

**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, 2016 to December 31, 2016



**FILED**  
08/13/2018



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-18
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	20-34
Schedule of Payables and Receivables .....	35
Schedule of Leases and Debt .....	36
Schedule of Capital Assets .....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	44-45
Notes to Schedule of Expenditures of Federal Awards .....	46
Schedule of Findings and Questioned Costs .....	47-48
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	50
Corrective Action Plan .....	51
Other Reports .....	52

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Leslie A. Ellis	01-01-16 to 12-31-18
Mayor	Duke A. Bennett	01-01-16 to 12-31-19
President of the Board of Public Works and Safety	Jonathon Stinson	01-01-16 to 12-31-18
President of the Common Council	Todd Nation Karrum J. Nasser Curtis DeBaun, IV	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18
Wastewater Utility Director	Christopher M. Thompson (Vacant) Debra Padgett	01-01-16 to 08-03-17 08-04-17 to 08-14-17 08-15-17 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](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, 2016, and the related notes to the financial statement as listed in the Table of Contents.

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

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

***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2016.

***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, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 9, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

August 9, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CITY OF 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, 2016, and the related notes to the financial statement, and have issued our report thereon dated August 9, 2018, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001, that we consider 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 9, 2018

(This page intentionally left blank.)

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF TERRE HAUTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
GENERAL	\$ (8,987,257)	\$ 35,747,771	\$ 34,830,268	\$ (8,069,754)
MOTOR VEHICLE HIGHWAY	441,324	3,288,965	3,070,496	659,793
LOCAL ROAD & STREET	437,527	484,665	276,201	645,991
EMS NON-REVERTING	(1,377)	3,020,443	1,931,542	1,087,524
TRANSIT	(265,201)	3,204,707	2,460,376	479,130
CDBG	125	1,706,627	1,700,800	5,952
PARKS & RECREATION	(300,559)	2,300,273	2,224,100	(224,386)
RAINY DAY FUND	350,655	861	-	351,516
CUMULATIVE CAPITAL DEVELOPMENT	431,805	558,739	545,050	445,494
CUMULATIVE CAPITAL IMPROVEMENT	103,079	154,924	132,431	125,572
POLICE PENSION	29,543	2,288,896	2,577,937	(259,498)
FIRE PENSION	(218,818)	2,937,469	2,541,450	177,201
LTCP Project CSO Phase I	12,536,525	14,526	11,324,968	1,226,083
Construction Phase II for SRF 2012	5,032,820	7,757	792,030	4,248,547
Bond & Interest Phase 2 Srf-2 Sera	1,406,716	7,810,121	5,395,539	3,821,298
Parks Donations	59,317	55,970	101,685	13,602
Clerk of the Circuit Court	131,597	1,136,074	1,134,506	133,165
Jadcore TIF Allocation	144,289	197,913	244,845	97,357
SR46 BOND & INTEREST FUND	292,162	595,252	595,300	292,114
SR46 DEBT SERVICE RESERVE	659,400	3	-	659,403
Parks Project Fundf	373,769	-	44,710	329,059
Debt Service Reserve	4,870,516	1,638,307	-	6,508,823
FIRE SAFER	(465,281)	1,021,963	537,641	19,041
DRUG EDUCATION AND TRAINING	3,120	2,280	2	5,398
New Margaret Ave East Meijer	102	-	102	-
Historic District	(2,115)	2,115	-	-
Blight Elimination Program	(5,999)	-	65,708	(71,707)
Cemetery Donations	585	-	-	585
2005 Revenue Bond Refinanced	231,186	1,850,000	1,849,249	231,937
2015 Revenue Bond SER A (Police)	62,781	6	44,622	18,165
2015 Bond & Int Ser A (Police)	-	77,491	77,491	-
2015 DSR (Police)	72,353	12	-	72,365
Emergency Solutions Grant	1,279	-	17	1,262
LOIT SPECIAL DISTRIBUTION	-	1,711,351	427,838	1,283,513
THPD VEST GRANT	-	36,637	36,637	-
JAG 2015 (2015-DJ-BX-0776)	-	3,500	3,500	-
CEMETERY	(167,393)	729,343	509,151	52,799
ABANDONED VEHICLE FEE NON-REVE	29,346	15,600	-	44,946
TH POLICE CONT EDUCATION	153,491	182,071	156,699	178,863
TH CLERKS RECORD PERPETUATION	33,101	27,257	6,589	53,769
THFD CONTRACTUAL SERV N/R	724	269,161	165,811	104,074
TH POLICE NON-REVERTING	6,865	2,832	-	9,697
TH POLICE CRIME CONTROL	3,795	10,000	9,616	4,179
TH POLICE STAYING RIGHT	1,049	13,105	11,413	2,741
TH POLICE CEREMONIAL UNIT	138,950	366	6,763	132,553
TH POLICE OPERATION PULLOVER	(51,021)	42,351	85,631	(94,301)
ELE MAP GENERATION N/R	1,482	-	-	1,482
HULMAN LINKS NON-REVERTING	(3,496,475)	497,381	842,784	(3,841,878)

