

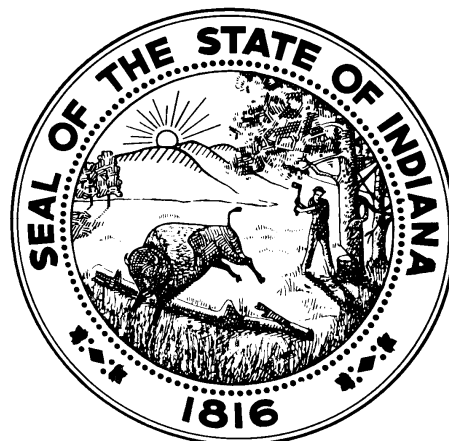
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF TERRE HAUTE

VIGO COUNTY, INDIANA



FILED
01/27/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Leslie A. Ellis	01-01-08 to 12-31-09
Mayor	Duke A. Bennett	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	William D. Lower	01-01-08 to 12-31-09
President of the Common Council	Todd Nation	01-01-08 to 12-31-09



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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, 2008, which collectively comprise the City's primary government basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2008, 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.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 6, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

STATE BOARD OF ACCOUNTS

January 6, 2010



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 6, 2010. 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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. 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, 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

January 6, 2010

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
December 31, 2008

<u>Assets</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 4,143,893	\$ 2,655,860	\$ 6,799,753
Receivables (net of allowances for uncollectibles):			
Interest	10,214	-	10,214
Taxes	3,734,804	-	3,734,804
Accounts	1,124,854	1,055,213	2,180,067
Other	245,177	-	245,177
Intergovernmental	849,381	-	849,381
Loans	953,976	-	953,976
Prepaid expense	122,186	20,702	142,888
Deferred debits	806,647	835,079	1,641,726
Restricted assets:			
Cash and cash equivalents	25,433,946	17,266,690	42,700,636
Investments	191,000	-	191,000
Interest receivable	-	35,259	35,259
Capital assets:			
Land, improvements and construction in progress	42,783,746	25,803,110	68,586,856
Other capital assets, net of depreciation	50,358,194	53,626,179	103,984,373
Total assets	130,758,018	101,298,092	232,056,110
 <u>Liabilities</u>			
Accounts payable	569,568	87,461	657,029
Accrued payroll and withholdings payable	1,103,396	5,882	1,109,278
Contracts payable	174,577	199,932	374,509
Accrued interest payable	32,829	-	32,829
Deferred revenue	1,277,994	18,182	1,296,176
Payable from restricted assets:			
Accrued bond interest	271,336	-	271,336
Revenue bonds - due within one year	135,452	410,000	545,452
Noncurrent liabilities:			
Due within one year:			
General obligation bonds payable	2,910,000	-	2,910,000
Capital lease obligations	226,582	-	226,582
Notes and loans payable	127,370	-	127,370
Due in more than one year:			
General obligation bonds payable (net of discounts or premiums)	34,255,000	-	34,255,000
Compensated absences	1,310,567	282,147	1,592,714
Revenue bonds payable (net of discounts or premiums)	4,341,493	26,615,000	30,956,493
Capital lease obligations	1,036,027	-	1,036,027
Notes and loans payable	322,606	-	322,606
Bond anticipation note payable	7,560,000	-	7,560,000
Net pension obligation	24,874,361	-	24,874,361
Total liabilities	80,529,158	27,618,604	108,147,762
 <u>Net Assets</u>			
Invested in capital assets, net of related debt	43,939,996	52,404,289	96,344,285
Restricted for:			
Highways and streets	3,996,918	-	3,996,918
Sanitation	5,302,610	12,437,325	17,739,935
Economic development	10,707,727	-	10,707,727
Culture and recreation	(177,311)	-	(177,311)
Debt service	(304,165)	2,369,340	2,065,175
Other purposes	7,066,014	-	7,066,014
Unrestricted	(20,302,929)	6,468,534	(13,834,395)
Total net assets	\$ 50,228,860	\$ 73,679,488	\$ 123,908,348

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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		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	\$ 11,740,241	\$ 1,395,754	\$ 2,067,149	\$ 3,890,086	\$ (4,387,252)	\$ -	\$ (4,387,252)
Public safety	21,733,319	1,311,317	160,804	-	(20,261,198)	-	(20,261,198)
Highways and streets	4,214,754	677,913	-	3,805,088	268,247	-	268,247
Sanitation	704,136	-	17,928	-	(686,208)	-	(686,208)
Economic development	237,478	12,006	-	3,351,669	3,126,197	-	3,126,197
Culture and recreation	4,673,153	1,297,980	21,276	-	(3,353,897)	-	(3,353,897)
Urban redevelopment	7,501,229	-	-	516,496	(6,984,733)	-	(6,984,733)
Interest on long-term debt	1,716,813	-	-	-	(1,716,813)	-	(1,716,813)
Total governmental activities	52,521,123	4,694,970	2,267,157	11,563,339	(33,995,657)	-	(33,995,657)
Business-type activities:							
Wastewater	10,984,831	11,382,899	-	-	-	398,068	398,068
Total primary government	\$ 63,505,954	\$ 16,077,869	\$ 2,267,157	\$ 11,563,339	(33,995,657)	398,068	(33,597,589)
General revenues:							
Property taxes					33,249,407	-	33,249,407
Intergovernmental revenues:							
Financial institutions tax					475,658	-	475,658
Auto and aircraft excise tax					1,788,097	-	1,788,097
Commercial vehicle excise tax					187,730	-	187,730
County adjusted gross income tax					4,565,765	-	4,565,765
Tax increments for redeveloping districts					1,128,028	-	1,128,028
Economic development income tax					5,281,516	-	5,281,516
Surtax and wheeltax					591,609	-	591,609
Property tax replacement credit					1,201,506	-	1,201,506
ABC excise tax					44,484	-	44,484
ABC gallonage tax					126,409	-	126,409
State cigarette tax					282,691	-	282,691
Gaming tax revenue					385,962	-	385,962
Contributions by city and employees to health self-insurance					4,068,038	-	4,068,038
Unrestricted investment earnings					406,457	-	406,457
Special items:							
Increase in capital assets due to physical inventory					1,375,254	-	1,375,254
Other:							
Restricted investment earnings					139,553	431,318	570,871
Miscellaneous					375,926	300	376,226
Total general revenues, intergovernmental revenues, special items, and other					55,674,090	431,618	56,105,708
Change in net assets					21,678,433	829,686	22,508,119
Net assets - beginning					28,550,427	72,849,802	101,400,229
Net assets - ending					\$ 50,228,860	\$ 73,679,488	\$ 123,908,348

