

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF TERRE HAUTE  
VIGO COUNTY, INDIANA

January 1, 2013 to December 31, 2013



**FILED**  
11/17/2014



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Leslie A. Ellis	01-01-13 to 12-31-14
Mayor	Duke A. Bennett	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Robert J. Murray	01-01-13 to 12-31-14
President of the Common Council	Norman Loudermilk Amy Auler	01-01-13 to 12-31-13 01-01-14 to 12-31-14
Wastewater Utility Director	Christopher M. Thompson	01-01-13 to 12-31-14



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the City of Terre Haute (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 21, 2014, 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* in considering the City's internal control over financial reporting and compliance.


***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

  
Paul D. Joyce, CPA  
State Examiner

August 21, 2014



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

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the City of Terre Haute (City), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated August 21, 2014, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001 to be a material weakness.



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

***Compliance and Other Matters***

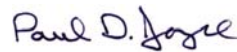
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001.

***City of Terre Haute's Response to Findings***

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

***Purpose of This Report***

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

  
Paul D. Joyce, CPA  
State Examiner

August 21, 2014

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF TERRE HAUTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
GENERAL	\$ 2,766,273	\$ 30,181,885	\$ 37,434,959	\$ (4,486,801)
MOTOR VEHICLE HIGHWAY	1,055,375	3,576,687	3,601,102	1,030,960
LOCAL ROAD & STREET	505,974	479,809	616,443	369,340
EMS NON-REVERTING	911,853	1,383,432	1,651,708	643,577
TRANSIT	(396,834)	2,090,296	2,689,360	(995,898)
CDBG	1,189	1,819,694	1,817,367	3,516
PARKS & RECREATION	(15,364)	2,300,763	2,447,617	(162,218)
RAINY DAY FUND	388,381	1,962,274	-	2,350,655
CUMULATIVE CAPITAL DEVELOPMENT	956,003	1,070,087	1,486,259	539,831
CUMULATIVE CAPITAL IMPROVEMENT	30,940	167,747	130,198	68,489
POLICE PENSION	863,777	2,399,898	2,682,889	580,786
FIRE PENSION	22,920	2,142,787	2,554,439	(388,732)
LTCP Project CSO Phase I	31,302,298	59,995	2,800,017	28,562,276
LTCP Project Phase I Bond & Interest	3,945	-	3,945	-
Construction Phase II for SRF 2012	139,207,010	372,801	69,504,650	70,075,161
Bond & Interest Phase 2 Srf-2 Sera	-	3,131,670	1,640,397	1,491,273
Parks Donations	9,529	90,069	72,954	26,644
2012 JAG Grant	-	12,281	12,281	-
JAG 2013 DJ-BX-0625	-	-	12,448	(12,448)
Clerk of the Circuit Court	243,418	1,501,763	1,520,233	224,948
Jadcore TIF Allocation	-	460,943	93,175	367,768
SR46 BOND & INTEREST FUND	-	9,944,129	9,417,939	526,190
SR46 DEBT SERVICE RESERVE	-	659,109	-	659,109
Parks Project Fund	-	1,002,486	252,368	750,118
Debt Service Reserve	-	1,623,504	-	1,623,504
CEMETERY	21,069	1,065,737	1,059,201	27,605
ABANDONED VEHICLE FEE NON-REVE	29,046	3,700	-	32,746
TH POLICE CONT EDUCATION	38,202	141,953	157,362	22,793
TH CLERKS RECORD PERPETUATION	19,408	16,063	12,750	22,721
THFD VEST GRANT	-	2,428	2,428	-
THFD CONTRACTUAL SERV N/R	(109,870)	159,381	50,720	(1,209)
TH POLICE NON-REVERTING	2,931	2,187	-	5,118
TH POLICE CRIME CONTROL	2,901	13,051	13,403	2,549
TH POLICE STAYING RIGHT	1,575	24,900	25,674	801
TH POLICE CEREMONIAL UNIT	165,544	475	9,732	156,287
TH POLICE OPERATION PULLOVER	(8,604)	30,283	82,099	(60,420)
ELE MAP GENERATION N/R	982	500	-	1,482
HULMAN LINKS NON-REVERTING	(2,344,960)	387,531	804,439	(2,761,868)
REA PARK NON-REVERTING	(586,041)	525,123	576,949	(637,867)
ANIMAL CARE N/R	4,819	4,055	1,974	6,900
ENGINEERING NON-REVERTING	983,678	568,537	817,298	734,917
NON FEDERAL INCOME	406,922	775,278	760,756	421,444
HOME PROGRAM	23,336	497,095	490,691	29,740

