

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

ANNUAL FINANCIAL REPORT

2010

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA



FILED

09/02/2011

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Leslie A. Ellis	01-01-10 to 12-31-11
Mayor	Duke A. Bennett	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	William D. Lower	01-01-10 to 12-31-11
President of the Common Council	Neil Garrison John Mullican	01-01-10 to 12-31-10 01-01-11 to 12-31-11



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Terre Haute (City), as of and for the year ended December 31, 2010, which collectively comprise the City's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements 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 statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities, and Budgetary Comparison Schedules as listed in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated August 10, 2011, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

August 10, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Terre Haute (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 10, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are 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.

This report is intended solely for the information and use of the City's management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 10, 2011

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
For The Year Ended December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ -	\$ 1,132,238	\$ 1,132,238
Receivables (net of allowances for uncollectibles):			
Interest	5,124	-	5,124
Taxes	6,760,924	-	6,760,924
Accounts	1,495,605	1,238,053	2,733,658
Other	250,645	-	250,645
Intergovernmental	2,164,156	-	2,164,156
Loans	832,247	-	832,247
Prepaid expense	139,700	23,185	162,885
Deferred debits	551,965	755,547	1,307,512
Restricted assets:			
Cash and cash equivalents	26,623,305	9,940,765	36,564,070
Investments	203,001	-	203,001
Interest receivable	-	3,405	3,405
PERF Over-Funded Pension	106,649	-	106,649
Capital assets:			
Land, improvements and construction in progress	29,238,249	17,373,380	46,611,629
Other capital assets, net of depreciation	79,497,523	70,007,853	149,505,376
Total assets	147,869,093	100,474,426	248,343,519
Liabilities			
Accounts payable	632,099	328,992	961,091
Accrued payroll and withholdings payable	1,611,077	162,991	1,774,068
Contracts payable	-	75,090	75,090
Accrued interest payable	472,578	-	472,578
Deferred revenue	6,918,264	10,221	6,928,485
Payable from restricted assets:			
Accrued bond interest	-	-	-
Revenue bonds - due within one year	207,599	440,000	647,599
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	3,150,000	-	3,150,000
Capital lease obligations	470,425	-	470,425
Notes and loans payable	104,438	-	104,438
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	21,150,000	-	21,150,000
Compensated absences	2,235,394	145,765	2,381,159
Revenue bonds payable (net of discounts or premiums)	3,425,134	24,905,000	28,330,134
Capital lease obligations	1,762,745	-	1,762,745
Notes and loans payable	109,268	-	109,268
Bond Anticipation note payable	14,125,777	-	14,125,777
Net pension obligation	24,825,637	-	24,825,637
Total liabilities	81,200,435	26,068,059	107,268,494
Net assets			
Invested in capital assets, net of related debt	66,463,556	62,000,881	128,464,437
Restricted for:			
Public Safety	3,274,516	-	3,274,516
Highways and streets	8,151,894	-	8,151,894
Sanitation	1,330,014	9,940,515	11,270,529
Economic development	10,494,152	-	10,494,152
Culture and recreation	-	-	-
Debt service	1,514,578	250	1,514,828
Other purposes	6,260,905	-	6,260,905
Unrestricted	(30,820,957)	2,464,721	(28,356,236)
Total net assets	\$ 66,668,658	\$ 74,406,367	\$ 141,075,025

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

CITY OF TERRE HAUTE
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Operating		Capital	Primary Government		Total
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 18,883,597	\$ 2,526,045	\$ 5,088,181	\$ -	\$ (11,269,370)	\$ -	\$ (11,269,370)
Public safety	25,281,954	1,639,315	359,109	59,155	(23,224,375)	-	(23,224,375)
Highways and streets	6,689,742	-	1,957,517	804,309	(3,927,916)	-	(3,927,916)
Sanitation	1,925,378	582,947	-	-	(1,342,431)	-	(1,342,431)
Economic development	299,093	-	-	1,701,323	1,402,230	-	1,402,230
Culture and recreation	4,794,783	1,183,901	54,022	-	(3,556,860)	-	(3,556,860)
Urban Redevelopment	6,450,096	-	985,668	1,967,265	(3,497,163)	-	(3,497,163)
Interest on long-term debt	1,832,967	-	-	-	(1,832,967)	-	(1,832,967)
Total governmental activities	<u>66,157,610</u>	<u>5,932,208</u>	<u>8,444,497</u>	<u>4,532,052</u>	<u>(47,248,853)</u>	<u>-</u>	<u>(47,248,853)</u>
Business-type activities:							
Wastewater	<u>12,718,328</u>	<u>12,441,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(276,980)</u>	<u>(276,980)</u>
Total primary government	<u>\$ 78,875,938</u>	<u>\$ 18,373,556</u>	<u>\$ 8,444,497</u>	<u>\$ 4,532,052</u>	<u>\$ (47,248,853)</u>	<u>\$ (276,980)</u>	<u>(47,525,833)</u>
General revenues:							
Property taxes					28,188,958	-	28,188,958
Intergovernmental revenues:							
Financial institutions tax					473,405	-	473,405
Auto and aircraft excise tax					1,587,805	-	1,587,805
Commercial vehicle excise tax					174,907	-	174,907
County adjusted gross income tax					3,867,324	-	3,867,324
Tax increments for redeveloping districts					2,248,869	-	2,248,869
Economic development income tax					5,999,193	-	5,999,193
Surtax and wheeltax					507,600	-	507,600
Property tax replacement credit					1,902,699	-	1,902,699
ABC excise tax					46,624	-	46,624
ABC gallonage tax					92,647	-	92,647
State cigarette tax					252,413	-	252,413
Gaming tax revenue					746,133	-	746,133
Contributions by city and employees to health self insurance					5,531,549	-	5,531,549
Unrestricted Investment earnings					44,381	-	44,381
Other:							
Restricted investment earnings					102,225	23,559	125,784
Miscellaneous					73,022	577,050	650,072
Total general revenues					<u>51,839,754</u>	<u>600,609</u>	<u>52,440,363</u>
Change in net assets					4,590,901	323,629	4,914,530
Net assets - beginning					<u>62,077,757</u>	<u>74,082,738</u>	<u>136,160,495</u>
Net assets - ending					<u>\$ 66,668,658</u>	<u>\$ 74,406,367</u>	<u>\$ 141,075,025</u>

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

<u>Assets</u>	General	Rainy Day	Motor Vehicle Highway	Local Road and Street	Cemetery	Transit	Park and Recreation	Sanitary District Bond Fund
Cash and cash equivalents	\$ -	\$ 3,183,920	\$ 1,749,032	\$ 242,237	\$ 178,691	\$ 916,955	\$ 268,007	\$ 1,054,899
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	2,826	-	-	-	-	-	-
Taxes	4,312,620	-	229,014	-	102,210	42,800	414,909	970,732
Accounts	-	-	-	-	-	-	-	-
Other receivables	250,645	-	-	-	-	-	-	-
Interfund receivable	-	691,145	-	-	-	-	-	-
Intergovernmental	1,582,419	-	238,861	86,821	2,243	183,753	8,727	25,051
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 6,145,684	\$ 3,877,891	\$ 2,216,907	\$ 329,058	\$ 283,144	\$ 1,143,508	\$ 691,643	\$ 2,050,682
 <u>Liabilities and fund balances</u>								
Liabilities:								
Accounts payable	\$ 378,588	\$ -	\$ 22,764	\$ 13,469	\$ 6,958	\$ 32,794	\$ 17,860	\$ -
Accrued payroll and withholdings payable	1,312,692	-	84,130	-	17,617	60,953	51,346	-
Interfund Payable	691,145	-	-	-	-	-	-	-
Deferred revenue	4,423,549	-	233,093	-	104,633	43,721	423,636	970,732
Total liabilities	6,805,974	-	339,987	13,469	129,208	137,468	492,842	970,732
Fund balances:								
Unreserved, reported in:								
General fund	(553,548)	-	-	-	-	-	-	-
Special revenue funds	-	3,877,891	1,876,920	315,589	153,936	1,006,040	198,801	-
Debt Service Funds	-	-	-	-	-	-	-	1,079,950
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	(553,548)	3,877,891	1,876,920	315,589	153,936	1,006,040	198,801	1,079,950
Total liabilities and fund balances	\$ 6,252,426	\$ 3,877,891	\$ 2,216,907	\$ 329,058	\$ 283,144	\$ 1,143,508	\$ 691,643	\$ 2,050,682

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010
(Continued)

<u>Assets</u>	Sanitary District Project No. 19	Sanitary District Project No. 21	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 5,979	\$ 40,201	\$ 1,791,634	\$ 15,177	\$ 2,140,032	\$ 15,036,541	\$ 26,623,305
Investments	-	-	-	-	-	203,000	203,000
Receivables (net of allowances for uncollectibles):							
Interest	-	9	-	-	542	1,747	5,124
Taxes	-	-	688,639	-	-	-	6,760,924
Accounts	-	-	-	-	-	1,661,783	1,661,783
Other receivables	-	-	-	-	-	-	250,645
Interfund receivable	-	-	-	-	1,078,299	1,078,298	2,847,742
Intergovernmental	-	-	-	30,261	-	-	2,158,136
Loans	-	-	-	-	390,021	442,226	832,247
Total assets	\$ 5,979	\$ 40,210	\$ 2,480,273	\$ 45,438	\$ 3,608,894	\$ 18,423,595	\$ 41,342,906
 <u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 11,216	\$ -	\$ 30,521	\$ 117,929	\$ 632,099
Accrued payroll and withholdings payable	-	-	-	-	-	84,185	1,610,923
Interfund Payable	-	-	-	-	-	2,156,597	2,847,742
Deferred revenue	-	-	688,639	30,261	-	-	6,918,264
Total liabilities	-	-	699,855	30,261	30,521	2,358,711	12,009,028
Fund balances:							
Unreserved, reported in:							
General fund	-	-	-	-	-	-	(553,548)
Special revenue funds	-	-	1,780,418	-	-	16,064,884	25,274,479
Debt Service Funds	-	-	-	-	-	-	1,079,950
Capital projects funds	5,979	40,210	-	15,177	3,578,373	-	3,639,739
Total fund balances	5,979	40,210	1,780,418	15,177	3,578,373	16,064,884	29,440,620
Total liabilities and fund balances	\$ 5,979	\$ 40,210	\$ 2,480,273	\$ 45,438	\$ 3,608,894	\$ 18,423,595	
 Amounts reported for governmental activities in the statement of net assets are different because							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							108,735,772
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.							450,919
Allowances for doubtful accounts are recognized for governmental activities in the Statement of Net Assets, but are not reported in the funds.							(166,178)
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.							139,871
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.							(47,213,358)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.							(24,718,988)
Net assets of governmental activities							\$ 66,668,658