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

<u>Assets</u>	<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>	<u>Sanitary District Bond Fund</u>
Cash and cash equivalents	\$ 4,143,893	\$ 4,125,250	\$ 649,076	\$ 602,640	\$ 291,348	\$ 595,154	\$ 1,278,212	\$ 1,491,568
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	6,517	-	-	-	-	-	-	-
Taxes	2,355,483	-	75,269	-	66,157	67,911	334,943	913,506
Accounts	-	-	-	-	-	-	-	-
Other receivables	245,177	-	-	-	-	-	-	-
Intergovernmental	91,339	-	243,218	84,164	1,679	379,740	4,818	9,367
Loans	-	-	-	-	-	-	-	-
Total assets	<u>\$ 6,842,409</u>	<u>\$ 4,125,250</u>	<u>\$ 967,563</u>	<u>\$ 686,804</u>	<u>\$ 359,184</u>	<u>\$ 1,042,805</u>	<u>\$ 1,617,973</u>	<u>\$ 2,414,441</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ 173,218	\$ -	\$ 32,290	\$ 7,391	\$ 3,402	\$ 22,963	\$ 32,405	\$ 1,365
Accrued payroll and withholdings payable	946,576	-	44,520	-	10,043	41,761	30,668	-
Contracts payable	-	-	-	-	-	-	-	-
Deferred revenue	917,235	-	-	-	20,838	33,889	121,484	303,209
Total liabilities	<u>2,037,029</u>	<u>-</u>	<u>76,810</u>	<u>7,391</u>	<u>34,283</u>	<u>98,613</u>	<u>184,557</u>	<u>304,574</u>
Fund balances:								
Unreserved, reported in:								
General fund	4,805,380	-	-	-	-	-	-	-
Special revenue funds	-	4,125,250	890,753	679,413	324,901	944,192	1,433,416	2,109,867
Capital projects funds	-	-	-	-	-	-	-	-
Total fund balances	<u>4,805,380</u>	<u>4,125,250</u>	<u>890,753</u>	<u>679,413</u>	<u>324,901</u>	<u>944,192</u>	<u>1,433,416</u>	<u>2,109,867</u>
Total liabilities and fund balances	<u>\$ 6,842,409</u>	<u>\$ 4,125,250</u>	<u>\$ 967,563</u>	<u>\$ 686,804</u>	<u>\$ 359,184</u>	<u>\$ 1,042,805</u>	<u>\$ 1,617,973</u>	<u>\$ 2,414,441</u>

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

CITY OF TERRE HAUTE
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

<u>Assets</u>	Sanitary District Project No. 19	Sanitary District Project No. 21	Cumulative Capital Development	Cumulative Capital Improvement	Economic Development Income Tax	Cherry Street Project	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 570,476	\$ 118,253	\$ 1,736,246	\$ 233,800	\$ 3,113,056	\$ (466,874)	\$ 10,721,700	\$ 29,203,798
Investments	-	-	-	-	-	-	191,000	191,000
Receivables (net of allowances for uncollectibles):								
Interest	-	95	-	-	-	-	3,490	10,102
Taxes	-	-	60,688	-	-	-	2,233	3,876,190
Accounts	-	-	-	-	-	-	1,249,838	1,249,838
Other receivables	-	-	-	-	-	-	-	245,177
Intergovernmental	-	-	1,050	33,951	-	-	55	849,381
Loans	-	-	-	-	473,862	-	480,114	953,976
Total assets	<u>\$ 570,476</u>	<u>\$ 118,348</u>	<u>\$ 1,797,984</u>	<u>\$ 267,751</u>	<u>\$ 3,586,918</u>	<u>\$ (466,874)</u>	<u>\$ 12,648,430</u>	<u>\$ 36,579,462</u>
<u>Liabilities and Fund Balances</u>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 4,550	\$ -	\$ 148,510	\$ -	\$ 143,474	\$ 569,568
Accrued payroll and withholdings payable	-	-	-	-	-	-	29,828	1,103,396
Contracts payable	174,577	-	-	-	-	-	-	174,577
Deferred revenue	-	-	22,725	-	-	-	-	1,419,380
Total liabilities	<u>174,577</u>	<u>-</u>	<u>27,275</u>	<u>-</u>	<u>148,510</u>	<u>-</u>	<u>173,302</u>	<u>3,266,921</u>
Fund balances:								
Unreserved, reported in:								
General fund	-	-	-	-	-	-	-	4,805,380
Special revenue funds	-	-	-	-	-	-	12,475,128	22,982,920
Capital projects funds	395,899	118,348	1,770,709	267,751	3,438,408	(466,874)	-	5,524,241
Total fund balances	<u>395,899</u>	<u>118,348</u>	<u>1,770,709</u>	<u>267,751</u>	<u>3,438,408</u>	<u>(466,874)</u>	<u>12,475,128</u>	33,312,541
Total liabilities and fund balances	<u>\$ 570,476</u>	<u>\$ 118,348</u>	<u>\$ 1,797,984</u>	<u>\$ 267,751</u>	<u>\$ 3,586,918</u>	<u>\$ (466,874)</u>	<u>\$ 12,648,430</u>	
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.								93,141,940
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.								928,833
Allowances for doubtful accounts are recognized for governmental activities in the Statement of Net Assets, but are not reported in the funds.								(124,985)
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.								374,154
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.								(52,529,262)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.								<u>(24,874,361)</u>
Net assets of governmental activities								<u>\$ 50,228,860</u>

