

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

ANNUAL FINANCIAL REPORT

2011

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA



FILED
01/17/2013

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Leslie A. Ellis	01-01-11 to 12-31-12
Mayor	Duke A. Bennett	01-01-08 to 12-31-15
President of the Board of Public Works	William D. Lower Robert J. Murray	01-01-11 to 12-31-11 01-01-12 to 12-31-12
President of the Common Council	John Mullican Don Morris	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
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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, 2011, which collectively comprise the City's 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 opinions 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 financial reporting. Accordingly, we express no such opinion. 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 opinions.

The City provides postemployment benefits to retired employees by allowing them to remain on the City's health insurance plan. The City has not implemented the requirements of GASB 45 in providing actuarially sound information related to the computation or inclusion of any liability associated with the benefits.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the liabilities related to postemployment benefits, the financial statements referred to above present fairly, in all material respects, the respective 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, 2011, 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2012, 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Accounting principles generally accepted in the United States of America require that 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City's financial statements. The accompanying Combining Schedules and Schedule of Expenditures of Federal Awards as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The City's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the City's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 7, 2012



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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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 7, 2012. The opinions to the financial statements were qualified due to the lack of actuarial information regarding the postemployment benefits. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we considered to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in item Finding 2011-1 of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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 and Other Matters

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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, the City Council, the Board of Public Works and Safety, others within the entity, and 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 7, 2012

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
For The Year Ended December 31, 2011

<u>Assets</u>	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Cash and cash equivalents	\$ -	\$ 3,997,748	\$ 3,997,748
Receivables (net of allowances for uncollectibles):			
Interest	1,675	23	1,698
Taxes	6,599,905	-	6,599,905
Accounts	1,480,783	1,167,134	2,647,917
Other	16,519	1,464	17,983
Intergovernmental	1,351,769	-	1,351,769
Loans	769,577	-	769,577
Prepaid expense	139,997	21,870	161,867
Deferred debits	523,212	787,882	1,311,094
Restricted assets:			
Cash and cash equivalents	21,997,462	4,192,316	26,189,778
Investments	198,433	-	198,433
Interest receivable	-	-	-
PERF over-funded pension	-	-	-
Capital assets:			
Land, improvements and construction in progress	25,009,321	33,551,130	58,560,451
Other capital assets, net of depreciation	<u>87,598,577</u>	<u>68,255,104</u>	<u>155,853,681</u>
Total assets	<u>145,687,230</u>	<u>111,974,671</u>	<u>257,661,901</u>
 <u>Liabilities</u>			
Accounts payable	798,594	98,613	897,207
Accrued payroll and withholdings payable	1,910,475	125,753	2,036,228
Contracts payable	-	747,651	747,651
Accrued interest payable	-	-	-
Loans payable	-	8,488,738	8,488,738
Deferred revenue	41,515	4,461	45,976
Payable from restricted assets:			
Accrued bond interest	530,925	737,111	1,268,036
Revenue bonds - due within one year	905,000	900,000	1,805,000
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	6,105,000	-	6,105,000
Capital lease obligations	676,840	-	676,840
Compensated absences	251,361	20,196	271,557
Notes and loans payable	109,268	-	109,268
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	14,145,000	-	14,145,000
Compensated absences	2,262,247	181,765	2,444,012
Revenue bonds payable (net of discounts or premiums)	9,840,000	24,005,000	33,845,000
Capital lease obligations	2,183,458	-	2,183,458
Notes and loans payable	-	-	-
Bond anticipation note payable	8,150,000	-	8,150,000
Net pension obligation	<u>24,718,988</u>	<u>-</u>	<u>24,718,988</u>
Total liabilities	<u>72,628,671</u>	<u>35,309,288</u>	<u>107,937,959</u>
 <u>Net Assets</u>			
Invested in capital assets, net of related debt	70,602,600.00	68,412,496	139,015,096
Restricted for:			
Public safety	1,292,876	-	1,292,876
Highways and streets	8,116,815	-	8,116,815
Sanitation	1,936,048	918,175	2,854,223
Economic development	8,914,761	-	8,914,761
Culture and recreation	(2,560,244)	-	(2,560,244)
Debt service	2,800,318	3,274,142	6,074,460
Other purposes	6,269,143	-	6,269,143
Unrestricted	<u>(24,313,758)</u>	<u>4,060,570</u>	<u>(20,253,188)</u>
Total net assets	<u>\$ 73,058,559</u>	<u>\$ 76,665,383</u>	<u>\$ 149,723,942</u>

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, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 17,225,911	\$ 1,444,419	\$ 9,198,011	\$ -	\$ (6,583,481.00)	\$ -	\$ (6,583,481)
Public safety	28,742,272	1,509,812	913,291	-	(26,319,169)	-	(26,319,169)
Highways and streets	5,489,442	-	2,281,617	2,688,984	(518,841)	-	(518,841)
Sanitation	249,438	794,370	6,779	-	551,711	-	551,711
Economic development	142,976	-	-	2,970,803	2,827,827	-	2,827,827
Culture and recreation	3,771,363	1,178,101	54,334	-	(2,538,928)	-	(2,538,928)
Urban redevelopment	7,651,672	-	28,178	1,333,633	(6,289,861)	-	(6,289,861)
Interest on long-term debt	1,290,445	-	-	-	(1,290,445)	-	(1,290,445)
Total governmental activities	64,563,519	4,926,702	12,482,210	6,993,420	(40,161,187)	-	(40,161,187)
Business-type activities:							
Wastewater	12,028,803	14,279,099	-	-	-	2,250,296	2,250,296
Total primary government	\$ 76,592,322	\$ 19,205,801	\$ 12,482,210	\$ 6,993,420	\$ (40,161,187)	\$ 2,250,296	\$ (37,910,891)
General revenues:							
Property taxes					32,616,007	-	32,616,007
Intergovernmental revenues:							
Financial institutions tax					445,090	-	445,090
Auto and aircraft excise tax					1,557,959	-	1,557,959
Commercial vehicle excise tax					157,930	-	157,930
County adjusted gross income tax					3,042,878	-	3,042,878
Tax increments for redeveloping districts					2,458,478	-	2,458,478
Economic development income tax					3,725,317	-	3,725,317
Surtax and wheeltax					-	-	-
Property tax replacement credit					1,664,571	-	1,664,571
ABC excise tax					57,145	-	57,145
ABC gallonage tax					154,384	-	154,384
State cigarette tax					217,887	-	217,887
Gaming tax revenue					-	-	-
Contributions by city and employees to health self-insurance					-	-	-
Unrestricted investment earnings					10,490	8,720	19,210
Special items:							
Increase in capital assets due to capturing assets purchased in previous years					-	-	-
Gain on sale of capital assets					-	-	-
Other:							
Restricted investment earnings					371,228	-	371,228
Miscellaneous					71,724	-	71,724
Total general revenues, intergovernmental revenues, special items, and other					46,551,088	8,720	46,559,808
Change in net assets					6,389,901	2,259,016	8,648,917
Net assets - beginning					66,668,658	74,406,367	141,075,025
Net assets - ending					\$ 73,058,559	\$ 76,665,383	\$ 149,723,942

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

<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	\$ -	\$ -	\$ 1,767,497	\$ 354,944	\$ 135,659	\$ 194,444	\$ 65,558	\$ 1,374,177
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	693	-	-	-	-	-	-	-
Taxes	4,498,639	-	236,247	-	-	-	428,353	1,436,666
Accounts	-	-	-	-	-	-	-	-
Other receivables	4,169	-	7,246	3,199	-	237	750	-
Interfund receivable	-	3,888,381	-	-	-	-	-	-
Intergovernmental	45,465	-	226,231	82,147	-	818,104	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	<u>\$ 4,548,966</u>	<u>\$ 3,888,381</u>	<u>\$ 2,237,221</u>	<u>\$ 440,290</u>	<u>\$ 135,659</u>	<u>\$ 1,012,785</u>	<u>\$ 494,661</u>	<u>\$ 2,810,843</u>
 <u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 401,668	\$ -	\$ 53,524	\$ 3,385	\$ 3,219	\$ 63,856	\$ 23,438	\$ -
Accrued payroll and withholdings payable	1,549,582	-	85,452	-	20,145	115,543	42,222	-
Interfund payable	4,533,957	-	-	-	-	-	-	-
Deferred revenue	4,510,692	-	236,247	-	-	-	428,353	1,436,666
Total liabilities	<u>10,995,899</u>	<u>-</u>	<u>375,223</u>	<u>3,385</u>	<u>23,364</u>	<u>179,399</u>	<u>494,013</u>	<u>1,436,666</u>
Fund balances:								
Fund balance reported with the following restrictions:								
Un-spendable	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	-	112,295	833,386	-	-
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	648	-
Sanitation	-	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	1,374,177
Highway	-	-	1,861,998	436,905	-	-	-	-
Committed to:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Un-Assigned	(6,446,933)	3,888,381	-	-	-	-	-	-
Total fund balances	<u>(6,446,933)</u>	<u>3,888,381</u>	<u>1,861,998</u>	<u>436,905</u>	<u>112,295</u>	<u>833,386</u>	<u>648</u>	<u>1,374,177</u>
Total liabilities and fund balances	<u>\$ 4,548,966</u>	<u>\$ 3,888,381</u>	<u>\$ 2,237,221</u>	<u>\$ 440,290</u>	<u>\$ 135,659</u>	<u>\$ 1,012,785</u>	<u>\$ 494,661</u>	<u>\$ 2,810,843</u>

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011
(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	\$ 3,181	\$ -	\$ 1,776,445	\$ 32,374	\$ 2,408,821	\$ 12,783,935	\$ 20,897,035
Investments	-	-	-	-	-	198,433	198,433
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	479	502	1,674
Taxes	-	-	-	-	-	-	6,599,905
Accounts	-	-	-	-	-	1,645,306	1,645,306
Other receivables	-	-	-	-	-	918	16,519
Interfund receivable	-	-	-	-	645,576	-	4,533,957
Intergovernmental	-	-	-	29,462	-	150,361	1,351,770
Loans	-	-	-	-	344,857	424,720	769,577
Total assets	\$ 3,181	\$ -	\$ 1,776,445	\$ 61,836	\$ 3,399,733	\$ 15,204,175	\$ 36,014,176

Liabilities and Fund Balances

Liabilities:							
Accounts payable	\$ -	\$ -	\$ 27,716	\$ 9,920	\$ 116,150	\$ 95,716.00	\$ 798,592
Accrued payroll and withholdings payable	-	-	-	-	-	97,363	1,910,307
Interfund payable	-	-	-	-	-	-	4,533,957
Deferred revenue	-	-	-	29,462	-	-	6,641,420
Total liabilities	-	-	27,716	39,382	116,150	193,079	13,884,276

Fund balances:

Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	394,874	394,874
Restricted for:							
General government	-	-	-	-	-	41,470	987,151
Public safety	-	-	-	-	-	2,815,390	2,815,390
Culture and recreation	-	-	-	-	-	43,954	44,602
Sanitation	-	-	-	-	-	1,557,304	1,557,304
Redevelopment	-	-	1,748,729	22,454	-	3,892,446	5,663,629
Capital projects	3,181	-	-	-	3,283,583	6,024,051	9,310,815
Debt service	-	-	-	-	-	1,426,142	2,800,319
Highway	-	-	-	-	-	-	2,298,903
Committed to:							
General government	-	-	-	-	-	25,700	25,700
Public safety	-	-	-	-	-	572,185	572,185
Capital projects	-	-	-	-	-	800,844	800,844
Un-Assigned	-	-	-	-	-	(2,583,264)	(5,141,816)
Total fund balances	3,181	-	1,748,729	22,454	3,283,583	15,011,096	22,129,900
Total liabilities and fund balances	\$ 3,181	\$ -	\$ 1,776,445	\$ 61,836	\$ 3,399,733	\$ 15,204,175	

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.	112,624,412
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	663,201
Allowances for doubtful accounts are recognized for governmental activities in the Statement of Net Assets, but are not reported in the funds.	(164,531)
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.	1,100,266
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(45,159,091)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(24,718,988)
Taxes receivable are long-term and, therefore, not reported as revenue in the funds statements	6,583,391
Net assets of governmental activities	\$ 73,058,560

