</b>	<b>\$ 4,415</b>	<b>\$ 792,587</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	2	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	832	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	230,894	-	-	-	4,415	792,587
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 230,894</b>	<b>\$ -</b>	<b>\$ 2</b>	<b>\$ 832</b>	<b>\$ 4,415</b>	<b>\$ 792,587</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment Tech Park	Revevelopment Commission	Industrial Development Revolving Loan	Redevelopment Commission Other Projects	Economic Income Tax Revenue Bonds 06	C.D. CDBG 00	C.D. CDBG 08
<b>Receipts:</b>							
Taxes	\$ 85,196	\$ -	\$ -	\$ 76,886	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	175,777	-	-	-	-	3,270	625,213
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	4,750	1,110,000	510,986	50	-	-	6,403
<b>Total receipts</b>	<b>265,723</b>	<b>1,110,000</b>	<b>510,986</b>	<b>76,936</b>	<b>-</b>	<b>3,270</b>	<b>631,616</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	1,170,645	144,924	213,799	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	3,032	631,616
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	194,000	-	-
Interest	-	7,655	-	-	402,038	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,178,300</b>	<b>144,924</b>	<b>213,799</b>	<b>596,038</b>	<b>3,032</b>	<b>631,616</b>
Excess (deficiency) of receipts over disbursements	265,723	(68,300)	366,062	(136,863)	(596,038)	238	-
<b>Other financing sources (uses):</b>							
Transfers in	-	236,932	-	281,496	447,138	-	-
Transfers out	-	(175,000)	-	-	-	-	-
Other receipts	-	-	-	-	148,900	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>61,932</b>	<b>-</b>	<b>281,496</b>	<b>596,038</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	265,723	(6,368)	366,062	144,633	-	238	-
Cash and investment fund balance - beginning	315,378	62,591	505,493	55,598	123	37	-
Cash and investment fund balance - ending	\$ 581,101	\$ 56,223	\$ 871,555	\$ 200,231	\$ 123	\$ 275	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 581,101	\$ 56,223	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	871,555	200,231	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	275	-
Cash with fiscal agent	-	-	-	-	123	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 581,101</b>	<b>\$ 56,223</b>	<b>\$ 871,555</b>	<b>\$ 200,231</b>	<b>\$ 123</b>	<b>\$ 275</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	275	-
Debt service	-	-	-	-	123	-	-
Unrestricted	581,101	56,223	871,555	200,231	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 581,101</b>	<b>\$ 56,223</b>	<b>\$ 871,555</b>	<b>\$ 200,231</b>	<b>\$ 123</b>	<b>\$ 275</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	C.D. Unsafe Building	C.D. FY 08 Home Program	Victim Advocate 08-09	Victim Advocate 2008-2009	M.P.D. COPS Technology Grant 08	Park/ Beautification Program	M.P.D. Stop Domestic Violence 07-08
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	139,570	10,738	25,762	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	20,095	-	-	-	-	-	-
Interfund loans	-	-	13,022	-	-	-	-
Other	-	-	-	33,500	-	224	-
<b>Total receipts</b>	<b>20,095</b>	<b>139,570</b>	<b>23,760</b>	<b>59,262</b>	<b>-</b>	<b>224</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	5,711	-	39,201	43,132	266,561	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	139,570	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,711</b>	<b>139,570</b>	<b>39,201</b>	<b>43,132</b>	<b>266,561</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	14,384	-	(15,441)	16,130	(266,561)	224	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	15,679	-	-	-	-
Transfers out	-	-	-	(15,679)	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>15,679</b>	<b>(15,679)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,384	-	238	451	(266,561)	224	-
Cash and investment fund balance - beginning	7,500	-	-	(451)	266,561	-	225
Cash and investment fund balance - ending	\$ 21,884	\$ -	\$ 238	\$ -	\$ -	\$ 224	\$ 225
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 224	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	21,884	-	238	-	-	-	225
Cash with fiscal agent	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 21,884</b>	<b>\$ -</b>	<b>\$ 238</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224</b>	<b>\$ 225</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	238	-	-	-	225
Highways and streets	-	-	-	-	-	-	-
Health and welfare	21,884	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	224	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 21,884</b>	<b>\$ -</b>	<b>\$ 238</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224</b>	<b>\$ 225</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 For The Year Ended December 31, 2009  
 (Continued)

	M.P.D. Stop Domestic Violence 08	M.P.D. OPO	M.P.D. D.U.I. 2008-2009	M.P.D. Fatality Grant 08	M.P.D. JAG 2007	Fire Safety And Equipment
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	19,609	37,876	41,250	22,501	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>19,609</b>	<b>37,876</b>	<b>41,250</b>	<b>22,501</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	15,767	13,313	26,950	8,243	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,767</b>	<b>13,313</b>	<b>26,950</b>	<b>8,243</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	3,842	24,563	14,300	14,258	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	(26,705)	(21,330)	(18,783)	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(26,705)</b>	<b>(21,330)</b>	<b>(18,783)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,842	(2,142)	(7,030)	(4,525)	-	-
Cash and investment fund balance - beginning	(3,842)	2,142	7,030	4,525	27,036	531
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 27,036	\$ 531
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 531
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	27,036	-
Cash with fiscal agent	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,036</b>	<b>\$ 531</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	27,036	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	531
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 27,036</b>	<b>\$ 531</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 For The Year Ended December 31, 2009  
 (Continued)