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Rainy Day	Motor Vehicle Highway	Local Road and Street	Cemetery	Transit
Revenues:						
Taxes	\$ 19,803,165	\$ -	\$ 1,023,782	\$ -	\$ 616,413	\$ 462,756
Licenses and permits	230,362	-	4,655	-	-	-
Intergovernmental	6,210,137	4,285,250	2,457,712	540,419	46,038	1,431,423
Charges for services	745,520	-	5,755	-	128,134	419,652
Fines and forfeits	420,880	-	-	-	-	-
Other	677,413	-	-	-	14,833	1,490
Total revenues	<u>28,087,477</u>	<u>4,285,250</u>	<u>3,491,904</u>	<u>540,419</u>	<u>805,418</u>	<u>2,315,321</u>
Expenditures:						
Current:						
General government	8,486,666	160,000	-	-	726,311	2,463,176
Public safety	21,656,222	-	-	-	-	-
Highways and streets	773,724	-	3,091,669	292,701	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Total expenditures	<u>30,916,612</u>	<u>160,000</u>	<u>3,091,669</u>	<u>292,701</u>	<u>726,311</u>	<u>2,463,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,829,135)</u>	<u>4,125,250</u>	<u>400,235</u>	<u>247,718</u>	<u>79,107</u>	<u>(147,855)</u>
Other financing sources (uses):						
Transfers in	291,491	-	-	-	-	-
Transfers out	(8,003)	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-
Total other financing sources and uses	<u>283,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	(2,545,647)	4,125,250	400,235	247,718	79,107	(147,855)
Fund balances - beginning	<u>7,351,027</u>	<u>-</u>	<u>490,518</u>	<u>431,695</u>	<u>245,794</u>	<u>1,092,047</u>
Fund balances - ending	<u>\$ 4,805,380</u>	<u>\$ 4,125,250</u>	<u>\$ 890,753</u>	<u>\$ 679,413</u>	<u>\$ 324,901</u>	<u>\$ 944,192</u>

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

CITY OF TERRE HAUTE
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008
(Continued)

	Park and Recreation	Sanitary District Bond Fund	Sanitary District Project No. 19	Sanitary District Project No. 20	Sanitary District Project No. 21	Cumulative Capital Development
Revenues:						
Taxes	\$ 2,903,396	\$ 7,893,163	\$ -	\$ -	\$ -	\$ 516,358
Licenses and permits	-	-	-	-	-	-
Intergovernmental	213,845	588,696	-	-	-	38,208
Charges for services	251,580	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	9,269	-	-	4,658	33,670	179,859
Total revenues	3,378,090	8,481,859	-	4,658	33,670	734,425
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	3,194,274	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Debt service:						
Principal	-	6,070,000	-	-	-	-
Interest	-	1,628,584	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	103,474
Urban redevelopment	-	-	-	-	-	-
Sanitation	-	-	1,006,718	808,132	2,255,801	-
Buildings	-	-	-	-	-	-
Total expenditures	3,194,274	7,698,584	1,006,718	808,132	2,255,801	103,474
Excess (deficiency) of revenues over (under) expenditures	183,816	783,275	(1,006,718)	(803,474)	(2,222,131)	630,951
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
Special item:						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	183,816	783,275	(1,006,718)	(803,474)	(2,222,131)	630,951
Fund balances - beginning	1,249,600	1,326,592	1,402,617	803,474	2,340,479	1,139,758
Fund balances - ending	\$ 1,433,416	\$ 2,109,867	\$ 395,899	\$ -	\$ 118,348	\$ 1,770,709

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, 2008
(Continued)