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

CITY OF TERRE HAUTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
SANITARY DISTRICT GENERAL	383,990	406,383	1,364,988	(574,615)
THPD FEDERAL EQUITABLE SHARING	26,771	10,296	24,795	12,272
COPS HIRING RECOVERY PROGRAM	5,774	-	32,267	(26,493)
SANITARY DISTRICT BOND	9,665,218	6,608,315	14,915,594	1,357,939
Engineering Energy Grant	186,852	-	186,852	-
ECON DEV INCOME TAX	4,885,665	5,850,192	7,654,456	3,081,401
FT HARRISON BUSINESS PK TIF#8	104,999	1,092	24,328	81,763
FT HARRISON BOND & INTEREST	369,518	150,127	80,919	438,726
JADCORE TIF #9	317,980	85,808	403,787	1
REDEVELOPMENT ST RD 46 TIF#10	976,639	1,455,867	1,029,048	1,403,458
CANDLEWOOD BOND P & I	1,018	165,951	165,950	1,019
ST RD 46 BAN	3,412,949	338	187,164	3,226,123
ST RD 46 BAN P&I	254,105	8,273,457	8,527,562	-
SANITARY DISTRICT PROJECT 19	2,219	-	-	2,219
Cherry Street Bond Series A	23,958	117,394	117,391	23,961
Cherry Street SeriesA DSR	120,522	12	-	120,534
WTHI Construction	2	-	-	2
WTHI Bond and Interst	-	500	500	-
CENTRAL BUSINESS DISTRICT TIF	2,033,934	1,452,630	665,010	2,821,554
THFD NON-REVERTING EQUIPMENT	12,689	405	-	13,094
HAZARDOUS MATER COST RECOVERY	16,497	16,383	19,386	13,494
Railroad Grant	(40,964)	40,964	-	-
FIRE TRAINING ACADEMY NON-REVE	435	99,497	77,883	22,049
TH POLICE DONATIONS/AUCTION	6,592	8,557	7,608	7,541
GROUP HEALTH - NON REVERTING	1,153,378	7,079,094	6,952,330	1,280,142
SPENCER BALL PARK	35,659	69	-	35,728
LEVI MUSIC TRUST	10,236	1,456	-	11,692
BRITTLEBANK TRUST	513	-	-	513
CEMETERY TRUST	396,835	2,565	591	398,809
BRETT LONG MEMORIAL	18,534	5,373	1,200	22,707
K-9 DONATIONS	6,964	26,621	10,933	22,652
Bond and Interest Phase 2 SER B	-	1,410,422	1,410,422	-
Construction Phase 2 SRF2 SER B	-	1,410,422	1,410,422	-
WWU-CAPITAL IMPROVEMENT	(1,153,527)	2,050,000	802,912	93,561
BOND SINKING FUND- SERIES 2005	984,853	1,965,705	1,967,568	982,990
SRF BOND AND INTEREST	625,278	1,172,802	1,157,390	640,690
SRF BOND AND DSR	2,374,626	188,833	-	2,563,459
SRF CONSTRUCTION	-	228,000	228,000	-
WASTEWATER TREATMENT PLANT	8,413,660	17,390,525	23,010,092	2,794,093
WWU-CONST CSO/LTCP PHASE I	205,976	-	-	205,976
Totals	<u>\$ 212,347,972</u>	<u>\$ 130,328,441</u>	<u>\$ 219,745,572</u>	<u>\$ 122,930,841</u>

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

Utility fees which are comprised mostly of charges for current services.

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

*E. Disbursements*

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

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

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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



CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. *Deposits and Investments***

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

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

**Note 5. *Risk Management***

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

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

**Note 6. *Pension Plans***

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

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

*Funding Policy*

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

*On Behalf Payments*

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

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

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

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

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains the following funds with deficits in cash.

General	\$ (4,486,801)
Transit	(985,898)
Parks & Recreation	(162,218)
Fire Pension	(388,732)
JAG 2013 DJ-BX-0625	(12,448)
THFD Contractual Serv N/R	(1,209)
TH Police Operation Pullover	(60,420)
Hulman Links Non-Reverting	(2,761,868)
Rea Park Non-Reverting	(637,867)
Sanitary District General	(574,615)
COPS Hiring Recover Program	(26,493)

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The deficits are a result of:

General	A deferred tax anticipation warrant scheduled for December of 2013. The TAW was received in January of 2014. See Note 8.
Transit	Reimbursement Receivable at the end of the year.
Parks & Recreation	Expenses exceeded revenues.
Fire Pension	Required contractual group health expenses. The City will make up the deficit as part of the September 30, 2014 transfers.
JAG 2013 DJ-BX-6025	Reimbursement Receivable at the end of the year.
THFD Contractual Serv N/R	Reimbursement Receivable at the end of the year.
TH Police Operation Pullover	Reimbursement Receivable at the end of the year.
Hulman Links Non-Reverting	Operating Deficit - User fees less than expected.
Rea Park Non-Reverting	Operating Deficit - User fees less than expected.
Sanitary District General	A budgeted transfer from wastewater general was deferred until 2014. It is scheduled as part of the September 30, 2014 transfers.
COPS Hiring Recover Program	Reimbursement Receivable at the end of the year.