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	Transit	Park and Recreation	Sanitary District Bond Fund
Revenues:								
Taxes	\$ 17,820,804	\$ -	\$ 950,948	\$ -	\$ 422,591	\$ 176,960	\$ 1,715,457	\$ 4,591,269
Licenses and permits	168,196	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Intergovernmental	6,075,896	-	2,276,179	468,427	36,467	1,986,449	157,137	292,159
Charges for services	815,256	-	-	-	124,237	504,926	245,961	-
Fines and forfeits	310,850	-	-	-	-	-	-	-
Other	422,889	10,490	45,865	3,199	7,216	19,849	37,677	-
Total revenues	25,613,891	10,490	3,272,992	471,626	590,511	2,688,184	2,156,232	4,883,428
Expenditures:								
Current:								
General government	7,503,647	-	-	-	629,613	2,861,760	-	-
Public safety	23,546,876	-	-	-	-	-	-	-
Highways and streets	514,850	-	3,233,645	350,310	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	2,240,036	-
Urban redevelopment	-	-	-	-	-	-	-	-
Debt service:								
Principal	66,467	-	47,549	-	3,811	-	104,438	4,050,000
Interest	2,490	-	6,720	-	1,828	-	9,911	539,201
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-	-
Public safety	149,319	-	-	-	-	-	-	-
Total expenditures	31,783,649	-	3,287,914	350,310	635,252	2,861,760	2,354,385	4,589,201
Excess (deficiency) of revenues over (under) expenditures	(6,169,758)	10,490	(14,922)	121,316	(44,741)	(173,576)	(198,153)	294,227
Other financing sources (uses):								
Transfers in	137,349	-	-	-	677	-	-	-
Transfers out	(10,295)	-	-	-	-	-	-	-
Discount on bonds payable	-	-	-	-	-	-	-	-
Debt proceeds	149,319	-	-	-	-	-	-	-
Total other financing sources and uses	276,373	-	-	-	677	-	-	-
Special item:								
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Net change in fund balances	(5,893,385)	10,490	(14,922)	121,316	(44,064)	(173,576)	(198,153)	294,227
Fund balances - beginning	(553,548)	3,877,891	1,876,920	315,589	156,359	1,006,961	198,801	1,079,950
Fund balances - ending	\$ (6,446,933)	\$ 3,888,381	\$ 1,861,998	\$ 436,905	\$ 112,295	\$ 833,385	\$ 648	\$ 1,374,177

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)

	Sanitary District Project No. 19	Sanitary District Project No. 21	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Other Governmental Funds	Total Governmental Funds
Revenues:							
Taxes	\$ -	\$ -	\$ 338,073.00	\$ -	\$ -	\$ 2,458,478	\$ 28,474,580
Licenses and permits	-	-	-	-	-	41,269	209,465
Investment income	-	-	-	-	-	895	895
Intergovernmental	-	-	30,968.00	171,197	3,940,117	6,644,464	22,079,460
Charges for services	-	-	-	-	-	3,183,128	4,873,508
Fines and forfeits	-	-	-	-	-	27,248	338,098
Other	-	39	-	-	62,603	392,732	1,002,559
Total revenues	-	39	369,041	171,197	4,002,720	12,748,214	56,978,565
Expenditures:							
Current:							
General government	-	-	-	-	-	36,915	11,031,935
Public safety	-	-	-	-	-	1,891,841	25,438,717
Highways and streets	-	-	-	-	-	541,872	4,640,677
Sanitation	-	-	-	-	-	249,438	249,438
Economic development	-	-	-	-	-	764,217	764,217
Culture and recreation	-	-	-	-	-	1,324,387	3,564,423
Urban Redevelopment	-	-	-	163,920	2,800,633	3,457,376	6,421,929
Debt service:							
Principal	-	-	-	-	-	7,143,649	11,415,914
Interest	-	-	-	-	-	909,677	1,469,827
Bond Issuance Costs	-	-	-	-	-	198,602	198,602
Capital outlay:							
Highways and streets	-	-	400,730	-	1,496,877	2,882,446	4,780,053
Urban redevelopment	-	-	-	-	-	905,298	905,298
Sanitation	2,798.00	40,221	-	-	-	1,162,788	1,205,807
Park and recreation	-	-	-	-	-	335,992	335,992
Public safety	-	-	-	-	-	1,345,580	1,494,899
Total expenditures	2,798	40,221	400,730	163,920	4,297,510	23,150,078	73,917,728
Excess (deficiency) of revenues over (under) expenditures	(2,798)	(40,182)	(31,689)	7,277	(294,790)	(10,401,864)	(16,939,163)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	8,209,012	8,347,038
Transfers out	-	(28)	-	-	-	(8,336,715)	(8,347,038)
Discount on bonds payable	-	-	-	-	-	(89,038)	(89,038)
Debt proceeds	-	-	-	-	-	9,564,818	9,714,137
Total other financing sources and uses	-	(28)	-	-	-	9,348,077	9,625,099
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	(2,798)	(40,210)	(31,689)	7,277	(294,790)	(1,053,787)	(7,314,064)
Fund balances - beginning	5,979	40,210	1,780,418	15,177	3,578,373	16,064,883	29,443,963
Fund balances - ending	\$ 3,181	\$ -	\$ 1,748,729	\$ 22,454	\$ 3,283,583	\$ 15,011,096	\$ 22,129,899

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 OTHER CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2011

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 Other Changes in Fund Balances)	\$ (7,314,064)
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.	5,737,068
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	6,599,905
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.	3,370,206
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.	(2,963,417)
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>960,203</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 6,389,901</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, 2011

<u>Assets</u>	<u>Wastewater Utility</u>	<u>Internal Service Fund</u>
Current assets:		
Cash and cash equivalents	\$ 3,997,748	\$ 1,100,427
Interest receivable	-	8
Other receivables	1,464	-
Accounts receivable (net of allowance)	1,167,134	-
Prepaid items	<u>21,870</u>	<u>-</u>
Total current assets	<u>5,188,216</u>	<u>1,100,435</u>
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Revenue bond covenant accounts	4,192,316	-
Interest receivable	<u>23</u>	<u>-</u>
Total restricted assets	<u>4,192,339</u>	<u>-</u>
Deferred debits	<u>787,882</u>	<u>-</u>
Capital assets:		
Land, improvements to land and construction in progress	33,551,130	-
Other capital assets (net of accumulated depreciation)	<u>68,255,104</u>	<u>-</u>
Total capital assets	<u>101,806,234</u>	<u>-</u>
Total noncurrent assets	<u>106,786,455</u>	<u>-</u>
Total assets	<u>111,974,671</u>	<u>1,100,435</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, 2011
(Continued)

<u>Liabilities</u>	<u>Wastewater Utility</u>	<u>Internal Service Fund</u>
Current liabilities:		
Accounts payable	98,613	-
Contracts payable	747,651	-
Accrued payroll and withholdings payable	125,753	168
Loans payable	8,488,738	-
Compensated absences	20,196	-
Deferred revenue	4,461	-
Current liabilities payable from restricted assets:		
Bond interest payable	737,111	-
Revenue bonds payable	<u>900,000</u>	<u>-</u>
Total current liabilities	<u>11,122,523</u>	<u>168</u>
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts or premiums)	24,005,000	-
Bond interest payable	-	-
Compensated absences	<u>181,765</u>	<u>-</u>
Total noncurrent liabilities	<u>24,186,765</u>	<u>-</u>
Total liabilities	<u>35,309,288</u>	<u>168</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	68,515,283	-
Restricted for debt service	3,274,142	-
Restricted for construction	918,175	-
Restricted for employee health benefits	-	1,100,267
Unrestricted	<u>3,957,783</u>	<u>-</u>
Total net assets	<u>\$ 76,665,383</u>	<u>\$ 1,100,267</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, 2011

	Wastewater <u>Utility</u>	Internal <u>Service Fund</u>
Operating revenues:		
Measured revenue	\$ 13,474,896	\$ -
Other	<u>804,203</u>	<u>6,268,115</u>
Total operating revenues	<u>14,279,099</u>	<u>6,268,115</u>
Operating expenses:		
Administration and general	-	-
Insurance claims and premiums	-	5,307,882
Salaries and wages	3,461,711	-
Materials and supplies	804,691	-
Contractual services	4,244,989	-
Insurance expense	122,390	-
Bad debt expense	128,867	-
Depreciation and amortization	<u>1,946,000</u>	<u>-</u>
Total operating expenses	<u>10,708,648</u>	<u>5,307,882</u>
Operating income (loss)	<u>3,570,451</u>	<u>960,233</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	8,720	10
Transfer from other funds	-	-
Interest expense	(1,280,389)	-
Amortization of bond issuance costs	<u>(39,766)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(1,311,435)</u>	<u>10</u>
Change in net assets	2,259,016	960,243
Total net assets - beginning	<u>74,406,367</u>	<u>140,024</u>
Total net assets - ending	<u>\$ 76,665,383</u>	<u>\$ 1,100,267</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, 2011

	Wastewater Utility	Internal Service Fund
Cash flows from operating activities:		
Receipts from customers and users	\$ 13,577,430	\$ -
Payments to suppliers	(4,728,573)	6,268,114
Payments to employees	(3,442,753)	(5,307,714)
Employer and employee contributions	-	-
Insurance claims	-	-
Other receipts	636,497	-
Net cash provided (used) by operating activities	6,042,601	960,400
Cash flows from noncapital financing activities:		
Transfer from other funds	-	-
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(16,255,984)	-
Cash from bond proceeds	8,488,738	-
Cash paid for bond issuance expenses	(72,401)	-
Principal paid on capital debt	(440,000)	-
Interest paid on capital debt	(658,295)	-
Net cash used by capital and related financing activities	(8,937,942)	-
Cash flows from investing activities:		
Interest received	12,102	3
Net decrease in cash and cash equivalents	(2,883,239)	960,403
Cash and cash equivalents, January 1 (Including \$9,940,765 for the Wastewater utility reported in restricted accounts)	11,073,303	140,024
Cash and cash equivalents, December 31 (Including \$4,192,316 for the Wastewater utility reported in restricted accounts)	\$ 8,190,064	\$ 1,100,427
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 3,662,771	\$ 960,232
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	1,946,000	-
Bad debt expense	-	-
Insurance expense	1,315	-
Decrease in assets:		
Accounts receivable	81,386	-
Increase (decrease) in liabilities:		
Accounts payable	(337,463)	-
Contracts payable	672,561	-
Deferred revenue	(5,760)	-
Compensated absences	56,196	-
Accrued payroll	(34,405)	168
Total adjustments	2,379,830	168
Net cash provided (used) by operating activities	\$ 6,042,601	\$ 960,400

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, 2011

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 1,160,508	\$ 238,239
Receivables:		
Interest and dividends	-	-
Total receivables	-	-
Total assets	1,160,508	238,239
 <u>Liabilities</u>		
Accrued payroll and withholdings payable	92,898	-
Due to state	-	34,137
Due to city	-	49,578
Due to county	-	10,101
Trust payable	-	143,823
Due to city - for cash drawers	-	600
Total liabilities	92,898	\$ 238,239
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	1,067,610	
Total net assets	\$ 1,067,610	

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, 2011

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Pension relief	\$ 4,725,150
Total additions	<u>4,725,150</u>
 <u>Deductions</u>	
Benefits	5,192,623
Administrative expense	<u>1,422</u>
Total deductions	<u>5,194,045</u>
Changes in net assets	(468,895)
Net assets - beginning	<u>1,536,505</u>
Net assets - ending	<u>\$ 1,067,610</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 interfund 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 segments 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 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. 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 expenses incurred in the construction, reconstruction, or maintenance of arterial and local roads and streets.

The local road and street fund is also used to account for state gasoline tax distributions. It is used exclusively for direct expenses related to engineering, land acquisition, construction, resurfacing, maintenance, restoration, or rehabilitation of arterial and local roads and streets. No administrative or indirect costs can be paid from the local road and street fund.

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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 interfund 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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 ongoing 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 nonoperating 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.

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

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.

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

2. Interfund 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 "interfund receivables/payables" (i.e., the current and noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "interfund 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 percent 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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The financial statements report \$27,271,715 in restricted net assets all of which is restricted by enabling legislation.

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 100 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 9 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 but can be rolled over into accumulated sick leave pay.
- (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 but can be rolled over into accumulated sick leave pay.

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 5 days, 10 days or 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 3 days per year. Personal leave accumulates up to 5 days maximum and is paid to employees upon termination of employment.
- (d) Compensatory Time – Must be approved by the Department's Director for work in excess of 40 hours per week. Compensatory time may be carried over from one year to another and accumulate to a maximum of 120 hours. The employee shall be compensated in their final paycheck for earned, but unused compensatory time.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Firefighters

- (a) Sick Leave – Employees receive 4 sick days per year. Sick leave does not accumulate from year to year. If no sick days are used then an attendance bonus of \$1,000 is paid which is reduced by \$250 for each sick day taken.
- (b) Vacation Leave – Employees earn vacation leave at rates from 12 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 2 sick days 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 does accumulate from year to year, not to exceed 15 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 – Personal Leave is called "Convenience Days" in the Bargaining Agreement. Employees earn 6 convenience days per year. Convenience days can accumulate from year to year, not to exceed 5 days.

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 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

- (c) Personal Leave – Employees earn personal leave at the rate of 6 days per year. Personal leave does not accumulate from year to year.

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.
- (b) Vacation Leave – Employees earn vacation leave at rates from 10 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 is 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 Balances

GASB Statement No. 54 – "Fund Balance Reporting and Government Fund Type Definitions" has resulted in reclassification in accordance with the new standard. Fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned. A brief description of each category is as follows:

Nonspendable fund balances include items that cannot be spent. This includes activity that is not in a spendable form (long-term portions of loans, property held for resale) and activity that is legally or contractually required to remain intact, such as principal balances in a permanent fund.

