

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA

January 1, 2022 to December 31, 2022



FILED
09/14/2023

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Leslie A. Ellis	01-01-22 to 12-31-23
Mayor	Duke A. Bennett	01-01-22 to 12-31-23
President of the Board of Public Works	Jon Stinson	01-01-22 to 12-31-23
President of the Common Council	Cheryl Loudermilk Curtis DeBaun IV	01-01-22 to 12-31-22 01-01-23 to 12-31-23
Utility Office Manager	Debra Padgett	01-01-22 to 12-31-23



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to the audit report of the City of Terre Haute (City), for the period from January 1, 2022 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with the Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

August 29, 2023

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CITY CONTROLLER
CITY OF TERRE HAUTE

CITY CONTROLLER
CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

The same comment also appeared in prior Report B60520.

Condition and Context

Financial, supplemental, and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The grant schedule contained the following errors:

1. The COVID-19 - Community Development Block Grants/Entitlement Grants was omitted, which understated expenditures by \$445,139.
2. The Community Development Block Grants/Entitlement Grants expenditures were overstated by \$2,967,534.
3. The Home Investment Partnership Program grants expenditures were overstated by \$1,251,816.
4. The Outdoor Recreation Acquisition, Development and Planning was omitted, which understated expenditures by \$248,963.
5. Other errors included incorrect (or omitted) federal grantor agencies, program titles, project titles, pass-through entities, Assistance Listings Numbers, and identifying numbers.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Expenditures of Federal Awards presented in the Federal Compliance Audit Report.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

CITY CONTROLLER
CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B44483, B45624, B48509, B50722, B50773, B54219, B55965, B59472, and B60520.

Condition and Context

The financial statement presented for audit included the following funds with overdrawn cash balances as December 31, 2022:

<u>Fund</u>	<u>Amount Overdrawn</u>
Hulman Links Non-Reverting	\$ 5,245,036
Group Health Non-Reverting	1,139,713
Rea Park Non-Reverting	1,385,176
Sanitary District Bond	1,799,573

Criteria

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)



September 8, 2023

CITY OF
TERRE HAUTE
OFFICE OF THE
CITY CONTROLLER

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LESLIE ELLIS
City Controller

Mr. Paul D. Joyce, CPA, State Examiner
Indiana State Board of Accounts
302 West Washington St., Room E 418
Indianapolis, IN 46204-2765

RE: Official Response to the Audit Results and Comments December 31, 2022

ANNUAL FINANCIAL REPORT:

The City’s financial records correctly reported all grants, but the information was inaccurately recorded on the Schedule of Expenditure and Federal Awards (SEFA) in the Indiana Gateway website. Procedures have been updated to better track and monitor all grants that the City receives. Each department is responsible for tracking their grants as well as the Controller’s office. All documents and grant information will be reconciled and verified by both the department and the Controller’s office. The grant information will be entered into the Gateway website and reviewed by both the Chief Deputy Controller and the Controller before being submitted and authorized in Gateway.

OVERDRAWN CASH BALANCES:

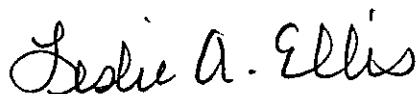
The Hulman Links Non-Reverting Fund and the Rea Park Non-Reverting Fund are both golf course funds. The courses have been running deficits for several years. Rea Park had a surplus of \$175,459 in 2022, and the golf courses combined for a net increase in cash for 2022. The City will continue to monitor and implement strategic initiatives until the deficits are eliminated. It will take some time to remove the deficits as it took many years for the balances to accumulate.

The City’s Group Health Fund is a health fiduciary fund for the benefit of the City’s employees. The Group Health Fund had a surplus over \$500,000 in 2022 and we will continue to closely monitor and adjust the fund as needed to balance it. We anticipate the elimination of the Group Health Fund deficit balance within a few years.

OVERDRAWN CASH BALANCES:

The Sanitary District Bond Fund is a bond fund that pays the General Obligation Bond for the Sanitary District. The overdrawn balance is simply a timing issue. The bond payments are due January 1 and July 1 annually, and the January 2023 payment was made in December 2022. The June property tax distribution covers the January payment. The payments will catch up at the end of the bond life and the deficit will end.

Sincerely,



Leslie A. Ellis
City Controller
City of Terre Haute

CITY CONTROLLER
CITY OF TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on August 29, 2023, with Leslie A. Ellis, City Controller; Duke A. Bennett, Mayor; Jessica Thome, Chief Deputy City Controller; Matt Blair, Senior Financial Analyst; Phil Kesner, Grants/Planning Administrator - Redevelopment; and Todd Nation, Common Council member.