**Note 8. Subsequent Event**

*Tax Anticipation Warrant*

The City received a tax anticipation warrant (TAW) on January 30, 2014, in the amount of \$4,995,000. The TAW was necessary because expenditures exceeded revenues in 2013. This tax anticipation warrant was issued with the understanding that taxes will be collected for debt service within an appreciable period of time. The City is expected to have enough revenue in hand to cover the face value of the debt within 12 months. It is anticipated that revenues will exceed expenditures in 2014 and a smaller TAW will be necessary for 2015.

The tax anticipation warrant has first claim on any tax collections that take place. The tax anticipation warrant remains a priority until the debt is discharged on or before the date of maturity which is December 31, 2014.

**Note 9. Other Postemployment Benefits**

The City provides to eligible retirees and their spouses the following benefits: Group Health Benefits. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

#### SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the City's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	EMS NON-REVERTING	TRANSIT	CDBG	PARKS & RECREATION
Cash and investments - beginning	\$ 2,766,273	\$ 1,055,375	\$ 505,974	\$ 911,853	\$ (396,834)	\$ 1,189	\$ (15,364)
Receipts:							
Taxes	17,058,189	1,001,404	-	-	-	-	1,814,909
Licenses and permits	1,015,687	5,470	-	-	-	-	-
Intergovernmental	9,643,391	2,541,832	478,477	-	1,585,038	1,787,530	186,014
Charges for services	732,775	-	-	1,383,432	492,663	-	287,336
Fines and forfeits	359,241	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,372,602	27,981	1,332	-	12,595	32,164	12,504
Total receipts	30,181,885	3,576,687	479,809	1,383,432	2,090,296	1,819,694	2,300,763
Disbursements:							
Personal services	25,919,254	2,152,707	-	399,199	2,093,315	510,167	1,659,125
Supplies	810,590	335,027	179,058	183,357	314,841	5,384	188,289
Other services and charges	5,409,693	1,010,428	437,385	214,188	277,539	547,944	508,352
Debt service - principal and interest	5,202,522	54,269	-	691,303	-	-	-
Capital outlay	92,900	48,671	-	76,604	3,665	753,872	91,851
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	87,057	-	-	-
Total disbursements	37,434,959	3,601,102	616,443	1,651,708	2,689,360	1,817,367	2,447,617
Excess (deficiency) of receipts over disbursements	(7,253,074)	(24,415)	(136,634)	(268,276)	(599,064)	2,327	(146,854)
Cash and investments - ending	\$ (4,486,801)	\$ 1,030,960	\$ 369,340	\$ 643,577	\$ (995,898)	\$ 3,516	\$ (162,218)

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	RAINY DAY FUND	CUMULATIVE CAPITAL DEVELOPMENT	CUMULATIVE CAPITAL IMPROVEMENT	POLICE PENSION	FIRE PENSION	LTCP Project CSO Phase I	LTCP Project Phase I Bond & Interest
Cash and investments - beginning	\$ 388,381	\$ 956,003	\$ 30,940	\$ 863,777	\$ 22,920	\$ 31,302,298	\$ 3,945
Receipts:							
Taxes	-	543,061	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	112,026	167,747	2,388,406	2,142,579	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,962,274	415,000	-	11,492	208	59,995	-
Total receipts	1,962,274	1,070,087	167,747	2,399,898	2,142,787	59,995	-
Disbursements:							
Personal services	-	-	-	2,639,547	2,529,613	-	-
Supplies	-	-	3,819	-	-	-	-
Other services and charges	-	127,000	126,379	7,342	826	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	929,259	-	-	-	2,800,017	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	430,000	-	36,000	24,000	-	3,945
Total disbursements	-	1,486,259	130,198	2,682,889	2,554,439	2,800,017	3,945
Excess (deficiency) of receipts over disbursements	1,962,274	(416,172)	37,549	(282,991)	(411,652)	(2,740,022)	(3,945)
Cash and investments - ending	\$ 2,350,655	\$ 539,831	\$ 68,489	\$ 580,786	\$ (388,732)	\$ 28,562,276	\$ -

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	Construction Phase II for SRF 2012	Bond & Interest Phase 2 Srf-2 Sera	Parks Donations	2012 JAG Grant	JAG 2013 DJ-BX-0625	Clerk of the Circuit Court	Jadcore TIF Allocation
Cash and investments - beginning	\$ 139,207,010	\$ -	\$ 9,529	\$ -	\$ -	\$ 243,418	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	220,532
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	12,281	-	-	-
Charges for services	-	-	87,287	-	-	-	-
Fines and forfeits	-	-	-	-	-	1,501,496	-
Utility fees	-	-	-	-	-	-	-
Other receipts	372,801	3,131,670	2,782	-	-	267	240,411
Total receipts	372,801	3,131,670	90,069	12,281	-	1,501,763	460,943
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	40,954	-	-	-	-
Other services and charges	-	-	32,000	-	-	-	7,375
Debt service - principal and interest	-	1,640,397	-	-	-	-	-
Capital outlay	69,504,650	-	-	12,281	12,448	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,520,233	85,800
Total disbursements	69,504,650	1,640,397	72,954	12,281	12,448	1,520,233	93,175
Excess (deficiency) of receipts over disbursements	(69,131,849)	1,491,273	17,115	-	(12,448)	(18,470)	367,768
Cash and investments - ending	\$ 70,075,161	\$ 1,491,273	\$ 26,644	\$ -	\$ (12,448)	\$ 224,948	\$ 367,768



CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	SR46 BOND & INTEREST FUND	SR46 DEBT SERVICE RESERVE	Parks Project Fund	Debt Service Reserve	CEMETERY	ABANDONED VEHICLE FEE NON-REVE	TH POLICE CONT EDUCATION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 21,069	\$ 29,046	\$ 38,202
Receipts:							
Taxes	-	-	-	-	447,482	-	-
Licenses and permits	-	-	-	-	-	-	31,220
Intergovernmental	-	-	-	-	45,864	-	-
Charges for services	-	-	-	-	124,601	-	66,010
Fines and forfeits	-	-	-	-	-	3,700	26,025
Utility fees	-	-	-	-	-	-	-
Other receipts	9,944,129	659,109	1,002,486	1,623,504	447,790	-	18,698
Total receipts	9,944,129	659,109	1,002,486	1,623,504	1,065,737	3,700	141,953
Disbursements:							
Personal services	-	-	-	-	560,591	-	-
Supplies	-	-	-	-	24,971	-	47,162
Other services and charges	211,861	-	222,635	-	51,640	-	16,119
Debt service - principal and interest	273,871	-	-	-	5,639	-	-
Capital outlay	-	-	29,733	-	1,360	-	68,794
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	8,932,207	-	-	-	415,000	-	25,287
Total disbursements	9,417,939	-	252,368	-	1,059,201	-	157,362
Excess (deficiency) of receipts over disbursements	526,190	659,109	750,118	1,623,504	6,536	3,700	(15,409)
Cash and investments - ending	\$ 526,190	\$ 659,109	\$ 750,118	\$ 1,623,504	\$ 27,605	\$ 32,746	\$ 22,793

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	TH CLERKS RECORD PERPETUATION	THFD VEST GRANT	THFD CONTRACTUAL SERV N/R	TH POLICE NON-REVERTING	TH POLICE CRIME CONTROL	TH POLICE STAYING RIGHT	TH POLICE CEREMONIAL UNIT
Cash and investments - beginning	\$ 19,408	\$ -	\$ (109,870)	\$ 2,931	\$ 2,901	\$ 1,575	\$ 165,544
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,428	-	-	13,051	5,000	-
Charges for services	16,063	-	125,385	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	33,996	2,187	-	19,900	475
Total receipts	16,063	2,428	159,381	2,187	13,051	24,900	475
Disbursements:							
Personal services	-	-	27,132	-	-	-	-
Supplies	-	-	5,000	-	2,067	-	-
Other services and charges	-	-	215	-	10,458	25,674	9,732
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,428	18,373	-	878	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	12,750	-	-	-	-	-	-
Total disbursements	12,750	2,428	50,720	-	13,403	25,674	9,732
Excess (deficiency) of receipts over disbursements	3,313	-	108,661	2,187	(352)	(774)	(9,257)
Cash and investments - ending	\$ 22,721	\$ -	\$ (1,209)	\$ 5,118	\$ 2,549	\$ 801	\$ 156,287

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	TH POLICE OPERATION PULLOVER	ELE MAP GENERATION N/R	HULMAN LINKS NON-REVERTING	REA PARK NON-REVERTING	ANIMAL CARE N/R	ENGINEERING NON-REVERTING	NON FEDERAL INCOME
Cash and investments - beginning	\$ (8,604)	\$ 982	\$ (2,344,960)	\$ (586,041)	\$ 4,819	\$ 983,678	\$ 406,922
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	4,055	15,863	-
Intergovernmental	30,283	-	-	-	-	-	-
Charges for services	-	-	387,531	525,123	-	552,674	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	500	-	-	-	-	775,278
Total receipts	30,283	500	387,531	525,123	4,055	568,537	775,278
Disbursements:							
Personal services	82,099	-	437,946	346,625	-	769,691	93,586
Supplies	-	-	193,922	111,650	-	6,455	-
Other services and charges	-	-	80,797	36,238	-	14,913	667,170
Debt service - principal and interest	-	-	87,945	80,090	-	-	-
Capital outlay	-	-	3,829	2,015	1,974	26,239	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	331	-	-	-
Total disbursements	82,099	-	804,439	576,949	1,974	817,298	760,756
Excess (deficiency) of receipts over disbursements	(51,816)	500	(416,908)	(51,826)	2,081	(248,761)	14,522
Cash and investments - ending	\$ (60,420)	\$ 1,482	\$ (2,761,868)	\$ (637,867)	\$ 6,900	\$ 734,917	\$ 421,444