Restricted fund balances have constraints placed upon the use of the resources either by an external party such as a grantor or creditor or imposed by law through constitutional provisions or enabling legislation.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action by the City Council, the City's highest level of decision-making authority. This formal action is the passage of an ordinance by the Council specifying the purposes for which the funds can be used. The same type of formal action is necessary to remove or change the specified use.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. For the governmental fund types other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

The unassigned fund balance is the residual amount of the General Fund not included in the four categories above. Only the General Fund may report a positive unassigned fund balance whereas, other governmental funds may need to report a negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When both restricted and unrestricted amounts are available for use, generally it is the City's policy to use restricted amounts first, with unrestricted resources utilized as needed. In the case of unrestricted resources, it is generally the City's policy to use committed amounts first, followed by assigned amounts, then unassigned amounts as needed.

The detail of the fund balance classifications of the governmental funds for the year ended December 31, 2011, is included in the Governmental Funds Financial Statements.

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 September 30, 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 October 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, 2011, the following funds reported deficits in fund equity, which are violations of State statute:

Fund	2011
Governmental Funds:	
General Fund	\$ (6,446,933)
Hulman Links Nonreverting	(1,955,720)
Rea Park Nonreverting	(627,544)

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. All deposits are being held in the City's name.

The City has no policy regarding deposit investment risk other than that which is required by state statute.

The city has no policy regarding investment risk other than that which is required by state statute.

B. Receivables

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

Borrower	Annual Payment	December 31, 2011
Community Development	\$ 623	\$ 1,107
Non Federal Income	8,832	92,500
Home Program	35,542	331,113

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 was as follows:

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>
Governmental activity:				
Capital assets, not being depreciated:				
Land	\$ 9,808,378	\$ 535,323	\$ 12,778	\$ 10,330,923
Roads accounted for using the modified approach	-	-	-	-
Construction in progress	<u>19,429,871</u>	<u>5,777,787</u>	<u>10,529,259</u>	<u>14,678,399</u>
Total capital assets, not being depreciated	<u>29,238,249</u>	<u>6,313,110</u>	<u>10,542,037</u>	<u>25,009,322</u>
Capital assets, being depreciated:				
Buildings	23,414,838	799,894	-	24,214,732
Improvements other than buildings	64,824,951	9,325,736	-	74,150,687
Machinery and equipment	15,425,428	1,500,844	742,294	16,183,978
Roads being depreciated	-	-	-	-
Totals	<u>103,665,217</u>	<u>11,626,474</u>	<u>742,294</u>	<u>114,549,397</u>
Less accumulated depreciation for:				
Buildings	6,089,871	520,904	-	6,610,775
Improvements other than buildings	7,498,014	1,720,303	201,815	9,016,502
Machinery and equipment	10,579,809	1,371,994	628,260	11,323,543
Roads being depreciated	-	-	-	-
Totals	<u>24,167,694</u>	<u>3,613,201</u>	<u>830,075</u>	<u>26,950,820</u>
Total capital assets, being depreciated, net	<u>79,497,523</u>	<u>8,013,273</u>	<u>(87,781)</u>	<u>87,598,577</u>
Total governmental activity capital assets, net	<u>\$ 108,735,772</u>	<u>\$ 14,326,383</u>	<u>\$ 10,454,256</u>	<u>\$ 112,607,899</u>
Business-type activity:				
Capital assets, not being depreciated:				
Land	\$ 369,558	\$ 23,440	\$ -	\$ 392,998
Construction in progress	<u>17,003,822</u>	<u>16,181,335</u>	<u>27,028</u>	<u>33,158,129</u>
Total capital assets, not being depreciated	<u>17,373,380</u>	<u>16,204,775</u>	<u>27,028</u>	<u>33,551,127</u>
Capital assets, being depreciated:				
Buildings	2,645,107	-	-	2,645,107
Improvements other than buildings	98,324,014	27,028	-	98,351,042
Machinery and equipment	5,650,379	202,423	36,200	5,816,602
Distribution and collection systems	-	-	-	-
Totals	<u>106,619,500</u>	<u>229,451</u>	<u>36,200</u>	<u>106,812,751</u>
Less accumulated depreciation for:				
Buildings	2,645,108	-	-	2,645,108
Improvements other than buildings	30,931,661	1,599,147	-	32,530,808
Machinery and equipment	3,034,878	363,896	17,043	3,381,731
Distribution and collection systems	-	-	-	-
Totals	<u>36,611,647</u>	<u>1,963,043</u>	<u>17,043</u>	<u>38,557,647</u>
Total capital assets, being depreciated, net	<u>70,007,853</u>	<u>(1,733,592)</u>	<u>19,157</u>	<u>68,255,104</u>
Total business-type activity capital assets, net	<u>\$ 87,381,233</u>	<u>\$ 14,471,182</u>	<u>\$ 46,185</u>	<u>\$ 101,806,231</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Governmental activities:	
General government	\$ (71,291)
Public safety	530,573
Public works, including depreciation of general infrastructure assets	596,564
Health and sanitation	1,011,594
Cemetery	13,684
Culture and recreation	302,972
Community development	<u>1,229,104</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 3,613,201</u></u>
 Business-type activities:	
Wastewater	<u>\$ 1,963,044</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 1,963,044</u></u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Expended to December 31, 2011	Committed
Governmental funds:		
General Fund	\$ 12,446	\$ (12,446)
Motor Vehicle Highway	-	-
Sanitary District Project 19	2,930,776	(2,930,776)
Sanitary District Project 21	102,391	(102,391)
Jadcore Construction	-	-
CDBG	43,870	(43,870)
CCD Projects	570,787	(570,787)
EDIT Projects	5,504,819	(5,504,819)
Fire Training Center	-	-
Collett Park Project	-	-
Sanitary District General	679,807	(679,807)
RR Grant	354,542	(354,542)
SR 46 Road Construction (0413)	3,581,578	(3,581,578)
St Rd 46 (0410)	<u>897,383</u>	<u>(897,383)</u>
 Total governmental funds	 <u>14,678,399</u>	 <u>(14,678,399)</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Expended to December 31, 2011	Committed
Business-type activities:		
SRF Construction	6,604,014	(6,489,000)
Wastewater Construction Project	8,359,908	(8,359,908)
Sanitary District Project 22	2,164,246	(2,164,246)
CSO Study	<u>16,029,962</u>	<u>(16,029,962)</u>
 Total business-type activities	 <u>33,158,130</u>	 <u>(33,043,116)</u>
 Totals	 <u>\$ 47,836,529</u>	 <u>\$ (47,721,515)</u>

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables at December 31, 2011, were as follows:

Due To	Due From					Totals
	General Fund	Major Fund	Nonmajor Governmental	Internal Service	All Others	
General fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Major governmental	4,533,957	-	-	-	-	4,533,957
Nonmajor governmental	-	-	-	-	-	-
Internal service	-	-	-	-	-	-
All others	-	-	-	-	-	-
 Totals	 <u>\$ 4,533,957</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 4,533,957</u>

Interfund balances resulted from the time lag between the dates that (1) Interfund loans are repaid, (2) interfund goods and services are provided or reimbursable expenditures occur, (3) transactions are recorded in the accounting system and (4) payments between funds are made.

2. Interfund Transfers

Interfund transfers at December 31, 2011, were as follows:

Transfer From	Transfer To					Totals
	General Fund	Major Fund	Nonmajor Governmental	Internal Service Fund	Enterprise Funds	
General fund	\$ -	\$ -	\$ 10,295	\$ -	\$ -	\$ 10,295
Major funds	-	-	28	-	-	28
Nonmajor governmental	137,349	677	8,198,690	-	-	8,336,716
Internal service	-	-	-	-	-	-
Enterprise funds	-	-	-	-	-	-
 Totals	 <u>\$ 137,349</u>	 <u>\$ 677</u>	 <u>\$ 8,209,013</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 8,347,039</u>

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 mailing machine and the police department building. Rental expenditures for these leases were \$6,390 and \$66,850, respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2011:

2012	\$ 73,240
2013	<u>1,278</u>
Total	<u>\$ 74,518</u>

2. Capital Leases

The primary government has entered into various capital leases for 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, 2011, are as follows:

2012	\$ 792,831
2013	722,865
2014	408,569
2015	287,783
2016	287,783
2017-2030	<u>820,420</u>
Total minimum lease payments	3,320,251
Less amount representing interest	<u>459,954</u>
Present value of net minimum lease payments	<u>\$ 2,860,297</u>

	Governmental Activities
	<u> </u>
Land	\$ 200,000
Buildings	800,000
Machinery and equipment	<u>3,035,645</u>
Total	<u>\$ 4,035,645</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

Purpose	Interest Rates	Amount
1996 \$4,140,000 Sanitary District Bonds Imp	4.86% to 5.45%	\$ 870,000
1997 \$7,610,000 Sanitary District Bonds Imp	4.5% to 4.6%	1,420,000
2002 \$6,300,000 Sanitary District Bonds, Imp	3% to 4.1%	1,965,000
2005 \$14,320,000 Sanitary District Bonds Imp	2.5% to 3.65%	6,080,000
2006 \$20,000,000 Sanitary District Bonds, Imp	3.375% to 4%	<u>9,915,000</u>
Total		<u>\$ 20,250,000</u>

Annual Debt Service Requirements to Maturity for General Obligation Bonds are as follows:

	Governmental Activities	
	Principal	Interest
2012	\$ 6,105,000	\$ 704,915
2013	5,715,000	476,591
2014	4,010,000	287,543
2015	3,230,000	133,890
2016	<u>1,190,000</u>	<u>23,800</u>
Totals	<u>\$ 20,250,000</u>	<u>\$ 1,626,739</u>

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:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
Governmental activities:		
2003 Jadcore Phase I	4%	\$ 885,000
2004 Economic Development	4%	790,000
2007 Taxable Economic Development	6.75% to 8%	1,180,000
2011 District Tax Increment Series A	.600% to 4.625%	1,395,000
2011 District Tax Increment Series B	.600% to 4.625%	5,395,000
2011 Taxable Economic Development	0%	<u>1,100,000</u>
Total governmental activities		<u>\$ 10,745,000</u>
Business-type activities:		
2005 Sanitary District Revenue Bonds	3% to 4.65%	<u>\$ 24,905,000</u>
Total		<u>\$ 24,905,000</u>

Revenue bonds debt service requirements to maturity are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 905,000	\$ 423,730	\$ 900,000	\$ 1,063,918
2013	490,000	423,601	935,000	1,032,067
2014	560,000	403,918	970,000	999,080
2015	645,000	379,951	1,010,000	963,530
2016	680,000	352,409	1,050,000	922,730
2017-2021	3,215,000	1,314,061	5,995,000	3,930,712
2022-2026	3,220,000	625,750	7,545,000	2,478,530
2027-2031	<u>1,030,000</u>	<u>47,877</u>	<u>6,500,000</u>	<u>619,074</u>
Totals	<u>\$ 10,745,000</u>	<u>\$ 3,971,297</u>	<u>\$ 24,905,000</u>	<u>\$ 12,009,641</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 \$5,081, are as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Principal	Interest
2012	\$ 109,268	\$ 5,081
2013	-	-
2014	-	-
2015	-	-
2017-2021	-	-
2022-2026	-	-
2027-2031	-	-
2032-2036	-	-
2037-2041	-	-
 Totals	 \$ 109,268	 \$ 5,081

4. Bond Anticipation Note Payable

The primary government issued a bond anticipation note to finance infrastructure within the State Road 46 TIF District. The balance of the note (\$8,150,000) 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, 2011, was as follows:

Primary Government	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 24,300,000	\$ -	\$ 4,050,000	\$ 20,250,000	\$ 6,105,000
Revenue	3,632,733	7,890,000	777,733	10,745,000	905,000
Total bonds payable	27,932,733	7,890,000	4,827,733	30,995,000	7,010,000
Capital leases	2,233,170	1,135,094	507,966	2,860,298	676,840
Notes Payable	213,706	-	104,438	109,268	109,268
Bond anticipation note payable	14,125,777	-	5,975,777	8,150,000	-
Compensated absences	1,621,447	892,162	-	2,513,609	251,361
Total governmental activities long-term liabilities	\$ 46,126,833	\$ 9,917,256	\$ 11,415,914	\$ 44,628,175	\$ 8,047,469
Business-type activities:					
Revenue bonds payable:					
Compensated absences	\$ 25,345,000	\$ -	\$ 440,000	\$ 24,905,000	\$ 900,000
	139,755	62,205	-	201,960	20,196
Total business-type activities long-term liabilities	\$ 25,484,755	\$ 62,205	\$ 440,000	\$ 25,106,960	\$ 920,196

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 5,188,216
Restricted assets	4,980,221
Capital assets	<u>101,806,234</u>
 Total assets	 <u>\$ 111,974,671</u>
 Liabilities:	
Current liabilities	\$ 11,122,523
Current liabilities payable from restricted assets	-
Noncurrent liabilities	<u>24,186,765</u>
 Total liabilities	 <u>\$ 35,309,288</u>
 Net assets:	
Invested in capital assets, net of related debt	\$ 68,515,283
Restricted	4,192,317
Unrestricted	<u>3,957,783</u>
 Total net assets	 <u>\$ 76,665,383</u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets

Charged	\$ 14,279,099
Depreciation expense	(1,946,000)
Other operating expenses	<u>(8,762,648)</u>
Operating income	3,570,451
 Nonoperating revenues (expenses):	
Investment earnings	8,720
Intergovernmental	-
Interest expense	(1,280,389)

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Revenues, Expenses and Changes in Net Assets
(continued)

Capital contributions	-
Special and extraordinary items	(39,766)
Transfers	<u>-</u>
Change in net assets	2,259,016
Beginning net assets	<u>74,406,367</u>
Ending net assets	<u>\$ 76,665,383</u>

Condensed Statement of Cash Flows

Net cash provided (used) by	
Operating activities	\$ 6,042,601
Noncapital financing activities	
Capital and related financing activities	(8,937,942)
Investing activities	<u>12,102</u>
Net increase (decrease)	(2,883,239)
Beginning cash and cash equivalents	<u>11,073,303</u>
Ending cash and cash equivalents	<u>\$ 8,190,064</u>

H. Restricted Assets

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

Revenue bond construction account	\$ 3,274,142
Wastewater improvements and construction account	918,175
Restricted interest receivables	<u>23</u>
Total restricted assets	<u>\$ 4,192,340</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$150,000 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.