	M.P.D. Federal Forfeiture	Community Development/Nsp Grant	Brownfield Grant Non-Hud	Adult Probation Services Fees	COPS Technology Grant 09	M.P.D. OPO/BCC 09-10
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	247,000	67,561	-	133,280	12,500
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	28,620	-	-
Interfund loans	-	-	-	-	-	-
Other	1,065	-	-	-	-	-
<b>Total receipts</b>	<b>1,065</b>	<b>247,000</b>	<b>67,561</b>	<b>28,620</b>	<b>133,280</b>	<b>12,500</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	62,481	-	-	75,182	127,027	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	246,968	63,331	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>62,481</b>	<b>246,968</b>	<b>63,331</b>	<b>75,182</b>	<b>127,027</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(61,416)	32	4,230	(46,562)	6,253	12,500
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	52,004	-	-
Transfers out	-	-	-	-	-	(6,615)
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,004</b>	<b>-</b>	<b>(6,615)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(61,416)	32	4,230	5,442	6,253	5,885
Cash and investment fund balance - beginning	136,912	(32)	(4,230)	34,538	-	-
Cash and investment fund balance - ending	\$ 75,496	\$ -	\$ -	\$ 39,980	\$ 6,253	\$ 5,885
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 39,980	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	75,496	-	-	-	6,253	5,885
Cash with fiscal agent	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 75,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,980</b>	<b>\$ 6,253</b>	<b>\$ 5,885</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	75,496	-	-	-	6,253	5,885
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	-	-	-	39,980	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 75,496</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,980</b>	<b>\$ 6,253</b>	<b>\$ 5,885</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	M.P.D. D.U.I. 09-10	M.P.D. Dangerous Driving Enforcement	M.P.D. JAG 2008	M.P.D. JAG Recovery 2009	M.F.D. Heritage Program Grant	CDBG-R HUD Grant
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	10,250	11,250	8,649	279,424	-	56,781
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	6,000	-
<b>Total receipts</b>	<b>10,250</b>	<b>11,250</b>	<b>8,649</b>	<b>279,424</b>	<b>6,000</b>	<b>56,781</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	4,095	4,900	7,298	122,946	6,000	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	56,781
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,095</b>	<b>4,900</b>	<b>7,298</b>	<b>122,946</b>	<b>6,000</b>	<b>56,781</b>
Excess (deficiency) of receipts over disbursements	6,155	6,350	1,351	156,478	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(3,290)	(1,400)	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,290)</b>	<b>(1,400)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,865	4,950	1,351	156,478	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,865</b>	<b>\$ 4,950</b>	<b>\$ 1,351</b>	<b>\$ 156,478</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	2,865	4,950	1,351	156,478	-	-
Cash with fiscal agent	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,865</b>	<b>\$ 4,950</b>	<b>\$ 1,351</b>	<b>\$ 156,478</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	2,865	4,950	1,351	156,478	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,865</b>	<b>\$ 4,950</b>	<b>\$ 1,351</b>	<b>\$ 156,478</b>	<b>\$ -</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	C.D. CDBG 09	C.D. Demolition Co-Pay	C.D. FY 09 Home Program	City Bond General	MVH Principal Interest	Redevelopment Commission I and P Series A
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 43,269	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,053,197	-	28,095	3,075	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Interfund loans	-	-	-	623	-	-
Other	29	6,125	-	-	-	16
<b>Total receipts</b>	<b>1,053,226</b>	<b>6,125</b>	<b>28,095</b>	<b>46,967</b>	<b>-</b>	<b>16</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	870,571	3,776	28,095	-	-	-
Interfund loans	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	307,599
Interest	-	-	-	52,530	-	11,535
<b>Total disbursements</b>	<b>870,571</b>	<b>3,776</b>	<b>28,095</b>	<b>52,530</b>	<b>-</b>	<b>319,134</b>
Excess (deficiency) of receipts over disbursements	182,655	2,349	-	(5,563)	-	(319,118)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	516,105
Transfers out	(182,655)	-	-	-	-	(223,691)
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(182,655)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292,414</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,349	-	(5,563)	-	(26,704)
Cash and investment fund balance - beginning	-	-	-	5,563	4,071	26,704
Cash and investment fund balance - ending	\$ -	\$ 2,349	\$ -	\$ -	\$ 4,071	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 2,349	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	4,071	-
Cash with fiscal agent	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,071</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service	-	-	-	-	4,071	-
Unrestricted	-	2,349	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,349</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,071</b>	<b>\$ -</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment Commission I and P Series B	Redevelopment Commission Façade Restoration	Cumulative Capital Improvement	E.D.I.T.	Beech Grove Cemetery Thompson Trust	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ 1,467,879	\$ -	\$ 3,152,279
Licenses and permits	-	-	-	-	-	45,530
Intergovernmental	-	-	206,763	-	-	6,291,430
Charges for services	-	-	-	-	-	768,977
Fines and forfeits	-	-	-	-	-	259,317
Interfund loans	-	-	-	-	-	79,917
Other	19	405	-	40,093	49	1,908,844
<b>Total receipts</b>	<b>19</b>	<b>405</b>	<b>206,763</b>	<b>1,507,972</b>	<b>49</b>	<b>12,506,294</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	433,960
Public safety	-	-	-	-	-	1,021,277
Highways and streets	-	-	-	-	-	2,205,121
Health and welfare	-	-	-	-	-	11,861
Economic development	148,900	-	-	798,878	-	2,796,189
Culture and recreation	-	-	-	-	-	1,388,097
Urban redevelopment and housing	-	-	-	-	-	2,648,688
Interfund loans	-	-	-	-	-	54,400
Debt service:						
Principal	344,570	150,000	-	-	-	996,169
Interest	12,921	25,000	-	-	-	511,679
<b>Total disbursements</b>	<b>506,391</b>	<b>175,000</b>	<b>-</b>	<b>798,878</b>	<b>-</b>	<b>12,067,441</b>
Excess (deficiency) of receipts over disbursements	(506,372)	(174,595)	206,763	709,094	49	438,853
<b>Other financing sources (uses):</b>						
Transfers in	656,861	175,000	-	148,900	-	2,530,115
Transfers out	(181,807)	-	(206,763)	(197,602)	-	(1,355,402)
Other receipts	-	-	-	-	-	148,900
<b>Total other financing sources (uses)</b>	<b>475,054</b>	<b>175,000</b>	<b>(206,763)</b>	<b>(48,702)</b>	<b>-</b>	<b>1,323,613</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,318)	405	-	660,392	49	1,762,466
Cash and investment fund balance - beginning	31,318	176,504	-	571,878	9,690	4,497,424
Cash and investment fund balance - ending	\$ -	\$ 176,909	\$ -	\$ 1,232,270	\$ 9,739	\$ 6,259,890
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 1,232,270	\$ -	\$ 3,832,699
Cash with fiscal agent	-	-	-	-	-	1,071,786
Restricted assets:						
Cash and investments	-	-	-	-	9,739	1,178,373
Cash with fiscal agent	-	176,909	-	-	-	177,032
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 176,909</b>	<b>\$ -</b>	<b>\$ 1,232,270</b>	<b>\$ 9,739</b>	<b>\$ 6,259,890</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 9,739	\$ 69,701
Public safety	-	-	-	-	-	337,645
Highways and streets	-	-	-	-	-	706,233
Health and welfare	-	-	-	-	-	21,884
Economic development	-	-	-	-	-	33,119
Culture and recreation	-	-	-	-	-	2,222
Urban redevelopment and housing	-	-	-	-	-	3,498
Debt service	-	176,909	-	-	-	181,103
Unrestricted	-	-	-	1,232,270	-	4,904,485
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 176,909</b>	<b>\$ -</b>	<b>\$ 1,232,270</b>	<b>\$ 9,739</b>	<b>\$ 6,259,890</b>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 1,533,622	\$ 1,924,931	\$ 3,458,553
Plan members	49,815	26,923	76,738
State	<u>2,696,299</u>	<u>3,174,068</u>	<u>5,870,367</u>
Total additions	<u>4,279,736</u>	<u>5,125,922</u>	<u>9,405,658</u>
Deductions:			
Benefits	3,671,349	4,308,311	7,979,660
Administrative and general	<u>9,679</u>	<u>6,008</u>	<u>15,687</u>
Total deductions	<u>3,681,028</u>	<u>4,314,319</u>	<u>7,995,347</u>
Excess of total additions over total deductions	598,708	811,603	1,410,311
Cash and investment fund balance - beginning	<u>261,553</u>	<u>(188,226)</u>	<u>73,327</u>
Cash and investment fund balance - ending	<u>\$ 860,261</u>	<u>\$ 623,377</u>	<u>\$ 1,483,638</u>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2009