CITY OF TERRE HAUTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
REA PARK NON-REVERTING	(893,481)	413,806	605,041	(1,084,716)
ANIMAL CARE N/R	14,444	2,195	1,349	15,290
ENGINEERING NON-REVERTING	290,991	968,682	614,621	645,052
NON FEDERAL INCOME	198,040	443,386	378,747	262,679
HOME PROGRAM	29,622	491,769	271,245	250,146
SANITARY DISTRICT GENERAL	836,281	-	553,304	282,977
THPD FEDERAL EQUITABLE SHARING	12,520	4,169	3,500	13,189
SANITARY DISTRICT BOND	(303,593)	10,131,967	7,625,600	2,202,774
ECON DEV INCOME TAX	1,922,757	7,028,757	4,751,865	4,199,649
FT HARRISON BUSINESS PK TIF#8	13	117,588	5,675	111,926
FT HARRISON BOND & INTEREST	-	18,787	18,787	-
JADCORE TIF #9	1	197,799	197,800	-
REDEVELOPMENT ST RD 46 TIF#10	2,358,472	1,360,140	779,040	2,939,572
CANDLEWOOD BOND P & I	1,019	169,650	169,650	1,019
ST RD 46 BAN	326,533	29	16,000	310,562
SANITARY DISTRICT PROJECT 19	2,219	-	-	2,219
Cherry Street Bond Series A	23,966	113,238	113,234	23,970
Cherry Street SeriesA DSR	120,559	12	-	120,571
WTHI Construction	2	-	-	2
WTHI Bond and Interst	-	75,000	75,000	-
CENTRAL BUSINESS DISTRICT TIF	4,400,066	1,580,216	777,118	5,203,164
THFD NON-REVERTING EQUIPMENT	13,094	-	-	13,094
HAZARDOUS MATER COST RECOVERY	20,849	5,848	9,820	16,877
FIRE TRAINING ACADEMY NON-REVE	13,390	106,107	75,008	44,489
TH POLICE DONATIONS/AUCTION	16,873	19,302	16,603	19,572
GROUP HEALTH - NON REVERTING	1,043,221	8,278,460	10,023,532	(701,851)
SPENCER BALL PARK	35,988	164	-	36,152
LEVI MUSIC TRUST	13,954	863	-	14,817
BRITTLEBANK TRUST	513	-	-	513
CEMETERY TRUST	403,710	1,749	1,166	404,293
BRETT LONG MEMORIAL	14,697	-	-	14,697
K-9 DONATIONS	3,838	1,013	2,889	1,962
Bond and Interest Phase 2 SER B	32,530	78,060	78,054	32,536
Revenue Bond 2005 Trust	3,811	-	3,811	-
VIGO COUNTY BAN 2016	-	6,066,975	6,066,975	-
WASTE & REFUSE COLLECTION	-	920,853	873,927	46,926
WWU-CAPITAL IMPROVEMENT	(4,230,666)	5,000,000	2,108,946	(1,339,612)
SRF BOND AND INTEREST	563,127	944,376	943,896	563,607
SRF BOND AND DSR	2,941,123	47,181	-	2,988,304
WASTEWATER TREATMENT PLANT	7,517,815	28,134,697	28,802,384	6,850,128
WWU-CONST CSO/LTCP PHASE I	205,976	-	-	205,976
<b>Totals</b>	<b>\$ 32,034,156</b>	<b>\$ 146,367,923</b>	<b>\$ 142,726,085</b>	<b>\$ 35,675,994</b>

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

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

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Utility fees.* Amounts received from charges for current services.

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

*E. Disbursements*

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

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

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

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

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

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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Utility operating expenses.* Amounts disbursed for operating the utilities.

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

**F. Interfund Transfers**

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

CITY OF 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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

CITY OF 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.

*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.

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy*

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

*E. Additional Pension Plan*

The City also contributes to an additional pension plan unique to the City. Information regarding this plan may be obtained from the City.

**Note 7. Cash Balance Deficits**

The financial statement contains nine funds with deficits in cash totaling \$15,687,703 at December 31, 2016. Of this total, two funds totaling \$166,008 are reimbursable-type grant funds for which reimbursement of expenditures made by the City was not received by December 31, 2016. The remaining seven funds are a result of expenditures exceeding receipts in the current year or past years.

**Note 8. Subsequent Events**

*Redevelopment Cash Accounts*

Historically, the Redevelopment bank accounts of the City have been part of the General Cash Pool. The General Assembly enacted House Bill 1290, which effectively forces the segregation of all Redevelopment Cash in the cash pool. The City began segregating the cash in 2017. Since redevelopment funds are a significant part of the cash pool, the Common Council approved a \$5 million temporary loan from Redevelopment cash on February 28, 2017. The loan was repaid on June 28, 2018. The Common Council approved a \$2 million temporary loan from Redevelopment cash on June 7, 2018. The loan is scheduled to be repaid no later than December 31, 2018. The loans are to cover short falls in the operating cash pool.

