

**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, 2017 to December 31, 2017



**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
Notes to Schedule of Expenditures of Federal Awards .....	45
Schedule of Findings and Questioned Costs .....	46-47
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	01-01-17 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	01-01-17 to 12-31-18
President of the Common Council	Karrum J. Nasser Curtis DeBaun, IV	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Wastewater Utility Director	Christopher M. Thompson (Vacant) Debra Padgett	01-01-17 to 08-03-17 08-04-17 to 08-14-17 08-15-17 to 12-31-18



## 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, 2017, 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, 2017.

***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, 2017, 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.

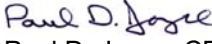
*Other Information*

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, 2017, 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 2017-001, 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**

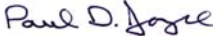
As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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, 2017

Fund	Cash and Investments		Cash and Investments	
	01-01-17	Receipts	Disbursements	12-31-17
GENERAL	\$ (8,069,753)	\$ 41,468,656	\$ 32,179,775	\$ 1,219,128
MOTOR VEHICLE HIGHWAY	659,792	3,394,411	3,375,754	678,449
LOCAL ROAD & STREET	645,991	617,986	402,609	861,368
EMS NON-REVERTING	1,087,524	3,241,689	3,483,838	845,375
TRANSIT	479,131	2,540,275	2,682,391	337,015
CDBG	5,952	1,090,631	1,099,840	(3,257)
PARKS & RECREATION	(224,386)	2,553,902	2,220,413	109,103
RAINY DAY FUND	351,515	-	351,515	-
CUMULATIVE CAPITAL DEVELOPMENT	445,494	591,956	715,590	321,860
CUMULATIVE CAPITAL IMPROVEMENT	125,573	147,824	122,986	150,411
POLICE PENSION	(259,498)	2,699,405	2,419,550	20,357
FIRE PENSION	177,201	2,717,417	2,481,587	413,031
LTCP PROJECT CSO PHASE I	1,226,083	2,475	980,050	248,508
CONSTRUCTION PHASE II FOR SRF 2012	4,248,547	28,021	181,891	4,094,677
BOND & INT PHASE II SRF-II SER A	3,821,298	7,834,458	7,809,825	3,845,931
PARKS DONATIONS	13,602	68,982	36,180	46,404
CLERK OF THE CIRCUIT COURT	133,165	1,250,550	1,241,874	141,841
JADCORE TIF ALLOCATION	97,357	161,917	178,552	80,722
SR46 BOND & INTEREST FUND	292,114	614,355	614,200	292,269
SR46 DEBT SERVICE RESERVE	659,403	297	-	659,700
PARKS PROJECT FUND	329,059	-	145,022	184,037
DEBT SERVICE RESERVE	6,508,823	1,692,194	-	8,201,017
FIRE SAFER	19,041	35,608	40,461	14,188
DRUG EDUCATION AND TRAINING	5,398	2,280	7	7,671
NEW MARGARET AVE EAST MEIJER	-	3	3	-
BLIGHT ELIMINATION PROGRAM	(71,706)	110,682	91,026	(52,050)
CEMETERY DONATIONS	585	-	-	585
2005 REVENUE BOND REFINANCED	231,937	1,860,540	923,072	1,169,405
2015 REVENUE BOND SER A (POLICE)	18,166	62	3,268	14,960
2015 BOND & INT SER A (POLICE)	-	77,925	77,923	2
2015 DSR (POLICE)	72,365	284	-	72,649
EMERGENCY SOLUTIONS GRANT	1,262	-	-	1,262
LOIT SPECIAL DISTRIBUTION	1,283,513	-	1,283,513	-
THPD VEST GRANT	-	3,285	3,285	-
Deming Center Bond & Interest	-	50,740	50,731	9
ICON Construction	-	8,115,000	8,115,000	-
ICON Bond & Interest	-	8,115,000	8,115,000	-
Fire Prevention Non-Reverting	-	5,860	-	5,860
JAG 2016 (2016-DF-BX-0518)	-	18,558	18,558	-
FIRE SAFER EMW -2015-FH-00414	-	396,897	555,099	(158,202)
CEMETERY	52,798	636,277	546,303	142,772
ABANDONED VEHICLE FEE NON-REVE	44,946	14,000	-	58,946
TH POLICE CONT EDUCATION	178,865	159,917	264,536	74,246
TH CLERKS RECORD PERPETUATION	53,769	30,646	18,084	66,331
THFD CONTRACTUAL SERV N/R	104,075	227,369	162,661	168,783
TH POLICE NON-REVERTING	9,697	5,094	-	14,791
TH POLICE CRIME CONTROL	4,179	13,448	13,418	4,209
TH POLICE STAYING RIGHT	2,741	7,500	9,914	327
TH POLICE CEREMONIAL UNIT	132,553	404	8,662	124,295