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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 33 retirees meet these eligibility requirements. The primary government provides 100 percent of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2011 expenditures of \$160,327 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 Indiana Public Employee Retirement System (INPRS) 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.

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

Indiana Public Employees' Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established and can be amended by the Board of Trustees of INPRS. 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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Annual Pension Cost

For 2011, the Primary Government's annual pension cost of \$851,406 for PERF was equal to the Primary Government's required and actual contributions.

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 use 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.

The use 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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06-30-09	\$ 518,443	105%	\$ (106,649)
06-30-10	655,698	88%	(26,973)
06-30-11	851,406	71%	220,888

Actuarial value of plan assets	\$ 6,436,444
Actuarial accrued liability (AAL)	<u>11,695,095</u>

Excess of assets over (unfunded) AAL	<u>(5,258,651)</u>
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Funded ratio (actuarial value of plan assets/AAL)	<u>55%</u>
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Covered payroll (active plan members)	<u>9,810,990</u>
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Excess (unfunded) AAL as a percentage of covered payroll	<u>-54%</u>
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	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 851,120	\$ 2,876,300	\$ 2,667,800
Interest on net pension obligation	(1,888)	172,578	160,068
Adjustment to annual required contribution	<u>2,174</u>	<u>(360,987)</u>	<u>(334,820)</u>
Annual pension cost	851,406	2,687,891	2,493,048
Contributions made	<u>603,545</u>	<u>2,494,717</u>	<u>2,230,432</u>
Increase (decrease) in net pension obligation	247,861	193,174	262,616
Net pension obligation, beginning of year	<u>(26,973)</u>	<u>12,410,247</u>	<u>12,415,390</u>
Net pension obligation, end of year	<u>\$ 220,888</u>	<u>\$ 12,603,421</u>	<u>\$ 12,678,006</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
Government	6%	0%	0%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-10	01-01-10	01-01-10
Actuarial cost method	Entry age normal cost	Entry age	Entry age
Amortization method	Level dollar, closed amortization period	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 years
Amortization period (from date)	07-01-10	01-01-10	01-01-10
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

Actuarial Assumptions

Investment rate of return	7.25%	7.00%	7.00%
Projected future salary increases:			
Total	4.00%	5.00%	5.00%
Cost-of-living adjustments	1.50%	0.00%	0.00%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-09	\$ 518,443	105.0%	\$ (106,649)
	06-30-10	655,698	88.0%	(26,973)
	06-30-11	851,406	71.0%	220,888
1925 Police Officers' Pension Plan	12-31-09	2,274,200	107.0%	12,389,247
	12-31-10	2,120,600	96.0%	12,410,247
	12-31-11	2,687,891	92.7%	12,603,421
1937 Firefighters' Pension Plan	12-31-09	2,276,349	97.0%	12,413,090
	12-31-10	2,145,800	106.0%	12,415,390
	12-31-11	2,493,048	89.0%	12,678,006

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, 2011, was comprised of the following:

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	115	98
Current active employees	1	-

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL or (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL or (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 8,622,150	\$ 9,504,669	\$ 882,519	91%	\$ 10,127,820	9%
1925 Police Officers' Pension Plan	-	35,576,400	35,576,400	0%	138,500	25,687%
1937 Firefighters' Pension Plan	-	33,332,300	33,332,300	0%	47,500	70,173%

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 Retirement System (INPRS) 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Public Employees' Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent 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 19.7 percent 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, 2011, 2010, 2008, were \$3,035,329, \$3,219,779, and \$3,229,867, respectively, equal to the required contributions for each year.

3. Defined Contribution Pension Plan

The Government Agency Retirement Plan

Plan Description

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 percent of the annual covered salary. The primary government is required to contribute at an actuarially determined rate. The current rate is 13.7 percent of annual covered payroll. Employer and employee contributions to the plan were \$51,828 and \$0, respectively.

E. Related Party Transactions

During the period in which financial statements are presented, the City had immaterial transactions with the following individuals:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

George Azar, City Councilman, in relation to restaurant/catering in the amount of \$792.08.

Don Morris, City Councilman, in relation to music/entertainment in the amount of \$150.00.

John Mullican, City Councilman, in relation to printing in the amount of \$3,129.67.

James Trimble, Board of Public Works & Safety Member, in relation to a sign company in the amount of \$210.00.

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)
07-01-07	\$ 8,192,531	\$ 8,161,814	\$ 30,717	100%	\$ 8,547,443	0%
07-01-08	8,915,652	9,261,692	(346,040)	96%	8,626,685	4%
07-01-09	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)
01-01-04	\$ 1,549,919	\$ 34,283,700	\$ (32,733,781)	5%	\$ 477,900	(6,850%)
01-01-05	1,841,105	33,941,600	(32,100,495)	5%	494,800	(6,488%)
01-01-06	1,286,562	33,112,800	(31,826,238)	4%	395,300	(8,051%)
01-01-07	1,397,492	33,212,700	(31,815,208)	4%	367,600	(8,655%)
01-01-08	1,427,701	32,992,600	(31,564,899)	4%	295,000	(10,700%)
01-01-10	1,055,321	31,170,700	(30,115,379)	3%	331,300	(9,090%)

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)
01-01-04	\$ 1,347,022	\$ 31,372,000	\$ (30,024,978)	4%	\$ 437,100	(6,869%)
01-01-05	1,394,611	29,932,900	(28,538,289)	5%	339,500	(8,406%)
01-01-06	1,237,933	30,658,600	(29,420,667)	4%	274,300	(10,726%)
01-01-07	1,180,740	34,191,100	(33,010,360)	3%	244,400	(13,507%)
01-01-08	748,739	32,152,300	(31,403,561)	2%	126,900	(24,747%)
01-01-09	548,882	31,556,800	(31,007,918)	2%	185,650	(16,702%)

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
12-31-04	\$ 4,035,200	55%
12-31-05	2,517,300	64%
12-31-06	2,471,000	94%
12-31-07	2,496,300	98%
12-31-08	2,491,200	82%
12-31-09	2,329,200	88%

1937 Firefighters' Pension Plan		
Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12-31-04	\$ 3,688,400	53%
12-31-05	2,202,200	93%
12-31-06	2,261,400	91%
12-31-07	2,540,600	77%
12-31-08	2,396,500	90%
12-31-09	2,358,100	97%

CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011

	General Fund				Rainy Day Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 17,820,804	\$ 17,820,804	\$ 17,820,804	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	168,196	168,196	168,196	-	-	-	-	-
Intergovernmental	6,042,484	6,042,484	6,042,484	-	-	-	-	-
Charges for services	811,087	811,087	811,087	-	-	-	-	-
Fines and forfeits	310,850	310,850	310,850	-	-	-	-	-
Other	422,196	422,196	422,196	-	-	10,490	10,490	-
Total revenues	<u>25,575,617</u>	<u>25,575,617</u>	<u>25,575,617</u>	<u>-</u>	<u>-</u>	<u>10,490</u>	<u>10,490</u>	<u>-</u>
Expenditures:								
Current:								
General government	8,290,479	8,296,449	7,078,315	1,218,134	-	-	-	-
Public safety	23,552,438	23,552,938	22,094,806	1,458,132	-	-	-	-
Highways and streets	598,843	598,843	509,959	88,884	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>32,441,760</u>	<u>32,448,230</u>	<u>29,683,080</u>	<u>2,765,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Operating transfers in	137,349	137,349	137,349	-	-	-	-	-
Operating transfers out	(10,295)	(10,295)	(10,295)	-	-	-	-	-
Total other financing sources (uses)	<u>127,054</u>	<u>127,054</u>	<u>127,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,739,089)	(6,745,559)	(3,980,409)	2,765,150	-	10,490	10,490	-
Fund balances - beginning	<u>(553,548)</u>	<u>(553,548)</u>	<u>(553,548)</u>	<u>-</u>	<u>-</u>	<u>3,877,891</u>	<u>3,877,891</u>	<u>-</u>
Fund balances - December 31	<u>\$ (7,292,637)</u>	<u>\$ (7,299,107)</u>	<u>\$ (4,533,957)</u>	<u>\$ 2,765,150</u>	<u>\$ -</u>	<u>\$ 3,888,381</u>	<u>\$ 3,888,381</u>	<u>\$ -</u>

CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Motor Vehicle Highway Fund				Local Road and Street Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,276,179	2,276,179	2,276,179	-	386,280	386,280	386,280	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	45,865	45,865	45,865	-	-	-	-	-
Total revenues	<u>2,322,044</u>	<u>2,322,044</u>	<u>2,322,044</u>	<u>-</u>	<u>386,280</u>	<u>386,280</u>	<u>386,280</u>	<u>-</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	3,536,154	3,585,844	3,287,914	297,930	616,000	616,000	346,925	269,075
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	<u>3,536,154</u>	<u>3,585,844</u>	<u>3,287,914</u>	<u>297,930</u>	<u>616,000</u>	<u>616,000</u>	<u>346,925</u>	<u>269,075</u>
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,214,110)	(1,263,800)	(965,870)	297,930	(229,720)	(229,720)	39,355	269,075
Fund balances - beginning	<u>1,876,920</u>	<u>1,876,920</u>	<u>1,876,920</u>	<u>-</u>	<u>315,589</u>	<u>315,589</u>	<u>315,589</u>	<u>-</u>
Fund balances - December 31	<u>\$ 662,810</u>	<u>\$ 613,120</u>	<u>\$ 911,050</u>	<u>\$ 297,930</u>	<u>\$ 85,869</u>	<u>\$ 85,869</u>	<u>\$ 354,944</u>	<u>\$ 269,075</u>

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	Cemetery Fund				Transit Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes	\$ 422,591	\$ 422,591	\$ 422,591	\$ -	\$ 176,960	\$ 176,960	\$ 176,960	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	36,467	36,467	36,467	-	1,168,345	1,168,345	1,168,345	-
Charges for services	124,237	124,237	124,237	-	504,926	504,926	504,926	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	7,216	7,216	7,216	-	19,612	19,612	19,612	-
Total revenues	590,511	590,511	590,511	-	1,869,843	1,869,843	1,869,843	-
Expenditures:								
Current:								
General government	715,456	692,456	611,888	80,568	2,592,734	2,761,804	2,682,360	79,444
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	715,456	692,456	611,888	80,568	2,592,734	2,761,804	2,682,360	79,444
Other financing sources (uses):								
Operating transfers in	677	677	677	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	677	677	677	-	-	-	-	-
Net change in fund balances	(124,268)	(101,268)	(20,700)	80,568	(722,891)	(891,961)	(812,517)	79,444
Fund balances - beginning	156,359	156,359	156,359	-	1,006,961	1,006,961	1,006,961	-
Fund balances - December 31	\$ 32,091	\$ 55,091	\$ 135,659	\$ 80,568	\$ 284,070	\$ 115,000	\$ 194,444	\$ 79,444

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2011
(Continued)