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*ICON Project - Taxable Economic Development Bonds, Series 2017*

The City issued \$8,115,000 of Taxable Economic Development Revenue Bonds, Series 2017, in March of 2017. The purpose of the issuance was to induce Renaissance, LLC to finance construction of road and street infrastructure, the rehabilitation of the ICON Building into residential apartments, and on-site parking facilities for residents. The City created a TIF District (ICON TIF) from which Tax Increment will be captured to be used to pay debt service on the bonds. Renaissance, LLC is the purchaser of the bonds at a 1.0 percent rate.

Beginning January 1, 2017, assessment for taxes payable in 2018 were initiated. To the extent that the TIF Revenues plus any balance in the Bond Fund, created under the Trust Indenture, is less than the debt service due on the bonds; Renaissance, LLC will pay the Bond Trustee the difference between the Debt Service and Available Funds. The City's only obligation is to remit the amount of the TIF Collections received from the ICON TIF, each June and December, to the Bond Trustee.

*Deficit Reduction Plan*

The City presented a deficit reduction plan to representatives from the Indiana Department of Local Government Finance (DLGF) and the Indiana State Board of Accounts. The deficit reduction plan addressed strategies to reduce the budget deficits and negative fund balances in the General fund, Parks & Recreation fund, Police Pension fund, and Transit fund. The plan was accepted by the DLGF and was executed in fiscal year 2017. As a result of the reduction plan, the City was able to exceed the plan goals by the end of 2017.

*Tax Anticipation Warrants*

The City obtained Tax Anticipation Warrants of \$4,000,000 on March 24, 2017, which was repaid on December 29, 2017. The City also obtained Tax Anticipation Warrants of \$4,000,000 on February 16, 2018, which is due to be repaid no later than December 31, 2018. The warrants are an annual instrument that funds cash flow shortfalls because of the property tax distribution schedule and the effect of property tax caps on cash reserves.

*2018 Sanitary District Bond Issue*

The City, through its Sanitary District, has authorized not to exceed \$20,000,000 of Sanitary District Revenue Bonds for purposes of financing the design, planning, and a portion of the construction costs for its Phase II Long Term Control Plan Projects. However, the City anticipates only issuing \$5,063,000 of the authorized amount through the Indiana Finance Authority SRF Program as reflected in its Due Diligence submission to the SRF Program filed with the Indiana Finance Authority on July 3, 2018. The City, through its Sanitary District, anticipates financing the remaining costs of the Phase II Long Term Control Plan Projects through a special taxing district bond issue of the Sanitary District in the estimated amount of \$69,499,000 in the fourth quarter of 2018. The issuance of those bonds will be subject to prior approval of the Common Council of the City.

#### OTHER INFORMATION - UNAUDITED

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

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

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

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	EMS NON-REVERTING	TRANSIT	CDBG
Cash and investments - beginning	\$ (8,987,257)	\$ 441,324	\$ 437,527	\$ (1,377)	\$ (265,201)	\$ 125
Receipts:						
Taxes	17,187,424	400,072	-	-	454,627	-
Licenses and permits	556,474	6,590	-	-	-	-
Intergovernmental receipts	12,766,326	2,850,033	484,665	-	2,190,686	1,687,949
Charges for services	1,232,000	-	-	3,016,588	435,258	-
Fines and forfeits	161,443	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,844,104	32,270	-	3,855	124,136	18,678
Total receipts	35,747,771	3,288,965	484,665	3,020,443	3,204,707	1,706,627
Disbursements:						
Personal services	26,618,124	2,302,415	-	463,609	2,050,790	377,622
Supplies	390,520	253,243	111,048	239,890	217,154	2,200
Other services and charges	4,125,842	439,059	165,153	343,140	153,897	1,320,978
Debt service - principal and interest	3,648,917	-	-	789,404	-	-
Capital outlay	46,865	75,779	-	-	38,535	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	95,499	-	-
Total disbursements	34,830,268	3,070,496	276,201	1,931,542	2,460,376	1,700,800
Excess (deficiency) of receipts over disbursements	917,503	218,469	208,464	1,088,901	744,331	5,827
Cash and investments - ending	\$ (8,069,754)	\$ 659,793	\$ 645,991	\$ 1,087,524	\$ 479,130	\$ 5,952

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	PARKS & RECREATION	RAINY DAY FUND	CUMULATIVE CAPITAL DEVELOPMENT	CUMULATIVE CAPITAL IMPROVEMENT	POLICE PENSION	FIRE PENSION
Cash and investments - beginning	\$ (300,559)	\$ 350,655	\$ 431,805	\$ 103,079	\$ 29,543	\$ (218,818)
Receipts:						
Taxes	1,792,835	-	510,252	-	-	447,139
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	170,366	861	48,487	154,924	2,288,896	2,245,330
Charges for services	230,878	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	106,194	-	-	-	-	245,000
Total receipts	2,300,273	861	558,739	154,924	2,288,896	2,937,469
Disbursements:						
Personal services	1,673,341	-	-	-	2,533,784	2,528,746
Supplies	120,079	-	-	-	-	-
Other services and charges	332,679	-	350,000	132,431	8,153	704
Debt service - principal and interest	51,492	-	-	-	-	-
Capital outlay	46,509	-	195,050	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	36,000	12,000
Total disbursements	2,224,100	-	545,050	132,431	2,577,937	2,541,450
Excess (deficiency) of receipts over disbursements	76,173	861	13,689	22,493	(289,041)	396,019
Cash and investments - ending	\$ (224,386)	\$ 351,516	\$ 445,494	\$ 125,572	\$ (259,498)	\$ 177,201