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	General	Rainy Day	Motor Vehicle Highway	Local Road and Street	Cemetery
Revenues:					
Taxes	\$ 18,341,995	\$ -	\$ 776,708	\$ -	\$ 424,946
Licenses and permits	189,593	-	3,760	-	-
Investment Income	-	-	-	-	-
Intergovernmental	8,473,584	538,966	2,279,122	493,190	38,223
Charges for services	853,555	-	249,457	-	118,049
Fines and forfeits	300,590	-	-	-	-
Other	682,952	42,503	-	-	7,185
Total revenues	28,842,269	581,469	3,309,047	493,190	588,403
Expenditures:					
Current:					
General government	7,021,609	-	-	-	651,015
Public safety	22,977,555	-	-	-	-
Highways and streets	906,162	-	3,420,343	619,645	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay:					
Highways and streets	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-
Sanitation	-	-	-	-	-
Total expenditures	30,905,326	-	3,420,343	619,645	651,015
Excess (deficiency) of revenues over (under) expenditures	(2,063,057)	581,469	(111,296)	(126,455)	(62,612)
Other financing sources (uses):					
Transfers in	520,810	-	31,189	-	9,668
Transfers out	-	(1,499,344)	-	-	-
Debt Proceeds	-	-	-	-	-
Total other financing sources and uses	520,810	(1,499,344)	31,189	-	9,668
Net change in fund balances	(1,542,247)	(917,875)	(80,107)	(126,455)	(52,944)
Fund balances - beginning	988,699	4,795,766	1,957,027	442,044	206,880
Fund balances - ending	\$ (553,548)	\$ 3,877,891	\$ 1,876,920	\$ 315,589	\$ 153,936

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010
(Continued)

	Transit	Park and Recreation	Sanitary District Bond Fund	Sanitary District Project No. 19	Sanitary District Project No. 21
Revenues:					
Taxes	\$ 174,506	\$ 1,649,420	\$ 6,458,123	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Investment Income	-	-	-	-	-
Intergovernmental	2,561,325	148,649	407,529	-	-
Charges for services	554,205	213,778	-	-	-
Fines and forfeits	-	-	-	-	-
Other	-	28,001	-	-	97
	<u>3,290,036</u>	<u>2,039,848</u>	<u>6,865,652</u>	<u>-</u>	<u>97</u>
Total revenues					
Expenditures:					
Current:					
General government	3,808,619	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	2,371,194	-	-	-
Urban Redevelopment	-	-	-	-	-
Debt service:					
Principal	-	-	6,560,000	-	-
Interest	-	-	1,152,415	-	-
Capital outlay:					
Highways and streets	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-
Sanitation	-	-	-	10,310	2,625
	<u>3,808,619</u>	<u>2,371,194</u>	<u>7,712,415</u>	<u>10,310</u>	<u>2,625</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(518,583)</u>	<u>(331,346)</u>	<u>(846,763)</u>	<u>(10,310)</u>	<u>(2,528)</u>
Other financing sources (uses):					
Transfers in	-	27,039	-	-	-
Transfers out	-	-	-	-	-
Debt Proceeds	-	-	-	-	-
	<u>-</u>	<u>27,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses					
Net change in fund balances	(518,583)	(304,307)	(846,763)	(10,310)	(2,528)
Fund balances - beginning	<u>1,524,623</u>	<u>503,108</u>	<u>1,926,713</u>	<u>16,289</u>	<u>42,738</u>
Fund balances - ending	<u>\$ 1,006,040</u>	<u>\$ 198,801</u>	<u>\$ 1,079,950</u>	<u>\$ 5,979</u>	<u>\$ 40,210</u>

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010
(Continued)

	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 369,606	\$ -	\$ -	\$ 2,248,869	\$ 30,444,173
Licenses and permits	-	-	-	12,281	205,634
Investment Income	-	-	-	6,691,447	6,691,447
Intergovernmental	31,119	204,809	5,763,686	1,874	20,942,076
Charges for services	-	-	-	3,784,217	5,773,261
Fines and forfeits	-	-	-	48,774	349,364
Other	-	-	21,216	150,332	932,286
Total revenues	400,725	204,809	5,784,902	12,937,794	65,338,241
Expenditures:					
Current:					
General government	-	-	-	53,004	11,534,247
Public safety	-	-	-	2,304,017	25,281,572
Highways and streets	-	-	-	843,871	5,790,021
Sanitation	-	-	-	1,613,902	1,613,902
Economic development	-	-	-	141	141
Culture and recreation	-	-	-	1,440,259	3,811,453
Urban Redevelopment	-	340,234	1,282,135	4,679,808	6,302,177
Debt service:					
Principal	-	-	-	1,802,402	8,362,402
Interest	-	-	-	680,552	1,832,967
Capital outlay:					
Highways and streets	493,856	-	4,320,518	2,101,049	6,915,423
Urban Redevelopment	-	-	-	1,700,006	1,700,006
Sanitation	-	-	-	-	12,935
Total expenditures	493,856	340,234	5,602,653	17,219,011	73,157,246
Excess (deficiency) of revenues over (under) expenditures	(93,131)	(135,425)	182,249	(4,281,217)	(7,819,005)
Other financing sources (uses):					
Transfers in	-	-	-	230,295	819,001
Transfers out	-	-	-	(325,447)	(1,824,791)
Debt Proceeds	-	-	-	8,194,000	8,194,000
Total other financing sources and uses	-	-	-	8,098,848	7,188,210
Net change in fund balances	(93,131)	(135,425)	182,249	3,817,631	(630,795)
Fund balances - beginning	1,873,549	150,602	3,396,124	12,247,253	30,071,415
Fund balances - ending	\$ 1,780,418	\$ 15,177	\$ 3,578,373	\$ 16,064,884	\$ 29,440,620

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

CITY OF TERRE HAUTE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances).	\$ (630,795)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,741,231
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	(2,880,065)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	286,193
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	106,649
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	2,031,258
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(1,063,570)</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ 4,590,901</u>

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

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

<u>Assets</u>	<u>Wastewater Utility</u>	<u>Internal Service Fund</u>
Current assets:		
Cash and cash equivalents	\$ 1,132,238	\$ 140,024
Interest receivable	-	1
Accounts receivable (net of allowance)	1,238,053	-
Prepaid items	<u>23,185</u>	<u>-</u>
Total current assets	<u>2,393,476</u>	<u>140,025</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Revenue bond covenant accounts	9,940,765	-
Interest receivable	<u>3,405</u>	<u>-</u>
Total restricted assets	<u>9,944,170</u>	<u>-</u>
Deferred debits	<u>755,547</u>	<u>-</u>
Capital assets:		
Land, improvements to land and construction in progress	17,373,380	-
Other capital assets (net of accumulated depreciation)	<u>70,007,853</u>	<u>-</u>
Total capital assets	<u>87,381,233</u>	<u>-</u>
Total noncurrent assets	<u>98,080,950</u>	<u>-</u>
Total assets	<u>100,474,426</u>	<u>140,025</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	328,992	-
Contracts payable	75,090	-
Accrued payroll and withholdings payable	162,991	154
Deferred revenue	10,221	-
Current liabilities payable from restricted assets:		
Revenue bonds payable	<u>440,000</u>	<u>-</u>
Total current liabilities	<u>1,017,294</u>	<u>154</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts or premiums)	24,905,000	-
Compensated absences	<u>145,765</u>	<u>-</u>
Total noncurrent liabilities	<u>25,050,765</u>	<u>-</u>
Total liabilities	<u>26,068,059</u>	<u>154</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	62,000,881	-
Restricted for debt service	250	-
Restricted for construction	9,940,515	-
Restricted for employee health benefits	-	139,871
Unrestricted	<u>2,464,721</u>	<u>-</u>
Total net assets	<u>\$ 74,406,367</u>	<u>\$ 139,871</u>

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	<u>Wastewater Utility</u>	<u>Internal Service Fund</u>
Operating revenues:		
Measured revenue	\$ 12,441,348	\$ -
Other	<u>521,259</u>	<u>5,531,259</u>
Total operating revenues	<u>12,962,607</u>	<u>5,531,259</u>
Operating expenses:		
Insurance claims and premiums	-	6,594,829
Salaries and wages	3,282,420	-
Materials and supplies	1,267,092	-
Contractual services	5,351,598	-
Depreciation and amortization	<u>1,669,479</u>	<u>-</u>
Total operating expenses	<u>11,570,589</u>	<u>6,594,829</u>
Operating income (loss)	<u>1,392,018</u>	<u>(1,063,570)</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	23,559	290
Transfer from Other Funds	55,791	950,000
Interest expense	(1,107,974)	-
Amortization of bond issuance costs	<u>(39,765)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(1,068,389)</u>	<u>950,290</u>
Change in net assets	323,629	(113,280)
Total net assets - beginning	<u>74,082,738</u>	<u>253,151</u>
Total net assets - ending	<u>\$ 74,406,367</u>	<u>\$ 139,871</u>

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

CITY OF TERRE HAUTE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Wastewater Utility	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 12,073,132	\$ -
Payments to suppliers	(6,418,561)	-
Payments to employees	(3,204,647)	-
Employer and employee contributions	-	5,531,280
Insurance claims	-	(6,594,813)
Other receipts	<u>598,186</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>3,048,110</u>	<u>(1,063,533)</u>
Cash flows from noncapital financing activities:		
Transfer from Other Funds	<u>55,791</u>	<u>950,000</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(6,966,830)	-
Principal paid on capital debt	(855,000)	-
Interest paid on capital debt	<u>(1,107,974)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(8,929,804)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>25,695</u>	<u>290</u>
Net decrease in cash and cash equivalents	(5,800,208)	(113,243)
Cash and cash equivalents, January 1		
(Including \$15,888,060 for the Wastewater utility reported in restricted accounts)	<u>16,873,211</u>	<u>253,268</u>
Cash and cash equivalents, December 31		
(Including \$9,940,765 for the Wastewater utility reported in restricted accounts)	<u>\$ 11,073,003</u>	<u>\$ 140,025</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	<u>\$ 1,392,018</u>	<u>\$ (1,063,570)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,669,479	-
Insurance Expense	(3,830)	-
Decrease in assets:		
Accounts receivable	(285,943)	21
Increase (decrease) in liabilities:		
Accounts payable	219,331	-
Contracts payable	(15,372)	-
Deferred Revenue	(5,346)	-
Compensated Absences	6,010	-
Accrued payroll	<u>71,763</u>	<u>16</u>
Total adjustments	<u>1,656,092</u>	<u>37</u>
Net cash provided (used) by operating activities	<u>\$ 3,048,110</u>	<u>\$ (1,063,533)</u>

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

CITY OF TERRE HAUTE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,570,468	\$ 173,200
Receivables:		
Interest and dividends	<u> -</u>	<u> 46</u>
Total receivables	<u> -</u>	<u> 46</u>
Total assets	<u>1,570,468</u>	<u>173,246</u>
 <u>Liabilities</u>		
Accrued payroll and withholdings payable	33,963	-
Due to state	-	43,312
Trust payable	<u> -</u>	<u>129,935</u>
Total liabilities	<u>33,963</u>	<u>\$ 173,246</u>
 <u>Net assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>1,536,505</u>	
Total net assets	<u>\$ 1,536,505</u>	

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

CITY OF TERRE HAUTE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2010

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Pension relief	\$ 5,302,734
Total additions	<u>5,302,734</u>
 <u>Deductions</u>	
Benefits	4,921,132
Administrative expense	<u>3,738</u>
Total deductions	<u>4,924,870</u>
Changes in net assets	377,864
Net assets - beginning	<u>1,158,641</u>
Net assets - ending	<u>\$ 1,536,505</u>

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Terre Haute (primary government) was established under the laws of the State of Indiana. The primary government operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health, culture and recreation, public improvements, planning and zoning, general administrative services, public transportation, sewer, and urban redevelopment and housing.