CITY OF TERRE HAUTE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
TH POLICE OPERATION PULLOVER	(94,301)	147,919	100,505	(46,887)
ELE MAP GENERATION N/R	1,482	-	-	1,482
HULMAN LINKS NON-REVERTING	(3,841,877)	493,491	784,254	(4,132,640)
REA PARK NON-REVERTING	(1,084,716)	418,899	581,970	(1,247,787)
ANIMAL CARE N/R	15,290	2,490	968	16,812
ENGINEERING NON-REVERTING	645,053	296,505	654,211	287,347
NON FEDERAL INCOME	262,679	748	27,960	235,467
HOME PROGRAM	250,146	144,995	395,517	(376)
SANITARY DISTRICT GENERAL	282,977	-	282,977	-
THPD FEDERAL EQUITABLE SHARING	13,189	42,977	40,790	15,376
SANITARY DISTRICT BOND	2,202,773	9,046,778	7,626,701	3,622,850
ECON DEV INCOME TAX	4,199,649	4,991,178	6,867,465	2,323,362
FT HARRISON BUSINESS PK TIF#8	111,926	120,427	5,270	227,083
JADCORE TIF #9	-	204,208	204,200	8
REDEVELOPMENT ST RD 46 TIF#10	2,939,572	1,476,347	2,363,319	2,052,600
CANDLEWOOD BOND P & I	1,020	166,598	166,588	1,030
ST RD 46 BAN	310,561	11	310,572	-
SANITARY DISTRICT PROJECT 19	2,219	-	-	2,219
CHERRY STREET BOND SERIES A	23,970	116,631	116,519	24,082
CHERRY STREET SERIES A DSR	120,571	12	-	120,583
WTHI CONSTRUCTION	2	-	2	-
WTHI BOND AND INTEREST	-	75,005	75,000	5
CENTRAL BUSINESS DISTRICT TIF	5,203,164	1,677,223	5,447,439	1,432,948
THFD NON-REVERTING EQUIPMENT	13,094	800	-	13,894
HAZARDOUS MATER COST RECOVERY	16,877	2,576	2,965	16,488
FIRE TRAINING ACADEMY NON-REVE	44,491	114,242	130,448	28,285
TH POLICE DONATIONS/AUCTION	19,572	10,195	5,025	24,742
GROUP HEALTH - NON REVERTING	(701,852)	9,573,991	9,008,148	(136,009)
SPENCER BALL PARK	36,152	108	-	36,260
LEVI MUSIC TRUST	14,817	-	-	14,817
BRITTLEBANK TRUST	513	-	-	513
CEMETERY TRUST	404,293	5,365	3,639	406,019
BRETT LONG MEMORIAL	14,697	-	-	14,697
K-9 DONATIONS	1,962	1,629	944	2,647
BOND & INT PHASE II SER B	32,536	78,060	78,054	32,542
VIGO COUNTY BAN 2016	-	171,000	171,000	-
WASTE & REFUSE COLLECTION	46,926	2,793,806	2,839,566	1,166
WWU-CAPITAL IMPROVEMENT	(1,339,612)	1,343,561	-	3,949
SRF BOND AND INTEREST	563,606	943,944	944,719	562,831
SRF BOND AND DSR	2,988,304	-	-	2,988,304
WASTEWATER TREATMENT PLANT	6,850,128	30,603,797	31,928,116	5,525,809
WWU-CONST CSO/LTCP PHASE I	205,976	-	-	205,976
<b>Totals</b>	<b>\$ 35,676,000</b>	<b>\$ 157,670,296</b>	<b>\$ 154,188,817</b>	<b>\$ 39,157,479</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.

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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, 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.

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*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.

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  
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 eight funds with deficits in cash totaling \$5,777,208 at December 31, 2017. Of this total, five funds totaling \$260,772 are reimbursable-type grant funds for which reimbursement of expenditures made by the City was not received by December 31, 2017. The remaining three 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

CITY OF TERRE HAUTE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

\$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.

