

FILED

SEP 10 2015

CITY CLERK

Prescribed by the Department of Local Government Finance
Approved by the State Board of Accounts

Budget Form No. 4 (Rev. 2013)

ORDINANCE OR RESOLUTION FOR APPROPRIATIONS AND TAX RATE

Ordinance Number:

Be it ordained/resolved by the City Council that for the expenses of TERRE HAUTE CIVIL CITY for the year ending December 31, 2015 the sums herein specified are hereby appropriated and ordered set apart out of the several funds herein named and for the purposes herein specified, subject to the laws governing the same. Such sums herein appropriated shall be held to include all expenditures authorized to be made during the year, unless otherwise expressly stipulated and provided for by law. In addition, for the purposes of raising revenue to meet the necessary expenses of TERRE HAUTE CIVIL CITY, the property tax levies and property tax rates as herein specified are included herein. Budget Form 4-B for all funds must be completed and submitted in the manner prescribed by the Department of Local Government Finance.

This ordinance/resolution shall be in full force and effect from and after its passage and approval by the City Council.

Name of Adopting Entity / Fiscal Body	Type of Adopting Entity / Fiscal Body	Date of Adoption
City Council	Common Council and Mayor	10/09/2014

DEGF Reviewed Funds				
Fund Code	Fund Name	Adopted Budget	Adopted Tax Levy	Adopted Tax Rate
0101	GENERAL	\$34,493,638	\$29,461,850	1.8482
0341	FIRE PENSION	\$2,672,916	\$600,000	0.0376
0342	POLICE PENSION	\$3,002,116	\$0	0.0000
0706	LOCAL ROAD & STREET	\$585,000	\$0	0.0000
0708	MOTOR VEHICLE HIGHWAY	\$4,327,513	\$535,200	0.0336
1301	PARK & RECREATION	\$2,756,959	\$2,757,000	0.1729
1310	PARK NONREVERTING - CAPITAL	\$200,000	\$0	0.0000
2120	CEMETERY	\$644,868	\$750,000	0.0470
2379	CUMULATIVE CAPITAL IMP (CIG TAX)	\$155,000	\$0	0.0000
2391	CUMULATIVE CAPITAL DEVELOPMENT	\$1,705,000	\$1,000,000	0.0627
2411	ECONOMIC DEV INCOME TAX CEDIT	\$6,230,000	\$0	0.0000
6301	TRANSPORTATION	\$3,051,541	\$1,000,000	0.0627
		\$59,824,551	\$36,104,050	2.2647

Home Ruled Funds (No Review by DEGF)		
Fund Code	Fund Name	Adopted Budget
9500	Rea Park	\$679,356
9501	Engineering Non-Reverting	\$1,173,731
9511	Fire Training Academy Non-Reverting	\$94,858
9528	Hulman Links	\$885,504
9562	WASTEWATER TREATMENT	\$23,024,182
9563	WASTEWATER CAPITAL	\$0
9570	EMS	\$1,805,192
9571	Fire Non-Reverting	\$166,270
9579	HAZ-MAT	\$12,300
		\$27,841,393

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Name		Signature
Robert All	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	Robert All
Amy Auler	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	Amy Auler
George Azar	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	George Azar
James Chalosi	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	James Chalosi
Neil Garrison	Aye <input type="checkbox"/> Nay <input checked="" type="checkbox"/> Abstain <input type="checkbox"/>	Neil Garrison
Norman Loudemilk	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	Norman Loudemilk
Don Morris	Aye <input checked="" type="checkbox"/> Nay <input type="checkbox"/> Abstain <input type="checkbox"/>	Don Morris
John Mullican	Aye <input type="checkbox"/> Nay <input checked="" type="checkbox"/> Abstain <input type="checkbox"/>	John Mullican
Todd Nation	Aye <input type="checkbox"/> Nay <input checked="" type="checkbox"/> Abstain <input type="checkbox"/>	Todd Nation

ATTEST		
Name	Title	Signature
Michelle Edwards	Deputy Clerk	Michelle Edwards

MAYOR ACTION (For City use only)			
Name		Signature	Date
Duke A. Bennett	Approve <input checked="" type="checkbox"/> Veto <input type="checkbox"/>	Duke A. Bennett	10-9-14

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Members of the City Council:

At the end of every annual budget vote you are immediately asked to sign page 2 of Budget Form 4 and record your vote. Have you ever seen page 1 of Budget Form 4? Here it is. I realize you have not had a chance to look it over but allow me to provide my interpretation.

My reading tells me that your signature and recorded vote covers the 12 DLGF Reviewed Funds and the 9 Home-Ruled Funds that are listed on page 1. If you disagree with my interpretation after you have developed your own interpretation, let me know.