The accompanying financial statements present the activities of the primary government. There are no significant component units which require inclusion.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations, does not extend beyond making the appointments. The primary government appoints the board members of the Terre Haute Housing Authority and the Crossroads of America Youth Orchestra.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For the purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the primary government receives cash.

The primary government reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Rainy Day Fund is used to account for the unused and unencumbered funds raised by a general or special tax levy on the taxable property which remain after the purposes of the tax levy have been fulfilled; or a supplemental distribution of CAGIT, COIT or EDIT. The funds may be used only for emergencies as stated in the City Code Section 2-136.

The Motor Vehicle Highway Fund is used to account for state gasoline tax distributions. It is principally used for the direct expenses incurred in the construction, reconstruction, or maintenance of arterial and local roads and streets.

The Local Road and Street Fund is used to account for state gasoline tax distributions. It is principally used for the direct expenses incurred in the construction, reconstruction, or maintenance of arterial and local roads and streets.

The Cemetery Fund is used to account for the operating receipts and disbursements in connection with city owned cemeteries.

The Transit Fund is used to account for the operating receipts and disbursements in connection with the primary government providing public transportation services.

The Park and Recreation Fund is used to account for the operating receipts and disbursements made in connection with the primary government providing recreation programs and facilities.

The Sanitary District Bond Fund is used to account for those funds used to accumulate resources for, and the payment of, long-term debt principal and interest issued by the primary government's sanitary district.

The Sanitary District Project 19 Fund is used to account for the financial resources to be used for the purpose of paying the costs of improvements and extensions to the sewage system of the primary government's sanitary district.

The Sanitary District Project 21 Fund is used to account for the financial resources to be used for the purpose of paying the costs of improvements and extensions to the sewage system of the primary government's sanitary district.

The Cumulative Capital Development fund is used to account for the receipts and disbursements of taxes levied under state statute for capital projects uses. It is principally used for the acquisition and construction of major capital facilities.

The Cumulative Capital Improvement fund is used to account for the receipts and disbursements of taxes levied under state statute for capital project uses. It is principally used for the acquisition and construction of major capital facilities.

The Economic Development Income Tax Fund is used to account for the receipts and disbursements of the City's share of the county economic development income tax revenues. It is principally used for economic development projects, but may also be used for the construction or acquisition of capital projects for which the City is empowered to issue general obligation bonds or establish a fund under any statute listed in Indiana Code 6-1.1-18.5-9-8.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government reports the following major proprietary fund:

The wastewater utility fund accounts for the operation of the primary government's wastewater treatment plant, pumping stations and collection systems.

Additionally, the primary government reports the following fund types:

The internal service fund accounts for general liability and employee health insurance coverage provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for the State of Indiana, Vigo County and various individuals.

Private-sector standards of accounting and financial reports issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the primary government and the Wastewater Utility. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicant for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. The principal operating revenues of the enterprise funds are charges to customer for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the primary government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (Indiana Code 5-13-9) authorizes the primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at costs.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Inter-fund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "inter-fund receivables/payables" (i.e., the current and noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as "inter-fund services provided/used." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (Indiana Code 6-1.1-17-16) require the Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the primary government prior to December 31 of the year collected. Delinquent property taxes outstanding at year end for governmental and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

4. Prepaid Items

Certain Payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is restricted by bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$5,000	Straight-line	40 to 44 years
Improvements other than buildings	\$5,000	Straight-line	25 to 67 years
Machinery and equipment	\$5,000	Straight-line	5 to 44 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

7. Compensated Absences

Vacation, sick and personal leave policies for primary government employees are described as follows:

Street Department Employees (Union Members)

- (a) Sick Leave – Employees earn sick leave at the rate of 8 days per year after completing a 90 day period of employment. Unused sick leave may be accumulated to a maximum of 60 days. Unused sick days over the accumulated 30 days can be paid for by the City the last pay period in December, at the employee’s request, not to exceed 8 days in any one year. Accumulated sick leave is paid to employees through cash payments upon termination.
- (b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- (c) Personal Leave – Employees earn personal leave at the rate of 4 days per year, not to exceed 2 days per each four month period. Personal leave does not accumulate from year to year.

Cemetery Employees (Union Members)

- (a) Sick Leave – Employees earn sick leave at the rate of 8 days per year after completing a 30 day period of employment. Unused sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is paid to employees through cash payments upon termination.
- (b) Vacation Leave – Employees earn vacation leave at the rate of 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- (c) Personal Leave – Employees earn personal leave at the rate of 4 days per year, not to exceed 2 days per each four month period. Personal leave does not accumulate from year to year.

Department of Redevelopment Employees

- (a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 30 days. Accumulated sick leave is not paid to employees.
- (b) Vacation Leave – Employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.
- (c) Personal Leave – Employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Firefighters

- (a) Sick Leave – Employees earn sick leave at the rate of 4 shift days per year.
- (b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 22 days per year based upon the number of years of service. Each vacation day shall represent 1 full duty shift day of 24 hours. Vacation leave does not accumulate from year to year.
- (c) Personal Leave – Employees earn personal leave at the rate of 3 shift days per year. Personal leave does not accumulate from year to year.

Police Officers

- (a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is paid to employees through cash payments upon termination at the rate of 1 sick day for every 3 accumulated sick days.
- (b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 30 days per year based upon the number of years of service. Vacation leave can be accumulated from year to year with a maximum of 15 carry over days.
- (c) Personal Leave – Employees earn personal leave at the rate of 4 days per year. In addition, any officer who is on call and has his or her off-duty actions restricted for 15 days or more a year shall receive an additional 4 personal days for a total of 8. Personal leave does not accumulate from year to year.

Transportation System Employees (Union Members)

- (a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 36 days. Accumulated sick leave is paid to employees through cash payments on December 20th at their option.
- (b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does accumulate from year to year, not to exceed 2 weeks.
- (c) Personal Leave – Employees do not earn personal leave.

Wastewater Utility Employees (Union Members)

- (a) Sick Leave – Employees earn sick leave at the rate of 6 days per year. Accumulated sick leave in excess of 30 days is paid to employees through cash payments upon termination.
- (b) Vacation Leave – Employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- (c) Personal Leave – Employees earn personal leave at the rate of 6 days per year. Unused personal days are deposited into the Employee's sick bank for the use as sick days.

All Other Employees

- (a) Sick Leave – Employees earn sick leave at the rate of 8 days per year. Unused sick leave may be accumulated to a maximum of 45 days. Accumulated sick leave is not paid to employees.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- (b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.
- (c) Personal Leave – Employees earn personal leave at the rate of 4 days per year. Personal leave does not accumulate from year to year.

Vacation and sick leave are accrued when incurred.

8. Long – Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Department of Local Government Finance. The budget becomes legally enacted after the City Controller receives approval of the Department of Local Government Finance.

The primary government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Common Council. The Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

Expenditures did not exceed appropriations for any funds or any departments within the General Fund, which required legally, approved budgets.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Deficit Fund Equity

At December 31, 2010, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
Rea Park Non-Reverting Fund	\$ (530,872)
Hulman Links Non-Reverting Fund	(1,667,930)
General Fund	(553,548)

Fund equity deficits arose primarily from expenditures or expenses exceeding revenues due to the underestimate of current requirements; these deficits will be repaid from future revenues.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-18-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Receivables

The following receivables accounts have timing and credit characteristics different from typical accounts receivable:

Type:	Funds	Amount
Loans receivable:		
	Community Development	\$ 1,730
	Non-Federal Income	95,419
	HOME Program Grant	345,077
	EDIT	390,021
Total		\$832,247