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	HOME PROGRAM	SANITARY DISTRICT GENERAL	THPD FEDERAL EQUITABLE SHARING	COPS HIRING RECOVERY PROGRAM	SANITARY DISTRICT BOND	Engineering Energy Grant	ECON DEV INCOME TAX
Cash and investments - beginning	\$ 23,336	\$ 383,990	\$ 26,771	\$ 5,774	\$ 9,665,218	\$ 186,852	\$ 4,885,665
Receipts:							
Taxes	-	-	-	-	5,184,045	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	461,553	401,383	10,276	-	1,409,562	-	5,769,611
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	35,542	5,000	20	-	14,708	-	80,581
Total receipts	497,095	406,383	10,296	-	6,608,315	-	5,850,192
Disbursements:							
Personal services	28,862	25,820	-	32,267	-	-	-
Supplies	-	-	-	-	-	-	11,211
Other services and charges	461,829	508,728	3,227	-	1,600	37,357	3,515,171
Debt service - principal and interest	-	-	-	-	14,913,994	-	-
Capital outlay	-	830,440	21,568	-	-	-	2,165,800
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	149,495	1,962,274
Total disbursements	490,691	1,364,988	24,795	32,267	14,915,594	186,852	7,654,456
Excess (deficiency) of receipts over disbursements	6,404	(958,605)	(14,499)	(32,267)	(8,307,279)	(186,852)	(1,804,264)
Cash and investments - ending	\$ 29,740	\$ (574,615)	\$ 12,272	\$ (26,493)	\$ 1,357,939	\$ -	\$ 3,081,401

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	FT HARRISON BUSINESS PK TIF#8	FT HARRISON BOND & INTEREST	JADCORE TIF #9	REDEVELOPMENT ST RD 46 TIF#10	CANDLEWOOD BOND P & I	ST RD 46 BAN	ST RD 46 BAN P&I
Cash and investments - beginning	\$ 104,999	\$ 369,518	\$ 317,980	\$ 976,639	\$ 1,018	\$ 3,412,949	\$ 254,105
Receipts:							
Taxes	-	150,127	-	1,201,048	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	1,092	-	85,808	254,819	165,951	338	8,273,457
Total receipts	1,092	150,127	85,808	1,455,867	165,951	338	8,273,457
Disbursements:							
Personal services	11,467	-	-	95,580	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	12,861	-	-	14,259	1,500	15,226	-
Debt service - principal and interest	-	80,919	163,400	-	164,450	-	8,273,457
Capital outlay	-	-	-	155,514	-	171,938	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	240,387	763,695	-	-	254,105
Total disbursements	24,328	80,919	403,787	1,029,048	165,950	187,164	8,527,562
Excess (deficiency) of receipts over disbursements	(23,236)	69,208	(317,979)	426,819	1	(186,826)	(254,105)
Cash and investments - ending	\$ 81,763	\$ 438,726	\$ 1	\$ 1,403,458	\$ 1,019	\$ 3,226,123	\$ -

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	SANITARY DISTRICT PROJECT 19	Cherry Street Bond Series A	Cherry Street SeriesA DSR	WTHI Construction	WTHI Bond and Interst	CENTRAL BUSINESS DISTRICT TIF	THFD NON-REVERTING EQUIPMENT
Cash and investments - beginning	\$ 2,219	\$ 23,958	\$ 120,522	\$ 2	\$ -	\$ 2,033,934	\$ 12,689
Receipts:							
Taxes	-	-	-	-	-	1,451,268	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	117,394	12	-	500	1,362	405
Total receipts	-	117,394	12	-	500	1,452,630	405
Disbursements:							
Personal services	-	-	-	-	-	101,808	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	500	-	-	500	279,361	-
Debt service - principal and interest	-	116,891	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	283,841	-
Total disbursements	-	117,391	-	-	500	665,010	-
Excess (deficiency) of receipts over disbursements	-	3	12	-	-	787,620	405
Cash and investments - ending	\$ 2,219	\$ 23,961	\$ 120,534	\$ 2	\$ -	\$ 2,821,554	\$ 13,094

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	HAZARDOUS MATER COST RECOVERY	Railroad Grant	FIRE TRAINING ACADEMY NON-REVE	TH POLICE DONATIONS/AUCTION	GROUP HEALTH - NON REVERTING	SPENCER BALL PARK	LEVI MUSIC TRUST
Cash and investments - beginning	\$ 16,497	\$ (40,964)	\$ 435	\$ 6,592	\$ 1,153,378	\$ 35,659	\$ 10,236
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,250	40,964	-	-	-	-	-
Charges for services	-	-	12,440	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	10,133	-	87,057	8,557	7,079,094	69	1,456
Total receipts	16,383	40,964	99,497	8,557	7,079,094	69	1,456
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	6,348	-	1,292	-	-	-	-
Other services and charges	1,342	-	18,871	5,938	625,578	-	-
Debt service - principal and interest	-	-	57,558	-	-	-	-
Capital outlay	11,696	-	162	1,670	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	6,326,752	-	-
Total disbursements	19,386	-	77,883	7,608	6,952,330	-	-
Excess (deficiency) of receipts over disbursements	(3,003)	40,964	21,614	949	126,764	69	1,456
Cash and investments - ending	\$ 13,494	\$ -	\$ 22,049	\$ 7,541	\$ 1,280,142	\$ 35,728	\$ 11,692

CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	BRITTLEBANK TRUST	CEMETERY TRUST	BRETT LONG MEMORIAL	K-9 DONATIONS	Bond and Interest Phase 2 SER B	Construction Phase 2 SRF2 SER B	WWU-CAPITAL IMPROVEMENT
Cash and investments - beginning	\$ 513	\$ 396,835	\$ 18,534	\$ 6,964	\$ -	\$ -	\$ (1,153,527)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	2,565	5,373	26,621	1,410,422	1,410,422	2,050,000
Total receipts	-	2,565	5,373	26,621	1,410,422	1,410,422	2,050,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,200	7,185	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	3,748	-	1,410,422	802,912
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	591	-	-	1,410,422	-	-
Total disbursements	-	591	1,200	10,933	1,410,422	1,410,422	802,912
Excess (deficiency) of receipts over disbursements	-	1,974	4,173	15,688	-	-	1,247,088
Cash and investments - ending	\$ 513	\$ 398,809	\$ 22,707	\$ 22,652	\$ -	\$ -	\$ 93,561



CITY OF TERRE HAUTE  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

	BOND SINKING FUND- SERIES 2005	SRF BOND AND INTEREST	SRF BOND AND DSR	SRF CONSTRUCTION	WASTEWATER TREATMENT PLANT	WWU-CONST CSO/LTCP PHASE I	Totals
Cash and investments - beginning	\$ 984,853	\$ 625,278	\$ 2,374,626	\$ -	\$ 8,413,660	\$ 205,976	\$ 212,347,972
Receipts:							
Taxes	-	-	-	-	-	-	29,072,065
Licenses and permits	-	-	-	-	-	-	1,072,295
Intergovernmental	-	-	-	-	-	-	29,241,546
Charges for services	-	-	-	-	-	-	4,793,320
Fines and forfeits	-	-	-	-	-	-	1,890,462
Utility fees	-	-	-	-	17,390,525	-	17,390,525
Other receipts	1,965,705	1,172,802	188,833	228,000	-	-	46,868,228
Total receipts	1,965,705	1,172,802	188,833	228,000	17,390,525	-	130,328,441
Disbursements:							
Personal services	-	-	-	-	2,878,820	-	43,395,221
Supplies	-	-	-	-	-	-	2,471,397
Other services and charges	-	-	-	-	143,932	-	15,710,068
Debt service - principal and interest	1,967,068	929,390	-	-	-	-	34,703,163
Capital outlay	-	-	-	228,000	444,370	-	80,730,081
Utility operating expenses	500	-	-	-	9,638,456	-	9,638,956
Other disbursements	-	228,000	-	-	9,904,514	-	33,096,686
Total disbursements	1,967,568	1,157,390	-	228,000	23,010,092	-	219,745,572
Excess (deficiency) of receipts over disbursements	(1,863)	15,412	188,833	-	(5,619,567)	-	(89,417,131)
Cash and investments - ending	\$ 982,990	\$ 640,690	\$ 2,563,459	\$ -	\$ 2,794,093	\$ 205,976	\$ 122,930,841

CITY OF TERRE HAUTE  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Wastewater	\$ 91,118	\$ 3,126,285
Governmental activities	<u>1,240,743</u>	<u>669,844</u>
Totals	<u>\$ 1,331,861</u>	<u>\$ 3,796,129</u>

CITY OF TERRE HAUTE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Community First National Bank	Lease #38 21 Police Cars	\$ 131,630	06/01/12	01/01/16
First Financial Bank	Lease #32 Fire Training Academy	57,558	12/06/10	12/06/32
First Financial Bank	Lease #25 Backhoe	5,639	07/01/09	07/01/19
First Financial Bank	Lease #29 Ferrara Support Truck	66,517	07/01/09	07/01/14
First Financial Bank	Lease #31 Maintenance Building	54,269	04/15/10	04/15/14
Old National Bank	Lease #34 Three Amulances	140,589	09/12/11	09/12/16
PNC Equipment Finance LLC	Lease #36 Hulman Links 60 Golf Carts	44,220	12/05/11	01/05/16
PNC Equipment Finance LLC	Lease #37 Rea Park 54 Golf Carts	39,798	12/05/11	01/05/16
PNC Equipment Finance LLC	Lease #40 Hulman Links Turf Equipment	42,967	04/12/13	06/30/17
PNC Equipment Finance LLC	Lease #41 Rea Park Turf Equipment	40,292	04/12/13	06/01/17
Wells Fargo Equipment Finance Inc	Lease #39 2 Smeal Pumper Trucks	169,913	09/11/12	08/11/17
Total governmental activities		<u>793,392</u>		
Total of annual lease payments		<u>\$ 793,392</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Sanitary District Bond of 2012	\$ 37,315,000	\$ 7,626,300
Revenue bonds	Taxable Economic Development Bonds of 2003	715,000	175,000
Revenue bonds	Redevelopment Tax Increment and Economic Development bonds of 2004	690,000	78,794
Revenue bonds	Taxable Economic Development Bonds of 2007	1,030,000	168,713
Revenue bonds	Taxable Increment Revenue Bonds of 2011 Series A	1,260,000	115,964
Revenue bonds	Taxable Economic Development Revenue Bonds of 2011	600,000	35,000
Revenue bonds	Taxable Increment Revenue Bond of 2013	8,555,000	555,750
Notes and loans payable	EMS Pumper 2013 28-3611	394,896	84,963
Notes and loans payable	EMS Ladder Truck 2013 28-3882	732,161	114,835
Total governmental activities		<u>51,292,057</u>	<u>8,955,319</u>
Wastewater:			
Revenue bonds	Sanitary District Revenue Bond 2005	23,070,000	1,969,080
Notes and loans payable	2011 SRF	13,479,000	944,844
Notes and loans payable	2012 SRF Series A	139,371,000	2,982,539
Notes and loans payable	2012 SRF Series B	1,444,000	-
Total Wastewater		<u>177,364,000</u>	<u>5,896,463</u>
Totals		<u>\$ 228,656,057</u>	<u>\$ 14,851,782</u>