	Beech Grove Cemetery Trust	Beech Grove Grace Maring	Beech Grove Hardin Rhoads	Redevelopment Comm/Allocation	Totals
Additions:					
Taxes	\$ -	\$ -	\$ -	\$ 3,250,336	\$ 3,250,336
Transfers	-	-	-	230,938	230,938
Investment earnings:					
Interest	<u>177</u>	<u>282</u>	<u>153</u>	<u>82</u>	<u>694</u>
Total additions	<u>177</u>	<u>282</u>	<u>153</u>	<u>3,481,356</u>	<u>3,481,968</u>
Deductions:					
Administrative and general	-	-	-	1,749	1,749
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,727,040</u>	<u>1,727,040</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,728,789</u>	<u>1,728,789</u>
Excess of total additions over total deductions	177	282	153	1,752,567	1,753,179
Cash and investment fund balance - beginning	<u>35,057</u>	<u>55,915</u>	<u>30,253</u>	<u>4,064</u>	<u>125,289</u>
Cash and investment fund balance - ending	<u>\$ 35,234</u>	<u>\$ 56,197</u>	<u>\$ 30,406</u>	<u>\$ 1,756,631</u>	<u>\$ 1,878,468</u>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Payroll	Insurance-Other	Beech Grove Pre-Need	User Fee Law Enforcement Education	Collection Agency Parking Violation	Security Deposit
Additions:						
Agency fund additions	\$ 26,737,490	\$ 313,197	\$ 15,427	\$ 17,712	\$ 1,968	\$ -
Deductions:						
Agency fund deductions	26,749,140	-	6,165	16,667	2,028	2,500
Excess (deficiency) of total additions over total deductions	(11,650)	313,197	9,262	1,045	(60)	(2,500)
Cash and investment fund balance - beginning	424,934	301,948	114,726	41,750	115	5,800
Cash and investment fund balance - ending	<u>\$ 413,284</u>	<u>\$ 615,145</u>	<u>\$ 123,988</u>	<u>\$ 42,795</u>	<u>\$ 55</u>	<u>\$ 3,300</u>

CITY OF MUNCIE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Tif Muncie Mall	Court Cost Due County	City Court	Cabin Rental Deposits	Totals
Additions:					
Agency fund additions	\$ 2,023,095	\$ 90,168	\$ 1,228,953	\$ 16,400	\$ 30,444,410
Deductions:					
Agency fund deductions	<u>3,327,223</u>	<u>90,168</u>	<u>1,045,884</u>	<u>16,800</u>	<u>31,256,575</u>
Excess (deficiency) of total additions over total deductions	(1,304,128)	-	183,069	(400)	(812,165)
Cash and investment fund balance - beginning	<u>1,304,128</u>	<u>-</u>	<u>155,751</u>	<u>960</u>	<u>2,350,112</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,820</u>	<u>\$ 560</u>	<u>\$ 1,537,947</u>

CITY OF MUNCIE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2009

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.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,602,049
Infrastructure	16,503,581
Buildings	30,850,605
Improvements other than buildings	5,718,131
Machinery and equipment	<u>9,918,839</u>

Total governmental activities, capital assets not being depreciated	<u><u>\$ 65,593,205</u></u>
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<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Sanitary District:	
Capital assets, not being depreciated:	
Land	\$ 235,920
Construction in progress	3,364,866
Buildings	9,620,587
Improvements other than buildings	46,242,874
Machinery and equipment	<u>20,806,735</u>

Total business-type activities capital assets	<u><u>\$ 80,270,982</u></u>
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CITY OF MUNCIE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2009

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Copiers	\$ 57,372	\$ 26,411
Two Dump Trucks	15,369	15,692
2005 Ford Expedition	1,876	1,896
2005 Chevrolet Tahoe	3,319	3,389
Bonds payable:		
General obligation bonds:		
Downtown Façade Restoration Bonds	690,000	182,425
Revenue bonds:		
TIF Economic Development Bonds of 2007	<u>5,214,000</u>	<u>596,225</u>
<b>Total governmental activities debt</b>	<u><u>\$ 5,981,936</u></u>	<u><u>\$ 826,038</u></u>
Business-type activities:		
Sanitary District:		
Capital leases:		
Terex Rough Terrain Crane	\$ 6,517	\$ 6,574
Revenue bonds:		
Storm Water Bonds of 2007	4,755,000	365,098
Notes:		
Bond Anticipation Note	9,000,000	155,250
State Revolving Loan Funds:		
Loan No. CS18231001	10,695,000	1,029,935
Loan No. WW06121802	<u>15,281,058</u>	<u>*</u>
<b>Total business-type activities debt</b>	<u><u>\$ 39,737,575</u></u>	<u><u>\$ 1,556,857</u></u>

\*A maximum draw of \$17,960,000 was approved for this loan. As of December 31, 2009, \$17,348,058 had been drawn and \$2,067,000 had been repaid. Annual debt service requirements for the loan will not be determined until the final draw down has been made on the loan.

CITY OF MUNCIE  
AUDIT RESULTS AND COMMENTS

ORDINANCES AND RESOLUTIONS

Ordinances 51-09 and 52-09, which address fees to be charged by the Police Records department, were passed by the Common Council on October 5, 2009. The Ordinances state that they shall be in full force and effect after passage by the Common Council. Collection of the fees was not implemented until February 9, 2010.