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	LTCP Project CSO Phase I	Construction Phase II for SRF 2012	Bond & Interest Phase 2 Srf-2 Sera	Parks Donations	Clerk of the Circuit Court	Jadcore TIF Allocation
Cash and investments - beginning	\$ 12,536,525	\$ 5,032,820	\$ 1,406,716	\$ 59,317	\$ 131,597	\$ 144,289
Receipts:						
Taxes	-	-	-	-	-	197,881
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	55,920	-	-
Fines and forfeits	-	-	-	-	1,136,074	-
Utility fees	-	-	-	-	-	-
Other receipts	14,526	7,757	7,810,121	50	-	32
Total receipts	14,526	7,757	7,810,121	55,970	1,136,074	197,913
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	40,803	-	-
Other services and charges	4,943	-	-	60,882	-	94,561
Debt service - principal and interest	-	-	5,395,539	-	-	-
Capital outlay	11,320,025	792,030	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,134,506	150,284
Total disbursements	11,324,968	792,030	5,395,539	101,685	1,134,506	244,845
Excess (deficiency) of receipts over disbursements	(11,310,442)	(784,273)	2,414,582	(45,715)	1,568	(46,932)
Cash and investments - ending	\$ 1,226,083	\$ 4,248,547	\$ 3,821,298	\$ 13,602	\$ 133,165	\$ 97,357

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	SR46 BOND & INTEREST FUND	SR46 DEBT SERVICE RESERVE	Parks Project Fundf	Debt Service Reserve	FIRE SAFER	DRUG EDUCATION AND TRAINING
Cash and investments - beginning	\$ 292,162	\$ 659,400	\$ 373,769	\$ 4,870,516	\$ (465,281)	\$ 3,120
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	1,021,963	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	2,280
Utility fees	-	-	-	-	-	-
Other receipts	595,252	3	-	1,638,307	-	-
Total receipts	595,252	3	-	1,638,307	1,021,963	2,280
Disbursements:						
Personal services	-	-	-	-	537,641	-
Supplies	-	-	-	-	-	-
Other services and charges	50	-	16,748	-	-	2
Debt service - principal and interest	595,250	-	-	-	-	-
Capital outlay	-	-	27,962	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	595,300	-	44,710	-	537,641	2
Excess (deficiency) of receipts over disbursements	(48)	3	(44,710)	1,638,307	484,322	2,278
Cash and investments - ending	\$ 292,114	\$ 659,403	\$ 329,059	\$ 6,508,823	\$ 19,041	\$ 5,398

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	New Margaret Ave East Meijer	Historic District	Blight Elimination Program	Cemetery Donations	2005 Revenue Bond Refinanced	2015 Revenue Bond SER A (Police)
Cash and investments - beginning	\$ 102	\$ (2,115)	\$ (5,999)	\$ 585	\$ 231,186	\$ 62,781
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	2,115	-	-	1,850,000	6
Total receipts	-	2,115	-	-	1,850,000	6
Disbursements:						
Personal services	-	-	9,962	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	102	-	55,746	-	-	44,622
Debt service - principal and interest	-	-	-	-	1,849,249	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	102	-	65,708	-	1,849,249	44,622
Excess (deficiency) of receipts over disbursements	(102)	2,115	(65,708)	-	751	(44,616)
Cash and investments - ending	\$ -	\$ -	\$ (71,707)	\$ 585	\$ 231,937	\$ 18,165

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	2015 Bond & Int Ser A (Police)	2015 DSR (Police)	Emergency Solutions Grant	LOIT SPECIAL DISTRIBUTION	THPD VEST GRANT	JAG 2015 (2015-DJ-BX-0776)
Cash and investments - beginning	\$ -	\$ 72,353	\$ 1,279	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,711,351	36,637	3,500
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	77,491	12	-	-	-	-
Total receipts	77,491	12	-	1,711,351	36,637	3,500
Disbursements:						
Personal services	-	-	17	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	77,491	-	-	-	-	-
Capital outlay	-	-	-	-	36,637	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	427,838	-	3,500
Total disbursements	77,491	-	17	427,838	36,637	3,500
Excess (deficiency) of receipts over disbursements	-	12	(17)	1,283,513	-	-
Cash and investments - ending	\$ -	\$ 72,365	\$ 1,262	\$ 1,283,513	\$ -	\$ -