	Park and Recreation Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,715,457	\$ 1,715,457	\$ 1,715,457	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	157,137	157,137	157,137	-
Charges for services	245,961	245,961	245,961	-
Fines and forfeits	-	-	-	-
Other	36,927	36,927	36,927	-
Total revenues	<u>2,155,482</u>	<u>2,155,482</u>	<u>2,155,482</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	2,687,463	2,659,312	2,288,725	370,587
Total expenditures	<u>2,687,463</u>	<u>2,659,312</u>	<u>2,288,725</u>	<u>370,587</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(531,981)	(503,830)	(133,243)	370,587
Fund balances - beginning	<u>198,801</u>	<u>198,801</u>	<u>198,801</u>	<u>-</u>
Fund balances - December 31	<u>\$ (333,180)</u>	<u>\$ (305,029)</u>	<u>\$ 65,558</u>	<u>\$ 370,587</u>

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CITY OF TERRE HAUTE
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGET/GAAP RECONCILIATION
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011

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)	\$ (4,533,957)	\$ 3,888,381	\$ 911,050	\$ 354,944	\$ 135,659	\$ 194,444	\$ 65,558
Adjustments:							
To adjust revenues for accruals	38,274	-	950,948	85,346	-	818,341	750
To adjust expenditures for accruals	<u>(1,951,250)</u>	<u>-</u>	<u>-</u>	<u>(3,385)</u>	<u>(23,364)</u>	<u>(179,484)</u>	<u>(65,660)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)	<u>\$ (6,446,933)</u>	<u>\$ 3,888,381</u>	<u>\$ 1,861,998</u>	<u>\$ 436,905</u>	<u>\$ 112,295</u>	<u>\$ 833,301</u>	<u>\$ 648</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011

<u>Assets</u>	Levy Excess	Abandoned Vehicle Non-Reverting	Police Continuing Education	Clerks Record Perpetuation	Sanitary District Rainy Day	Emergency Medical Service Non-Reverting	Fire Dept Contractual EMS Fund	Arson Investigation Fund
Cash and cash equivalents	\$ 24,398	\$ 25,446	\$ 61,157	\$ 16,540	\$ 203,875	\$ 972,789	\$ 396,745	\$ 581
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Other receivables	-	-	60	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	1,645,306	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 24,398	\$ 25,446	\$ 61,217	\$ 16,540	\$ 203,875	\$ 2,618,095	\$ 396,745	\$ 581
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 23,570	\$ -	\$ -	\$ 18,171	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	22,828	1,300	-
Total liabilities	-	-	23,570	-	-	40,999	1,300	-
Fund balance reported with the following restrictions:								
Un-spendable	-	-	-	-	-	-	-	-
Restricted for:								
General government	24,398	-	-	16,540	-	-	-	-
Public safety	-	-	-	-	-	2,577,096	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	203,875	-	-	-
Redevelopment	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed To:								
General government	-	-	-	-	-	-	-	-
Public safety	-	25,446	37,647	-	-	-	395,445	581
Capital projects	-	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-	-
Total fund balances	24,398	25,446	37,647	16,540	203,875	2,577,096	395,445	581
Total liabilities and fund balances	\$ 24,398	\$ 25,446	\$ 61,217	\$ 16,540	\$ 203,875	\$ 2,618,095	\$ 396,745	\$ 581

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	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	Animal Care Non-Reverting	Engineering Non-Reverting Fund
Cash and cash equivalents	\$ 25,759	\$ 4,182.00	\$ (6,374)	\$ 532	\$ (1,933,444)	\$ (606,983)	\$ 3,374	\$ 824,843
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Taxes	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Intergovernmental	-	-	6,626	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Total assets	\$ 25,759	\$ 4,182	\$ 252	\$ 532	\$ (1,933,444)	\$ (606,983)	\$ 3,374	\$ 824,843
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 11,863	\$ 11,139	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	10,413	9,422	-	23,999
Total liabilities	-	-	-	-	22,276	20,561	-	23,999
Fund balance reported with the following restrictions:								
Un-spendable	-	-	-	-	-	-	-	-
Restricted for:								
General government	-	-	-	532	-	-	-	-
Public safety	-	4,182	252	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Committed To:								
General government	-	-	-	-	-	-	-	-
Public safety	25,759	-	-	-	-	-	3,374	-
Capital projects	-	-	-	-	-	-	-	800,844
Un-Assigned	-	-	-	-	(1,955,720)	(627,544)	-	-
Total fund balances	25,759	4,182	252	532	(1,955,720)	(627,544)	3,374	800,844
Total liabilities and fund balances	\$ 25,759	\$ 4,182	\$ 252	\$ 532	\$ (1,933,444)	\$ (606,983)	\$ 3,374	\$ 824,843

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Police Federal Equitable Sharing	COPS WX0777 Grant Fund	COPS Grant Fund	Engineering Grant Fund
Cash and cash equivalents	\$ 449,266	\$ 31,588	\$ 1,360,209	\$ 9,191	\$ 100	\$ (83,956)	\$ 590,650
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	111,394	-
Interest	3	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	92,500	331,113	-	-	-	-	-
Total assets	\$ 541,769	\$ 362,701	\$ 1,360,209	\$ 9,191	\$ 100	\$ 27,438	\$ 590,650
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 6,287	\$ -	\$ -	\$ -	\$ 6,770
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	702	493	-	-	22,449	-
Total liabilities	-	702	6,780	-	-	22,449	6,770
Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	9,191	100	4,989	-
Culture and recreation	-	-	-	-	-	-	-
Sanitation	-	-	1,353,429	-	-	-	-
Redevelopment	541,769	361,999	-	-	-	-	-
Capital projects	-	-	-	-	-	-	583,880
Debt service	-	-	-	-	-	-	-
Committed To:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-
Total fund balances	541,769	361,999	1,353,429	9,191	100	4,989	583,880
Total liabilities and fund balances	\$ 541,769	\$ 362,701	\$ 1,360,209	\$ 9,191	\$ 100	\$ 27,438	\$ 590,650

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Community Development Fund	Redevelopment Ft. Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interest	STATE ROAD 46 Construction	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund
Cash and cash equivalents	\$ 4,697	\$ 119,218	\$ 247,668	\$ 4,192,340	\$ 1,803,901	\$ 78,022	\$ 8,154
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	87	-	36	103	7	-
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	1,107	-	-	-	-	-	-
Total assets	\$ 5,804	\$ 119,305	\$ 247,668	\$ 4,192,376	\$ 1,804,004	\$ 78,029	\$ 8,154
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	4,597	67	-	-	585	-	-
Total liabilities	4,597	67	-	-	585	-	-
Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Redevelopment	1,207	119,238	-	-	1,803,419	78,029	-
Capital projects	-	-	-	4,192,376	-	-	-
Debt service	-	-	247,668	-	-	-	-
Committed To:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	8,154
Capital projects	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-
Total fund balances	1,207	119,238	247,668	4,192,376	1,803,419	78,029	8,154
Total liabilities and fund balances	\$ 5,804	\$ 119,305	\$ 247,668	\$ 4,192,376	\$ 1,804,004	\$ 78,029	\$ 8,154

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Fire Dept Nonreverting Real Property	Hazardous Material Recovery Fund	Rail Road Grant Fund	Roadway Transfer	Fire Training Academy Non Reverting	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund
Cash and cash equivalents	\$ 667	\$ 19,895	\$ (24,674)	\$ 1,240,649	\$ 43,904	\$ 6,641.00	\$ 8,065
Investments	-	-	-	-	-	-	27,433
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	600	-	-	258	-	-
Intergovernmental	-	-	32,340	-	-	-	-
Interest	-	-	-	-	-	-	12
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	\$ 667	\$ 20,495	\$ 7,666	\$ 1,240,649	\$ 44,162	\$ 6,641	\$ 35,510
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ 704	\$ -	\$ 520	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Total liabilities	-	704	-	520	-	-	-
Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	35,510
Sanitation	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	-	-	-
Capital projects	-	-	7,666	1,240,129	-	-	-
Debt service	-	-	-	-	-	-	-
Committed To:							
General government	-	-	-	-	-	-	-
Public safety	667	19,791	-	-	44,162	6,641	-
Capital projects	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-
Total fund balances	667	19,791	7,666	1,240,129	44,162	6,641	35,510
Total liabilities and fund balances	\$ 667	\$ 20,495	\$ 7,666	\$ 1,240,649	\$ 44,162	\$ 6,641	\$ 35,510

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Levi Music Fund	Brittlebank Trust Fund	Cemetery Trust Fund	Telecommunications Non Reverting Fund	Economic Development Commission	Crime Control Fund	Police Ceremonial Unit
Cash and cash equivalents	\$ 8,444	\$ 513	\$ 393,321	\$ 25,700	\$ 5,810	\$ 4,518	\$ 8,405
Investments	-	-	1,000	-	-	-	170,000
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	-	-	40	-	-	-	144
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	\$ 8,444	\$ 513	\$ 394,361	\$ 25,700	\$ 5,810	\$ 4,518	\$ 178,549
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
Fund balance reported with the following restrictions:							
Un-spendable	-	513	394,361	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	178,549
Culture and recreation	8,444	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Redevelopment	-	-	-	-	5,810	-	-
Capital projects	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Committed To:							
General government	-	-	-	25,700	-	-	-
Public safety	-	-	-	-	-	4,518	-
Capital projects	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-
Total fund balances	8,444	513	394,361	25,700	5,810	4,518	178,549
Total liabilities and fund balances	\$ 8,444	\$ 513	\$ 394,361	\$ 25,700	\$ 5,810	\$ 4,518	\$ 178,549

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Jad Core Bond & Interest	St Rd 46 TIF Fund	Candlewood Suites Bond & Interest Fund	State Road 46 Bond & Interest Fund	Cherry Street Series A Bond & Interest	Cherry Street Series B Bond & Interest	Cherry Street Series A Debt Service Reserve
Cash and cash equivalents	\$ 423,270	\$ 981,422	\$ 1,018	\$ -	\$ 23,954	\$ -	\$ 120,509
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Interest	3	61	-	-	-	-	1
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-
Total assets	\$ 423,273	\$ 981,483	\$ 1,018	\$ -	\$ 23,954	\$ -	\$ 120,510
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	508	-	-	-	-	-
Total liabilities	-	508	-	-	-	-	-
Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	-	-
Restricted for:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Redevelopment	-	980,975	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Debt service	423,273	-	1,018	-	23,954	-	120,510
Committed To:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Un-Assigned	-	-	-	-	-	-	-
Total fund balances	423,273	980,975	1,018	-	23,954	-	120,510
Total liabilities and fund balances	\$ 423,273	\$ 981,483	\$ 1,018	\$ -	\$ 23,954	\$ -	\$ 120,510

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

<u>Assets</u>	Cherry Street Series B Debt Service Reserve	WTHI Construction Fund	WTHI Bond and Interest	Brent Long Memorial Fund	K-9 Memorial Fund	Collett Park Trail Fund	Totals
Cash and cash equivalents	\$ 609,713	\$ -	\$ -	\$ 38,184	\$ 19,539	\$ -	\$ 12,783,935
Investments	-	-	-	-	-	-	198,433
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	918
Intergovernmental	-	1	-	-	-	-	150,361
Interest	5	-	-	-	-	-	502
Interfund receivable	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	1,645,306
Loans	-	-	-	-	-	-	424,720
	<u>-\$ 609,718</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 38,184</u>	<u>\$ 19,539</u>	<u>\$ -</u>	<u>\$ 15,204,175</u>
Total assets	\$ 609,718	\$ 1	\$ -	\$ 38,184	\$ 19,539	\$ -	\$ 15,204,175
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 16,692	\$ -	\$ 95,716
Deferred revenue	-	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	97,363
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,692</u>	<u>-</u>	<u>193,079</u>
Total liabilities	-	-	-	-	16,692	-	193,079
Fund balance reported with the following restrictions:							
Un-spendable	-	-	-	-	-	-	394,874
Restricted for:							
General government	-	-	-	-	-	-	41,470
Public safety	-	-	-	38,184	2,847	-	2,815,390
Culture and recreation	-	-	-	-	-	-	43,954
Sanitation	-	-	-	-	-	-	1,557,304
Redevelopment	-	-	-	-	-	-	3,892,446
Capital projects	-	-	-	-	-	-	6,024,051
Debt service	609,718	1	-	-	-	-	1,426,142
Committed To:							
General government	-	-	-	-	-	-	25,700
Public safety	-	-	-	-	-	-	572,185
Capital projects	-	-	-	-	-	-	800,844
Un-Assigned	-	-	-	-	-	-	(2,583,264)
	<u>609,718</u>	<u>1</u>	<u>-</u>	<u>38,184</u>	<u>2,847</u>	<u>-</u>	<u>15,011,096</u>
Total fund balances	609,718	1	-	38,184	2,847	-	15,011,096
Total liabilities and fund balances	\$ 609,718	\$ 1	\$ -	\$ 38,184	\$ 19,539	\$ -	\$ 15,204,175