*Deficit Reduction Plan*

The City presented a deficit reduction plan to representatives from the Indiana Department of Local Government Finance 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 FY 2017. As a result of the reduction plan, the City of Terre Haute 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 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, 2017

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	EMS NON-REVERTING	TRANSIT	CDBG	PARKS & RECREATION
Cash and investments - beginning	\$ (8,069,753)	\$ 659,792	\$ 645,991	\$ 1,087,524	\$ 479,131	\$ 5,952	\$ (224,386)
Receipts:							
Taxes	21,721,240	376,131	-	-	501,516	-	2,051,810
Licenses and permits	750,450	6,860	-	-	-	-	-
Intergovernmental receipts	8,543,415	3,006,296	617,986	-	1,607,069	1,085,032	191,375
Charges for services	1,150,660	-	-	3,235,764	431,690	-	249,208
Fines and forfeits	175,284	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	9,127,607	5,124	-	5,925	-	5,599	61,509
Total receipts	41,468,656	3,394,411	617,986	3,241,689	2,540,275	1,090,631	2,553,902
Disbursements:							
Personal services	27,249,903	2,416,123	-	1,959,693	2,176,000	315,610	1,793,974
Supplies	116,202	292,038	88,454	299,286	227,429	2,090	154,259
Other services and charges	685,479	509,737	314,155	457,501	130,014	782,140	272,180
Debt service - principal and interest	4,000,000	143,726	-	648,997	114,480	-	-
Capital outlay	128,191	14,130	-	32,509	34,468	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	85,852	-	-	-
Total disbursements	32,179,775	3,375,754	402,609	3,483,838	2,682,391	1,099,840	2,220,413
Excess (deficiency) of receipts over disbursements	9,288,881	18,657	215,377	(242,149)	(142,116)	(9,209)	333,489
Cash and investments - ending	\$ 1,219,128	\$ 678,449	\$ 861,368	\$ 845,375	\$ 337,015	\$ (3,257)	\$ 109,103

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	RAINY DAY FUND	CUMULATIVE CAPITAL DEVELOPMENT	CUMULATIVE CAPITAL IMPROVEMENT	POLICE PENSION	FIRE PENSION	LTCP PROJECT CSO PHASE I	CONSTRUCTION PHASE II FOR SRF 2012
Cash and investments - beginning	\$ 351,515	\$ 445,494	\$ 125,573	\$ (259,498)	\$ 177,201	\$ 1,226,083	\$ 4,248,547
Receipts:							
Taxes	-	516,199	-	90,903	455,597	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	48,146	147,824	2,290,912	2,260,016	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	27,611	-	317,590	1,804	2,475	28,021
Total receipts	-	591,956	147,824	2,699,405	2,717,417	2,475	28,021
Disbursements:							
Personal services	-	-	-	2,418,675	2,480,744	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	480,019	122,986	875	843	500	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	235,571	-	-	-	979,550	181,891
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	351,515	-	-	-	-	-	-
Total disbursements	351,515	715,590	122,986	2,419,550	2,481,587	980,050	181,891
Excess (deficiency) of receipts over disbursements	(351,515)	(123,634)	24,838	279,855	235,830	(977,575)	(153,870)
Cash and investments - ending	\$ -	\$ 321,860	\$ 150,411	\$ 20,357	\$ 413,031	\$ 248,508	\$ 4,094,677

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	BOND & INT PHASE II SRF-II SER A	PARKS DONATIONS	CLERK OF THE CIRCUIT COURT	JADCORE TIF ALLOCATION	SR46 BOND & INTEREST FUND	SR46 DEBT SERVICE RESERVE
Cash and investments - beginning	\$ 3,821,298	\$ 13,602	\$ 133,165	\$ 97,357	\$ 292,114	\$ 659,403
Receipts:						
Taxes	-	-	-	161,297	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	66,943	-	-	-	-
Fines and forfeits	-	-	1,248,011	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	7,834,458	2,039	2,539	620	614,355	297
Total receipts	7,834,458	68,982	1,250,550	161,917	614,355	297
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	36,180	-	500	-	-
Debt service - principal and interest	7,809,825	-	-	-	614,200	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,241,874	178,052	-	-
Total disbursements	7,809,825	36,180	1,241,874	178,552	614,200	-
Excess (deficiency) of receipts over disbursements	24,633	32,802	8,676	(16,635)	155	297
Cash and investments - ending	\$ 3,845,931	\$ 46,404	\$ 141,841	\$ 80,722	\$ 292,269	\$ 659,700