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$8,405,939	\$1,423,155	\$20,716	\$ 9,808,378
Construction in progress	<u>22,744,964</u>	<u>8,480,786</u>	<u>11,795,879</u>	<u>19,429,871</u>
Total capital assets, not being depreciated	<u>31,150,903</u>	<u>9,903,941</u>	<u>11,816,595</u>	<u>29,238,249</u>
Capital assets, being depreciated:				
Buildings	26,682,009	489,111	3,756,282	23,414,838
Improvements other than buildings	53,455,824	11,369,127		64,824,951
Machinery and equipment	<u>14,651,772</u>	<u>1,689,171</u>	<u>915,515</u>	<u>15,425,428</u>
Totals	<u>94,789,605</u>	<u>13,547,409</u>	<u>4,671,797</u>	<u>103,665,217</u>
Less accumulated depreciation for:				
Buildings	7,442,329	558,021	1,910,479	6,089,871
Improvements other than buildings	6,434,226	1,063,788		7,498,014
Machinery and equipment	<u>10,134,360</u>	<u>1,344,598</u>	<u>899,149</u>	<u>10,579,809</u>
Totals	<u>24,010,915</u>	<u>2,966,407</u>	<u>2,809,628</u>	<u>24,167,694</u>
Total capital assets, being depreciated, net	<u>70,778,690</u>	<u>10,581,002</u>	<u>1,862,169</u>	<u>79,497,523</u>
Total governmental activities capital assets, net	<u>\$101,929,593</u>	<u>\$20,484,943</u>	<u>\$13,678,764</u>	<u>\$108,735,772</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$82,520	\$287,038	\$ -	\$369,558
Construction in progress	<u>25,189,830</u>	<u>6,521,303</u>	<u>14,707,311</u>	<u>17,003,822</u>
Total capital assets, not being depreciated	<u>25,272,350</u>	<u>6,808,341</u>	<u>14,707,311</u>	<u>17,373,380</u>
Capital assets, being depreciated:				
Buildings	2,645,107	-	-	2,645,107
Improvements other than buildings	83,595,593	14,728,421	-	98,324,014
Machinery and equipment	<u>5,477,649</u>	<u>201,649</u>	<u>28,919</u>	<u>5,650,379</u>
Totals	<u>91,718,349</u>	<u>14,930,070</u>	<u>28,919</u>	<u>106,619,500</u>
Less accumulated depreciation for:				
Buildings	2,645,108	-	-	2,645,108
Improvements other than buildings	29,626,958	1,304,703	-	30,931,661
Machinery and equipment	<u>2,670,104</u>	<u>390,295</u>	<u>25,521</u>	<u>3,034,878</u>
Totals	<u>34,942,170</u>	<u>1,694,998</u>	<u>25,521</u>	<u>36,611,647</u>
Total capital assets, being depreciated, net	<u>56,776,179</u>	<u>13,235,072</u>	<u>3,398</u>	<u>70,007,853</u>
Total business-type activities capital assets, net	<u>\$82,048,529</u>	<u>\$20,043,413</u>	<u>\$14,710,709</u>	<u>\$87,381,233</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government/public safety	\$47,953
Culture and Recreation	<u>108,826</u>
Total depreciation expense - governmental activities	<u>\$156,779</u>
Business - type activities:	
Wastewater	<u>\$1,669,479</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Authorized</u>	<u>2010</u>	<u>Committed</u>	<u>Funding</u>
Governmental funds:				
General Fund	\$14,156	\$14,156	\$ -	-
Sanitary District Project 19	3,000,000	2,927,978	-	72,022
Sanitary District Project 21	3,500,000	3,272,883	-	227,117
Jadcore Construction	670,000	666,956	-	3,044
CCD Projects	775,000	576,867	190,748	7,385
EDIT Projects	9,400,000	8,090,161	1,253,086	56,753
Fire Training Center	122,000	121,004	900	96
Collett Park Project	131,000	129,755	-	1,245
Sanitary Dist Gen	850,000	770,861	68,915	10,224
SR 46 Road Construction (413)	2,000,000	1,971,294	-	28,706
St Rd 46 (410)	890,000	887,956	-	2,044
	<u>21,352,156</u>	<u>19,429,871</u>	<u>1,513,649</u>	<u>408,636</u>
Business-type activities:				
Wastewater Construction Project	7,500,000	7,246,696	-	253,304
Sanitary District Project 22	2,000,000	1,980,672	-	54,678
CSO Study	7,800,000	7,776,454	-	19,328
	<u>17,300,000</u>	<u>17,003,822</u>	<u>-</u>	<u>296,178</u>
Totals	<u>\$38,652,156</u>	<u>\$36,433,693</u>	<u>\$1,513,649</u>	<u>\$704,814</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Inter-fund Balances and Activity

Inter-fund transfers at December 31, 2010, were as follows:

Transfer From	Transfers To				Totals
	General Fund	Major Fund	Non-major Governmental	Proprietary	
Major	\$392,319	\$ 66,984	\$ 34,250	\$ 1,005,791	\$ 1,499,344
Non-major					
Governmental	128,491	912	196,043		325,446
Proprietary					
Totals	<u>\$520,810</u>	<u>\$ 67,896</u>	<u>\$ 230,293</u>	<u>\$ 1,005,791</u>	<u>\$ 1,824,790</u>

The primary government typically uses transfers to fund ongoing operating subsidies.

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining non-cancelable terms exceeding one year for a postage machine, and, building. Rental expenditures for these leases were \$5,112 and \$80,220 respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2010:

2011	\$101,772
2012 - 2014	<u>15,324</u>
Total	<u>\$117,096</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Capital Leases

The primary government has entered into various capital leases for land, equipment, vehicles, and guaranteed energy savings. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2008, are as follows:

	2011	541,631
	2012	532,744
	2013	498,278
	2014-2030	<u>1,133,095</u>
Total minimum lease payments		2,705,748
Lease amount representing interest		<u>472,579</u>
Present value of net minimum lease payments		<u><u>\$2,233,170</u></u>

Assets acquired through capital leases still effect are follows:

	<u>Governmental Activities</u>
Land	<u>\$ 200,000</u>
Improvements other than building	1,340,314
Machinery and equipment	<u>1,135,197</u>
Total	<u><u>\$2,675,511</u></u>

G. Long-Term Liabilities

1. General Obligation Bonds

The primary government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds are direct obligations and pledge the full faith and credit of the primary government. General obligation bonds currently outstanding at year end are as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
1996 \$4,140,000 Sanitary District Bonds, Improvements	4.86% to 5.45%	\$870,000
1997 \$7,610,000 Sanitary District Bonds, Improvements	4.5% to 4.6%	1,870,000
2002 \$6,300,000 Sanitary District Bonds Improvements	3% to 4.1%	3,760,000
2005 \$14,320,000 Sanitary District Bonds, Improvements	2.5% to 3.65%	6,885,000
2006 \$20,000,000 Sanitary District Bonds, Improvements	3.375% to 4%	<u>10,915,000</u>
Total		<u><u>\$24,300,000</u></u>

Annual debt service requirements to maturity for general obligations bonds are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2011	\$3,150,000	\$478,059
2012	7,005,000	762,708
2013	5,715,000	476,591
2014	4,010,000	287,543
2015-2019	<u>4,420,000</u>	<u>157,690</u>
Totals	\$24,300,000	\$2,162,591

2. Revenue Bonds

The primary government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Amount
1998 \$4,000,000 Redevelopment District Bond	8%	\$607,733
2003 Jadcore Phase I	4%	935,000
2004 Economic Development	4%	840,000
2005 Sanitary District Revenue Bonds	3% to 4.65%	25,345,000
2007 Taxable Economic Development	6.75% to 8%	<u>1,250,000</u>
		<u><u>\$28,977,733</u></u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$ 232,614	\$ 203,628	\$ 440,000	\$ 543,278
2012	254,932	190,776	900,000	1,063,918
2013	298,887	175,728	935,000	1,032,068
2014	333,081	157,395	970,000	999,080
2015-2024	<u>2,513,219</u>	<u>474,229</u>	<u>22,100,000</u>	<u>8,914,616</u>
Totals	<u>\$3,632,733</u>	<u>\$1,201,756</u>	<u>\$25,345,000</u>	<u>\$12,552,960</u>

3. Notes and Loans Payable

The primary government has entered into various notes/loans. Annual debt service requirements to maturity for the notes/loans, including interest of \$14,992, are as follows:

2011	114,349
2012	<u>114,349</u>
Total	<u>\$228,698</u>

4. Bond Anticipation Note Payable

The primary government issued a bond anticipation note to finance the Multi Modal Transportation Facility. The balance of the note is to be retired when the bond is issued.

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General Obligation	\$30,860,000	\$ -	\$6,560,000	\$24,300,000	\$3,150,000
Revenue	4,335,135		702,402	3,632,733	207,599
Total Bonds payable	35,195,135	-	7,262,402	27,932,733	3,357,599
Capital leases	1,615,606	1,019,579	402,015	2,233,170	470,425
Notes payable	322,605		108,899	213,706	104,438
Bond anticipation note payable	7,075,777	8,150,000	1,100,000	14,125,777	-
Compensated absences	1,621,447	613,947		2,235,394	-
Total governmental activities					
Long-term liabilities	<u>\$45,830,570</u>	<u>\$9,783,526</u>	<u>\$8,873,317</u>	<u>\$46,740,779</u>	<u>\$3,932,462</u>
Business-type activities:					
Revenue bonds payable	\$26,200,000	\$ -	\$855,000	\$25,345,000	\$440,000
Compensated absences	139,755	6,010	0	145,765	-
Total Business-type activities					
Long-term liabilities	<u>\$26,339,755</u>	<u>\$6,010</u>	<u>\$855,000</u>	<u>\$25,490,765</u>	<u>\$440,000</u>

H. Segment Information

The primary government issued revenue bonds to finance wastewater improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the Wastewater Utility is presented below.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Net Assets

Assets:	
Current assets	\$2,393,476
Deferred Debits	755,547
Restricted assets	9,944,170
Capital assets	87,381,233
Total assets	\$100,474,426
Liabilities:	
Current liabilities	1,017,294
Non-current liabilities	25,050,765
Total liabilities	\$26,068,059
Net assets:	
Invested in capital assets, net of related assets	\$62,000,881
Restricted	9,940,765
Unrestricted	2,464,721
Total net assets	\$74,406,367

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Charges (pledged against bonds)	12,962,607
Depreciation expense	-1,669,479
Other operating expenses	-9,901,110
Operating income	1,392,018
Non-Operating revenues (expenses):	
Investment earnings	23,559
Interest expense	-1,107,974
Transfer from other funds	55,791
Amortization expense	-39,765
Change in net assets	323,629
Beginning net assets	74,082,738
Ending net assets	\$74,406,367

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$3,048,110
Non-capital financing activities	55,791
Capital and related financing activities	-8,929,804
Investing activities	<u>25,695</u>
Net increase (decrease)	-5,800,208
Beginning cash and cash equivalents	<u>16,873,211</u>
Ending cash and cash equivalents	<u><u>\$11,073,003</u></u>

I. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Revenue bond construction account	\$8,515,726
Wastewater improvements account	1,425,039
Restricted interest receivables	<u>3,405</u>
Total restricted assets	<u><u>\$9,944,170</u></u>

IV. Other Information

A. Risk Management

The primary government is 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents (Excluding Postemployment Benefits)

The primary government has chosen to establish a risk financing fund for risks associated with losses related to the medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Special Non-reverting Employee Health Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settlement claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid in to the fund from all departmental budgets in an amount equal to the claim level of prescriptions and employee deductibles. This includes the primary government's share of payroll deductions.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of pay outs and other economic and social factors.

However, claim liabilities cannot be reasonably estimated.

B. Conduit Debt Obligation

From time to time, the primary government has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The aggregate principal amount payable for the one series issued in 2002 could not be determined; however, the original issue amount totaled \$7,500,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government on or after attaining age 52 with at least 20 years of service. Currently, 37 retirees meet these eligibility requirements. The primary government provides 100% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2010, expenditures of \$179,299 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The primary government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 501-.3) govern, through the PERF Board, most requirements of the system and give the primary government 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 contributions, set by state statute at three 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.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204

Ph. (317)233-4162
CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the primary government and the Utility is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the primary government and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

b. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (Indiana Code 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 and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The primary government's annual pension cost and related information as provided by the actuary, is presented in this note.