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	CEMETERY	ABANDONED VEHICLE FEE NON-REVE	TH POLICE CONT EDUCATION	TH CLERKS RECORD PERPETUATION	THFD CONTRACTUAL SERV N/R	TH POLICE NON-REVERTING
Cash and investments - beginning	\$ (167,393)	\$ 29,346	\$ 153,491	\$ 33,101	\$ 724	\$ 6,865
Receipts:						
Taxes	452,488	-	-	-	-	-
Licenses and permits	-	-	33,840	-	-	-
Intergovernmental receipts	42,998	-	-	-	-	-
Charges for services	112,234	-	-	27,257	236,674	-
Fines and forfeits	-	14,000	104,586	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	121,623	1,600	43,645	-	32,487	2,832
Total receipts	729,343	15,600	182,071	27,257	269,161	2,832
Disbursements:						
Personal services	452,316	-	-	-	50,911	-
Supplies	16,195	-	23,780	-	2,256	-
Other services and charges	31,144	-	58,801	6,589	42,256	-
Debt service - principal and interest	5,639	-	-	-	-	-
Capital outlay	3,857	-	60,149	-	70,388	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	13,969	-	-	-
Total disbursements	509,151	-	156,699	6,589	165,811	-
Excess (deficiency) of receipts over disbursements	220,192	15,600	25,372	20,668	103,350	2,832
Cash and investments - ending	\$ 52,799	\$ 44,946	\$ 178,863	\$ 53,769	\$ 104,074	\$ 9,697

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	TH POLICE CRIME CONTROL	TH POLICE STAYING RIGHT	TH POLICE CEREMONIAL UNIT	TH POLICE OPERATION PULLOVER	ELE MAP GENERATION N/R	HULMAN LINKS NON-REVERTING
Cash and investments - beginning	\$ 3,795	\$ 1,049	\$ 138,950	\$ (51,021)	\$ 1,482	\$ (3,496,475)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	42,351	-	-
Charges for services	-	-	-	-	-	497,381
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	10,000	13,105	366	-	-	-
Total receipts	10,000	13,105	366	42,351	-	497,381
Disbursements:						
Personal services	-	-	-	85,631	-	441,067
Supplies	3,524	-	-	-	-	193,725
Other services and charges	6,092	11,413	6,763	-	-	73,762
Debt service - principal and interest	-	-	-	-	-	131,367
Capital outlay	-	-	-	-	-	2,863
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	9,616	11,413	6,763	85,631	-	842,784
Excess (deficiency) of receipts over disbursements	384	1,692	(6,397)	(43,280)	-	(345,403)
Cash and investments - ending	\$ 4,179	\$ 2,741	\$ 132,553	\$ (94,301)	\$ 1,482	\$ (3,841,878)

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	REA PARK NON-REVERTING	ANIMAL CARE N/R	ENGINEERING NON-REVERTING	NON FEDERAL INCOME	HOME PROGRAM	SANITARY DISTRICT GENERAL
Cash and investments - beginning	\$ (893,481)	\$ 14,444	\$ 290,991	\$ 198,040	\$ 29,622	\$ 836,281
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	2,195	24,676	-	-	-
Intergovernmental receipts	-	-	-	-	223,481	-
Charges for services	413,806	-	944,006	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	443,386	268,288	-
Total receipts	413,806	2,195	968,682	443,386	491,769	-
Disbursements:						
Personal services	341,419	-	589,985	19,148	49,187	25,883
Supplies	94,583	-	-	-	-	-
Other services and charges	44,152	1,349	5,605	359,599	222,058	284,621
Debt service - principal and interest	119,888	-	-	-	-	-
Capital outlay	4,999	-	19,031	-	-	242,800
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	605,041	1,349	614,621	378,747	271,245	553,304
Excess (deficiency) of receipts over disbursements	(191,235)	846	354,061	64,639	220,524	(553,304)
Cash and investments - ending	\$ (1,084,716)	\$ 15,290	\$ 645,052	\$ 262,679	\$ 250,146	\$ 282,977

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	THPD FEDERAL EQUITABLE SHARING	SANITARY DISTRICT BOND	ECON DEV INCOME TAX	FT HARRISON BUSINESS PK TIF#8	FT HARRISON BOND & INTEREST	JADCORE TIF #9
Cash and investments - beginning	\$ 12,520	\$ (303,593)	\$ 1,922,757	\$ 13	\$ -	\$ 1
Receipts:						
Taxes	-	6,522,115	-	117,496	18,787	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,158	606,031	4,689,711	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	11	3,003,821	2,339,046	92	-	197,799
Total receipts	4,169	10,131,967	7,028,757	117,588	18,787	197,799
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	2,370,522	5,675	-	-
Debt service - principal and interest	-	7,625,600	-	-	-	197,800
Capital outlay	-	-	2,381,343	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,500	-	-	-	18,787	-
Total disbursements	3,500	7,625,600	4,751,865	5,675	18,787	197,800
Excess (deficiency) of receipts over disbursements	669	2,506,367	2,276,892	111,913	-	(1)
Cash and investments - ending	\$ 13,189	\$ 2,202,774	\$ 4,199,649	\$ 111,926	\$ -	\$ -