The new fee for criminal history checks was established at \$15.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

IC 10-13-3-30a states:

"Except as provided in subsection (c), on request for release or inspection of a limited criminal history, law enforcement agencies may, if the agency has complied with the reporting requirements in section 24 of this chapter, and the department shall do the following:

- (1) Require a form, provided by law enforcement agencies and the department, to be completed. The form shall be maintained for two (2) years and shall be available to the record subject upon request.
- (2) Collect a three dollar (\$3) fee to defray the cost of processing a request for inspection.
- (3) Collect a seven dollar (\$7) fee to defray the cost of processing a request for release. However, law enforcement agencies and the department may not charge the fee for requests received from the parent locator service of the child support bureau of the department of child services."

DEPOSITS

Prairie Creek Park

As also reported in the prior Reports B25557, B27632, B30391, B32459, and B34925, and during the current audit period, there were instances where receipts collected at Prairie Creek Park were not deposited by the next business day.

Beech Grove Cemetery

There were instances where receipts collected were not remitted to the City Controller for deposit by the next business day.

IC 5-13-6-1(d) states:

"A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

CITY OF MUNCIE  
AUDIT RESULTS AND COMMENTS  
(Continued)

CONTRACTS

The City of Muncie signed a "Mutual Aid Agreement for Assistance" with the City of Columbus to assist in the event of a disaster or emergency. The agreement states in part: "Compensation will be made using current salary rates for personnel and equipment usage rates agreed upon participating parties." After a flood on June 7, 2008, the City of Muncie sent some public works employees to the City of Columbus to aid in debris clean up. The City of Muncie incurred \$29,526.10 in costs for lodging, meals, and equipment expenses while the employees were assisting in the clean up.

On December 21, 2009, the City of Muncie received \$21,900.83 from the City of Columbus for services rendered. The City of Columbus received reimbursement for part of the costs from FEMA. The difference of \$7,625.27 has not been collected by the City of Muncie.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COLLECTION OF AMOUNTS DUE - FIREFIGHTER PENSION OVERPAYMENTS

As stated in the prior Report B34925, our test of payments being made to pensioners in the 1937 Firefighters' Pension Fund concluded that the monthly amounts being paid to eight pensioners were in excess of the amount that should have been paid. Overpayments as of December 31, 2008, totaled \$23,513 and ranged in amount from \$642 for a pensioner who retired in 2007 to \$10,402 for a pensioner who retired in 2000. The overpayments were the result of a combination of errors in the calculation of benefits and the timing of cost of living increases. In November 2009, the monthly payments to the pensions were corrected. The decision was made by the City administration to not pursue collection of the amounts overpaid.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATED ABSENCES POLICIES

As stated in prior Report B34925 and during the current audit period, paid leave policies for employees not covered by contracts and appointed exempt/confidential employees have been set in a policy handbook and in additional supplemental policies which have all been approved only by the Mayor.

A written policy concerning the accrual, record keeping and use of compensatory time approved by the Common Council was not presented for audit.

In 2009, the Building Commissioner's office, Parks Department, Animal Shelter and Street Department changed from a five day work week to a four day work week. A Memorandum of Understanding was created for each department. The effective date for the Building Commissioner's office was June 29, 2009. The effective date for the remaining departments was June 8, 2009. Each document was

CITY OF MUNCIE  
AUDIT RESULTS AND COMMENTS  
(Continued)

signed by the Mayor, Department Head, and Union Representatives. The agreements noted compensated absences were to be taken by hours. The original handbook indicated compensated absences were to be taken by days. The Common Council did not approve the changes. The original handbook, which was based on days not hours, was signed by Union Representatives, Mayor, Deputy Mayor, Personnel Director, President of the Common Council and President of the Board of Works. Although the change affected the original handbook, approval of the Common Council was not obtained. All departments were back to a five day work week effective June 13, 2010.

IC 5-10-6-1(b) states in part:

"Employees of the political subdivisions of the state may be granted a vacation with pay, sick leave, paid holidays, and other similar benefits by ordinance of the legislative body of a county, city . . ."

RECEIPT DEPOSITS - CITY CLERK

A review of April 2009 and December 2009 receipts for parking ticket collections indicated that in 11 instances the payment method noted on the receipts did not agree with the cash and check amounts noted on the deposit slip.

Public funds shall be deposited in the same form in which they were received. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS - PARKING TICKET FORMS

As also stated in the prior Report B34925, during the current audit period, controls over accounting for parking ticket forms were insufficient. An inventory was not maintained of the forms purchased and issued to the police and code enforcement officers. There were also no written guidelines which stated who is allowed to void a parking ticket, under what circumstances a parking ticket may be voided, or that required the voided ticket to be retained with an explanation of why it was voided. A review of duplicate parking tickets filed in the City Clerk's office for the month of September 2009 indicated not all tickets were filed in numerical order making it difficult to account for all tickets.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF MUNCIE  
AUDIT RESULTS AND COMMENTS  
(Continued)

REVOLVING LOAN BALANCES

The monthly depository statements for the industrial development revolving loans reflect cash and equivalents and the loan receivable balances outstanding. The Director of the Revolving Loan Fund maintains records of loan recipients including loan balances. Outstanding loan balances reflected in the monthly depository statements and outstanding loan balances reflected in the records maintained by the Director of the Revolving Loan Fund do not agree.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

MUNCIE SANITARY DISTRICT WASTEWATER RATES - APPROVAL BY THE COMMON COUNCIL

The sewage rates in effect for charges billed to Muncie Sanitary District Wastewater Utility customers in 2009, and currently in 2010, were established in Resolutions 2005-14 and 2008-15, respectively. The Resolutions were approved by the Board of Sanitary Commissioners. Before taking effect, the sewage rates were not approved by ordinance of the municipal legislative body.

IC 36-9-25-11(a) states in part:

"In connection with its duties, the board may fix fees for the treatment and disposal of sewage and other waste discharged into the sewerage system, collect the fees, and establish and enforce rules governing the furnishing of and payment for sewage treatment and disposal service. The fees must be just and equitable and shall be paid by any user of the sewage works and the owner of every lot, parcel of real property, or building that is connected with and uses the sewage works of the district by or through any part of the sewerage system. This section applies to owners of property that is partially or wholly exempt from taxation, as well as owners of property subject to full taxation. . . . (c) . . . However, fees related to property that is subject to full taxation do not take effect until they have been approved by ordinance of the municipal legislative body . . ."

SANITARY DISTRICT CONSTRUCTION DISBURSEMENTS NOT PROPERLY APPROVED

Disbursements paid from the construction trust accounts were not properly approved by the governing board. Seven of the thirteen disbursements reviewed were approved by the governing board after the disbursement date. One disbursement was approved four months after the disbursement had been made. Two of the thirteen disbursements reviewed were not approved by the governing board.