My interpretation troubles me because I do not recall when all these budgets were deliberated by Council and Council motions were made, seconded and voted upon by Council. Of course I recall discussions about the general fund budgets. Perhaps one or two of the others were discussed, but I just don't recall.

If my interpretation is accurate then I recommend all these funds be discussed and ultimately voted upon by Council.

In addition, I had previously shared with you the information I obtained from DLGF concerning the revenue associated with these funds. Before you approve the expenditures, you should be comfortable that the revenue to fund the expenditures will be present. I believe the various Form 2's concerning revenue should be reviewed and accepted.

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City of Terre Haute
12/31/2014
General Fund Cash Balance

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City	Population	General Fund				(E)				
		(A)	+	(B)	-		(C)	=	(D)	(D) ÷ (C)
		Balance 1/1/2014		2014 Receipts			2014 Disbursements		Balance 12/31/2014	
Elkhart	51,265	\$ 26,760,866		\$ 34,640,720		\$ 33,705,882		\$ 27,695,704	82.2%	
Columbus	45,775	14,597,821		32,706,576		31,785,027		15,519,369	48.8%	
Noblesville	56,540	13,063,310		36,453,421		35,936,123		13,580,608	37.8%	
Kokomo	56,895	19,945,634		40,687,803		47,750,436		12,883,000	27.0%	
Muncie	70,316	9,503,886		24,129,912		25,040,865		8,592,933	34.3%	
Bloomington	82,575	5,655,188		35,411,179		33,999,032		7,067,335	20.8%	
Jeffersonville	45,929	5,210,906		27,274,734		25,470,958		7,014,682	27.5%	
Greenwood	53,665	5,842,378		14,916,174		14,525,687		6,232,865	42.9%	
Anderson	55,670	4,795,860		28,150,832		29,200,495		3,746,196	12.8%	
Mishiwaka	47,989	4,393,024		28,311,069		30,628,572		2,075,521	6.8%	
Lawrence	47,135	4,546,680		24,676,088		27,695,042		1,527,726	5.5%	
Terre Haute	61,025	(4,486,801)		36,175,447		37,171,149		(5,482,504) A.	-14.7%	
Gary	78,450	(4,036,043)		79,037,808		81,168,705		(6,166,940)	-7.6%	
Hammond	78,967	(33,829,000)		60,325,174		56,606,127		(30,109,954)	-53.2%	
Lafayette	70,373	(883,747)								

Note: 1. This page in order of Column (D). Balance 12/31/2014.
2. Information obtained from DLGF website.

A. In addition to this deficit, the City owes \$2,745,000 on its TAW loan at 12/31/14.
Total deficit is \$8,227,504.

Members of the City Council:

The last six weeks I have attended a number of meetings during which the pooling of cash balances for banking purposes was discussed. These meetings included the City Council, The Department of Redevelopment Board and The Board of Sanitary Commissioners. This frequent mention of cash pooling caused me to realize that no one outside of City Administration sees the complete details of pooled cash. The monthly financial reports that you receive include a cash statement but this does not provide pooling details for the two pooled bank accounts that are used.

Consider the following concerning pooling of cash:

- A. Do you think the pooled cash balance might have been pretty low in May, 2012 when you approved the first tax anticipation warrant loan?
- B. Do you think the pooled cash balance might have been pretty low in April and May of 2014 when Controller's office took control of the Department of Redevelopment bank accounts and transferred money from some of these accounts to the pooled bank accounts?
- C. Do you think pooled cash balances were pretty low when Sodrel Fuels paid the City advance rent of \$750,000 in the spring of 2015?
- D. Do you think pooled cash balances were pretty low throughout the spring and early summer of 2015 based upon the number of unpaid vendors and the amounts owed to them that were reported in the newspaper?
- E. Do you think pooled cash balances were pretty low at May 31, 2015 when the May 31, 2015 cash statement reported a general fund cash deficit of \$13,456,000? This does not include the \$987,000 advance property disbursement received in May or the \$2,745,000 tax anticipation warrant loan balance. These amounts total \$17,188,000.
- F. Do you think pooled cash balances were pretty low from mid-April 2015 when the Indiana Finance Authority first asked for the past due debt service and bond and interest payments to be made until late June, 2015 when they were finally made?