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011

	Levy Excess	Abandoned Vehicle Non-Reverting	Police Continuing Education	Clerks Record Perpetuation	Sanitary District Rainy Day	Emergency Medical Service Non-Reverting	Fire Dept Contractual EMS Fund	Arson Investigation Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	22,516	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-
Charges for services	-	420	25,749	13,950	-	1,317,162	163,381	-
Fines and forfeits	-	-	27,248	-	-	-	-	-
Other	-	-	215	-	-	43,558	-	-
Total revenues	-	420	75,728	13,950	-	1,360,720	163,381	-
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	100,866	-	-	911,866	32,551	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	337,267	-	-
Interest	-	-	-	-	-	43,534	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	649,783	-	-
Park and recreation	-	-	-	-	-	-	-	-
Total expenditures	-	-	100,866	-	-	1,942,450	32,551	-
Excess (deficiency) of revenues over (under) expenditures	-	420	(25,138)	13,950	-	(581,730)	130,830	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(82,310)	-	-	(15,539)	-	(65,295)	(39,500)	-
Debt proceeds	-	-	-	-	-	649,783	-	-
Discount on bonds payable	-	-	-	-	-	-	-	-
Total other financing sources and uses	(82,310)	-	-	(15,539)	-	584,488	(39,500)	-
Special item:								
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Net change in fund balances	(82,310)	420	(25,138)	(1,589)	-	2,758	91,330	-
Fund balances - beginning	106,708	25,026	62,785	18,129	203,875	2,574,338	304,115	581
Fund balances - ending	\$ 24,398	\$ 25,446	\$ 37,647	\$ 16,540	\$ 203,875	\$ 2,577,096	\$ 395,445	\$ 581

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	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	Animal Care Non-Reverting	Engineering Non-Reverting Fund
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	1,269	17,484
Intergovernmental	-	-	51,359	-	-	16,657	-	-
Investment income	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	469,200	462,940	-	726,611
Fines and forfeits	-	-	-	-	-	-	-	-
Other	2,103	21,209	-	-	-	-	-	67,759
Total revenues	2,103	21,209	51,359	-	469,200	479,597	1,269	811,854
Expenditures:								
Current:								
General government	-	-	-	-	-	-	3,095	-
Public safety	35,633	20,001	57,178	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	660,151
Culture and recreation	-	-	-	-	748,118	576,269	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	8,872	-	-	-
Interest	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	176,800	159,192	-	-
Total expenditures	35,633	20,001	57,178	-	933,790	735,461	3,095	660,151
Excess (deficiency) of revenues over (under) expenditures	(33,530)	1,208	(5,819)	-	(464,590)	(255,864)	(1,826)	151,703
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	176,800	159,192	-	-
Discount on bonds payable	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	176,800	159,192	-	-
Special item:								
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-
Net change in fund balances	(33,530)	1,208	(5,819)	-	(287,790)	(96,672)	(1,826)	151,703
Fund balances - beginning	59,289	2,974	6,071	532	(1,667,930)	(530,872)	5,200	649,141
Fund balances - ending	\$ 25,759	\$ 4,182	\$ 252	\$ 532	\$ (1,955,720)	\$ (627,544)	\$ 3,374	\$ 800,844

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Police Federal Equitable Sharing	COPS WX0777 Grant Fund	COPS Grant Fund	Engineering Grant Fund
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,106,738	214,626	784,582	7,767	207,371	391,267	617,700
Investment income	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	12,269	21,578	100	8	-	-	-
Total revenues	1,119,007	236,204	784,682	7,775	207,371	391,267	617,700
Expenditures:							
Current:							
General government	-	-	-	-	-	-	33,820
Public safety	-	-	-	2,293	207,371	373,752	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	249,438	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	1,106,738	233,149	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	114,899	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Sanitation	-	-	1,162,788	-	-	-	-
Public safety	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-
Total expenditures	1,221,637	233,149	1,412,226	2,293	207,371	373,752	33,820
Excess (deficiency) of revenues over (under) expenditures	(102,630)	3,055	(627,544)	5,482	-	17,515	583,880
Other financing sources (uses):							
Transfers in	-	-	28	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-
Discount on bonds payable	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	28	-	-	-	-
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	(102,630)	3,055	(627,516)	5,482	-	17,515	583,880
Fund balances - beginning	644,399	358,944	1,980,945	3,709	100	(12,526)	-
Fund balances - ending	\$ 541,769	\$ 361,999	\$ 1,353,429	\$ 9,191	\$ 100	\$ 4,989	\$ 583,880

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Community Development Fund	Redevelopment Ft Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interest	STATE ROAD 46 Construction	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund
Revenues:							
Taxes	\$ -	\$ -	\$ 169,433	\$ -	\$ 1,403,409	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,642,625	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Charges for services	3,100	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	6,600	1,020	-	5,438	2,342	393	-
Total revenues	1,652,325	1,020	169,433	5,438	1,405,751	393	-
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	63,178	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	104,066	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	761,568	13,185	-	-	771,310	569,926	-
Debt service:							
Principal	-	-	50,000	-	6,583,510	-	-
Interest	-	-	35,169	-	315,383	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	1,709,269	-	-	-
Urban redevelopment	890,471	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-
Total expenditures	1,652,039	13,185	85,169	1,772,447	7,774,269	569,926	-
Excess (deficiency) of revenues over (under) expenditures	286	(12,165)	84,264	(1,767,009)	(6,368,518)	(569,533)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	5,985,954	-	-
Transfers out	-	-	-	-	(324,068)	-	-
Debt proceeds	-	-	-	-	-	-	-
Discount on bonds payable	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	5,661,886	-	-
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	286	(12,165)	84,264	(1,767,009)	(706,632)	(569,533)	-
Fund balances - beginning	921	131,403	163,404	5,959,385	2,510,051	647,562	8,154
Fund balances - ending	\$ 1,207	\$ 119,238	\$ 247,668	\$ 4,192,376	\$ 1,803,419	\$ 78,029	\$ 8,154

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Fire Dept Nonreverting Real Property	Hazardous Material Recovery Fund	Rail Road Grant Fund	Roadway Transfer	Fire Training Academy Non Reverting	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	362,208	1,240,129	-	1,435	-
Investment income	-	-	-	-	-	-	281
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	3,445	47,912	-	3,945	14,644	433
Total revenues	-	3,445	410,120	1,240,129	3,945	16,079	714
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	12,058	-	-	17,800	21,560	-
Highways and streets	-	-	402,454	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	44,000	-	-
Interest	-	-	-	-	1,704	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public safety	-	-	-	-	695,797	-	-
Park and recreation	-	-	-	-	-	-	-
Total expenditures	-	12,058	402,454	-	759,301	21,560	-
Excess (deficiency) of revenues over (under) expenditures	-	(8,613)	7,666	1,240,129	(755,356)	(5,481)	714
Other financing sources (uses):							
Transfers in	-	-	-	-	65,295	10,295	-
Transfers out	-	-	-	-	-	-	-
Debt proceeds	-	-	-	-	689,043	-	-
Discount on bonds payable	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	754,338	10,295	-
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	-	(8,613)	7,666	1,240,129	(1,018)	4,814	714
Fund balances - beginning	667	28,404	-	-	45,180	1,827	34,796
Fund balances - ending	\$ 667	\$ 19,791	\$ 7,666	\$ 1,240,129	\$ 44,162	\$ 6,641	\$ 35,510

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Levi Music Fund	Brittlebank Trust Fund	Cemetery Trust Fund	Telecommunications Non Reverting Fund	Economic Development Commission	Crime Control Fund	Police Ceremonial Unit
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Investment income	-	-	614	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,690	-	-	-	-	23,222	6,155
Total revenues	<u>1,690</u>	<u>-</u>	<u>614</u>	<u>-</u>	<u>-</u>	<u>23,222</u>	<u>6,155</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	20,431	12,905
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,431</u>	<u>12,905</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,690</u>	<u>-</u>	<u>614</u>	<u>-</u>	<u>-</u>	<u>2,791</u>	<u>(6,750)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(677)	-	-	-	-
Debt proceeds	-	-	-	-	-	-	-
Discount on bonds payable	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(677)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	1,690	-	(63)	-	-	2,791	(6,750)
Fund balances - beginning	6,754	513	394,424	25,700	5,810	1,727	185,299
Fund balances - ending	<u>\$ 8,444</u>	<u>\$ 513</u>	<u>\$ 394,361</u>	<u>\$ 25,700</u>	<u>\$ 5,810</u>	<u>\$ 4,518</u>	<u>\$ 178,549</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Jad Core Bond & Interest	ST Rd 46 TIF Fund	Candlewood Suites Bond & Interest Fund	State Road 46 Bond & Interest Fund	Cherry Street Series A Bond & Interest	Cherry Street Series B Bond & Interest	Cherry Street Series A Debt Service Reserve
Revenues:							
Taxes	\$ 257,384	\$ 628,252	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-
Charges for services	-	615	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	31	6	1	-	1	-	4
Total revenues	257,415	628,873	1	-	1	-	4
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	76,240	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	1,500	-	-	-	-
Debt service:							
Principal	50,000	-	70,000	-	-	-	-
Interest	74,000	-	94,069	230,919	-	-	-
Bond issuance costs	-	-	-	-	48,030	71,322	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	5,400	9,427	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Park and recreation	-	-	-	-	-	-	-
Total expenditures	129,400	85,667	165,569	230,919	48,030	71,322	-
Excess (deficiency) of revenues over (under) expenditures	128,015	543,206	(165,568)	(230,919)	(48,029)	(71,322)	4
Other financing sources (uses):							
Transfers in	-	-	165,569	230,919	-	-	120,506
Transfers out	-	(230,919)	-	-	(1,233,979)	(5,323,678)	-
Debt proceeds	-	-	-	-	1,395,000	5,395,000	-
Discount on bonds payable	-	-	-	-	(89,038)	-	-
Total other financing sources and uses	-	(230,919)	165,569	230,919	71,983	71,322	120,506
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	128,015	312,287	1	-	23,954	-	120,510
Fund balances - beginning	295,258	668,688	1,017	-	-	-	-
Fund balances - ending	\$ 423,273	\$ 980,975	\$ 1,018	\$ -	\$ 23,954	\$ -	\$ 120,510

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES -
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Cherry Street Series B Debt Service Reserve	WTHI Construction Fund	WTHI Bond and Interest	Brent Long Memorial	K-9 Memorial Fund	Collete Park Trail Fund	Total Governmental Funds
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,458,478
Licenses and permits	-	-	-	-	-	-	41,269
Intergovernmental	-	-	-	-	-	-	6,644,464
Investment income	-	-	-	-	-	-	895
Charges for services	-	-	-	-	-	-	3,183,128
Fines and forfeits	-	-	-	-	-	-	27,248
Other	22	22	-	54,869	51,738	-	392,732
Total revenues	22	22	-	54,869	51,738	-	12,748,214
Expenditures:							
Current:							
General government	-	-	-	-	-	-	36,915
Public safety	-	-	-	16,685	48,891	-	1,891,841
Highways and streets	-	-	-	-	-	-	541,872
Sanitation	-	-	-	-	-	-	249,438
Economic development	-	-	-	-	-	-	764,217
Culture and recreation	-	-	-	-	-	-	1,324,387
Urban redevelopment and housing	-	-	-	-	-	-	3,457,376
Debt service:							
Principal	-	-	-	-	-	-	7,143,649
Interest	-	-	-	-	-	-	909,677
Bond issuance costs	-	-	79,250	-	-	-	198,602
Capital outlay:							
Highways and streets	-	1,020,771	-	-	-	152,406	2,730,040
Urban redevelopment	-	-	-	-	-	-	905,298
Sanitation	-	-	-	-	-	-	1,162,788
Public safety	-	-	-	-	-	-	1,345,580
Park and recreation	-	-	-	-	-	-	335,992
Total expenditures	-	1,020,771	79,250	16,685	48,891	152,406	22,997,672
Excess (deficiency) of revenues over (under) expenditures	22	(1,020,749)	(79,250)	38,184	2,847	(152,406)	(10,249,458)
Other financing sources (uses):							
Transfers in	609,696	1,020,750	-	-	-	-	8,209,012
Transfers out	-	-	(1,020,750)	-	-	-	(8,336,715)
Debt proceeds	-	-	1,100,000	-	-	-	9,564,818
Discount on bonds payable	-	-	-	-	-	-	(89,038)
Total other financing sources and uses	609,696	1,020,750	79,250	-	-	-	9,348,077
Special item:							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Net change in fund balances	609,718	1	-	38,184	2,847	(152,406)	(901,381)
Fund balances - beginning	-	-	-	-	-	152,406	15,912,477
Fund balances - ending	\$ 609,718	\$ 1	\$ -	\$ 38,184	\$ 2,847	\$ -	\$ 15,011,096

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2011

<u>Assets</u>	<u>Fire Pension Trust Funds</u>	<u>Police Pension Trust Funds</u>	<u>Pension Trust Funds</u>
Cash and cash equivalents	\$ 246,544	\$ 913,964	\$ 1,160,508
Receivables:			
Intergovernmental receivable	-	-	-
Total assets	<u>246,544</u>	<u>913,964</u>	<u>1,160,508</u>
 <u>Liabilities</u>			
Accounts payable	-	-	-
Deferred revenue	-	-	-
Accrued payroll and withholdings payable	<u>49,951</u>	<u>42,947</u>	<u>92,898</u>
Total liabilities	<u>49,951</u>	<u>42,947</u>	<u>92,898</u>
 <u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits and other purposes	<u>\$ 196,593</u>	<u>\$ 871,017</u>	<u>\$ 1,067,610</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2011

<u>Additions</u>	<u>Fire Trust Funds</u>	<u>Police Trust Funds</u>	<u>Total Pension Funds</u>
Contributions:			
Pension relief	\$ 2,230,432	\$ 2,494,718	\$ 4,725,150
Total additions	<u>2,230,432</u>	<u>2,494,718</u>	<u>4,725,150</u>
 <u>Deductions</u>			
Benefits	2,526,069	2,666,554	5,192,623
Administrative expense	<u>338</u>	<u>1,084</u>	<u>1,422</u>
Total deductions	<u>2,526,407</u>	<u>2,667,638</u>	<u>5,194,045</u>
Changes in net assets	(295,975)	(172,920)	(468,895)
Net assets - beginning	<u>492,568</u>	<u>1,043,937</u>	<u>1,536,505</u>
Net assets - ending	<u>\$ 196,593</u>	<u>\$ 871,017</u>	<u>\$ 1,067,610</u>

CITY OF TERRE HAUTE
OTHER REPORTS

The report presented herein was prepared in addition to other official reports prepared for the individual city offices listed below:

City Clerk

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL REPORTING (Applies to City)

The financial statements presented for audit did not include amounts and note disclosures required by accounting principles generally accepted in the United States of America for Other Post-Employment Benefits (OPEB).