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	PARKS PROJECT FUND	DEBT SERVICE RESERVE	FIRE SAFER	DRUG EDUCATION AND TRAINING	NEW MARGARET AVE EAST MEIJER	BLIGHT ELIMINATION PROGRAM
Cash and investments - beginning	\$ 329,059	\$ 6,508,823	\$ 19,041	\$ 5,398	\$ -	\$ (71,706)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	35,608	-	-	110,682
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	2,280	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,692,194	-	-	3	-
Total receipts	-	1,692,194	35,608	2,280	3	110,682
Disbursements:						
Personal services	-	-	40,461	-	-	10,395
Supplies	-	-	-	-	-	-
Other services and charges	52,345	-	-	7	3	80,631
Debt service - principal and interest	47,507	-	-	-	-	-
Capital outlay	45,170	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	145,022	-	40,461	7	3	91,026
Excess (deficiency) of receipts over disbursements	(145,022)	1,692,194	(4,853)	2,273	-	19,656
Cash and investments - ending	\$ 184,037	\$ 8,201,017	\$ 14,188	\$ 7,671	\$ -	\$ (52,050)

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	CEMETERY DONATIONS	2005 REVENUE BOND REFINANCED	2015 REVENUE BOND SER A (POLICE)	2015 BOND & INT SER A (POLICE)	2015 DSR (POLICE)	EMERGENCY SOLUTIONS GRANT
Cash and investments - beginning	\$ 585	\$ 231,937	\$ 18,166	\$ -	\$ 72,365	\$ 1,262
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,860,540	62	77,925	284	-
Total receipts	-	1,860,540	62	77,925	284	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	923,072	-	77,923	-	-
Capital outlay	-	-	3,268	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	923,072	3,268	77,923	-	-
Excess (deficiency) of receipts over disbursements	-	937,468	(3,206)	2	284	-
Cash and investments - ending	\$ 585	\$ 1,169,405	\$ 14,960	\$ 2	\$ 72,649	\$ 1,262

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	LOIT SPECIAL DISTRIBUTION	THPD VEST GRANT	Deming Center Bond & Interest	ICON Construction	ICON Bond & Interest	Fire Prevention Non-Reverting
Cash and investments - beginning	\$ 1,283,513	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	3,285	-	-	-	-
Charges for services	-	-	-	-	-	5,645
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	50,740	8,115,000	8,115,000	215
Total receipts	-	3,285	50,740	8,115,000	8,115,000	5,860
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	50,731	-	-	-
Capital outlay	1,283,513	3,285	-	8,115,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	8,115,000	-
Total disbursements	1,283,513	3,285	50,731	8,115,000	8,115,000	-
Excess (deficiency) of receipts over disbursements	(1,283,513)	-	9	-	-	5,860
Cash and investments - ending	\$ -	\$ -	\$ 9	\$ -	\$ -	\$ 5,860

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	JAG 2016 (2016-DF-BX-0518)	FIRE SAFER EMW -2015-FH-00414	CEMETERY	ABANDONED VEHICLE FEE NON-REVE	TH POLICE CONT EDUCATION	TH CLERKS RECORD PERPETUATION
Cash and investments - beginning	\$ -	\$ -	\$ 52,798	\$ 44,946	\$ 178,865	\$ 53,769
Receipts:						
Taxes	-	-	464,255	-	-	-
Licenses and permits	-	-	-	-	25,295	-
Intergovernmental receipts	18,558	396,897	43,302	-	-	-
Charges for services	-	-	124,727	-	-	30,646
Fines and forfeits	-	-	-	14,000	134,622	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	3,993	-	-	-
Total receipts	<u>18,558</u>	<u>396,897</u>	<u>636,277</u>	<u>14,000</u>	<u>159,917</u>	<u>30,646</u>
Disbursements:						
Personal services	-	555,099	493,132	-	-	-
Supplies	-	-	19,085	-	26,031	-
Other services and charges	-	-	28,447	-	104,810	15,237
Debt service - principal and interest	-	-	5,639	-	-	-
Capital outlay	15,558	-	-	-	120,839	2,847
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,000	-	-	-	12,856	-
Total disbursements	<u>18,558</u>	<u>555,099</u>	<u>546,303</u>	<u>-</u>	<u>264,536</u>	<u>18,084</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(158,202)</u>	<u>89,974</u>	<u>14,000</u>	<u>(104,619)</u>	<u>12,562</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (158,202)</u>	<u>\$ 142,772</u>	<u>\$ 58,946</u>	<u>\$ 74,246</u>	<u>\$ 66,331</u>