	Cumulative Capital Improvement	Economic Development Income Tax	Cherry Street Project	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 1,158,402	\$ 34,377,435
Licenses and permits	-	-	-	16,664	251,681
Intergovernmental	227,818	4,588,159	2,232,539	7,544,693	30,404,937
Charges for services	-	-	-	3,238,216	4,788,857
Fines and forfeits	-	-	-	18,574	439,454
Other	-	536,768	85,285	424,290	1,967,535
Total revenues	227,818	5,124,927	2,317,824	12,400,839	72,229,899
Expenditures:					
Current:					
General government	-	-	-	79,933	11,916,086
Public safety	-	-	-	770,247	22,426,469
Highways and streets	-	-	-	554,728	4,712,822
Sanitation	-	-	-	704,136	704,136
Economic development	-	-	-	77,810	77,810
Culture and recreation	-	-	-	1,478,879	4,673,153
Urban redevelopment	214,295	2,623,925	-	4,654,449	7,492,669
Debt service:					
Principal	-	-	-	131,540	6,201,540
Interest	-	-	-	173,514	1,802,098
Capital outlay:					
Public safety	-	-	-	9,600	9,600
Highways and streets	227	2,578,898	2,468,045	1,158,115	6,308,759
Urban redevelopment	-	-	-	4,500	4,500
Sanitation	-	-	-	-	4,070,651
Buildings	-	-	-	37,816	37,816
Total expenditures	214,522	5,202,823	2,468,045	9,835,267	70,438,109
Excess (deficiency) of revenues over (under) expenditures	13,296	(77,896)	(150,221)	2,565,572	1,791,790
Other financing sources (uses):					
Transfers in	-	-	-	217,705	509,196
Transfers out	-	-	-	(501,195)	(509,198)
Refunding bonds issued	-	-	1,635,000	-	1,635,000
Total other financing sources and uses	-	-	1,635,000	(283,490)	1,634,998
Special item:					
Proceeds from sale of assets	-	-	-	22,212	22,212
Net change in fund balances	13,296	(77,896)	1,484,779	2,304,294	3,449,000
Fund balances - beginning	254,455	3,516,304	(1,951,653)	10,170,834	29,863,541
Fund balances - ending	\$ 267,751	\$ 3,438,408	\$ (466,874)	\$ 12,475,128	\$ 33,312,541

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

CITY OF TERRE HAUTE
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2008

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

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances)	\$ 3,449,000
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.	15,359,310
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,277,993
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.	2,849,727
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	(482,508)
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>(775,089)</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 21,678,433</u>

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

CITY OF TERRE HAUTE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

<u>Assets</u>	Wastewater Utility	Internal Service Fund
Current assets:		
Cash and cash equivalents	\$ 2,655,860	\$ 374,042
Interest receivable	-	112
Accounts receivable (net of allowance)	1,055,213	-
Prepaid items	20,702	-
	<u>3,731,775</u>	<u>374,154</u>
Total current assets		
Noncurrent assets:		
Restricted cash, cash equivalents and investments:		
Revenue bond covenant accounts	17,266,690	-
Interest receivable	35,259	-
	<u>17,301,949</u>	<u>-</u>
Total restricted assets		
Deferred debits	835,079	-
	<u>835,079</u>	<u>-</u>
Capital assets:		
Land, improvements to land and construction in progress	25,803,110	-
Other capital assets (net of accumulated depreciation)	53,626,179	-
	<u>79,429,289</u>	<u>-</u>
Total capital assets		
Total noncurrent assets	97,566,317	-
	<u>97,566,317</u>	<u>-</u>
Total assets		
	<u>101,298,092</u>	<u>374,154</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	87,461	-
Contracts payable	199,932	-
Accrued payroll and withholdings payable	5,882	-
Deferred revenue	18,182	-
Current liabilities payable from restricted assets:		
Revenue bonds payable	410,000	-
	<u>721,457</u>	<u>-</u>
Total current liabilities		
Noncurrent liabilities:		
Revenue bonds payable (net of unamortized discounts or premiums)	26,615,000	-
Compensated absences	282,147	-
	<u>26,897,147</u>	<u>-</u>
Total noncurrent liabilities		
Total liabilities	27,618,604	-
	<u>27,618,604</u>	<u>-</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	52,404,289	-
Restricted for debt service	2,369,340	-
Restricted for construction	12,437,325	-
Restricted for employee health benefits	-	374,154
Unrestricted	6,468,534	-
	<u>73,679,488</u>	<u>374,154</u>
Total net assets		
	<u>\$ 73,679,488</u>	<u>\$ 374,154</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, 2008

	Wastewater Utility	Internal Service Fund
Operating revenues:		
Measured revenue	\$ 11,050,108	\$ -
Other	<u>332,791</u>	<u>4,068,038</u>
Total operating revenues	<u>11,382,899</u>	<u>4,068,038</u>
Operating expenses:		
Administration and general	4,663,468	-
Insurance claims and premiums	-	4,852,050
Salaries and wages	2,686,767	-
Materials and supplies	651,191	-
Contractual services	790,822	-
Insurance expense	2,013	-
Bad debt expense	168,456	-
Depreciation and amortization	<u>823,756</u>	<u>-</u>
Total operating expenses	<u>9,786,473</u>	<u>4,852,050</u>
Operating income (loss)	<u>1,596,426</u>	<u>(784,012)</u>
Nonoperating revenues (expenses):		
Interest and investment revenue	431,318	8,923
Miscellaneous revenue	300	-
Interest expense	(1,158,593)	-
Amortization of bond issuance costs	<u>(39,765)</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>(766,740)</u>	<u>8,923</u>
Change in net assets	829,686	(775,089)
Total net assets - beginning	<u>72,849,802</u>	<u>1,149,243</u>
Total net assets - ending	<u>\$ 73,679,488</u>	<u>\$ 374,154</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, 2008