The used of the pay-as-you-go actuarial cost method by the primary government results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds. However, the primary government does have an obligation to fund the plan and, therefore, the NPO is reflected in the government-wide statements.

c. 1937 Firefighters' Pension Plan

Plan Description

The primary government contributes to the 1937 Firefighters' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (Indiana Code 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 and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
	<u> </u>	<u> </u>	<u> </u>
Annual required contribution	\$ 17,601	\$ 2,329,200	\$ 2,358,100
Interest on net pension obligation	(6,035)	739,700	752,800
Adjustment to annual required contribution	<u>6,877</u>	<u>(948,300)</u>	<u>(965,100)</u>
Annual pension cost	518,443	2,120,600	2,145,800
Contributions made	<u>541,849</u>	<u>2,038,775</u>	<u>2,276,349</u>
Increase (decrease) in net pension obligation	(23,406)	81,825	(130,549)
Net pension obligation, beginning of year	<u>(83,243)</u>	<u>12,328,422</u>	<u>12,545,939</u>
Net pension obligation end of year	<u><u>\$(106,649)</u></u>	<u><u>\$12,410,247</u></u>	<u><u>\$12,415,390</u></u>
	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
Government	5.25%	844%	1888%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-10	01-01-10	01-01-10
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll closed	Level percentage of projected payroll closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed marked	4 year smoothed market

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	0%	0%

Three Year Trend Information

PERF			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-07	\$ 477,908	86%	\$ (143,940)
06-30-08	497,274	88%	(83,243)
06-30-09	518,443	105%	(106,649)

1925 Police Officers' Pension Plan

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-07	\$ 2,318,700	99%	\$ 12,063,878
12-31-08	2,301,800	83%	12,328,422
12-31-09	2,274,200	107%	12,389,247

1937 Firefighters' Pension Plan

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-07	\$ 2,364,500	77%	\$ 12,500,664
12-31-08	2,200,200	91%	12,545,939
12-31-09	2,276,349	97%	12,413,090

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2010, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	114	98
Current active employees	2	2

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The primary government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (Indiana Code 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 fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. The plan also provides for death and disability benefits.

PERF 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:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2009, 2008, and 2007, were \$2,276,349, \$2,838,756 and \$2,730,008, respectively, equal to the required contributions for each year.

3. Defined Contribution Pension Plan

The Government Agency Retirement Plan

Plan Description

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The primary government has a defined contribution pension plan administered by Life Associates, Inc. as authorized by IC 8-1.5-3-7. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the governing board of the unit and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting:

Life Associates, Inc.
P.O. Box 111
Sandwich, IL 60548
Ph. 1-800-672-9192

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the governing board of the unit and the Plan Administrator. Plan members are required to contribute 0% of the annual covered salary. The primary government is required to contribute at an actuarially determined rate. The current rate is 13.7% of annual covered payroll. Employer and employee contributions to the plan were \$51,828 and \$0, respectively.

CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2007	8,192,531	8,161,814	30,717	100%	8,547,443	0%
7/1/2008	8,915,652	9,261,692	(346,040)	96%	8,626,685	4%
7/1/2009	8,622,150	9,504,669	(882,519)	91%	10,127,820	9%

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
1/1/2004	1,549,919	34,283,700	(32,733,781)	5%	477,900	(6850%)
1/1/2005	1,841,105	33,941,600	(32,100,495)	5%	494,800	(6488%)
1/1/2006	1,286,562	33,112,800	(31,826,238)	4%	395,300	(8051%)
1/1/2007	1,397,492	33,212,700	(31,815,208)	4%	367,600	(8655%)
1/1/2008	1,427,701	32,992,600	(31,564,899)	4%	295,000	(10700%)
1/1/2010	1,055,321	31,170,700	(30,115,379)	3%	331,300	(9090)%

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
1/1/2004	1,347,022	31,372,000	(30,024,978)	4%	437,100	(6869%)
1/1/2005	1,394,611	29,932,900	(28,538,289)	5%	339,500	(8406%)
1/1/2006	1,237,933	30,658,600	(29,420,667)	4%	274,300	(10726%)
1/1/2007	1,180,740	34,191,100	(33,010,360)	3%	244,400	(13507%)
1/1/2008	748,739	32,152,300	(31,403,561)	2%	126,900	(24747%)
1/1/2009	548,882	31,556,800	(31,007,918)	2%	185,650	(16702%)

CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12/31/2004	4,035,200	55%
12/31/2005	2,517,300	64%
12/31/2006	2,471,000	94%
12/31/2007	2,496,300	98%
12/31/2008	2,491,200	82%
12/31/2009	2,329,200	88%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12/31/2004	3,688,400	53%
12/31/2005	2,202,200	93%
12/31/2006	2,261,400	91%
12/31/2007	2,540,600	77%
12/31/2008	2,396,500	90%
12/31/2009	2,358,100	97%

CITY OF TERRE HASUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010

	General Fund				Rainy Day Fund	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts	
	Original	Final			Original	Final
Revenues:						
Taxes	\$ 18,337,929	\$ 18,337,929	\$ 18,337,929	\$ -	\$ -	\$ -
Licenses and permits	189,593.00	189,593.00	189,593.00	-	-	-
Intergovernmental	6,899,418	6,899,418	6,899,418	-	538,966	538,966
Charges for services	602,910	602,910	602,910	-	-	-
Fines and forfeits	300,590	300,590	300,590	-	-	-
Other	623,158	623,158	623,158	-	39,676	39,676
Total revenues	<u>26,953,598</u>	<u>26,953,598</u>	<u>26,953,598</u>	<u>-</u>	<u>578,642</u>	<u>578,642</u>
Expenditures:						
Current:						
General government	9,492,121	8,971,278	7,437,388	1,533,890	-	-
Public safety	22,079,789	21,852,136	21,776,408	75,728	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>31,571,910</u>	<u>30,823,414</u>	<u>29,213,796</u>	<u>1,609,618</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Operating transfers in	-	-	509,315	509,315	-	-
Operating transfers out	-	-	-	-	(1,499,344)	(1,499,344)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>509,315</u>	<u>509,315</u>	<u>(1,499,344)</u>	<u>(1,499,344)</u>
Net change in fund balances	(4,618,312)	(3,869,816)	(1,750,883)	2,118,933	(920,702)	(920,702)
Fund balances - beginning	<u>(2,677,210)</u>	<u>(3,721,907)</u>	<u>988,699</u>	<u>4,710,606</u>	<u>-</u>	<u>-</u>
Fund balances - December 31	<u>\$ (7,295,522)</u>	<u>\$ (7,591,723)</u>	<u>\$ (762,184)</u>	<u>\$ 6,829,539</u>	<u>\$ (920,702)</u>	<u>\$ (920,702)</u>

CITY OF TERRE HASUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010
(Continued)

	Rainy Day Fund		Motor Vehicle Highway Fund			
	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
			Original	Final		
Revenues:						
Taxes	\$ -	\$ -	\$ 772,629	\$ 772,629	\$ 772,629	\$ -
Licenses and permits	-	-	3,760	3,760	3,760	-
Intergovernmental	538,966	-	2,040,261	2,040,261	2,040,261	-
Charges for services	-	-	249,457	249,457	249,457	-
Fines and forfeits	-	-	-	-	-	-
Other	39,676	-	-	-	-	-
Total revenues	578,642	-	3,066,107	3,066,107	3,066,107	-
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	3,947,466	3,880,970	3,305,291	575,679
Culture and recreation	-	-	-	-	-	-
Total expenditures	-	-	3,947,466	3,880,970	3,305,291	575,679
Other financing sources (uses):						
Operating transfers in	-	-	-	-	31,189	31,189
Operating transfers out	(1,499,344)	-	-	-	-	-
Total other financing sources (uses)	(1,499,344)	-	-	-	31,189	31,189
Net change in fund balances	(920,702)	-	(881,359)	(814,863)	(207,995)	606,868
Fund balances - beginning	-	-	165,254	165,254	1,957,027	1,791,773
Fund balances - December 31	\$ (920,702)	\$ -	\$ (716,105)	\$ (649,609)	\$ 1,749,032	\$ 2,398,641

CITY OF TERRE HASUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010
(Continued)

	Local Road and Street Fund				Cemetery Fund	
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts	
	Original	Final			Original	Final
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 424,946	\$ 424,946
Licenses and permits	-	-	-	-	-	-
Intergovernmental	406,369	406,369	406,369	-	35,980	35,980
Charges for services	-	-	-	-	118,049	118,049
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	6,040.00	6,040.00
	<u>406,369</u>	<u>406,369</u>	<u>406,369</u>	<u>-</u>	<u>585,015</u>	<u>585,015</u>
Total revenues						
Expenditures:						
Current:						
General government	-	-	-	-	802,251	780,712
Public safety	-	-	-	-	-	-
Highways and streets	636,000	636,000	606,176	29,824	-	-
Culture and recreation	-	-	-	-	-	-
	<u>636,000</u>	<u>636,000</u>	<u>606,176</u>	<u>29,824</u>	<u>802,251</u>	<u>780,712</u>
Total expenditures						
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)						
Net change in fund balances	(229,631)	(229,631)	(199,807)	29,824	(217,236)	(195,697)
Fund balances - beginning	-	-	442,044	442,044	-	-
Fund balances - December 31	<u>\$ (229,631)</u>	<u>\$ (229,631)</u>	<u>\$ 242,237</u>	<u>\$ 471,868</u>	<u>\$ (217,236)</u>	<u>\$ (195,697)</u>

CITY OF TERRE HASUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010
(Continued)

	Cemetery Fund		Transit Fund		
	Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)
			Original	Final	
Revenues:					
Taxes	\$ 424,946	\$ -	\$ 174,506	\$ 174,506	\$ 174,506
Licenses and permits	-	-	-	-	-
Intergovernmental	35,980	-	2,377,572	2,377,572	2,377,572
Charges for services	118,049	-	554,205	554,205	554,205
Fines and forfeits	-	-	-	-	-
Other	6,040.00	-	-	-	-
	<u>585,015</u>	<u>-</u>	<u>3,106,283</u>	<u>3,106,283</u>	<u>3,106,283</u>
Total revenues					
Expenditures:					
Current:					
General government	624,017	156,695	3,104,163	4,443,547	3,713,951
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
	<u>624,017</u>	<u>156,695</u>	<u>3,104,163</u>	<u>4,443,547</u>	<u>3,713,951</u>
Total expenditures					
Other financing sources (uses):					
Operating transfers in	10,813	10,813	-	-	-
Operating transfers out	-	-	-	-	-
	<u>10,813</u>	<u>10,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
Net change in fund balances	(28,189)	167,508	2,120	(1,337,264)	(607,668)
Fund balances - beginning	206,880	206,880	-	-	1,524,623
Fund balances - December 31	<u>\$ 178,691</u>	<u>\$ 374,388</u>	<u>\$ 2,120</u>	<u>\$ (1,337,264)</u>	<u>\$ 916,955</u>

CITY OF TERRE HASUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010
(Continued)