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	THFD CONTRACTUAL SERV N/R	TH POLICE NON-REVERTING	TH POLICE CRIME CONTROL	TH POLICE STAYING RIGHT	TH POLICE CEREMONIAL UNIT	TH POLICE OPERATION PULLOVER
Cash and investments - beginning	\$ 104,075	\$ 9,697	\$ 4,179	\$ 2,741	\$ 132,553	\$ (94,301)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	147,919
Charges for services	187,614	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	39,755	5,094	13,448	7,500	404	-
Total receipts	227,369	5,094	13,448	7,500	404	147,919
Disbursements:						
Personal services	47,061	-	-	-	-	100,505
Supplies	2,105	-	7,438	-	-	-
Other services and charges	14,011	-	5,721	9,914	8,662	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	99,484	-	259	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	162,661	-	13,418	9,914	8,662	100,505
Excess (deficiency) of receipts over disbursements	64,708	5,094	30	(2,414)	(8,258)	47,414
Cash and investments - ending	\$ 168,783	\$ 14,791	\$ 4,209	\$ 327	\$ 124,295	\$ (46,887)

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	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	\$ 1,482	\$ (3,841,877)	\$ (1,084,716)	\$ 15,290	\$ 645,053	\$ 262,679
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	25,067	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	493,491	418,899	-	-	-
Fines and forfeits	-	-	-	2,490	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	271,438	748
Total receipts	-	493,491	418,899	2,490	296,505	748
Disbursements:						
Personal services	-	433,623	351,541	-	647,387	7,965
Supplies	-	190,377	93,509	-	-	-
Other services and charges	-	64,988	56,039	968	2,371	19,495
Debt service - principal and interest	-	87,167	80,090	-	-	-
Capital outlay	-	8,099	791	-	4,453	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	500
Total disbursements	-	784,254	581,970	968	654,211	27,960
Excess (deficiency) of receipts over disbursements	-	(290,763)	(163,071)	1,522	(357,706)	(27,212)
Cash and investments - ending	\$ 1,482	\$ (4,132,640)	\$ (1,247,787)	\$ 16,812	\$ 287,347	\$ 235,467

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	HOME PROGRAM	SANITARY DISTRICT GENERAL	THPD FEDERAL EQUITABLE SHARING	SANITARY DISTRICT BOND	ECON DEV INCOME TAX	FT HARRISON BUSINESS PK TIF#8
Cash and investments - beginning	\$ 250,146	\$ 282,977	\$ 13,189	\$ 2,202,773	\$ 4,199,649	\$ 111,926
Receipts:						
Taxes	-	-	-	6,792,283	4,421,152	120,060
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	144,995	-	-	629,724	84,717	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	42,966	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	11	1,624,771	485,309	367
Total receipts	144,995	-	42,977	9,046,778	4,991,178	120,427
Disbursements:						
Personal services	28,775	239	-	-	-	-
Supplies	-	-	3,406	-	393,633	-
Other services and charges	366,742	-	2,346	2,001	4,216,590	5,270
Debt service - principal and interest	-	-	-	7,624,700	124,000	-
Capital outlay	-	-	35,038	-	2,133,242	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	282,738	-	-	-	-
Total disbursements	395,517	282,977	40,790	7,626,701	6,867,465	5,270
Excess (deficiency) of receipts over disbursements	(250,522)	(282,977)	2,187	1,420,077	(1,876,287)	115,157
Cash and investments - ending	\$ (376)	\$ -	\$ 15,376	\$ 3,622,850	\$ 2,323,362	\$ 227,083