	<u>Wastewater Utility</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:		
Receipts from customers and users	\$ 11,563,233	\$ -
Payments to suppliers	(6,424,398)	-
Payments to employees	(2,514,755)	-
Employer and employee contributions	-	4,068,038
Insurance claims	-	(4,852,050)
Other receipts	<u>47,000</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>2,671,080</u>	<u>(784,012)</u>
Cash flows from noncapital financing activities:		
Other revenues	<u>300</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,682,588)	-
Principal paid on capital debt	(795,000)	-
Interest paid on capital debt	<u>(1,158,593)</u>	<u>-</u>
Net cash used by capital and related financing activities	<u>(11,636,181)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received	<u>553,432</u>	<u>11,234</u>
Net decrease in cash and cash equivalents	(8,411,369)	(772,778)
Cash and cash equivalents, January 1 (Including \$25,273,781 for the Wastewater Utility reported in restricted accounts)	<u>28,333,919</u>	<u>1,146,820</u>
Cash and cash equivalents, December 31 (Including \$17,266,690 for the Wastewater Utility reported in restricted accounts)	<u>\$ 19,922,550</u>	<u>\$ 374,042</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	<u>\$ 1,551,647</u>	<u>\$ (784,012)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	823,756	-
Bad debt expense	168,456	-
Decrease in assets:		
Accounts receivable	256,066	-
Increase (decrease) in liabilities:		
Accounts payable	(135,948)	-
Contracts payable	(43,558)	-
Accrued payroll	<u>50,661</u>	<u>-</u>
Total adjustments	<u>1,119,433</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 2,671,080</u>	<u>\$ (784,012)</u>

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

CITY OF TERRE HAUTE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2008

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,527,361	\$ 158,189
Receivables:		
Interest and dividends	-	170
Taxes	135,656	-
Intergovernmental	<u>2,448</u>	<u>-</u>
Total receivables	<u>138,104</u>	<u>170</u>
Total assets	<u>1,665,465</u>	<u>158,359</u>
 <u>Liabilities</u>		
Accounts payable	17	-
Deferred revenue	44,230	-
Accrued payroll and withholdings payable	17,015	-
Due to state	-	49,269
Trust payable	<u>-</u>	<u>109,090</u>
Total liabilities	<u>61,262</u>	<u>\$ 158,359</u>
 <u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>1,604,203</u>	
Total net assets	<u>\$ 1,604,203</u>	

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

CITY OF TERRE HAUTE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Taxes	\$ 1,243,546
Intergovernmental	91,936
Pension relief	2,856,698
Plan members	<u>58,572</u>
Total additions	<u>4,250,752</u>
 <u>Deductions</u>	
Benefits	4,760,469
Administrative expense	<u>62,470</u>
Total deductions	<u>4,822,939</u>
Changes in net assets	(572,187)
Net assets - beginning	<u>2,176,390</u>
Net assets - ending	<u><u>\$ 1,604,203</u></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 Changes in Net Assets) report information on all of the nonfiduciary 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 a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

The primary government reports the following major governmental funds:

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

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

The motor vehicle highway fund is used to account for state motor vehicle highway distributions. It is principally used for the construction and maintenance of streets and alleys.

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

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

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

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

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

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

The sanitary district project 20 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 project 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 Cherry Street project fund is used to account for the receipts and disbursements of the completion of the Multi Modal Transit Facility.

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 reporting 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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Proprietary funds distinguish operating revenues from nonoperating 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 customers 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.

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

Investment 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."

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

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

4. Prepaid Items

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

5. Restricted Assets

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

6. Capital Assets

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

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

	<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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

7. Compensated Absences

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

Street Department Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 6 days per year after completing a 90 day period of employment. Unused sick leave may be accumulated to a maximum of 45 days. Unused sick days over the accumulated 30 days can be paid for by the City the last pay period in December, at the employee's request, not to exceed 8 days in any one year. Accumulated sick leave is paid to employees through cash payments upon termination.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 4 days per year, not to exceed two days per month. All unused personal days will be rolled over to unused sick days.

Cemetery Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 6 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 rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

(c) Personal Leave – Employees earn personal leave at the rate of 4 days per year, not to exceed 2 days per each four month period. Personal leave does not accumulate from year to year.

Department of Redevelopment Employees

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 30 days. Accumulated sick leave is not paid to employees.

(b) Vacation Leave – Employees earn vacation leave at rates from 10 days to 15 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.

(c) Personal Leave – Employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Firefighters

(a) Sick Leave – Employees earn sick leave at the rate of 1 shift day (8 hours) per month for 8-hour shift employees or 1/2 of a shift day (12 hours) per month for 24 hour shift employees. Unused sick leave may be accumulated to a maximum of 720 hours for 8 hour shift employees or 1080 hours for 24 hour shift employees. Accumulated sick leave is paid to employees through cash payments upon termination at the last earned hourly rate times 2/3 of the accumulated sick leave.

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

(c) Personal Leave – Employees earn personal leave at the rate of 3 shift days per year. Personal leave does not accumulate from year to year.

Police Officers

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is paid to employees through cash payments upon termination at the rate of 1 sick day for every 3 accumulated sick days.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 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 3 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 7. Personal leave does not accumulate from year to year.

Transportation System Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 36 days. Accumulated sick leave is paid to employees through cash payments on December 20th at their option.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 days to 25 days per year based upon the number of years of service. Vacation leave does accumulate from year to year, not to exceed 2 weeks.

(c) Personal Leave – Employees do not earn personal leave.