IC 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

CITY OF MUNCIE  
AUDIT RESULTS AND COMMENTS  
(Continued)

ANNUAL REPORT

The annual report for 2009 was submitted to the State Board of Accounts on May 25, 2010, and was not advertised as of June 8, 2010.

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

IC 5-3-1-3(a) states in part:

"Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Muncie (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, Board of Public Works and Safety, Common Council, Board of Sanitary Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 16, 2010

CITY OF MUNCIE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
Community Development Block Grants/Entitlement Grants	14.218		
		B-02-MC-18-0010	\$ 52
		B-03-MC-18-0010	57
		B-04-MC-18-0010	1,612
		B-05-MC-18-0010	6,910
		B-06-MC-18-0010	3,200
		B-07-MC-18-0010	109,964
		B-08-MC-18-0010	625,213
		B-09-MC-18-0010	<u>1,053,197</u>
Total for program			<u>1,800,205</u>
Direct Grant			
Home Investment Partnerships Program	14.239		
		M-06-MC-18-0206	2,208
		M-07-MC-18-0206	450,489
		M-08-MC-18-0206	129,569
		M-09-MC-18-0206	<u>28,095</u>
Total for program			<u>610,361</u>
Direct Grant			
Community Development Block Grants ARRA Entitlement Grants	14.253	B-09-MY-18-0010	<u>56,781</u>
Direct Grant			
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.254		
		B-08-MN-18-009	<u>246,967</u>
Total for federal grantor agency			<u>2,714,314</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Historic Preservation Fund Grants-In-Aid	15.904		
		18-06-21517-18	<u>1,316</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		
		2009	<u>9,907</u>
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710		
		2008CCKWX0816	266,561
		2008CCKWX0817	<u>124,587</u>
Total for program			<u>391,148</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
		08VA025	25,762
		09VA024	<u>7,500</u>
Total for program			<u>33,262</u>
Violence Against Women Formula Grants	16.588		
		08ST005	14,866
		2009-WF-AX-0006	<u>11,872</u>
Total for program			<u>26,738</u>

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

CITY OF MUNCIE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009  
(Continued)

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE (Continued)</u>			
Pass-Through Indiana Criminal Justice Institute (continued) Community Capacity Development Office	16.595	2008-WS-2X-0235	<u>43,470</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2006-DJ-BX-1111 2008-DJ-BX-0196 2009-SB-B9-2257	14,739 7,298 <u>122,946</u>
Total for program			<u>144,983</u>
Total for federal grantor agency			<u>649,508</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	DES#0301164 0501032	20,942 <u>39,224</u>
Total for program			<u>60,166</u>
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety	20.600	PT-09-04-01-03 PT-10-04-04-07 PT-08-04-01-03	40,018 7,315 <u>7,178</u>
Total for program			<u>54,511</u>
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8-2009-03-03-08 K4-2009-08-01-03 K8-2010-03-03-07 K4-2010-08-01-03	44,605 25,975 8,610 <u>7,700</u>
Total for program			<u>86,890</u>
Total for federal grantor agency			<u>201,567</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Brownfield Assessment and Cleanup Cooperative Agreements	66.818	BF-OOE43101	<u>63,331</u>
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW06121802	<u>137,488</u>
Total for federal grantor agency			<u>200,819</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Grant Centers for Disease Control and Prevention-Investigations and Technical Assistance	93.283	1U88EH000277-07 5U88EH000271-02	6,607 <u>42,060</u>
Total for program			<u>48,667</u>
Total for federal grantor agency			<u>48,667</u>
Total federal awards expended			<u>\$ 3,816,191</u>

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

CITY OF MUNCIE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Muncie (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	2009
Community Development Block Grants/Entitlement Grants	14.218	\$ 337,636
Home Investment Partnerships Program	14.239	315,746
Edward Byrne Memorial Justice Assistance Grant Program	16.738	130,244
State and Community Highway Safety	20.600	1,575
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	55,895

CITY OF MUNCIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	Home Investment Partnerships Program
16.710	Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



**City of MUNCIE**  
**MUNCIE, INDIANA**

**Sharon McShurley, Mayor**

March 9, 2010

STATE BOARD OF ACCOUNTS  
CITY OF MUNCIE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
RESPONSE

Following are actions taken since the City's response to this finding dated August 31, 2009.

Section III – Federal Award Findings and Questioned Costs

Finding 2008-2, SUBRECIPIENTS

Auditee Contact Person: Connie Gregory  
Title of Contact Person: Community Development Director  
Phone Number: 765-747-4825  
Federal Agency: Department of Housing and Urban Development  
Federal Program: HOME Investment Partnerships Program  
CFDA Number: 14.239

CD staff attempted to use a common online calendar on which all program deadlines and appointments were posted, but this proved to be inefficient and cumbersome. Instead, the HOME Coordinator maintains a spreadsheet with monitoring visits completed and projected, which is accessed online by the CD Director to ensure monitoring visits are in compliance with requirements. The CD Director maintains and monitors a "deadlines" spreadsheet, which includes HOME monitoring visits in October, November, and December as further described below.

The HOME Coordinator monitored subrecipient Muncie Home and Development Center on November 19, 2009 and monitored Pathstone on October 15, 2009. Bridges had been scheduled for monitoring in December 2009, but holidays and illness prompted rescheduling for monitoring for March 25, 2010.

The HOME Coordinator uses a monitoring checklist provided by HUD (and customized for Muncie) to ensure all relevant issues and contract terms are monitored. The HOME Coordinator is also using a single divided folder for each subrecipient, with clip-in sections for each concern, e.g., contract documents, compliance monitoring, and claims for payment, to ensure all documents related to each subrecipient contract are readily available and well-organized.

At the time of contract execution of HOME subrecipient contracts, typically in June of the fiscal year, the HOME Coordinator will schedule tentative monitoring appointments to be completed between October and December, and will post on the monitoring spreadsheet to ensure oversight.

If you need additional information, please contact Connie Gregory, Community Development Director at 765-747-4825, via email at [cgregory@cityofmuncie.com](mailto:cgregory@cityofmuncie.com) or via postal service at 300 N. High St., Muncie, IN 47305.

Sincerely,

Sharon McShurley  
Mayor, City of Muncie

cc: Connie Gregory, Community Development Director

CITY OF MUNCIE  
EXIT CONFERENCE

The contents of this report were discussed on June 16, 2010, with Mary Ann Kratochvil, Controller; Sharon McShurley, Mayor; Tom Bennington, President of the Board of Sanitary Commissioners; Barb Smith, Sanitary District Administrator; Sara Shade, President of the Board of Public Works and Safety; and Linda Gregory, member of the Common Council. The official response has been made a part of this report and may be found on pages 62 through 73.