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	JADCORE TIF #9	REDEVELOPMENT ST RD 46 TIF#10	CANDLEWOOD BOND P & I	ST RD 46 BAN	SANITARY DISTRICT PROJECT 19	CHERRY STREET BOND SERIES A
Cash and investments - beginning	\$ -	\$ 2,939,572	\$ 1,020	\$ 310,561	\$ 2,219	\$ 23,970
Receipts:						
Taxes	-	1,475,147	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	204,208	1,200	166,598	11	-	116,631
Total receipts	204,208	1,476,347	166,598	11	-	116,631
Disbursements:						
Personal services	-	12,438	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,236,681	-	-	-	-
Debt service - principal and interest	204,200	-	166,588	-	-	116,519
Capital outlay	-	-	-	310,572	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,114,200	-	-	-	-
Total disbursements	204,200	2,363,319	166,588	310,572	-	116,519
Excess (deficiency) of receipts over disbursements	8	(886,972)	10	(310,561)	-	112
Cash and investments - ending	\$ 8	\$ 2,052,600	\$ 1,030	\$ -	\$ 2,219	\$ 24,082

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	CHERRY STREET SERIES A DSR	WTHI CONSTRUCTION	WTHI BOND AND INTEREST	CENTRAL BUSINESS DISTRICT TIF	THFD NON-REVERTING EQUIPMENT	HAZARDOUS MATER COST RECOVERY
Cash and investments - beginning	\$ 120,571	\$ 2	\$ -	\$ 5,203,164	\$ 13,094	\$ 16,877
Receipts:						
Taxes	-	-	-	1,676,659	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	12	-	75,005	564	800	2,576
Total receipts	12	-	75,005	1,677,223	800	2,576
Disbursements:						
Personal services	-	-	-	8,005	-	-
Supplies	-	-	-	-	-	1,627
Other services and charges	-	2	-	494,879	-	743
Debt service - principal and interest	-	-	75,000	-	-	-
Capital outlay	-	-	-	-	-	595
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	4,944,555	-	-
Total disbursements	-	2	75,000	5,447,439	-	2,965
Excess (deficiency) of receipts over disbursements	12	(2)	5	(3,770,216)	800	(389)
Cash and investments - ending	\$ 120,583	\$ -	\$ 5	\$ 1,432,948	\$ 13,894	\$ 16,488

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	FIRE TRAINING ACADEMY NON-REVE	TH POLICE DONATIONS/AUCTION	GROUP HEALTH - NON REVERTING	SPENCER BALL PARK	LEVI MUSIC TRUST	BRITTLEBANK TRUST
Cash and investments - beginning	\$ 44,491	\$ 19,572	\$ (701,852)	\$ 36,152	\$ 14,817	\$ 513
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	21,907	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	3,351	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	88,984	10,195	9,573,991	108	-	-
Total receipts	114,242	10,195	9,573,991	108	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	3,679	-	-	-	-	-
Other services and charges	68,226	4,893	-	-	-	-
Debt service - principal and interest	57,558	-	-	-	-	-
Capital outlay	985	132	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	9,008,148	-	-	-
Total disbursements	130,448	5,025	9,008,148	-	-	-
Excess (deficiency) of receipts over disbursements	(16,206)	5,170	565,843	108	-	-
Cash and investments - ending	\$ 28,285	\$ 24,742	\$ (136,009)	\$ 36,260	\$ 14,817	\$ 513

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	CEMETERY TRUST	BRETT LONG MEMORIAL	K-9 DONATIONS	BOND & INT PHASE II SER B	VIGO COUNTY BAN 2016	WASTE & REFUSE COLLECTION
Cash and investments - beginning	\$ 404,293	\$ 14,697	\$ 1,962	\$ 32,536	\$ -	\$ 46,926
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	2,793,806
Other receipts	5,365	-	1,629	78,060	171,000	-
Total receipts	5,365	-	1,629	78,060	171,000	2,793,806
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	478	-	-	-
Debt service - principal and interest	-	-	-	78,054	171,000	-
Capital outlay	-	-	466	-	-	-
Utility operating expenses	-	-	-	-	-	2,839,566
Other disbursements	3,639	-	-	-	-	-
Total disbursements	3,639	-	944	78,054	171,000	2,839,566
Excess (deficiency) of receipts over disbursements	1,726	-	685	6	-	(45,760)
Cash and investments - ending	\$ 406,019	\$ 14,697	\$ 2,647	\$ 32,542	\$ -	\$ 1,166