Wastewater Utility Employees (Union Members)

(a) Sick Leave – Employees earn sick leave at the rate of 6 days per year. Accumulated sick leave in excess of 30 days is paid to employees through cash payments upon termination.

(b) Vacation Leave – Employees earn vacation leave at rates from 5 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 5 days to 20 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 30 days. Accumulated vacation leave is paid to employees through cash payments upon termination.

(c) Personal Leave – Employees earn personal leave at the rate of 3 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 sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

CITY OF TERRE HAUTE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

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

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

B. Deficit Fund Equity

At December 31, 2008, the following funds reported deficits in fund equity, which are violations of State statute:

	Deficit
Governmental funds:	
Rea Park Non-Reverting Fund	\$ (267,319)
Hulman Links Non-Reverting Fund	(957,829)
Cherry Street Project	(466,874)
Redevelopment Ft. Harrison	(26,989)

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 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Receivables

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Type:	Funds	Amount
Loans receivable:		
	Community Development	\$ 8,412
	Non-Federal Income	101,224
	HOME Program Grant	370,478
	EDIT	<u>473,862</u>
Total		<u>\$ 953,976</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,864,273	\$ 968,366	\$ 69,284	\$ 6,763,355
Construction in progress	<u>53,724,182</u>	<u>10,667,539</u>	<u>28,371,330</u>	<u>36,020,391</u>
Total capital assets, not being depreciated	<u>59,588,455</u>	<u>11,635,905</u>	<u>28,440,614</u>	<u>42,783,746</u>
Capital assets, being depreciated:				
Buildings	9,885,215	16,232,514	395,664	25,722,065
Improvements other than buildings	19,640,565	13,124,490	298,275	32,466,780
Machinery and equipment	<u>12,075,254</u>	<u>3,469,477</u>	<u>1,036,978</u>	<u>14,507,753</u>
Totals	<u>41,601,034</u>	<u>32,826,481</u>	<u>1,730,917</u>	<u>72,696,598</u>
Less accumulated depreciation for:				
Buildings	6,752,618	-	138,452	6,614,166
Improvements other than buildings	5,353,943	494,081	-	5,848,024
Machinery and equipment	<u>9,636,769</u>	<u>239,446</u>	-	<u>9,876,215</u>
Totals	<u>21,743,330</u>	<u>733,527</u>	<u>138,452</u>	<u>22,338,405</u>
Total capital assets, being depreciated, net	<u>19,857,704</u>	<u>32,092,954</u>	<u>1,592,465</u>	<u>50,358,193</u>
Total governmental activities capital assets, net	<u>\$ 79,446,159</u>	<u>\$ 43,728,859</u>	<u>\$ 30,033,079</u>	<u>\$ 93,141,939</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary government</u>	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 57,751	\$ -	\$ -	\$ 57,751
Construction in progress	16,516,968	10,486,504	1,258,113	25,745,359
	<u>16,574,719</u>	<u>10,486,504</u>	<u>1,258,113</u>	<u>25,803,110</u>
Total capital assets, not being depreciated				
	<u>16,574,719</u>	<u>10,486,504</u>	<u>1,258,113</u>	<u>25,803,110</u>
Capital assets, being depreciated:				
Buildings	2,645,107	-	-	2,645,107
Improvements other than buildings	78,202,830	1,245,242	250,000	79,198,072
Machinery and equipment	5,850,867	631,728	1,172,775	5,309,820
	<u>86,698,804</u>	<u>1,876,970</u>	<u>1,422,775</u>	<u>87,152,999</u>
Totals				
	<u>86,698,804</u>	<u>1,876,970</u>	<u>1,422,775</u>	<u>87,152,999</u>
Less accumulated depreciation for:				
Buildings	2,645,108	-	-	2,645,108
Improvements other than buildings	27,183,893	1,229,163	-	28,413,056
Machinery and equipment	2,874,063	-	405,407	2,468,656
	<u>32,703,064</u>	<u>1,229,163</u>	<u>405,407</u>	<u>33,526,820</u>
Totals				
	<u>32,703,064</u>	<u>1,229,163</u>	<u>405,407</u>	<u>33,526,820</u>
Total capital assets, being depreciated, net				
	<u>53,995,740</u>	<u>647,807</u>	<u>1,017,368</u>	<u>53,626,179</u>
Total business-type activities capital assets, net				
	<u>\$ 70,570,459</u>	<u>\$ 11,134,311</u>	<u>\$ 2,275,481</u>	<u>\$ 79,429,289</u>

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

Governmental activities:	
General government/public safety	\$ 494,081
Culture and recreation	239,466
	<u>733,547</u>
Total depreciation expense - governmental activities	<u>\$ 733,547</u>
Business-type activities:	
Wastewater	<u>\$ 1,229,163</u>

D. Construction Commitments

Construction work in progress is composed of the following:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Project	Total Project Authorized	Expended to December 31, 2008	Committed	Required Future Funding
Governmental funds:				
Sanitary District Project 19	\$ 6,300,000	\$ 5,643,179	\$ 656,821	\$ -
Sanitary District Project 20	14,320,000	3,728,970	10,591,030	-
Sanitary District Project 21	21,791,174	21,791,174	-	-
Jadcore Construction	1,000,000	666,956	333,044	-
CCD projects	500,000	209,346	290,654	-
EDIT projects	3,000,000	2,936,220	63,780	-
Fire training center	1,000,000	720,953	279,047	-
Cherry Street project	16,200,963	16,200,963	-	-
Collett Park project	900,000	92,779	807,221	-
Business-type activities:				
Wastewater construction project	8,000,000	7,479,170	520,830	-
Sanitary District Project 22	6,000,000	3,308,244	2,691,756	-
CSO study	30,100,000	14,957,945	15,142,055	-
Totals	<u>\$ 109,112,137</u>	<u>\$ 77,735,899</u>	<u>\$ 31,376,238</u>	<u>\$ -</u>