# BENADUM, CECIL & DRUMM

-----Attorneys at Law-----

Clarence E. Benadum  
(1889-1978)

207 North High Street-Muncie, Indiana 47305  
Telephone (765) 288-8884 - Facsimile (765) 284-9522

Ralph V. Cecil  
(1911 -1988)

Peter H. Drumm-

June 16,2010

Indiana State Board of Accounts  
202 West Washington, Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis, IN 46204-2765  
ATTN: Mr. Charles Pride

Re: Muncie Sanitary District Sewage Fees

Dear Mr. Pride:

I have been asked to address the audit of the City of Muncie regarding comments from the auditor concerning the procedures the Sanitary District uses in setting sewage rates for the District

Specifically, the auditor has concluded that the District's sewage rates must be established in accordance with IC-36-9-25-11(a) which provides in pertinent part that " ... fees related to property that is subject to full taxation do not take effect until they have been approved by ordinance of the municipal legislative body .... " The concern of the auditor is that the District's fees should not be put in place until they are approved by the Muncie City Council.

The position of your auditors has been presented in successive audit reports of your Department for several years and has been addressed by the District on numerous occasions including a letter from me dated September 24, 2009. In each instance the District has consistently expressed its position that the provision of the Indiana Code cited in the audit report does not apply to the Muncie Sanitary District in its rate setting process. The reason this section of the law does not apply is that the fees established by the District do not relate in any way to the status of property as being "subject to full taxation" (or partially or wholly tax exempt for that matter).

The courts in interpreting any statute first look to the plain and ordinary meaning of the statute to see if any conflict may exist (See Armstrong v. State, 818 NE2d 93, (2008). And in determining that plain and ordinary meaning of a statutory term (such as in this instance, "related to") the courts may use English language dictionaries as well as consider the relationship of other words and phrases. (Again see 818 NE2d 93).

The term, "related" has a simple and unambiguous meaning. The term means "connected", "allied"; or "akin" as defined by the Black's Law Dictionary and as defined by Webster's Unabridged it is "connected by reason of an established or discoverable relation." (Again, please look at the attached legal opinion.) Both the legal and common meaning of "related to" are identical and the term "related to" is identical to the term "connected to."

Another way to have crafted the statute to have the same meaning would have been to

provide that " ... fees connected to the full taxation of property do not take effect until they have been approved by ordinance of the municipal legislative body .... ". But in either event it is reasonable to give the words of the statute their plain and ordinary meaning. It is also reasonable for the Muncie Sanitary District to interpret the language to mean that the approval of the City Council is required if fees are based on and therefore vary by the amount of a property's assessed value. Thus, the higher the assessed value the higher the rate paid (or inversely the lower the assessed value the lower the rate paid).

But in reality the rates of the District are not "related to" or "connected to" the value of property subject to full taxation as opposed to any other kind of property. The fees are actually related to water usage of property as a fair and equitable means of measuring the volume of sewage treated for each property in the District. (Of course other factors such as type of chemicals discharged from activities such as manufacturing or other commercial uses may also influence their rate beyond the amount of water used.)

There are innumerable ways in which a sewage district can set its rates. (See section IC 36-9-25-12(a) of the law establishing the District.) Certainly, one of these ways would be to set or base the rates on the values of fully assessed property so that the rates charged would then be in some manner "related" or "connected" to each property's full taxation value (in much the same way as property taxes are assessed). Such rates would then vary depending on the value of the assessed property.

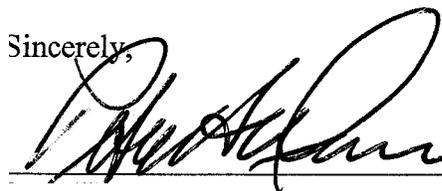
The District could also establish classes of users that are related to or connected to the taxable value of the user's property served by the District. These classes could directly relate to or be connected to the actual tax status of the property being served so that the user fee would again be "related" or "connected" to the fully taxable property. Fees could then also be set based on or related to or connected to the tax status of partially or wholly tax exempt property.

However the District's fees do not take into consideration the tax status of property when establishing rates. The rates are based upon and therefore only vary by the amount of water used at each property. The taxable status of the property plays no role whatsoever in the rate setting process for user fees for the treatment and disposal of sewage.

I hope that this letter and the attached legal opinion resolves any questions that you may have concerning the sewage rates charged by the Muncie Sanitary. However, should you have any further questions, please contact me at your earliest convenience.

Peter H. Drumm, Attorney for the  
Muncie Sanitary

Sincerely,

A handwritten signature in black ink, appearing to read "Peter H. Drumm", is written over a horizontal line. The signature is cursive and somewhat stylized.

DEFUR, VORAN, HANLEY, RADCLIFF" 8: REED

REED D. VORAN SAMUEL  
L. REED RICHARD D.  
HUGHES .. ,JON H.  
MOLL  
.JOHN C. GILLILAND II  
GREGORY A. HUFFMAN  
STEVEN O. MURPHY  
SCOTO E. SHOCKLEY TED  
R. BROWN  
.JOAN R. SCHLIEBNER  
.JENNIFER LI. ABAELL  
.JAMES P. BORGMANN

ATTORNEYS AT LAW  
201 EAST JACKSON STREET - SUITE.-400  
MUNCIE. INDIANA 47305-2847  
TELEPHONE  
:317-266-36~1

OF COUNSEL  
WILLIAM T. RADCLIFF

EARL G. DEFIJR  
(1510:3"966)

MARSH,OLL E. HANLEY  
(920"981)

June 14, 1988

Robert L. Stephenson, President  
Board of Sanitary Commissioners  
Muncie Sanitary District  
220 East Jackson Street  
Muncie, Indiana 47305

Re: Necessity for City Council Approval of Sanitary  
District Taxes, Bonds and User Fees

Dear Hr. Stephenson:

You have requested we research and advise you concerning the following questions: (1) whether or not taxes levied by the Muncie Sanitary' District must be approved by the Muncie City Council; (2) whether *or* not bonds issued by. the Muncie Sanitary District must be approved by the Muncie City Council; and, (3) wh~ther or not user fees established by the Muncie Sanitary District must be approved by the Muncie City Council.

As explained in the remainder of this letter, in our opinion, neither taxes levied nor bonds issued by the Muncie Sanitary District require approval of the Muncie City Council. User fees established by the Mum~ie Sanitary District do not require City Council approval unless the fees relate to fully taxable property.