	Transit Fund	Park and Recreation Fund			Variance With Final Budget Postive (Negative)
	Variance With Final Budget Postive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
		Original	Final		
Revenues:					
Taxes	\$ -	\$ 1,653,160	\$ 1,653,160	\$ 1,653,160	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	139,922	139,922	139,922	-
Charges for services	-	213,778	213,778	213,778	-
Fines and forfeits	-	-	-	-	-
Other	-	28,001	28,001	28,001	-
Total revenues	-	2,034,861	2,034,861	2,034,861	-
Expenditures:					
Current:					
General government	729,596	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	3,578,108	2,766,120	2,297,001	469,119
Total expenditures	729,596	3,578,108	2,766,120	2,297,001	469,119
Other financing sources (uses):					
Operating transfers in	-	-	-	27,039	27,039
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	27,039	27,039
Net change in fund balances	729,596	(1,543,247)	(731,259)	(235,101)	496,158
Fund balances - beginning	1,524,623	(27,691,010)	2,649,340	503,108	(2,146,232)
Fund balances - December 31	\$ 2,254,219	\$ (29,234,257)	\$ 1,918,081	\$ 268,007	\$ (1,650,074)

CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP)
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP)

Adjustments necessary to convert the results of operations at the end of the year on a budgetary basis to a GAAP basis are as follows:

	<u>General</u>	<u>Rainy Day</u>	<u>Motor Vehicle Highway</u>	<u>Local Road and Street</u>	<u>Cemetery</u>	<u>Transit</u>	<u>Park and Recreation</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (budgetary basis)	\$ (1,750,883)	\$ (920,702)	\$ (207,995)	\$ (199,807)	\$ (28,189)	\$ (607,668)	\$ (235,101)
Adjustments:							
To adjust revenues for accruals	1,781,929	1,502,171	238,861	86,821	-	182,832	-
To adjust expenditures for accruals	<u>(2,094,103)</u>	<u>-</u>	<u>(142,162)</u>	<u>(13,469)</u>	<u>(34,423)</u>	<u>(93,747)</u>	<u>(96,245)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)	<u>\$ (2,063,057)</u>	<u>\$ 581,469</u>	<u>\$ (111,296)</u>	<u>\$ (126,455)</u>	<u>\$ (62,612)</u>	<u>\$ (518,583)</u>	<u>\$ (331,346)</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009

<u>Assets</u>	<u>Levy Excess</u>	<u>Abandoned Vehicle Non-Reverting</u>	<u>Police Continuing Education</u>	<u>Clerks Record Perpetuation</u>	<u>Sanitary District Rainy Day</u>	<u>Emergency Medical Service Non-Reverting</u>	<u>Fire Dept Contractual EMS Fund</u>
Cash and cash equivalents	\$ 106,708	\$ 25,026	\$ 64,084	\$ 18,129	\$ 203,875	\$ 982,348	\$ 306,000
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	1,661,783	-
Loans	-	-	-	-	-	-	-
Total assets	<u>106,708</u>	<u>25,026</u>	<u>64,084</u>	<u>18,129</u>	<u>203,875</u>	<u>2,644,131</u>	<u>306,000</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	-	-	1,299	-	-	51,956	-
Deferred Revenue	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	17,837	1,885
Total liabilities	<u>-</u>	<u>-</u>	<u>1,299</u>	<u>-</u>	<u>-</u>	<u>69,793</u>	<u>1,885</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>106,708</u>	<u>25,026</u>	<u>62,785</u>	<u>18,129</u>	<u>203,875</u>	<u>2,574,338</u>	<u>304,115</u>
Total fund balances	<u>106,708</u>	<u>25,026</u>	<u>62,785</u>	<u>18,129</u>	<u>203,875</u>	<u>2,574,338</u>	<u>304,115</u>
Total liabilities and fund balances	<u>\$ 106,708</u>	<u>\$ 25,026</u>	<u>\$ 64,084</u>	<u>\$ 18,129</u>	<u>\$ 203,875</u>	<u>\$ 2,644,131</u>	<u>\$ 306,000</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

<u>Assets</u>	Arson Investigation Fund	Police Dept Non-Reverting Fund	Grant Overtime Staying Right	Operation Pull-over Award	ELE Map Generation Fund	Hulman Links Non-reverting	Rea Park Non-Reverting
Cash and cash equivalents	\$ 581	\$ 59,289	\$ 2,974	\$ 6,071	\$ 532	\$ -	\$ -
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>581</u>	<u>59,289</u>	<u>2,974</u>	<u>6,071</u>	<u>532</u>	<u>-</u>	<u>-</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	13,784	3,522
Deferred Revenue	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	1,641,124	515,473
Accrued payroll and withholdings payable	-	-	-	-	-	13,022	11,877
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,667,930</u>	<u>530,872</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>581</u>	<u>59,289</u>	<u>2,974</u>	<u>6,071</u>	<u>532</u>	<u>(1,667,930)</u>	<u>(530,872)</u>
Total fund balances	<u>581</u>	<u>59,289</u>	<u>2,974</u>	<u>6,071</u>	<u>532</u>	<u>(1,667,930)</u>	<u>(530,872)</u>
Total liabilities and fund balances	<u>\$ 581</u>	<u>\$ 59,289</u>	<u>\$ 2,974</u>	<u>\$ 6,071</u>	<u>\$ 532</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

<u>Assets</u>	Animal Care Non-Reverting	Engineering Non-Reverting Fund	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Hazardous Materials Grant	Police Federal Equitable Sharing
Cash and cash equivalents	\$ 5,200	\$ 664,764	\$ 549,284	\$ 13,912	\$ 2,013,562	\$ -	\$ 3,709
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	-	4	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	95,419	345,077	-	-	-
Total assets	<u>5,200</u>	<u>664,764</u>	<u>644,707</u>	<u>358,989</u>	<u>2,013,562</u>	<u>-</u>	<u>3,709</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	32,513	-	-
Deferred Revenue	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	15,623	308	45	104	-	-
Total liabilities	<u>-</u>	<u>15,623</u>	<u>308</u>	<u>45</u>	<u>32,617</u>	<u>-</u>	<u>-</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>5,200</u>	<u>649,141</u>	<u>644,399</u>	<u>358,944</u>	<u>1,980,945</u>	<u>-</u>	<u>3,709</u>
Total fund balances	<u>5,200</u>	<u>649,141</u>	<u>644,399</u>	<u>358,944</u>	<u>1,980,945</u>	<u>-</u>	<u>3,709</u>
Total liabilities and fund balances	<u>\$ 5,200</u>	<u>\$ 664,764</u>	<u>\$ 644,707</u>	<u>\$ 358,989</u>	<u>\$ 2,013,562</u>	<u>\$ -</u>	<u>\$ 3,709</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

<u>Assets</u>	2010 Police JAG Fund	COPS WX0777 Grant Fund	COPS WX0472 Grant Fund	COPS Grant Fund	Community Development Fund	Redevelopment Ft. Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interst
Cash and cash equivalents	\$ 12,283	\$ 100	\$ -	\$ 9,240	\$ 588	\$ 131,320	\$ 163,404
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	-	-	-	-	87	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	1,730	-	-
Total assets	<u>12,283.00</u>	<u>100</u>	<u>-</u>	<u>9,240</u>	<u>2,318</u>	<u>131,407</u>	<u>163,404</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	12,283	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	21,766	1,397	4	-
Total liabilities	<u>12,283.00</u>	<u>-</u>	<u>-</u>	<u>21,766</u>	<u>1,397</u>	<u>4</u>	<u>-</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	-	100	-	(12,526)	921	131,403	163,404
Total fund balances	<u>-</u>	<u>100</u>	<u>-</u>	<u>(12,526)</u>	<u>921</u>	<u>131,403</u>	<u>163,404</u>
Total liabilities and fund balances	<u>\$ 12,283</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 9,240</u>	<u>\$ 2,318</u>	<u>\$ 131,407</u>	<u>\$ 163,404</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

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<u>Assets</u>	State Road 46 Construction	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund	Fire Dept Nonreverting Real Property	Hazardous Material Recovery Fund	Fire Training Academy Non Reverting
Cash and cash equivalents	\$ 4,880,138	\$ 2,509,940	\$ 647,518	\$ 8,154	\$ 667	\$ 28,404	\$ 45,692
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	949	252	75	-	-	-	-
Interfund receivable	1,078,298	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>5,959,385</u>	<u>2,510,192</u>	<u>647,593</u>	<u>8,154</u>	<u>667</u>	<u>28,404</u>	<u>45,692</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	-	-	-	-	-	-	512
Deferred Revenue	-	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	141	31	-	-	-	-
Total liabilities	<u>-</u>	<u>141</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>512</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>5,959,385</u>	<u>2,510,051</u>	<u>647,562</u>	<u>8,154</u>	<u>667</u>	<u>28,404</u>	<u>45,180</u>
Total fund balances	<u>5,959,385</u>	<u>2,510,051</u>	<u>647,562</u>	<u>8,154</u>	<u>667</u>	<u>28,404</u>	<u>45,180</u>
Total liabilities and fund balances	<u>\$ 5,959,385</u>	<u>\$ 2,510,192</u>	<u>\$ 647,593</u>	<u>\$ 8,154</u>	<u>\$ 667</u>	<u>\$ 28,404</u>	<u>\$ 45,692</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

<u>Assets</u>	Marble Hill Settlement Fund	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund	Levi Music Fund	Brittlebank Trust Fund	Municipal Softball Fund
Cash and cash equivalents	\$ -	\$ 2,227	\$ 7,796	\$ 6,754	\$ 513	\$ -
Investments	-	-	27,000	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	1	-	-	-
Interfund receivable	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>-</u>	<u>2,227</u>	<u>34,797</u>	<u>6,754</u>	<u>513</u>	<u>-</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	-	400	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	-	1,827	34,797	6,754	513	-
Total fund balances	<u>-</u>	<u>1,827</u>	<u>34,797</u>	<u>6,754</u>	<u>513</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 2,227</u>	<u>\$ 34,797</u>	<u>\$ 6,754</u>	<u>\$ 513</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

	Cemetery Trust Fund	Telecommunications Non Reverting Fund	Lead Poisoning Awareness	Economic Development Comission	Center City Fund	Crime Control Fund
<u>Assets</u>						
Cash and cash equivalents	\$ 393,321	\$ 25,700	\$ -	\$ 5,810	\$ -	\$ 1,727
Investments	1,000	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	103	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>394,424</u>	<u>25,700</u>	<u>-</u>	<u>5,810</u>	<u>-</u>	<u>1,727</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>394,424</u>	<u>25,700</u>	<u>-</u>	<u>5,810</u>	<u>-</u>	<u>1,727</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>394,424</u>	<u>25,700</u>	<u>-</u>	<u>5,810</u>	<u>-</u>	<u>1,727</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 394,424</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>\$ 5,810</u>	<u>\$ -</u>	<u>\$ 1,727</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2009
 (Continued)