GASB 45, Paragraph 5 states in part:

"The requirements of this Statement address employer reporting for participation in defined benefit OPEB plans and in defined contribution plans that provide postemployment benefits other than pensions. Defined benefit OPEB plans are plans having terms that specify the benefits to be provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums) . . .

12. For financial reporting purposes, an actuarial valuation should be performed in accordance with this paragraph and paragraph 13 at the following minimum frequency:

a. For plans with a total membership of 200 or more—at least biennially . . .

13. The ARC and all other actuarially determined OPEB information included in an employer's financial report should be calculated in accordance with this paragraph, consistently applied. The actuarial methods and assumptions applied for financial reporting should be the same methods and assumptions applied in determining the plan's funding requirements, unless compliance with this paragraph requires the use of different methods or assumptions. A plan and its participating employer(s) should apply the same actuarial methods and assumptions in determining similar or related information included in their respective financial reports. . .

19. OPEB expenditures from governmental funds should be recognized on the modified accrual basis. The amount recognized should be equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. The recognition of expenditures in relation to the ARC also should be consistent with the criteria for contributions in relation to the ARC stated in paragraph 13g . . .

20. OPEB expense of proprietary and fiduciary funds should be recognized on the accrual basis in fund financial statements. The employer should report OPEB expense for the year in relation to the ARC equal to annual OPEB cost. The net OPEB obligation should be adjusted for any difference between OPEB expense in relation to the ARC and contributions made in relation to the ARC (including short-term differences incurred), based on the criteria for contributions stated in paragraph 13g. A positive (negative) year-end balance in the net OPEB obligation should be recognized as the year-end liability (asset) in relation to the ARC. OPEB expense arising from the incurrence of OPEB-related debt should be recognized in full in the year the debt is incurred. 17 Year-end balances of short-term differences or OPEB-related debt should be recognized as liabilities separate from the net OPEB obligation. OPEB liabilities and assets to different plans should not be offset in the financial statements . . .

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

21. OPEB expense reported in government-wide financial statements should be recognized on the accrual basis. The employer should report OPEB expense for the year in relation to the ARC equal to annual OPEB cost. The net OPEB obligation should be adjusted for any difference between OPEB expense in relation to the ARC and contributions made in relation to the ARC (including short-term differences incurred). A positive (negative) year-end balance in the net OPEB obligation should be recognized as the year-end liability (asset) in relation to the ARC. OPEB expense arising from the incurrence of OPEB-related debt should be recognized in full in the year the debt is incurred. 18 Year-end balances of short-term differences or OPEB-related debt should be recognized as liabilities separate from the net OPEB obligation. OPEB liabilities and assets to different plans should not be offset in the financial statements.

24. Employers should include the following information in the notes to their financial statements for each defined benefit OPEB plan in which they participate, regardless of the type of plan (except as indicated). Disclosures for more than one plan should be combined in a manner that avoids unnecessary duplication."

The financial statements included other material errors, subsequently corrected by the City's management, including the misclassification of revenues as deferred revenue in the Government Wide Statements; the under-reporting of debt obligation related revenues and expenditures in the Fund Financial statements; and several inaccurate amounts for various assets and liabilities in the Statement of Net Assets.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, and controls over all forms of information processing, including the preparation of financial statements, are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONFLICT OF INTEREST (Applies to City)

Jon Mullican, President of the City Council in 2011, and George Azar, member of the City Council, own businesses for which the City paid for services in 2011.

Prior to its repeal in the 2012 legislative session, Indiana Code 35-44-1-3 stated in part:

"(b) A public servant who knowingly or intentionally:

- (1) has a pecuniary interest in; or
- (2) derives a profit from;

a contract or purchase connected with an action by the governmental entity served by the public servant commits conflict of interest, a Class D felony.

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

- (c) It is not an offense under this section if: . . .
 - (6) A public servant who makes a disclosure that meets the requirements of subsection (d) or (e) and is: . . .
 - (D) elected . . .
- (d) A disclosure must:
 - (1) be in writing;
 - (2) describe the contract or purchase to be made by the governmental entity;
 - (3) describe the pecuniary interest that the public servant has in the contract or purchase;
 - (4) be affirmed under penalty of perjury;
 - (5) be submitted to the governmental entity and be accepted by the governmental entity in a public meeting of the governmental entity before final action on the contract or purchase;
 - (6) be filed within fifteen (15) days after final action on the contract or purchase with:
 - (A) the state board of accounts . . ."

When Indiana Code 35-44 was repealed, it was replaced by Indiana Code 35-44.1, which became effective on July 1, 2012. Should these business arrangements continue beyond July 1, 2012, the above officials are advised to review and comply with the requirements in Indiana Code 35-44.1.

DEPOSITS (Applies to Cemetery)

The Cemetery Department did not always deposit collections to the bank on a timely basis. Some of the receipts tested were deposited ten to thirteen days after the date of receipt.

Indiana Code 5-13-6-1(d) states in part: "A city . . . shall deposit funds not later than the next business day following receipt of the funds in depositories: (1) selected by the city . . . as provided in an ordinance adopted by the city . . ."

PRESCRIBED FORMS (Applies to Police, Fire and Information Technology)

The following prescribed or approved forms were not always in use:

- City Form No. 203 Treasurer's Receipt (Police Department)
- General Form 99A Employee's Service Record (Information Technology)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

PUBLIC RECORDS RETENTION (Applies to Police Department)

Receipts presented for audit show that 18 out of 461 receipts were missing or voided and not available for 2011.

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)

PENALTIES, INTEREST, AND OTHER CHARGES (Applies to City)

In some cases, amounts payable to vendors and other suppliers of goods and services were not being paid timely, which resulted in a late fee being assessed and paid.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SALES TAX (Applies to City)

Credit card payments show that sales tax was paid on some purchases during 2011.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PROMOTIONAL ITEMS (Applies to City)

The Fire Training Academy Non-Reverting Fund paid for sponsoring a tournament table, Mini Indy 500 car team, and junior Olympic tournament sponsor table out of the budgeted line item "Public Relation" without an ordinance specifying what can be paid out of this line item. In addition, donations were made from the Fire Training Academy Non-Reverting Fund to the Terre Haute Children's Museum for the 100 Men Who Cook event, the Terre Haute Fire Department for sponsoring a golf team, and the Terre Haute Police Department for a golf outing. A donation was made to CODA for dinner tickets. Other departments have promotional line items in their approved budget, those being: Mayor, Human Relation, Police Department, Police Crime Control, Police Staying Right, Police Ceremonial Unit, Non Federal Income, CDBG, Transit, Police Donations/Auction, Brent Long Memorial, Fire Department, and EMS Non-Reverting.

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

IC 36-7-2-7 allows cities and towns to promote economic development and tourism. Such statute replaced a prior law which authorized cities and towns to budget and appropriate funds from the general fund to pay the expense of, or to reimburse city or town officials as the case may be, for expenses incurred in promoting the best interest of the city or town. Accordingly, a Home Rule ordinance needs to be adopted in accordance with IC 36-1-3 in order to enable a city or town to pay for such expenses. Additionally, an appropriation for such expenses must also be obtained.

In an effort to assist cities and towns that have not passed an enabling ordinance but who wish to establish the promotion of business ordinance, we are repeating wording contained in the old statute. Many municipalities have used similar wording in their enabling ordinance.

"City and town councils are authorized to budget and appropriate funds from the general fund of the city, or town, to pay the expense of or to reimburse city officials or town officials, as the case may be, for expenses incurred in promoting the best interest of the city or town. Such expenses may include, but not necessarily be limited to, rental of meeting places, meals, decorations, memorabilia, awards, expenses incurred in promoting industrial, commercial, and residential development, expenses incurred in developing relations with other units of government and any other expenses of a civic or governmental nature deemed by the mayor or the town council to be in the interest of the city or town."

This is furnished only for your information. Each city and town should establish, by ordinance, the parameters for such appropriations and expenditures. Such ordinance should list the specific types of promotional expenses which can be paid from moneys appropriated for such purpose. Please note that excessive amounts expended for employee meals, awards, gifts and similar expenses could be considered an audit result and comment item in an audit.

(Cities and Towns Bulletin, December 2005)

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. IC 36-10-2-4 and 5 allow cities and towns to establish, aid, maintain, and operate libraries museums, cultural historical and scientific and programs, community service facilities and programs, neighborhood centers, community centers, civic centers, convention centers, auditorium, arenas, and stadiums. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROPRIATIONS (Applies to City and Wastewater Utility)

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Year	Excess Amount Expended
Rea Park Non-Reverting	2011	\$ 515
Waste Water Capital Improvements	2011	913,212
Police Pension	2011	44,400

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

ORDINANCES AND RESOLUTIONS (Applies to City)

Special Ordinance No. 33, 2010 allows employees to accumulate a maximum of 45 sick days to carry over year to year. Payroll records presented for audit show that an employee was allowed to carry over a total of 51 sick days at December 31, 2011.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT (Applies to City)

The City of Terre Haute's 2011 Annual Report was filed on March 12, 2012. The Annual Report should have been filed by March 1, 2012. The Annual Report submitted did not accurately reflect the financial transactions of the City by omitting the City Clerk Fund. The omitted information understated the City's receipts by \$987,731, disbursements by \$946,566, and the ending cash balance by \$132,034. The City's Annual Financial Report had to be resubmitted with corrections approved by the officials.

Indiana Code 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and disbursements of the city or town . . ."

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

OVERDRAWN FUND BALANCES (Applies to City and Park Department)

As stated in the prior Report B39187, the General Fund, Hulman Links Non-Reverting Fund, and Rea Park Non-Reverting Fund were overdrawn by \$6,446,933, \$1,955,720, and \$627,544, respectively, at December 31, 2011.

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)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

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

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, City Council, Board of Public Works and Safety, 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 7, 2012

CITY OF TERRE HAUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

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			\$ 42,112
B-10-MC-18-0012			538,412
B-11-MC-18-0012			<u>845,269</u>
Total for cluster			<u>1,425,793</u>
Pass-Through Indiana Housing and Community Development Authority			
CDBG - State Administered CDBG Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		
NSP1-009-013			<u>1,100,908</u>
Direct Grant			
Emergency Solutions Grant Program			
S-10-MC-18-0012	14.231		<u>22,252</u>
Direct Grant			
HOME Investment Partnerships Program			
M-08-MC-18-0012	14.239		4,598
M-09-MC-18-0012			107,017
M-10-MC-18-0012			67,647
M-11-MC-18-0012			<u>35,365</u>
Total for program			<u>214,627</u>
Direct Grant			
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257		<u>200,088</u>
Pass-Through Indiana Housing and Community Development Authority			
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257		<u>19,716</u>
Total for federal grantor agency			<u>2,983,384</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
JAG Program Cluster			
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		
2010-DJ-B-0579			12,283
2011-DJ-BX-3253			<u>21,600</u>
Total for program			<u>33,883</u>
Direct Grant			
Bulletproof/Vest Partnership Program	16.607		<u>35,632</u>

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

CITY OF TERRE HAUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011
(Continued)

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 JUSTICE (continued)</u>			
Direct Grant			
ARRA - Public Safety Partnership and Community Policing Grants	16.710		
2009RKWX0355			373,752
2008CKWX0777			<u>207,371</u>
Total for program			<u>581,123</u>
Total for federal grantor agency			<u>650,638</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
ARRA - Federal Transit - Capital Investment Grants	20.500		224,759
Federal Transit - Formula Grants	20.507		<u>802,956</u>
Total for cluster			<u>1,027,715</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		57,178
Operation Pullover			<u>57,178</u>
Direct Grant			
Rail Line Relocation and Improvement	20.320		<u>362,208</u>
Total for federal grantor agency			<u>1,447,101</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>3,819,932</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Direct Grant			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		<u>27,050</u>
Total federal awards expended			<u>\$ 8,928,105</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Terre Haute (City) and is presented in accordance with the cash and investment basis of accounting. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the years ended December 31, 2011:

Program Title	Federal CFDA Number	2011
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	\$ <u>19,716</u>

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: Qualified

Internal control over financial reporting:
 Material weaknesses identified? yes
 Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified? no

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 OMB Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.320	CDBG Entitlement Grant Cluster Rail Line Relocation and Improvement Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

FINDING 2011-1 - INTERNAL CONTROLS OVER FINANCIAL REPORTING

The financial statements presented for audit did not include amounts and note disclosures required by accounting principles generally accepted in the United States of America for Other Post-Employment Benefits (OPEB).