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	REDEVELOPMENT ST RD 46 TIF#10	CANDLEWOOD BOND P & I	ST RD 46 BAN	SANITARY DISTRICT PROJECT 19	Cherry Street Bond Series A	Cherry Street SeriesA DSR
Cash and investments - beginning	\$ 2,358,472	\$ 1,019	\$ 326,533	\$ 2,219	\$ 23,966	\$ 120,559
Receipts:						
Taxes	1,280,989	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	79,151	169,650	29	-	113,238	12
Total receipts	1,360,140	169,650	29	-	113,238	12
Disbursements:						
Personal services	28,045	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	155,745	-	-	-	-	-
Debt service - principal and interest	-	169,650	-	-	113,234	-
Capital outlay	-	-	16,000	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	595,250	-	-	-	-	-
Total disbursements	779,040	169,650	16,000	-	113,234	-
Excess (deficiency) of receipts over disbursements	581,100	-	(15,971)	-	4	12
Cash and investments - ending	\$ 2,939,572	\$ 1,019	\$ 310,562	\$ 2,219	\$ 23,970	\$ 120,571

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	WTHI Construction	WTHI Bond and INterst	CENTRAL BUSINESS DISTRICT TIF	THFD NON-REVERTING EQUIPMENT	HAZARDOUS MATER COST RECOVERY	FIRE TRAINING ACADEMY NON-REVE
Cash and investments - beginning	\$ 2	\$ -	\$ 4,400,066	\$ 13,094	\$ 20,849	\$ 13,390
Receipts:						
Taxes	-	-	1,580,055	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	2,406
Utility fees	-	-	-	-	-	-
Other receipts	-	75,000	161	-	5,848	103,701
Total receipts	-	75,000	1,580,216	-	5,848	106,107
Disbursements:						
Personal services	-	-	23,516	-	-	-
Supplies	-	-	-	-	8,264	87
Other services and charges	-	-	323,005	-	1,143	16,618
Debt service - principal and interest	-	75,000	-	-	-	57,558
Capital outlay	-	-	-	-	413	745
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	430,597	-	-	-
Total disbursements	-	75,000	777,118	-	9,820	75,008
Excess (deficiency) of receipts over disbursements	-	-	803,098	-	(3,972)	31,099
Cash and investments - ending	\$ 2	\$ -	\$ 5,203,164	\$ 13,094	\$ 16,877	\$ 44,489

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	TH POLICE DONATIONS/AUCTION	GROUP HEALTH - NON REVERTING	SPENCER BALL PARK	LEVI MUSIC TRUST	BRITTLEBANK TRUST	CEMETERY TRUST
Cash and investments - beginning	\$ 16,873	\$ 1,043,221	\$ 35,988	\$ 13,954	\$ 513	\$ 403,710
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	19,302	8,278,460	164	863	-	1,749
Total receipts	19,302	8,278,460	164	863	-	1,749
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	12,613	10,023,532	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	3,990	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	1,166
Total disbursements	16,603	10,023,532	-	-	-	1,166
Excess (deficiency) of receipts over disbursements	2,699	(1,745,072)	164	863	-	583
Cash and investments - ending	\$ 19,572	\$ (701,851)	\$ 36,152	\$ 14,817	\$ 513	\$ 404,293

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	BRETT LONG MEMORIAL	K-9 DONATIONS	Bond and Interest Phase 2 SER B	Revenue Bond 2005 Trust	VIGO COUNTY BAN 2016	WASTE & REFUSE COLLECTION
Cash and investments - beginning	\$ 14,697	\$ 3,838	\$ 32,530	\$ 3,811	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	920,853
Other receipts	-	1,013	78,060	-	6,066,975	-
Total receipts	-	1,013	78,060	-	6,066,975	920,853
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	2,889	-	-	-	-
Debt service - principal and interest	-	-	78,054	-	66,975	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	873,927
Other disbursements	-	-	-	3,811	6,000,000	-
Total disbursements	-	2,889	78,054	3,811	6,066,975	873,927
Excess (deficiency) of receipts over disbursements	-	(1,876)	6	(3,811)	-	46,926
Cash and investments - ending	\$ 14,697	\$ 1,962	\$ 32,536	\$ -	\$ -	\$ 46,926

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	WWU-CAPITAL IMPROVEMENT	SRF BOND AND INTEREST	SRF BOND AND DSR	WASTEWATER TREATMENT PLANT	WWU-CONST CSO/LTCP PHASE I	Totals
Cash and investments - beginning	\$ (4,230,666)	\$ 563,127	\$ 2,941,123	\$ 7,517,815	\$ 205,976	\$ 32,034,156
Receipts:						
Taxes	-	-	-	-	-	30,962,160
Licenses and permits	-	-	-	-	-	623,775
Intergovernmental receipts	-	-	-	-	-	33,270,704
Charges for services	-	-	-	-	-	7,202,002
Fines and forfeits	-	-	-	-	-	1,420,789
Utility fees	-	-	-	28,134,697	-	29,055,550
Other receipts	5,000,000	944,376	47,181	-	-	43,832,943
Total receipts	5,000,000	944,376	47,181	28,134,697	-	146,367,923
Disbursements:						
Personal services	-	-	-	3,168,184	-	44,371,343
Supplies	-	-	-	-	-	1,717,351
Other services and charges	-	-	-	391,910	-	22,107,548
Debt service - principal and interest	-	943,896	-	-	-	21,992,003
Capital outlay	108,946	-	-	283,331	-	15,778,247
Utility operating expenses	-	-	-	7,542,137	-	8,416,064
Other disbursements	2,000,000	-	-	17,416,822	-	28,343,529
Total disbursements	2,108,946	943,896	-	28,802,384	-	142,726,085
Excess (deficiency) of receipts over disbursements	2,891,054	480	47,181	(667,687)	-	3,641,838
Cash and investments - ending	\$ (1,339,612)	\$ 563,607	\$ 2,988,304	\$ 6,850,128	\$ 205,976	\$ 35,675,994