CITY OF TERRE HAUTE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	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	\$ (1,339,612)	\$ 563,606	\$ 2,988,304	\$ 6,850,128	\$ 205,976	\$ 35,676,000
Receipts:						
Taxes	-	-	-	-	-	40,824,249
Licenses and permits	-	-	-	-	-	807,672
Intergovernmental receipts	-	-	-	-	-	21,435,665
Charges for services	-	-	-	-	-	6,395,287
Fines and forfeits	-	-	-	-	-	1,623,004
Utility fees	-	-	-	30,603,797	-	33,397,603
Other receipts	1,343,561	943,944	-	-	-	53,186,816
Total receipts	1,343,561	943,944	-	30,603,797	-	157,670,296
Disbursements:						
Personal services	-	-	-	3,324,479	-	46,871,827
Supplies	-	-	-	-	-	1,920,648
Other services and charges	-	-	-	386,807	-	11,042,416
Debt service - principal and interest	-	944,719	-	-	-	24,165,695
Capital outlay	-	-	-	459,389	-	14,249,295
Utility operating expenses	-	-	-	8,574,674	-	11,414,240
Other disbursements	-	-	-	19,182,767	-	44,524,696
Total disbursements	-	944,719	-	31,928,116	-	154,188,817
Excess (deficiency) of receipts over disbursements	1,343,561	(775)	-	(1,324,319)	-	3,481,479
Cash and investments - ending	\$ 3,949	\$ 562,831	\$ 2,988,304	\$ 5,525,809	\$ 205,976	\$ 39,157,479

CITY OF TERRE HAUTE  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2017

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 131,041	\$ 4,087,313
Governmental activities	<u>1,118,735</u>	<u>899,288</u>
Totals	<u>\$ 1,249,776</u>	<u>\$ 4,986,601</u>

CITY OF TERRE HAUTE  
SCHEDULE OF LEASES AND DEBT  
December 31, 2017

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	1/15/2014	1/15/2019
Community First National Bank	Lease #45 100 Scott SCBAs	109,125	1/11/2016	4/15/2022
Community First National Bank	Lease #46 2 Dump Truck	63,996	5/9/2016	3/1/2021
First Financial Bank	Lease #32 Fire Training Academy	57,558	12/6/2010	12/6/2032
First Financial Bank	Lease #25 Backhoe	5,639	7/1/2009	7/1/2019
PNC Equipment Finance LLC	Lease #47 Toro Z6000 Kohlers 204169000	47,507	4/27/2017	4/27/2019
PNC Equipment Finance LLC	Lease #48 Golf Carts #192798000	44,200	1/1/2016	1/1/2021
PNC Equipment Finance LLC	Lease #49 Golf Carts #192797000	39,798	1/3/2016	1/3/2021
Total governmental activities		537,985		
Total of annual lease payments		\$ 537,985		

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		\$ 10,995,000	\$ 7,623,000
Revenue bonds	Taxable Economic Development Bonds of 2003		100,000	104,000
Revenue bonds	Taxable Economic Development Bonds of 2007		630,000	168,000
Revenue bonds	Taxable Economic Development Revenue Bond Series 2017		8,115,000	110,003
Revenue bonds	Taxable Economic Development Revenue Bonds of 2011		340,000	75,000
Revenue bonds	Taxable Economic Development Revenue Bonds Series 2015		855,000	76,663
Revenue bonds	Taxable Increment Revenue Bond of 2013		7,425,000	627,700
Revenue bonds	Taxable Increment Revenue Bonds of 2011 Series A		975,000	119,966
Revenue bonds	Taxable Increment Revenue Bonds of 2015 Series A		1,192,000	101,695
Notes and loans payable	EMS Ladder Truck 2013 28-3882		328,671	114,835
Notes and loans payable	EMS Pumper 2013 28-3611		82,890	84,963
Notes and loans payable	MVH 3 VAC TRUCKS		136,819	48,835
Notes and loans payable	MVH Boom Mower		88,255	30,895
Notes and loans payable	Six Buses		222,519	115,259
Total governmental activities			31,486,154	9,400,814
Wastewater:				
Revenue bonds	Sanitary District Refunding Revenue Bond Series 2015		19,060,000	1,847,346
Notes and loans payable	2011 SRF		11,133,000	944,040
Notes and loans payable	2012 SRF Series A		132,053,000	7,825,184
Notes and loans payable	2012 SRF Series B		1,209,837	78,054
Notes and loans payable	Note #51 Vactor Model 2115 Plus Truck		305,408	54,755
Notes and loans payable	Taxable Sanitary District Bond Anticipation Notes Series 2016		6,000,000	171,000
Total Wastewater			169,761,245	10,920,379
Totals			\$ 201,247,399	\$ 20,321,193