<u>Assets</u>	Police Ceremonial Unit	Jad Core Bond & Interest	St Rd 46 TIF Fund	Candlewood Suites Bond & Interest Fund	Collett Park Trail Fund	Totals
Cash and cash equivalents	\$ 11,740	\$ 295,256	\$ 668,778	\$ 1,017	\$ 152,406	\$ 15,036,541
Investments	175,000		-	-	-	203,000
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	219	2	55	-	-	1,747
Interfund receivable	-	-	-	-	-	1,078,298
Accounts	-	-	-	-	-	1,661,783
Loans	-	-	-	-	-	442,226
Total assets	<u>186,959</u>	<u>295,258</u>	<u>668,833</u>	<u>1,017</u>	<u>152,406</u>	<u>18,423,595</u>
<u>Liabilities and fund balances</u>						
Liabilities:						-
Accounts payable	1,660	-	-	-	-	117,929
Deferred Revenue	-	-	-	-	-	-
Interfund Payable	-	-	-	-	-	2,156,597
Accrued payroll and withholdings payable	-	-	145	-	-	84,185
Total liabilities	<u>1,660</u>	<u>-</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>2,358,711</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	185,299	295,258	668,688	1,017	152,406	16,064,884
Total fund balances	<u>185,299</u>	<u>295,258</u>	<u>668,688</u>	<u>1,017</u>	<u>152,406</u>	<u>16,064,884</u>
Total liabilities and fund balances	<u>\$ 186,959</u>	<u>\$ 295,258</u>	<u>\$ 668,833</u>	<u>\$ 1,017</u>	<u>\$ 152,406</u>	<u>\$ 18,423,595</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009

	Levy Excess	Parking Garage	Abandoned Vehicle Non-Reverting	Police Continuing Education	Clerks Record Perpetuation	Sanitary District Rainy Day	Emergency Medical Service Non-Reverting
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	106,708	-	-	-	-	87,994	-
Investment Income	-	-	-	-	-	-	-
Charges for services	-	35,291	350	26,615	-	-	1,493,065
Fines and forfeits	-	-	-	35,414	13,360	-	-
Other	-	655	-	-	-	-	117
Total revenues	106,708	35,946	350	62,029	13,360	87,994	1,493,182
Expenditures:							
Current:							
General government	-	48,677	-	-	-	-	-
Public safety	-	-	-	79,486	-	-	1,289,203
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	-	-
Total expenditures	-	48,677	-	79,486	-	-	1,289,203
Excess (deficiency) of revenues over (under) expenditures	106,708	(12,731)	350	(17,457)	13,360	87,994	203,979
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	3,593
Transfers out	-	(116,996)	-	-	(11,495)	-	(65,452)
Note proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	-	(116,996)	-	-	(11,495)	-	(61,859)
Net change in fund balances	106,708	(129,727)	350	(17,457)	1,865	87,994	142,120
Fund balances - beginning	-	129,727	24,676	80,242	16,264	115,881	2,432,218
Fund balances - ending	\$ 106,708	\$ -	\$ 25,026	\$ 62,785	\$ 18,129	\$ 203,875	\$ 2,574,338

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Fire Dept Contractual EMS Fund	Arson Investigation Fund	Police Dept Non-Reverting Fund	Grant Overtime Staying Right	Operation Pull-over Award	ELE Map Generation Fund	Hulman Links Non-reverting
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	18,532	59,900	-	-
Investment Income	-	-	-	-	-	-	-
Charges for services	144,286	-	-	-	-	-	528,271
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	42,405	-	-	1	-
Total revenues	<u>144,286</u>	<u>-</u>	<u>42,405</u>	<u>18,532</u>	<u>59,900</u>	<u>1</u>	<u>528,271</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	147,866	-	8,117	15,860	54,999	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	882,145
Urban Redevelopment and Housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	-	-
Total expenditures	<u>147,866</u>	<u>-</u>	<u>8,117</u>	<u>15,860</u>	<u>54,999</u>	<u>-</u>	<u>882,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,580)</u>	<u>-</u>	<u>34,288</u>	<u>2,672</u>	<u>4,901</u>	<u>1</u>	<u>(353,874)</u>
Other financing sources (uses):							
Transfers in	651	-	-	-	-	-	8,591
Transfers out	-	-	-	-	-	-	-
Note proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	<u>651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,591</u>
Net change in fund balances	<u>(2,929)</u>	<u>-</u>	<u>34,288</u>	<u>2,672</u>	<u>4,901</u>	<u>1</u>	<u>(345,283)</u>
Fund balances - beginning	<u>307,044</u>	<u>581</u>	<u>25,001</u>	<u>302</u>	<u>1,170</u>	<u>531</u>	<u>(1,322,647)</u>
Fund balances - ending	<u>\$ 304,115</u>	<u>\$ 581</u>	<u>\$ 59,289</u>	<u>\$ 2,974</u>	<u>\$ 6,071</u>	<u>\$ 532</u>	<u>\$ (1,667,930)</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Rea Park Non-Reverting	Animal Care Non-Reverting	Engineering Non-Reverting Fund	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Police Federal Equitable Sharing
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	1,540	10,741	-	-	-	-
Intergovernmental	-	-	-	762,091	985,668	931,931	-
Investment Income	-	-	-	-	-	-	-
Charges for services	467,873	-	582,947	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	7,537	22,438	-	22
Total revenues	<u>467,873</u>	<u>1,540</u>	<u>593,688</u>	<u>769,628</u>	<u>1,008,106</u>	<u>931,931</u>	<u>22</u>
Expenditures:							
Current:							
General government	-	4,327	-	-	-	-	-
Public safety	-	-	-	-	-	-	3,966
Highways and streets	-	-	539,266	-	-	-	-
Sanitation	-	-	-	-	-	1,613,902	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	558,114	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	-	734,121	1,019,748	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	-	-
Total expenditures	<u>558,114</u>	<u>4,327</u>	<u>539,266</u>	<u>734,121</u>	<u>1,019,748</u>	<u>1,613,902</u>	<u>3,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,241)</u>	<u>(2,787)</u>	<u>54,422</u>	<u>35,507</u>	<u>(11,642)</u>	<u>(681,971)</u>	<u>(3,944)</u>
Other financing sources (uses):							
Transfers in	6,164	-	10,261	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Note proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	<u>6,164</u>	<u>-</u>	<u>10,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(84,077)</u>	<u>(2,787)</u>	<u>64,683</u>	<u>35,507</u>	<u>(11,642)</u>	<u>(681,971)</u>	<u>(3,944)</u>
Fund balances - beginning	<u>(446,795)</u>	<u>7,987</u>	<u>584,458</u>	<u>608,892</u>	<u>370,586</u>	<u>2,662,916</u>	<u>7,653</u>
Fund balances - ending	<u>\$ (530,872)</u>	<u>\$ 5,200</u>	<u>\$ 649,141</u>	<u>\$ 644,399</u>	<u>\$ 358,944</u>	<u>\$ 1,980,945</u>	<u>\$ 3,709</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	2009 Justice Assistance Grant Fund	2010 Justice Assistance Grant Fund	COPS WX0777 Grant Fund	COPS WX0472 Grant Fund	COPS Grant Fund	Community Development Fund	Redevelopment Ft Harrison TIF #8
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	22,477	29,205	29,950	106,823	276,106	3,217,616	-
Investment Income	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	9,370	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,497	973
Total revenues	<u>22,477</u>	<u>29,205</u>	<u>29,950</u>	<u>106,823</u>	<u>276,106</u>	<u>3,228,483</u>	<u>973</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	24,398	29,205	29,950	107,356	293,623	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-	2,025,310	11,957
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	1,205,174	-
Total expenditures	<u>24,398</u>	<u>29,205</u>	<u>29,950</u>	<u>107,356</u>	<u>293,623</u>	<u>3,230,484</u>	<u>11,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,921)</u>	<u>-</u>	<u>-</u>	<u>(533)</u>	<u>(17,517)</u>	<u>(2,001)</u>	<u>(10,984)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	4,991	-	-
Transfers out	-	-	-	-	-	-	-
Note proceeds	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,991</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,921)</u>	<u>-</u>	<u>-</u>	<u>(533)</u>	<u>(12,526)</u>	<u>(2,001)</u>	<u>(10,984)</u>
Fund balances - beginning	<u>1,921</u>	<u>-</u>	<u>100</u>	<u>533</u>	<u>-</u>	<u>2,922</u>	<u>142,387</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ (12,526)</u>	<u>\$ 921</u>	<u>\$ 131,403</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Redevelopment Ft. Harrison Interest	State Road 46 Construction Fund	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund	Fire Dept Nonreverting Real Property	Hazardous Material Recovery Fund
Revenues:							
Taxes	\$ 145,075.00	\$ -	\$ 1,255,929.00	\$ 134,588.00	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	6,453
Investment Income	-	-	-	-	-	-	-
Charges for services	-	-	496,149	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	3,246	4,635	5,891	3,450	-	-
Total revenues	<u>145,075</u>	<u>3,246</u>	<u>1,756,713</u>	<u>140,479</u>	<u>3,450</u>	<u>-</u>	<u>6,453</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	11,817
Highways and streets	-	222,567	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	141	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	870,252	18,420	-	-	-
Debt service:							
Principal	45,000	-	1,697,402	-	-	-	-
Interest	37,081	-	466,079	-	-	-	-
Capital outlay:							
Highways and streets	-	1,971,294	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	-	-
Total expenditures	<u>82,081</u>	<u>2,193,861</u>	<u>3,033,874</u>	<u>18,420</u>	<u>-</u>	<u>-</u>	<u>11,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62,994</u>	<u>(2,190,615)</u>	<u>(1,277,161)</u>	<u>122,059</u>	<u>3,450</u>	<u>-</u>	<u>(5,364)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(127,275)	-	-	-	-
Note proceeds	-	8,150,000	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>8,150,000</u>	<u>(127,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>62,994</u>	<u>5,959,385</u>	<u>(1,404,436)</u>	<u>122,059</u>	<u>3,450</u>	<u>-</u>	<u>(5,364)</u>
Fund balances - beginning	<u>100,410</u>	<u>-</u>	<u>3,914,487</u>	<u>525,503</u>	<u>4,704</u>	<u>667</u>	<u>33,788</u>
Fund balances - ending	<u>\$ 163,404</u>	<u>\$ 5,959,385</u>	<u>\$ 2,510,051</u>	<u>\$ 647,562</u>	<u>\$ 8,154</u>	<u>\$ 667</u>	<u>\$ 28,404</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Fire Training Academy Non Reverting	Marble Hill Settlement Fund	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund	Levi Music Fund	Brittlebank Trust Fund
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	49,993	-	-	-	-	-
Investment Income	-	-	-	1	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	14,743	-	1,775	-
Total revenues	<u>49,993</u>	<u>-</u>	<u>14,743</u>	<u>1</u>	<u>1,775</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	157,236	-	14,783	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Urban Redevelopment	-	-	-	-	-	-
Total expenditures	<u>157,236</u>	<u>-</u>	<u>14,783</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(107,243)</u>	<u>-</u>	<u>(40)</u>	<u>1</u>	<u>1,775</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	65,452	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Note proceeds	44,000	-	-	-	-	-
Total other financing sources and uses	<u>109,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,209</u>	<u>-</u>	<u>(40)</u>	<u>1</u>	<u>1,775</u>	<u>-</u>
Fund balances - beginning	<u>42,971</u>	<u>-</u>	<u>1,867</u>	<u>34,796</u>	<u>4,979</u>	<u>513</u>
Fund balances - ending	<u>\$ 45,180</u>	<u>\$ -</u>	<u>\$ 1,827</u>	<u>\$ 34,797</u>	<u>\$ 6,754</u>	<u>\$ 513</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	Cemetery Trust Fund	Telecommunications Non Reverting Fund	Lead Poisoning Awareness	Economic Development Comission	Crime Control Fund	Police Ceremonial Unit
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Investment Income	12	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	<u>2,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,255</u>	<u>5,865</u>
Total revenues	<u>2,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,255</u>	<u>5,865</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	30,974	5,178
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban Redevelopment and Housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Urban Redevelopment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,974</u>	<u>5,178</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281</u>	<u>687</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(912)	-	-	-	-	-
Note proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(912)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,887	-	-	-	1,281	687
Fund balances - beginning	<u>392,537</u>	<u>25,700</u>	<u>-</u>	<u>5,810</u>	<u>446</u>	<u>184,612</u>
Fund balances - ending	<u>\$ 394,424</u>	<u>\$ 25,700</u>	<u>\$ -</u>	<u>\$ 5,810</u>	<u>\$ 1,727</u>	<u>\$ 185,299</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009
 (Continued)