CITY OF TERRE HAUTE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 336,170	\$ 4,366,916
Governmental activities	<u>1,517,304</u>	<u>2,717,018</u>
Totals	<u>\$ 1,853,474</u>	<u>\$ 7,083,934</u>

CITY OF TERRE HAUTE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Community First National Bank	Lease #43 Two Smeal Pumper Trucks	\$ 170,162	01/15/14	01/15/19
Community First National Bank	Lease #45 100 Scott SCBAs	109,125	01/11/16	04/15/22
Community First National Bank	Lease #46 2 Dump Truck	63,996	05/09/16	03/01/21
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
PNC Equipment Finance LLC	Lease #41 Rea Park Turf Equipment	40,292	04/12/13	06/01/17
PNC Equipment Finance LLC	Lease #40 Hulman Links Turf Equipment	42,967	04/12/13	06/30/17
Wells Fargo Equipment Finance Inc	Lease #39 2 Smeal Pumper Trucks	<u>169,913</u>	09/11/12	08/11/17
Total governmental activities		<u>659,652</u>		
Total of annual lease payments		<u>\$ 659,652</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Sanitary District Bond of 2012	\$ 17,970,000	\$ 7,624,700
Revenue bonds	Taxable Economic Development Bonds of 2003	285,000	204,200
Revenue bonds	Taxable Economic Development Bonds of 2007	740,000	166,588
Revenue bonds	Taxable Economic Development Revenue Bonds of 2011	415,000	75,000
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015	1,214,000	50,731
Revenue bonds	Taxable Increment Revenue Bond of 2013	7,745,000	614,200
Revenue bonds	Taxable Increment Revenue Bonds of 2011 Series A	1,050,000	116,519
Revenue bonds	Taxable Increment Revenue Bonds of 2015 Series A	895,000	77,923
Notes and loans payable	EMS Ladder Truck 2013 28-3882	433,154	114,835
Notes and loans payable	EMS Pumper 2013 28-3611	169,913	84,963
Notes and loans payable	MVH 3 VAC TRUCKS	179,376	48,835
Notes and loans payable	MVH Boom Mower	116,255	30,895
Notes and loans payable	Six Buses	<u>329,094</u>	<u>115,259</u>
Total governmental activities		<u>31,541,792</u>	<u>9,324,648</u>
Wastewater:			
Revenue bonds	Sanitary District Refunding Revenue Bond Series 2015	19,680,000	1,845,538
Notes and loans payable	2011 SRF	11,745,000	944,719
Notes and loans payable	2012 SRF Series A	136,958,000	7,809,826
Notes and loans payable	2012 SRF Series B	1,287,891	78,054
Notes and loans payable	Taxable Sainitary District Bond Anticipation Notes Series 2016	<u>6,000,000</u>	<u>171,000</u>
Total Wastewater		<u>175,670,891</u>	<u>10,849,137</u>
Totals		<u>\$ 207,212,683</u>	<u>\$ 20,173,785</u>

CITY OF TERRE HAUTE  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2016

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	\$ 14,961,490
Buildings	7,956,144
Improvements other than buildings	106,249,036
Machinery, equipment, and vehicles	22,183,837
Construction in progress	<u>1,463,087</u>
Total governmental activities	<u>152,813,594</u>
Wastewater:	
Land	2,388,741
Buildings	2,645,107
Improvements other than buildings	216,254,445
Machinery, equipment, and vehicles	6,922,582
Construction in progress	<u>12,354,913</u>
Total Wastewater	<u>240,565,788</u>
Total capital assets	<u>\$ 393,379,382</u>

(This page intentionally left blank.)

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

Telephone: (317) 232-2513  
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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***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, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

August 9, 2018

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF TERRE HAUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
CDBG - Entitlement Grants Cluster					
Community Development Block Grants/Entitlement Grants	Direct Grant	14.218			
			B-15-MC-18-0012	\$ -	\$ 1,294,475
			B-16-MC-18-0012	-	393,474
Total - CDBG - Entitlement Grants Cluster				-	1,687,949
Home Investment Partnerships Program					
Home Investment Partnerships Program	Direct Grant	14.239			
			M-14-MC-18-2011	-	49,404
			M-15-MC-18-0211	-	155,586
			M-16-MC-18-0211	-	18,491
Total - Home Investment Partnerships Program				-	223,481
Total - Department of Housing and Urban Development				-	1,911,430
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738	2015-DJ-BX-0776	3,500	3,500
Crime Victim Compensation	Indiana Criminal Justice Institute	16.576	3215VCGX005403	-	574
Bulletproof Vest Partnership Program	Direct Grant	16.607	BUBX15078984	-	36,637
Equitable Sharing Program	Direct Grant	16.922	IN0840100	-	658
Total - Department of Justice				3,500	41,369
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction					
Margaret Avenue 7th Street to 14th Street	Indiana Department of Transportation	20.205	DES 0810340	-	161,118
Traffic Signal Backing Plates			DES 1297567	-	290
Traffic Signal Modernization			DES 1297568	-	2,459
Margaret Avenue 14th Street to 25th Street			DES 1298689	-	1,556,876
Total - Highway Planning and Construction Cluster				-	1,720,743