CITY OF TERRE HAUTE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2013

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.

	Ending Balance
Governmental activities:	
Land	\$ 11,673,992
Buildings	7,910,740
Improvements other than buildings	77,461,404
Machinery, equipment, and vehicles	18,992,431
Construction in progress	<u>19,468,044</u>
Total governmental activities	<u>135,506,611</u>
Wastewater:	
Land	392,998
Buildings	2,645,107
Improvements other than buildings	98,395,817
Machinery, equipment, and vehicles	5,844,953
Construction in progress	<u>33,854,510</u>
Total Wastewater	<u>141,133,385</u>
Total capital assets	<u><u>\$ 276,639,996</u></u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF TERRE HAUTE, VIGO COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited the City of Terre Haute's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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


***Report on Internal Control Over Compliance***

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

August 21, 2014

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

CITY OF TERRE HAUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	Direct grant			
CDBG DEVELOPMENT BLOCK GRANTS 2012 CARRY FORWARD BLOCK GRANTS		14.218	B-12-MC-18-0012	\$ 586,302
CDBG DEVELOPMENT BLOCK GRANT 2013			B-13-MC-18-0012	667,754
Total - Community Development Block Grants/Entitlement Grants				1,254,056
Total - CDBG - Entitlement Grants Cluster				1,254,056
CDBG - State-Administered CDBG Cluster				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs			
Hulman Lake Improvement State Administered CDBG		14.228	DR1B09026	401,383
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority			
2008 Housing and Economic Recovery Act		14.228	NSP-1-009-013	533,474
Total - CDBG - State-Administered CDBG Cluster				934,857
HOME Investment Partnerships Program	Direct grant			
2009 GRANT CARRY FORWARD		14.239	M-09-MC-18-0211	27,558
2010 GRANT CARRY FORWARD			M-10-MC-18-0211	146,153
2011 GRANT CARRY FORWARD			M-11-MC-18-0211	143,602
2012 GRANT			M-12-MC-18-0211	131,768
2013 Home Grant			B-13-MC-18-0211	12,472
Total - HOME Investment Partnerships Program				461,553
Total - Department of Housing and Urban Development				2,650,466
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program (JAG) (JAG) 2012	Direct grant			
		16.738	2012-DJ-BX-0232	12,281
Total - JAG Program Cluster				12,281
Crime Victim Compensation	Indiana Criminal Justice Institute			
Crime Victim Compensation		16.576	FY 2013	1,004
Bulletproof Vest Partnership Program	Direct grant			
THPD VEST PROGRAM		16.607	FY 2013	2,428
ARRA - Public Safety Partnership and Community Policing Grant	Direct grant			
COPS Hiring Recovery Program		16.710	2009RKWX0355	210,579
Equitable Sharing Program	Direct grant			
Equitable Sharing Program		16.922	FY2013	24,795
Total - Department of Justice				251,087
<u>Department of Transportation</u>				
Federal Transit Cluster				
Federal Transit_Capital Investment Grants	Direct grant			
TRANSIT		20.500	IN-90-X630-00	451,573