CITY OF TERRE HAUTE  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2017

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	\$ 15,404,542
Infrastructure	3,477,381
Buildings	7,956,144
Improvements other than buildings	106,252,813
Machinery, equipment, and vehicles	22,943,014
Construction in progress	<u>1,463,087</u>
Total governmental activities	<u>157,496,981</u>
Wastewater:	
Land	2,388,741
Infrastructure	13,516,354
Buildings	2,645,107
Improvements other than buildings	216,254,445
Machinery, equipment, and vehicles	<u>7,381,971</u>
Total Wastewater	<u>242,186,618</u>
Total capital assets	<u><u>\$ 399,683,599</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2017. 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, 2017.

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

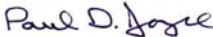
**Report on Internal Control over Compliance**

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, 2017

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			
CDBG Development Block Grant 2015			B-15-MC-18-0012	\$ -	\$ 16,438.00
CDBG Development Block Grant 2016			B-16-MC-18-0012	-	994,781
CDBG Development Block Grant 2017			B-17-MC-18-0012	-	66,476
Total - CDBG - Entitlement Grants Cluster				-	1,077,695
Home Investment Partnerships Program					
Grant 2015	Direct Grant	14.239	M-15-MC-18-0211	-	111,227
Grant 2016			M-16-MC-18-0211	-	32,888
Grant 2017			M-17-MC-18-0211	-	881
Total - Home Investment Partnerships Program				-	144,996
Total - Department of Housing and Urban Development				-	1,222,691
<u>Department of Justice</u>					
Edward Byrne Memorial Justice Assistance Grant Program FY 2016	Direct Grant	16.738	2016-DJ-BX-018	3,000	18,558
Bulletproof Vest Partnership Program Bulletproof Vest	Direct Grant	16.607	2015-BUBX15078984	-	3,285
Equitable Sharing Program Equitable Sharing	Direct Grant	16.922	IN0840100	-	42,966
Total - Department of Justice				3,000	64,809
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction Margaret Avenue 14th Street to 25th Street Lafayette Ave From Fort Harrison Road to Haythorn Ave Phase 2	Indiana Department of Transportation	20.205	DES 1298689 DES 0500975	- -	60,351 5,816
Total - Highway Planning and Construction Cluster				-	66,167
Federal Transit Cluster					
Federal Transit Formula Grants	Direct Grant	20.507			
Terre Haute Transit Operating Grant			IN-2016-004	-	253,179
Terre Haute Transit Capital Grant			IN-2016-004	-	126,733
Terre Haute Transit Capital Grant			IN-2017-005	-	100,680
Terre Haute Transit Operating Grant			IN-2017-005	-	534,725
Terre Haute Transit Capital Grant			IN-2017-022	-	20,243
Total - Federal Transit Cluster				-	1,035,560
Highway Safety Cluster					
State and Community Highway Safety Operation Pullover	Vigo County	20.600	9204020IN16	-	147,919
Total - Highway Safety Cluster				-	147,919
Total - Department of Transportation				-	1,249,646
<u>Department of Homeland Security</u>					
Staffing for Adequate Fire and Emergency Response (SAFER) Fire Safer Grant Fire Safer Grant 2017	Direct Grant	97.083	EMW-2013-FH-00736 EMW-2015-FH-00414	- -	35,607 396,897
Total - Department of Homeland Security				-	432,504
Total federal awards expended				\$ 3,000	\$ 2,969,650

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, 2017. 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 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 weaknesses identified?	yes
Significant deficiencies 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
14.239	CDBG - Entitlement Grants Cluster HOME Investment Partnerships	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 2017-001**

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 2016-001.

*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 issue.

*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.

(This page intentionally left blank.)

#### 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: 812.232.9611  
Fax: 812.232.7339  
www.terrehaute.IN.gov

**LESLIE ELLIS**  
City Controller

**FINDING 2016-001**

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: 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

Leslie Ellis  
(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 2017-001**

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

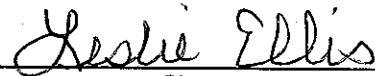
The Controller's office reconciles year end information and prepares many State, Federal, and internal reports. All financial information is balanced and then entered into the State's Gateway website. There have been keying errors and other information that was discovered after the Annual Financial Report (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/>.