	JadCore Bond & Interest	ST Rd 46 TIF Fund	Candlewood Suites Bond & Interest Fund	State Road 46 TIF Fund	Collete Park Trail Fund	Total Governmental Funds
Revenues:						
Taxes	\$ 185,558	\$ 527,719	\$ -	\$ -	\$ -	\$ 2,248,869
Licenses and permits	-	-	-	-	-	12,281
Intergovernmental	-	-	-	-	-	6,691,447
Investment Income	-	1,861	-	-	-	1,874
Charges for services	-	-	-	-	-	3,784,217
Fines and forfeits	-	-	-	-	-	48,774
Other	22	17	1	-	-	150,332
	<u>185,580</u>	<u>529,597</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>12,937,794</u>
Total revenues	<u>185,580</u>	<u>529,597</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>12,937,794</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	53,004
Public safety	-	-	-	-	-	2,304,017
Highways and streets	-	82,038	-	-	-	843,871
Sanitation	-	-	-	-	-	1,613,902
Economic development	-	-	-	-	-	141
Culture and recreation	-	-	-	-	-	1,440,259
Urban Redevelopment and Housing	-	-	-	-	-	4,679,808
Debt service:						
Principal	30,000	-	30,000	-	-	1,802,402
Interest	76,800	-	97,275	3,317	-	680,552
Capital outlay:						
Highways and streets	-	-	-	-	129,755	2,101,049
Urban Redevelopment	5,250	489,582	-	-	-	1,700,006
	<u>112,050</u>	<u>571,620</u>	<u>127,275</u>	<u>3,317</u>	<u>129,755</u>	<u>17,219,011</u>
Total expenditures	<u>112,050</u>	<u>571,620</u>	<u>127,275</u>	<u>3,317</u>	<u>129,755</u>	<u>17,219,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,530</u>	<u>(42,023)</u>	<u>(127,274)</u>	<u>(3,317)</u>	<u>(129,755)</u>	<u>(4,281,217)</u>
Other financing sources (uses):						
Transfers in	-	-	127,275	3,317	-	230,295
Transfers out	-	(3,317)	-	-	-	(325,447)
Note proceeds	-	-	-	-	-	8,194,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(3,317)</u>	<u>127,275</u>	<u>3,317</u>	<u>-</u>	<u>8,098,848</u>
Net change in fund balances	<u>73,530</u>	<u>(45,340)</u>	<u>1</u>	<u>-</u>	<u>(129,755)</u>	<u>3,817,631</u>
Fund balances - beginning	<u>221,728</u>	<u>714,028</u>	<u>1,016</u>	<u>-</u>	<u>282,161</u>	<u>12,247,253</u>
Fund balances - ending	<u>\$ 295,258</u>	<u>\$ 668,688</u>	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 152,406</u>	<u>\$ 16,064,884</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2010

	<u>Fire Pension Trust Funds</u>	<u>Police Pension Trust Funds</u>	<u>Pension Trust Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 509,659	\$ 1,060,809	\$ 1,570,468
<u>Liabilities</u>			
Accrued payroll and withholdings payable	<u>17,091</u>	<u>16,872</u>	<u>33,963</u>
<u>Net assets</u>			
Held in trust for:			
Employees' pension benefits and other purposes	<u>\$ 492,568</u>	<u>\$ 1,043,937</u>	<u>\$ 1,536,505</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2010

	Fire Pension Trust Funds	Police Pension Trust Funds	Total Pension Funds
<u>Additions</u>			
Contributions:			
Pension Relief	\$ 2,483,998	\$ 2,818,736	\$ 5,302,734
<u>Deductions</u>			
Benefits	2,355,698	2,565,434	4,921,132
Administrative expense	1,802	1,936	3,738
Total deductions	2,357,500	2,567,370	4,924,870
Changes in net assets	126,498	251,366	377,864
Net assets - beginning	366,070	792,571	1,158,641
Net assets - ending	\$ 492,568	\$ 1,043,937	\$ 1,536,505

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES (Applies to City)

The General Fund, Hulman Links Non-Reverting Fund, Rea Park Non-Reverting Fund, and COPS Grant Fund were overdrawn by \$553,548, \$1,667,930, \$530,872, and \$12,526, respectively, at December 31, 2010.

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

COMPENSATION AND BENEFITS (Applies to City and Wastewater Utility)

As stated in prior Reports B32595, B35626, and B37516, the salary ordinance set by the City Council for 2010 lists various employees to be paid at an hourly rate. Hourly employees were paid an equal amount each pay period, instead of being paid for the exact hours worked in a specific pay period.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PUBLIC RECORDS RETENTION (Applies to Park and Recreation Department)

Supporting payroll records were not presented for audit for hours worked at Rea Park for 2010.

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Terre Haute (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in a City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 10, 2011

CITY OF TERRE HAUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG Entitlement Grant Cluster			
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-18-0012 B-10-MC-18-0012	\$ 839,908 <u>1,045,526</u>
Total for program			<u>1,885,434</u>
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253	B-09-MY-18-0012	<u>114,581</u>
Total for cluster			<u>2,000,015</u>
CDBG - State Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NSP-1-009-013	<u>703,984</u>
Emergency Shelter Grants Program	14.231	S-09-MC-18-0012 S-10-MC-18-0012	54,217 <u>58,037</u>
Total for program			<u>112,254</u>
HOME Investment Partnerships Program	14.239	M-07-MC-18-0012 M-08-MC-18-0012 M-09-MC-18-0012 M-10-MC-18-0012	213,332 246,387 366,001 <u>159,948</u>
Total for program			<u>985,668</u>
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	B-05-NI-IN-0004	<u>54,910</u>
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	S-09-MY-18-0012	<u>333,459</u>
Total for federal grantor agency			<u>4,190,290</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0355 2008CKW0472 2008CKWX0777	293,622 107,355 <u>29,950</u>
Total for program			<u>430,927</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units of Local Government	16.804	2009-DJ-B-0579 2010-DJ-B-0579	19,500 <u>29,205</u>
Total for program			<u>48,705</u>
Total for federal grantor agency			<u>479,632</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
ARRA - Federal Transit - Capital Investment Grants	20.500		<u>1,278,309</u>
Federal Transit - Formula Grants	20.507		<u>1,085,144</u>
Total for cluster			<u>2,363,453</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Operation Pullover			<u>54,999</u>
Total for federal grantor agency			<u>2,418,452</u>
Total federal awards expended			<u>\$ 7,088,374</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Terre Haute (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.239	HOME Investment Partnerships Program
14.257	ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP)
16.710	Public Safety Partnership and Community Policing Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TERRE HAUTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2011, with Duke A. Bennett, Mayor; Leslie A. Ellis, Controller; John Mullican, President of the Common Council; Jackie Loeb, Assistant City Controller; and Scott Walker, Financial Consultant. The official response has been made a part of this report and may be found on pages 79 and 80.

The contents of this report were discussed on August 10, 2011, with Eddie Bird, Parks and Recreation Department Superintendent; and Tina Bauer, Parks and Recreation Department Office Manger. The officials concurred with our findings.

August 10, 2011

TERRE HAUTE
CITY HALL
CITY CONTROLLER
City Hall
17 Harding Avenue
Terre Haute, IN 47807
Phone: 812.232.9611
Fax: 812.232.7339

Indiana State Board of Accounts
302 West Washington St.
Room E 418
Indianapolis, IN 46204-2765

www.terrehaute.IN.gov

RE: Official Response to the Audit Results and Comments December 31, 2010

TERRE HAUTE
City Controller

OVERDRAWN FUND BALANCES:

General Fund

The planned balance for this fund prior to the end of the year was \$ 800,000. There were proceeds earmarked from the US 40 project designated to be deposited into the general fund. The city council chose to divert 1.4 million dollars of those funds to a non-reverting fund resulting in a negative fund balance for the general fund.

Hulman Links/Rea Park

The negative fund balances in the Hulman Links and Rea Park funds are a product of several years of negative balance activity going back to the previous administration. The city has significantly slowed the rate of expenditures on 2010 and expects to make further cuts in 2011

COPS Grant Fund

The COPS Grant Fund is funded via a reimbursement federal grant. Expenditures must be paid out prior to filing claims with the Department of Justice. The negative fund balance reflects expenditures that had not yet been reimbursed at the end of the year. When the grant year is completed, the balance of the fund will be zero.

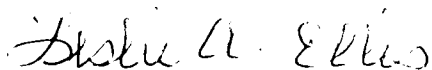
COMPENSATION AND BENEFITS

The issue regarding hourly pay that is paid out in equal rather than actual amounts per pay period is directly tied to current union contracts. As we move forward through our next set of union negotiations, moving the compensation plans into compliance with the Uniform Accounting Guidelines will be a priority.

PUBLIC RECORDS RETENTION

This finding refers to the time cards not available from Rea Park during the audit. The director of Rea Park misunderstood the requirement to keep time cards on-hand at the end of each fiscal year because he thought that the electronic records entered into the payroll system would be sufficient to meet any audit requirement. He has since been informed of the actual requirement and the process to store and retain time records has been updated.

Sincerely,



Leslie A Ellis
City Controller
City of Terre Haute