Consider the following points that will or may impact pooled cash balances in the future:

1. To satisfy the Indiana Finance Authority, the cash balances of the Waste Water Utility and the Sanitary District will have to be pulled from the general cash pool and placed in their own separate pool. It was stated at the recent Board of Sanitary Commissioners meeting that the proceeds from up to \$6.5 million in borrowings are needed to accomplish this and satisfy the Indiana Finance Authority.
2. The \$2.745 million tax anticipation warrant loan comes due December 31, 2015. Will a lender be located in 2016 and beyond for a similar loan?

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3. As of July 31, 2015, only 5 months of trash fee bills appear in the budget status report of the Board of Works as paid. This compares to 7 months in the July 31, 2014 budget status report. The difference of two months represents about \$436,000. I know an American Express card is out there but "paid" is "paid".
4. I do not know when the general fund will receive the \$2,700,000 PILOT payment for 2015 and the proposed \$5,000,000 PILOT payment for 2016. This timing certainly impacts cash flow.

Do you think a major culture change is needed to begin to refill the pooled cash balances?

If yes, approve 2016 budgets that will result in surpluses in as many funds as possible that are as large as they can possibly be. (It will take many years for the general fund cash balance to recover.) One way to look at this is to determine what % of total conservative 2016 projected revenue should be spent and what % should not be spent so the pooled cash balance improves. For example:

Total conservative 2016 projected revenue of all funds except #620 WWU	\$ 55,000,000	100%	\$ 55,000,000	100%
Spendable	<u>49,500,000</u>	90%	<u>51,150,000</u>	93%
Increase pooled cash balance	\$ <u>5,500,000</u>	10%	\$ <u>3,850,000</u>	7%

The July 31, 2015 Cash Balance Comparison schedule that follows is interesting to me. Please review it at your convenience and form your own conclusion about whether or not pooled cash balances are low at July 31, 2015. Also consider how much more difficult it may be to pay bills in the future with July 31, 2015 balances that are \$6,595,441 lower than July 31, 2014 balances.

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City of Terre Haute
 July 31, 2015
 Cash Balance Comparison

	7/31/2013	1/31/2014	7/31/2014	1/31/15	7/31/15	
General	\$ (2,450,100)	\$ (1,774,608)	\$ (2,420,009)	\$ (7,611,558)	\$ (8,620,018)	→
TAW Loan	(5,020,000)	(4,995,000)	(4,995,000)	(2,745,000)	(2,745,000)	→
Subtotal	(7,470,100)	(6,769,608)	(9,415,009)	(10,356,558)	(11,365,018)	→
Cemetery	414,058	(14,112)	8,003	347,283	(231,573)	→
Cemetery Loan	(430,000)	(430,000)		-		→
Parks and Recreation	(238,253)	(332,441)	(235,475)	416,804	(284,715)	→
Transit	(984,467)	(838,574)	86,927	(282,904)	(739,097)	→
Engineering N/R	679,624	664,516	458,661	388,496	413,254	→
EMS N/R	588,047	579,824	420,311	(5,247)	254,650	→
Fire Pension	(411,094)	(602,592)	(531,930)	(485,868)	(407,696)	↑
Police Pension	491,885	355,694	194,127	132,762	10,080	→
Subtotal	(7,360,300)	(7,387,293)	(8,851,385)	(9,845,232)	(12,350,116)	→
Motor Vehicle Highway	1,320,188	917,731	1,007,621	334,777	608,261	→
Local Road & Street	466,832	382,382	368,074	462,140	584,035	↑
Group Health N/R	1,371,733	1,574,535	2,009,162	2,015,676	1,331,855	→
Hulman Links N/R	(2,622,681)	(2,795,236)	(2,995,131)	(3,169,278)	(3,314,610)	→
Rea Park N/R	(610,668)	(663,487)	(715,187)	(798,020)	(820,189)	→
Parks Project Fund	1,002,486	750,118	586,499	485,975	475,275	→
Subtotal	(6,432,410)	(7,221,250)	(8,487,892)	(10,513,962)	(13,484,809)	→
Rainy Day Fund	2,330,655	2,350,655	2,350,655	2,350,655	2,350,655	-
EDIT	4,307,982	3,682,748	4,210,927	2,972,053	2,614,403	→
Total	\$ (226,227)	\$ (1,187,847)	\$ (1,924,310)	\$ (5,191,254)	\$ (8,519,751)	→

Schedule includes operating funds plus non-reverting funds and other funds considered to be available for operating purposes/or operating related improvements.

Observation: 1. Decrease in total of nearly \$6.6 million from 7/31/14 to 7/31/15 noted.

- 2. 7/31/15 vs. 7/31/14
 - 13 Decreases - ↓
 - 2 Increases - ↑
 - 1 No change - -
- 3. See attached graph.

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City of Terre Haute 7/31/15 Operating Cash Balances