Initially, as explained more fully in our letter to you of February 18, 198B, concerning whether or not Muncie City Council has the power to impose. *a* duty on the Muncie Sanitary District to engage in collective bargaining, it should be remembered that the Muncie Sanitary District is a "special taxing district" and a "political subdivision" within the meaning of the Home Rule Legislation which became effective September 1, 1981. As a result, the Huncie City Council is without power to impose a duty upon the Sanitary District unless there is a statute expressly granting City Council that power [I.C. 36-1-3-8(3)]. Similarly, it should be noted that the Muncie Sanitary District .MSQ <':,lnstltutes a "political subdivision" separate from the City of HunL~ie .under the various Indiana statutes dealing with the fixing and reviewingof budgets, tax rates, and tax levies (see, I.C. 6-1.1-1-12, I.C. 16-1.1-17-1 et seq.). U~less an Indiana statute expressly provides for City Council approval of *a*partlcu8C Sanitary Di.istrict action, approval of the Muncie City Council is not required.

The remainder of this letter 'quotes from a number of Indiana statutes which refer to "the board." In each case, the reference to "the board" means the Board of Sanitary Commissioners of the Muncie Sanitary District (I.C. 36-9-25-2).

(I) Taxes Levied by the Muncie Sanitary District Do No Require Approval of the Muncie City Council.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 ~ seq.) expressly empower the Board of Sanitary Commissioners of the Sanitary District to levy taxes for the purposes set forth in the governing statutes. There is no requirement that such taxes must be approved by the Muncie City Council.

The basic statutory provision in this regard is I.C. 36-9-25-10(19), which states:

"In performing its duties, the board may do the following:

(19) Pay for the services rendered or any other obligations incurred by the board while executing its powers, or pay any judgments, including interest and costs, by issuing and selling bonds of the district, or 'obtaining temporary loans' or levying taxes as authorized by this or other statutes for any other purpose."  
(Emphasis added).

Three sections of the governing statutes then expressly authorize the Sanitary District to levy taxes for particular purposes:

(1) I.e. 36-9-25-32. This section authorizes the Board of Sanitary Commissioners to levy a tax annually to fund the operations of the Sanitary District:

"(a) To provide money to pay:

(1) All general expenses of the board, including salaries of officers and employees, fees and expenses for professional services, and other items of expense not chargeable to the cost of property acquisition or work done under a resolution of the board for which bonds of the district are issued; and

(2) For the operation, maintenance, and repair of sewage works, including the cost of the collection and removal of garbage and ashes;

a tax on all the taxable property in the district, at the rate required to provide the money needed to defray all expenses, shall be levied annually by the board."  
(Emphasis added).

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(2) I.C. 36-9-25-19 and I.C. 36-9-25-29. These sections authorize a special tax to be levied by the Board of Sanitary Commissioners to pay the total cost of the construction of sewage works and the payment of bonds and interest *in* that regard. The sections state in relevant part:

•••• all property located within the boundaries of the district is subject to a special tax to provide money to pay the total cost of the construction of the sewage works, including the acquisition of all necessary land or rights-of-way as described in the resolution of the board and all necessary incidental expenses. The special tax constitutes the amount of benefits resulting to the property from the proceedings and shall be levied as provided in this chapter. **I.e. 36-9-25-19.**

"(a) In order to raise money to pay all bonds issued under section 27 of this chapter, including interest. the board shall levy each year a special tax upon all the property of the district, to meet and pay the principal of the bonds as they mature, together with all accrued interest. The board shall have the tax levied *each* year certified to the municipal fiscal officer and to the auditor of the county in which the district is located by October 1. The tax as levied and certified shall be estimated and entered upon the tax duplicate by the county auditor. The tax shall be collected and enforced by the county treasurer in the same manner as state and county taxes are estimated, entered, collected and enforced. I. C. 36-9-25-29. (Emphasis added).

There is nothing in the statutes which in any way requires the Muncie City Council to approve any of the taxes levied by the Board of Sanitary Commissioners of the Muncie Sanitary District.

That Muncie City Council's approval is not required for taxes levied **by** the Sanitary District is further reinforced by I.e. 36-9-25-8 applicable to cities in counties having a population between 135,000 and 165,000. There, the legislature has required the city's legislative body to approve taxes of a sanitary district located in such county. The section states in relevant part:

"(a) This section applies only to cities in counties having a population between one hundred thirty-eight thousand (138,000) and one hundred sixty-five thousand (165,000).

(d) Bonds of the district may not be sold without the prior approval of the city legislative body. In addition, the legislative body must approve *all* budgets and tax levies of the district." **I.C. 36-9-25-8.**

This express statutory requirement of city legislative does not apply to the City of Muncie and Delaware County. to which that section applies is Madison County; under the Delaware County's population was 128,587. body approval The only county 1980 census,

(2) Bonds Issued by the Muncie Sanitary District Do Not Require Approval of the Muncie City Council.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 et seq.) in several sections expressly empower the Board of Sanitary Commissioners to issue and sell bonds for the purposes set forth in the statutes .. There is no requirement that such bonds be approved by the Huncie City Council 1.

Once again, the basic statutory provision is I.C. 36-9-25-10(19) quoted on page two of this letter.

Two sections of the governing statutes then expressly authorize the Sanitary District to issue and sell bonds:

- (1) I.C. 36-9-25-27. This section authorizes the Board of Sanitary Commissioners to issue bonds of the district for property and construction. Although the City's executive officeL (the mayor) must sign the bonds and the fiscal officer sell them, their actions in that regard **are** ministerial; the bonds are not obligations of the City of Munci~:

"(a) To raise money to pay for the property and the construction, and in anticipation of the special tax to be levied as provided in sections 19 and 29 of this chapter, the board shall have issued, in the name of the municipality, the bonds of the district.

(c) Upon adoption of a resolution ordering bonds, .the board shall certify a copy of the resolution to th-e---municipal fiscal officer, who shall then prepare the bonds. The municipal executive shall execute the bonds and the fiscal officer shall attest them.

(d) The. bonds are not a corplJrate obI igation or indebtedness of the municipaLity, but constitute an indebtedness of the district as a special taxing district. The bonds and interest are payable only out of a special tax levied upon all the property of the district as provided in this chapter. The bonds must recite these terms upon their face, together with the purpose for which they are issued.

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(e) Instead of selling the bonds in series, the board may sell bonds of the district to run for a period of five (5) years from the date of sale. The five (5) year bonds are exempt from taxation for all purposes. The board may sell bonds of the district in series for the purposes of refunding at any time the five (5) year bonds. I. C. 36-9-25-27. (Emphas is added).