CITY OF TERRE HAUTE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Federal Transit Cluster					
Federal Transit_Formula Grants	Direct Grant	20.507			
Operating			IN-90-X678-00	-	522,561
Capital			IN-90-X678-00	-	194,712
Operating			IN-2016-004-00	-	834,453
Capital			IN-2016-004-00	-	66,778
Total - Federal Transit Cluster				-	1,618,504
Highway Safety Cluster					
State and Community Highway Safety Operation Pull Over	Vigo County	20.600	9204020IN16	-	42,351
Total - Highway Safety Cluster				-	42,351
Rail Line Relocation and Improvement Railroad ITS Grant	Direct Grant	20.320	FR-LRI-0063-14-01-00	-	475,000
Total - Department of Transportation				-	3,856,598
<u>Department of Education</u>					
Rehabilitation Services_Vocational Rehabilitation Grants to States	Indiana Department of Education	84.126	497FDVRB100_F16	-	765
Total - Rehabilitation Services_Vocational Rehabilitation Grants to States				-	765
Total - Department of Education				-	765
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER) Fire Safer Grant	Direct Grant	97.083	EMW-2013-FH-00736	-	1,021,963
Total - Department of Homeland Security				-	1,021,963
Total federal awards expended				\$ 3,500	\$ 6,832,125

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

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

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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
97.083	Highway Planning and Construction Cluster Staffing for Adequate Fire and Emergency Response (SAFER)	Unmodified Unmodified

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

*Condition*

There were deficiencies in the internal control system of the City related to financial transactions and reporting. The City prepared and submitted its financial information online through the Indiana Gateway for Government Units (Gateway) financial reporting system. The financial statement was compiled from the Annual Financial Report information provided on the Gateway system. The City did not have adequate controls in place to ensure the financial information reported was accurate.

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

*Context*

The lack of controls was a systemic problem.

*Criteria*

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

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

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

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

*Cause*

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

*Effect*

The failure to establish controls could have enabled misstatements or irregularities in the financial statement to remain undetected.

*Recommendation*

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

*Views of Responsible Officials*

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

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

No matters are reportable.

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were prepared 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: 812.232.9611  
Fax: 812.232.7339  
www.terrehaute.IN.gov

**LESLIE ELLIS**  
City Controller

**FINDING 2015-001**

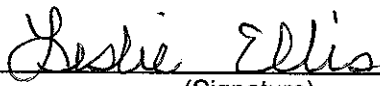
Fiscal year in which the finding initially occurred: 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action: Leslie Ellis Controller  
Contact Phone Number: 812-244-2359

Status of Audit Finding:  
RE: Internal Controls Over Financial Transactions and Reporting

Year end adjustments have been made to the Annual Financial Report (AFR) in the State's Gateway financial reporting website after the March 1<sup>st</sup> deadline as a result of understaffing in the Controller's office. We currently are rushed to meet all year end reporting deadlines and additional information arises after the deadline has passed. The report is then opened in Gateway and adjustments are made to correspond with the new information.

We plan to increase the staff in the Controller's office to provide sufficient time for more review of reports before being submitted.

Anticipated Completion Date: January 2019

  
\_\_\_\_\_  
(Signature)

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

**8/3/18**  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

CORRECTIVE ACTION PLAN

**FINDING 2016-001**

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

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

City Hall  
17 Harding Avenue  
Terre Haute, IN 47807  
Phone: 812.232.9611  
Fax: 812.232.7339  
www.terrehaute.IN.gov

The Controller's office reconciles year end information and prepares many State, Federal, and internal reports. All financial information is balanced and then entered into the State's Gateway website. There have been keying errors and other information that was discovered after the Annual Financial Report (AFR) was submitted. This has caused erroneous data entry into Gateway. We reopened the system and corrected all information. We concur with the finding regarding internal controls for the AFR reporting process.

**LESLIE ELLIS**  
City Controller

Description of Corrective Action Plan:

The Controller's office is understaffed at this time therefore many year end duties, including the AFR, are rushed to be completed by the due dates. We would like to hire two new employees in the Controller's office to help with the work flow. This will allow for better review of documents and information in reporting functions. The City Council has final approval of hiring through Salary Ordinances and budget appropriations. If the new positions are approved then we will be able to make our reporting deadlines with more accurate information.

Anticipated Completion Date: January 2019

  
\_\_\_\_\_  
Signature

\_\_\_\_\_  
Controller

\_\_\_\_\_  
August 3, 2018

## OTHER REPORTS

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