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TERRE HAUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
Federal Transit Cluster (continued)				
Federal Transit_Formula Grants TRANSIT	Direct grant	20.507	IN-90-X659-00	665,635
Total - Federal Transit Cluster				1,117,208
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 0810340	1,310,507
Margaret Avenue 7th Street to 14th Street			DES 1006019	56,610
8th Avenue and 3rd Street Intersection Improvements			DES 1006567	16,969
7th Street and Davis Drive Intersection Improvements			DES 1298689	99,006
Margaret Avenue 14th Street to 25th Street				
Total - Highway Planning and Construction Cluster				1,483,092
Total - Department of Transportation				2,600,300
<u>Environmental Protection Agency</u>				
Capitalization Grants for Clean Water State Revolving Funds	Indiana Finance Authority	66.458	WW11058401	75,970
2011 SRF Sanitary Bond			WW11058402	23,158,949
2012 SRF Sanitary Bond				
Total - Capitalization Grants for Clean Water State Revolving Funds				23,234,919
Brownfields Assessment and Cleanup Cooperative Agreements	Direct grant	66.818	BF00E00390-0	17,742
Brownfield Petroleum G5HYOR00			BF00E00391-1	62,777
BROWNFIELD HAZARDOUS G5HYNY00				
Total - Brownfields Assessment and Cleanup Cooperative Agreements				80,519
Total - Environmental Protection Agency				23,315,438
<u>Department of Energy</u>				
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	Direct grant	81.128	SC0003342	186,852
TRAFFIC SIGNAL MODERNIZATION				
Total - Department of Energy				186,852
<u>Department of Education</u>				
Rehabilitation Services_Vocational Rehabilitation Grants to States	Indiana Department of Education	84.126	FY2013	680
Total - Department of Education				680
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	38512EMAC	13,158
Hurricane Sandy Response and Recovery			385PA4058	1,190
Estimate for Public Assistance Disaster 4058				
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				14,348
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067	EMW-2011-SS-0058	6,250
THFD HAZ-MAT 2012 (SUBGRANT)				
Total - Department of Homeland Security				20,598
Total federal awards expended				\$ 29,025,421

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF TERRE HAUTE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

CITY OF TERRE HAUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG - State Administered CDBG Cluster Highway Planning and Construction Cluster Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$870,763

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

**Section II - Financial Statement Findings**

**FINDING 2013-001 - INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted several federal grants that had expenditures during the year that were not reported, and two grants were reported with incorrect amounts. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

CITY OF TERRE HAUTE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section .310(b) states:

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

***Section III - Federal Award Findings and Questioned Costs***

No matters are reportable.

#### AUDITEE PREPARED DOCUMENTS

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**CITY OF  
TERRE HAUTE  
OFFICE OF THE  
CITY CONTROLLER**

City Hall  
17 Harding Avenue  
Terre Haute, IN 47807

Phone: 812.235.8101  
Fax: 812.235.8102

[www.terrehaute.IN.gov](http://www.terrehaute.IN.gov)

**LESLIE ELLIS**  
City Controller

**FINDING 2012-2**

Original Assigned SBA Audit Report Number: B42599  
Report Period: 2013  
Contact Person Responsible for Corrective Action: Leslie A. Ellis  
Title of Contact Person: Controller  
Contact Phone Number: 812-244-2359  
Status of Audit Finding: Corrective Action Plan – Follow-up

As described in the Corrective Action Plan issued on August 30, 2013, the Department Heads were issued a directive to provide to the Controller a copy of any and all grant applications and related documents at the time of their submission for consideration to the federal programs; and to provide any and all required financial reports to the Controller to allow review for accuracy prior to submittal to the federal program or agency under the requirements of the federal award. Generally, the Department Heads have complied but some documents have not been provided to the Controller until after the grant was approved.

The Department Heads will be reminded of this specific directive and the Controller's office will internally audit the adherence to this procedure to assure continued compliance with the requirements of the federal awards.

Leslie A. Ellis  
(Signature)

Controller  
(Title)

August 21, 2014  
(Date)



City of Terre Haute

2013

**CITY OF  
TERRE HAUTE  
OFFICE OF THE  
CITY CONTROLLER**

City Hall  
17 Harding Avenue  
Terre Haute, IN 47807

Phone: 812.235.8101  
Fax: 812.235.8102

[www.terrehaute.IN.gov](http://www.terrehaute.IN.gov)

**CORRECTIVE ACTION PLAN**

**LESLIE ELLIS**  
City Controller

***FINDING 2013-001- INTERNAL CONTROLS AND COMPLIANCE OVER THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS***

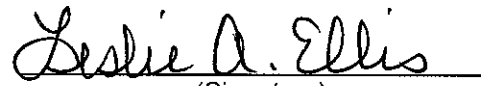
Contact Person Responsible for Corrective Action: Leslie A. Ellis, Controller  
Contact Phone Number: 812-244-2359

**Corrective Action Plan:**

The city will continue to require all department heads to submit original grant letters to the Controller's office to ensure that specific titles and CFDA numbers can be verified against the state electronic version of the SEFA. A new internal audit process will be implemented to verify that the procedures are being followed and the information submitted is accurate.

The city will also implement a verification process to determine the proper designation of federal and state monies received. The internal audit will substantiate that these measures are in place and working appropriately.

Anticipated Completion Date: The procedures and internal audit will be completed by December 31, 2014.

  
(Signature)

\_\_\_\_\_  
Controller  
(Title)

\_\_\_\_\_  
August 21, 2014  
(Date)

#### OTHER REPORTS

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