GASB 45, Paragraph 5 states in part:

"The requirements of this Statement address employer reporting for participation in defined benefit OPEB plans and in defined contribution plans that provide postemployment benefits other than pensions. Defined benefit OPEB plans are plans having terms that specify the benefits to be

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

provided at or after separation from employment. The benefits may be specified in dollars (for example, a flat dollar payment or an amount based on one or more factors such as age, years of service, and compensation), or as a type or level of coverage (for example, prescription drugs or a percentage of healthcare insurance premiums) . . .

12. For financial reporting purposes, an actuarial valuation should be performed in accordance with this paragraph and paragraph 13 at the following minimum frequency: a. For plans with a total membership of 200 or more—at least biennially...

13. The ARC and all other actuarially determined OPEB information included in an employer's financial report should be calculated in accordance with this paragraph, consistently applied. The actuarial methods and assumptions applied for financial reporting should be the same methods and assumptions applied in determining the plan's funding requirements, unless compliance with this paragraph requires the use of different methods or assumptions. A plan and its participating employer(s) should apply the same actuarial methods and assumptions in determining similar or related information included in their respective financial reports . . .

19. OPEB expenditures from governmental funds should be recognized on the modified accrual basis. The amount recognized should be equal to the amount contributed to the plan or expected to be liquidated with expendable available financial resources. The recognition of expenditures in relation to the ARC also should be consistent with the criteria for contributions in relation to the ARC stated in paragraph 13g . . .

20. OPEB expense of proprietary and fiduciary funds should be recognized on the accrual basis in fund financial statements. The employer should report OPEB expense for the year in relation to the ARC equal to annual OPEB cost. The net OPEB obligation should be adjusted for any difference between OPEB expense in relation to the ARC and contributions made in relation to the ARC (including short-term differences incurred), based on the criteria for contributions stated in paragraph 13g. A positive (negative) year-end balance in the net OPEB obligation should be recognized as the year-end liability (asset) in relation to the ARC. OPEB expense arising from the incurrence of OPEB-related debt should be recognized in full in the year the debt is incurred. 17 Year-end balances of short-term differences or OPEB-related debt should be recognized as liabilities separate from the net OPEB obligation. OPEB liabilities and assets to different plans should not be offset in the financial statements . . .

21. OPEB expense reported in government-wide financial statements should be recognized on the accrual basis. The employer should report OPEB expense for the year in relation to the ARC equal to annual OPEB cost. The net OPEB obligation should be adjusted for any difference between OPEB expense in relation to the ARC and contributions made in relation to the ARC (including short-term differences incurred). A positive (negative) year-end balance in the net OPEB obligation should be recognized as the year-end liability (asset) in relation to the ARC. OPEB expense arising from the incurrence of OPEB-related debt should be recognized in full in the year the debt is incurred. 18 Year-end balances of short-term differences or OPEB-related debt should be recognized as liabilities separate from the net OPEB obligation. OPEB liabilities and assets to different plans should not be offset in the financial statements.

24. Employers should include the following information in the notes to their financial statements for each defined benefit OPEB plan in which they participate, regardless of the type of plan (except as indicated). Disclosures for more than one plan should be combined in a manner that avoids unnecessary duplication."

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

The financial statements included other material errors, subsequently corrected by the City's management, including the misclassification of revenues as deferred revenue in the Government Wide Statements, the under-reporting of debt obligation related revenues and expenditures in the Fund Financial statements, and several inaccurate amounts for various assets and liabilities in the Statement of Net Assets.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, and controls over all forms of information processing, including the preparation of financial statements, are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended the City establish internal controls that adequately segregate the accounting duties and provide better assurances regarding the reliability of the financial information in the financial statements, effectiveness of operations, and compliance with laws and regulations.

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.

August 20, 2012

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

City Hall
17 Harding Avenue
Terre Haute, IN 47807

Phone: 812.235.8101
Fax: 812.235.8102

www.terrehaute.IN.gov

LESLIE ELLIS
City Controller

**FEDERAL FINDING 2011-1 INTERNAL CONTROLS OVER FINANCIAL
REPORTING**

Auditee Contact Person: Leslie A. Ellis
Title of Contact Person: City Controller
Phone Number: 812-244-2363
Expected Completion Date: December 31, 2012

Corrective Action Planned:

The finding noted that an actuarial study should be performed to determine the liability for post employment health benefits. We are currently researching GASB 45 and the use of the Alternative Method of Measurement based on plan size. If it is determined that the city does not fall into the Alternative Method, then an actuarial study will be performed. The city's intent is to adopt a measurement method and reporting method by the end of the current year and implement the process for the 2012 financial statements.

The financial statements included other material errors, subsequently corrected by the City's management, including the misclassification of revenues as deferred revenue in the Government Wide Statements, the under-reporting of debt obligation related revenues and expenditures in the Fund Financial statements, and various amounts in the Statement of Net Assets. The material errors referenced in the findings were submitted as draft financials. They were corrected prior to final submission. This issue has been corrected and better controls will be implemented during the compilation and review process of the financial statements in future years.

Sincerely,



Leslie A. Ellis
City Controller
City of Terre Haute

CITY OF TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2012, with Neil Garrison, member of City Council, and Lennie Snyder, Cemetery Superintendent. The officials concurred with our audit findings.

The contents of this report were discussed on August 7, 2012, with Duke A. Bennett, Mayor; Leslie A. Ellis, City Controller; Robert J. Murray, President of Board of Public Works; Norman E. Loudermilk II, member of City Council; Don Morris, President of Common Council; and John Mullican, member of Common Council. The official response has been made a part of this report and may be found on pages 93 through 97.

*George J Azar
City Council At Large
Terre Haute, IN 47807*

August 8, 2012

FILED

AUG 13 2012

CITY CLERK

*Indiana State Board of Accounts
302 W Washington Room E418
Indianapolis, IN 46204-2765*

To Whom It May Concern:

On August 7, 2012 I was made aware that as a sitting City Councilman my name was part of an "exit" audit report performed for the City of Terre Haute. Although I had no prior knowledge of this, I felt it was necessary to respond to the report.

Azar's Catering Service provided catering for the City of Terre Haute Wastewater Utilities workshop on April 12, 2011. The total cost of this was approximately \$792.00 of which about \$125.00 was labor.

Since this particular purchase was a special circumstance, and not subject to competitive bidding, I was not aware nor was I advised that a form needed filed prior to the acceptance of this purchase.

To avoid any semblance of impropriety I will, in the future, file any and all forms necessary prior to engaging in any contract or purchase with any department within the City of Terre Haute.

Thanks for your understanding,

Sincerely,

George J Azar, Terre Haute City Council at large

John Mullican
14 ½ South 9th Street
Terre Haute, IN 47807
812.230.3990

August 16, 2012

State Board of Accounts of Indiana
Indiana Government Center South
302 West Washington Street, Room E418
Indianapolis, IN 46204-2765


Re: Response to 2011 City of Terre Haute Exit Audit

To Auditors, State Board of Accounts of Indiana:

This letter is in response to the State Board of Accounts exit audit of the City of Terre Haute on 8/7/2012.

First of all, I would like to thank the State Board of Accounts auditors for their fine work on reviewing our city's 2011 finances. That said, I respectfully disagree with the interpretation of the auditors regarding the applicability of my filing a Uniform Conflict of Interest Disclosure Statement form. I have consulted with legal council who has reviewed the applicable forms and statutes and shares my opinion that the statute does not appear to apply to my circumstances. However, going forward, I will follow the interpretation as presented by the State Board of Accounts auditors and file a Uniform Conflict of Interest Disclosure Statement form annually so as to avoid any questions or controversies in the future.

Respectfully Submitted,



John Mullican
Terre Haute City Councilman - 6th District

August 20, 2012

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

**CITY OF
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RE: Official Response to the Audit Results and Comments December 31, 2011

TIMELY DEPOSIT OF DAILY RECEIPTS:

The Cemetery Fund was holding small daily receipts in a safe rather than making daily deposits at the bank. This error has been corrected and all funds received are now deposited by the next day regardless of the amount of the receipt.

PRESCRIBED FORMS NOT BEING USED:

Three departments were using their own forms instead of the State Board of Accounts prescribed forms. In all cases we will have our forms approved or use the standard form approved by the State Board of Accounts.

PUBLIC RECORDS RETENTION:

This finding refers to eighteen individual receipt records in the Police Department that could not be located. The officer in charge misunderstood the requirement to keep all receipt records even if the receipt had been voided. He has since been informed of the actual requirement and the procedure to store and retain all receipt records is in place.

PAYMENT OF PENALTY AND INTEREST:

All accounts payable vouchers must be approved by the Board of Public Works & Safety before paying. The Board meets semi-monthly therefore in a few instances an invoice may be paid late and charged a penalty and or interest. All departments have been reminded that invoices must be paid in a timely manner as to not incur penalty and or interest in the future. If penalty and or interest are charged due to untimely filing, the responsible party will be liable for payment of said amount.

PAYMENT OF SALES TAX:

All departments have been reminded that sales tax should not be paid on items purchased. The responsible party may be required to reimburse the city of sales tax paid erroneously.

PROMOTIONAL ITEMS:

A city policy does not currently exist for the payment of promotional items. Such a policy is presently being written and will be approved by the Board of Public Works & Safety. All departments that are allowed promotional items will follow the newly adopted policy once in place.

OVERDRAWN LINE ITEMS:

There were a few overdrawn line items in three funds. Miscommunication between departments caused these errors, and once discovered it was too late for City Council action. It takes two months for an item to be published and then approved by the City Council. We now verify all budgeted line items monthly as to avoid this problem in the future.

REPORTING ON OTHER POST EMPLOYMENT BENEFITS AS REQUIRED BY GASB 45:

The City of Terre Haute currently pays other post employment benefits (group health claims) for 33 employees. The city is currently looking into the provisions of GASB 45 and the use of the Alternative Method of Measurement based on plan size. The intent is to adopt a measurement and reporting method prior to the end of the current year and implement the process for the 2012 financial statements.

The under reporting of debt obligation revenues refers to the reporting of new capital leases. The modified accrual statement requires that total revenue and expense for each new capital lease be reported in the year that they are initiated. The result is a wash and there is no affect on fund balance. We have noted the changes and will continue to be in compliance.

BAD DEBTS POLICY FOR EMS FUND:

Accumed currently collects all EMS billing payments for the City of Terre Haute. The contract with Accumed was approved by the Board of Public Works & Safety, but the collection policy was never approved. This policy will be taken to the Board of Public Works & Safety and approved in 2012.

FINANCIAL REPORTING INCLUDING ADDITIONAL MATERIAL ERRORS:

The material errors referenced in the findings were submitted as draft financials. They were corrected prior to final submission. This issue has been corrected and will be reported in compliance from this time forward.

OVERDRAWN FUND BALANCES:

General Fund

House Enrolled Act 1001, 2008 reduced property tax collections significantly for the General Fund. Rather than make draconian cuts to our budget, of which Public Safety is over 70%, we have chosen a less invasive plan. We have continued to streamline and cut expenses as well as work on new revenue sources. We are still implementing changes that should net a positive balance in the General Fund by the end of 2013.

OVERDRAWN FUND BALANCES:

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 in 2011 and expects to make further adjustments in 2012.

COPS Grant Fund

The COPS Grant Fund is funded via a reimbursement federal grant. Expenditures must be paid 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. It is merely a timing difference.

Railroad Grant Fund

The Railroad Grant Fund is also funded through a reimbursable federal grant. Expenditures must be paid prior to filing claims with the Federal Railroad Administration. The negative fund balance reflects expenditures that had not yet been reimbursed by the end of the year. When the grant is completed, the balance in the fund will be zero. It is merely a timing difference.

Sincerely,



Leslie A Ellis