E. Interfund Balances and Activity

Interfund Transfers

Interfund transfers at December 31, 2008, were as follows:

Transfer From	Transfer To			Totals
	General Fund	Major Fund	Nonmajor Governmental	
General Fund	\$ -	\$ -	\$ 8,001	\$ 8,001
Nonmajor governmental	291,491	-	209,704	501,195
Major	-	-	-	-
Totals	<u>\$ 291,491</u>	<u>\$ -</u>	<u>\$ 217,705</u>	<u>\$ 509,196</u>

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

F. Leases

1. Operating Leases

The primary government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for a postage machine, copiers, computers, building and a Transit break room. Rental expenditures for these leases were \$3,834, \$25,063, \$8,585, \$143,206, and \$1,548 respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2008:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

2009	\$	196,865
2010		<u>127,066</u>
 Total	 \$	 <u><u>323,931</u></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, 2008, are as follows:

2009	\$	276,802
2010		311,280
2011		311,280
2012		276,802
2013		<u>242,323</u>
 Total minimum lease payments		 1,418,487
 Less amount representing interest		 <u>155,878</u>
 Present value of net minimum lease payments	 \$	 <u><u>1,262,609</u></u>

Assets acquired through capital leases still in effect are as follows:

		<u>Governmental Activities</u>
Improvements other than buildings	\$	540,314
Machinery and equipment		<u>911,328</u>
 Total	 \$	 <u><u>1,451,642</u></u>

G. Long-Term Liabilities

1. General Obligation Bonds

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

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Purpose	Interest Rates	Amount
1996 \$4,140,000 Sanitary District Bonds, Improvements	4.86% to 5.45%	\$ 1,745,000
1997 \$7,610,000 Sanitary District Bonds, Improvements	4.5% to 4.6%	3,545,000
1999-2000 \$8,000,000 Sanitary District Bonds, Improvements	5%	1,005,000
2002 \$6,300,000 Sanitary District Bonds, Improvements	3% to 4.1%	6,170,000
2005 \$14,320,000 Sanitary District Bonds, Improvement	2.5% to 3.65%	9,965,000
2006 \$20,000,000 Sanitary District Bonds, Improvement	3.375% to 4%	<u>14,735,000</u>
 Total		 <u>\$ 37,165,000</u>

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

Year Ended December 31	Governmental Activities	
	Principal	Interest
2009	\$ 2,910,000	\$ 1,509,088
2010	6,430,000	1,269,720
2011	6,675,000	1,024,737
2012	7,005,000	762,708
2013	5,715,000	476,591
2014-2018	<u>8,430,000</u>	<u>445,233</u>
 Totals	 <u>\$ 37,165,000</u>	 <u>\$ 5,488,077</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:

Purpose	Interest Rates	Amount
1998 \$4,000,000 Redevelopment District Bond	8%	\$ 1,296,945
2003 Jadcore Phase I	4%	975,000
2004 Economic Development	4%	925,000
2005 Sanitary District Revenue Bonds	3% to 4.65%	27,025,000
2007 Taxable Economic Development	6.75% to 8%	<u>1,280,000</u>
 Total		 <u>\$ 31,501,945</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 141,810	\$ 241,985	\$ 410,000	\$ 1,146,668
2010	202,402	282,025	840,000	1,121,624
2011	273,333	268,174	870,000	1,093,811
2012	299,626	250,631	4,865,000	4,981,325
2013	346,303	230,736	5,995,000	3,930,713
2014-2018	2,221,786	740,447	14,045,000	3,097,643
2019-2023	951,685	139,207	-	-
2024-2028	40,000	850	-	-
Totals	<u>\$ 4,476,945</u>	<u>\$ 2,154,055</u>	<u>\$ 27,025,000</u>	<u>\$ 15,371,784</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 \$49,573, are as follows:

2009	\$ 147,340
2010	123,511
2011	114,349
2012	<u>114,349</u>
Total	<u>\$ 499,549</u>

4. Bond Anticipation Note Payable

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

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 43,235,000	\$ -	\$ 6,070,000	\$ 37,165,000	\$ 2,910,000
Revenue	4,608,485	-	131,540	4,476,945	135,452
Fire protection district	18,240	-	18,240	-	-
Total bonds payable	47,861,725	-	6,219,780	41,641,945	3,045,452
Capital leases	1,024,812	425,635	187,838	1,262,609	226,582
Notes payable	576,059	-	126,083	449,976	127,370
Bond anticipation note payable	7,560,000	-	-	7,560,000	-
Compensated absences	1,490,339	-	179,772	1,310,567	-
Total governmental activities long-term liabilities	<u>\$ 58,512,935</u>	<u>\$ 425,635</u>	<u>\$ 6,713,473</u>	<u>\$ 52,225,097</u>	<u>\$ 3,399,404</u>
Business-type activities:					
Revenue bonds payable	\$ 27,820,000	\$ -	\$ 795,000	\$ 27,025,000	\$ 410,000
Compensated absences	116,017	166,130	-	282,147	-
Total business-type activities long-term liabilities	<u>\$ 27,936,017</u>	<u>\$ 166,130</u>	<u>\$ 795,000</u>	<u>\$ 27,307,147</u>	<u>\$ 410,000</u>