- (2) I.C. 36-9-25-31. This section authorizes the Board of Sanitary Commissioners to issue bonds of the district to pay for general expenses of the Board:

"To provide money to pay for general expenses of the board not chargeable to the cost of any property acquired or work done under a resolution of the board for which bonds of the district are issued, the board may issue the bonds of the district in an aggregate amount not to exceed two percent (2%) of the total assessed valuation (after deducting all mortgage exemptions) of the property within the district. The bonds are payable from a special tax, which the board shall levy annually at the rate required to finance the bonds. The tax shall be levied, collected and expended according to section.32 of this chapter." I.e. 36-9-25-31. (Emphasis added).

There is nothing in any of the statutes which govern the Muncie Sanitary District which in any way requires the Muncie City Council to approve the issuance and sale of bonds of the Sanitary District.

Once again, the absence of such a requirement is particularly significant when compared to a county having a population between 138,000 and 165,000. In such counties, a sanitary district must have city council approval of bonds it issues (I.C. 36-9-25-8, quoted on page three of this letter). That requirement is not stated for counties with the population of Delaware County.

- (3) User Fees Established By the Muncie Sanitary District Do Not Require Approval of the Muncie City Council Unless the Fees Are Related to Property That Is Subject to Full Taxation.

The statutes which govern the Muncie Sanitary District (I.C. 36-9-25-1 ~ .) in several sections expressly empower the Board of Sanitary Commissioners to establish user fees for the district's services. There is no requirement that such fees be approved by Muncie City Council unless the fees are related to property that is subject to full taxation.

Three sections of the governing statute address the establishment of user fees by a sanitary district:

- (1) I.C. 36-9-25-11(17). This section empowers the Board of Sanitary Commissioners to establish the fees applicable to persons who own, lease, or possess or control certain property located outside of the district:

"In performing its duties, the board may do the following:

(17) Prepare a schedule of reasonable service fees and collect them from persons who own, lease or possess or control as tenants or as agents lots or lands located outside the boundaries of the district if the lots or lands are benefited by connection into the sanitary sewer system of the district as described in this chapter, with the proceeds from sewage connections and treatment service credited to the general fund of the district for general use and maintenance purposes. The fees may be fixed, repealed, or amended, or the service discontinued, by the board at its discretion. u (Emphasis added).

- (2) . I.C. 36-9-25-11. This section is the basic statute addressing the establishment and change of fees by the Sanitary District. As relevant to this letter, that section provides:

"(a) In connection with its duties, the board may fix fees for the treatment and disposal of sewage and other waste discharged into the sewage system, collect the fees, and establish and enforce rules governing the furnishing of and payment for sewage treatment and disposal service. The fees must be just and equitable and shall be paid by the owner of every lot, parcel of real property, or building that is connected with and uses the sewage works of the district by or through any part of the sewage system or that in any way uses or is served by the works. This section applies to owners of property that is partially or wholly exempt from taxation, as well as owners of property subject to full taxation.

(b) The board may change fees from time to time. The fees, together with the taxes levied under this chapter, must at **all** times be sufficient to produce revenues sufficient to pay operation, maintenance **and** administration expenses, to pay the principal and interest on bonds as they become due and payable, and to provide money for the revolving fund authorized by this chapter.

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You will note that factors other than those stated in this section may be used by the board. The factors stated are not the exclusive ones available. Other factors which may be appropriate are illustrated in I.C. 36-9-23-25(d); that statute does not apply to the Muncie Sanitary District, but does contain examples of other types of factors which could be used in establishing fees.

As can be seen from the foregoing statutory sections, the only situation in which the establishment of or a change in user fees requires approval of the Muncie City Council (i.e., the municipal legislative body) is if the fees "relate to property that is subject to full taxation." Therefore, the key question in determining whether or not approval of the Muncie City Council must be obtained for Sanitary District user fees is whether or not the fees as established or changed by the Sanitary District result in user fees "related to property that is subject to full taxation."

Our research has not revealed any Indiana court decision or attorney general's opinion interpreting the "related to" criteria. However, the common meaning of the word "relate" and the provisions of the governing related statutes provide the basis for distinguishing between user fees which relate to fully taxable property and those which do not.

Black's Law Dictionary (5th Edition) defines "related" to mean "connected." Webster's Ninth Collegiate Dictionary defines "related" to mean "connected by reason of an established or discoverable relation." In other words, user fees are connected to fully taxable property if there is an established or discoverable relationship between the fees and fully taxable property.

If a user fee is not directly or indirectly dependent upon the taxable status of the property served, the user fee does not need to be approved by the Muncie City Council. If, on the other hand, a user fee is directly or indirectly dependent upon the taxable status of the property served, approval of the Muncie City Council must be obtained before it goes into effect.

The current fee structure of the Muncie Sanitary District is based upon the quantity of water used on or in the property or the premises served (see, I.C. 36-9-25-12[a] [2], quoted on page seven of this letter). The Muncie Sanitary District's user fees are not in any way, directly or indirectly, connected to or established based upon whether or not the premises or property served is fully taxable or wholly or partially tax exempt. It makes no difference whatsoever whether or not the property or premises served is subject to full taxation. As a result, such a user fee structure, and any changes in the amount of the fees under that structure, are not "related to property which is subject to full taxation" and therefore do not need to be approved by the Muncie City Council.

As a general matter, any user fee structure based solely on: a flat charge for each sewer connection; the amount of water used on the premises; the number and size of water outlets on the premises; the amount, strength, or character of sewage discharged into the sewers; the size of the sewer connections; or any combination of those factors, would not relate to the tax status of the property served and will not require approval of the Muncie City Council.

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If, however, the Muncie Sanitary District were to establish a fee structure based upon some other factor or factors which make the user fees directly or indirectly affected by the tax status of the property served, approval of the Muncie City Council would be required. For example, if user fees were to be established for different classes of users (see, I.C. 36-9-25-11[d]) where the classes established were directly or indirectly related to the tax status of the property or premises served, then the user fees would be "related to property that is subject to full taxation," and would not "take" effect until they were approved by Muncie City Council (an example of such an "other factor" is illustrated by I.C. 36-9-23-25[d] [6], which refers to user fees based upon whether or not the property has been *or* will be required to pay separately for any part of the sewage works; a user fee established directly or indirectly on that basis would appear to be "related to" the taxability of the property involved) .

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If you should have any questions concerning the content of this letter, please do not hesitate to contact me.

Very truly yours,

DE FU~, VORAN, HANLEY, RADCLIFF & REED

By 

JCG/teg

cc: Thomas A. Cannon, Sr.