H. Segment Information

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

Condensed Statement of Net Assets

Assets:	
Current assets	\$ 3,731,775
Deferred Debits	835,079
Restricted assets	17,301,949
Capital assets	<u>79,429,289</u>
Total assets	<u>\$ 101,298,092</u>
Liabilities:	
Current liabilities	\$ 766,236
Noncurrent liabilities	<u>26,897,147</u>
Total liabilities	<u>\$ 27,663,383</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Condensed Statement of Net Assets

Net assets:	
Invested in capital assets, net of related debt	\$ 52,404,289
Restricted	14,806,665
Unrestricted	<u>6,423,755</u>
Total net assets	<u>\$ 73,634,709</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

Charges (pledged against bonds)	\$ 11,382,899
Depreciation expense	823,756
Other operating expenses	<u>9,007,496</u>
Operating income	1,551,647
Nonoperating revenues (expenses):	
Investment earnings	431,318
Miscellaneous revenue	300
Interest expense	(1,158,593)
Amortization expense	<u>(39,765)</u>
Change in net assets	784,907
Beginning net assets	<u>72,849,802</u>
Ending net assets	<u>\$ 73,634,709</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 2,671,080
Noncapital financing activities	300
Capital and related financing activities	(11,636,181)
Investing activities	<u>553,432</u>
Net increase (decrease)	(8,411,369)
Beginning cash and cash equivalents	<u>28,333,919</u>
Ending cash and cash equivalents	<u>\$ 19,922,550</u>

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

I. Restricted Assets

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

Revenue bond construction account	\$ 12,402,066
Wastewater improvements account	2,369,340
Restricted interest receivable	<u>35,259</u>
Total restricted assets	<u>\$ 14,806,665</u>

IV. Other Information

A. Risk Management

The primary government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

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

The primary government has chosen to establish a risk financing fund for risks associated with losses related to the medical benefits to employees, retirees and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Special Nonreverting Employee Health Benefit Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into 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 reasonable estimated.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Conduit Debt Obligation

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

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

C. Postemployment Benefits

In addition to the pension benefits described below, the primary government provides postemployment health and dental benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the primary government on or after attaining age 52 with at least 20 years of service. Currently, 37 retirees meet these eligibility requirements. The primary government provides 100% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2008, expenditures of \$179,299 were recognized for postemployment benefits.

D. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

The primary government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (Indiana Code 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

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

The 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.

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 495,818	\$ 2,491,200	\$ 2,396,500
Interest on net pension obligation	(10,436)	723,800	750,000
Adjustment to annual required contribution	<u>11,892</u>	<u>(913,200)</u>	<u>(946,300)</u>
Annual pension cost	497,274	2,301,800	2,200,200
Contributions made	<u>436,577</u>	<u>2,037,256</u>	<u>2,154,925</u>
Increase (decrease) in net pension obligation	60,697	264,544	45,275
Net pension obligation, beginning of year	<u>(143,940)</u>	<u>12,063,878</u>	<u>12,500,664</u>
Net pension obligation, end of year	<u>\$ (83,243)</u>	<u>\$ 12,328,422</u>	<u>\$ 12,545,939</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
Government	5.25%	844%	1888%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-77	12-31-77
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Three Year Trend Information

PERF			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06-30-06	\$ 420,019	89%	\$ (210,486)
06-30-07	477,908	86%	(143,940)
06-30-08	497,274	88%	(83,243)

1925 Police Officers' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	\$ 2,305,400	100%	\$ 12,187,199
12-31-07	2,318,700	105%	12,063,878
12-31-08	2,301,800	89%	12,328,422

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-06	\$ 2,098,000	98%	\$ 12,080,698
12-31-07	2,364,500	82%	12,500,664
12-31-08	2,200,200	98%	12,545,939

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2009, was comprised of the following:

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The primary government's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$2,991,220, \$2,838,756, and \$2,730,008, respectively, equal to the required contributions for each year.

3. Defined Contribution Pension Plan

The Government Agency Retirement Plan

Plan Description

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

CITY OF TERRE HAUTE
NOTES TO FINANCIAL STATEMENTS
(Continued)

Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

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

Funding Policy and Annual Pension Cost

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

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 7,511,323	\$ 7,601,626	\$ (90,303)	99%	\$ 8,282,983	(1%)
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%)

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)
01-01-03	\$ 1,603,340	\$ 32,305,200	\$ (30,701,860)	5%	\$ 529,900	(5,794%)
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%)

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)
01-01-03	\$ 1,459,952	\$ 29,166,900	\$ (27,706,948)	5%	\$ 706,500	(3,922%)
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%)

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
12-31-03	\$ 3,811,200	50%
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%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage Of ARC Contributed
12-31-03	\$ 3,576,500	49%
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%

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2008

	General Fund				Motor Vehicle Highway 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	\$ 22,900,000	\$ 22,900,000	\$ 18,359,410	\$ (4,540,590)	\$ 940,000	\$ 940,000	\$ 948,513	\$ 8,513
Licenses and permits	200,000	200,000.00	232,657	32,657	-	-	-	-
Intergovernmental	6,300,000	6,300,000.00	6,145,921	(154,079)	2,300,000	2,300,000	2,339,585	39,585
Charges for services	950,000	950,000.00	967,259	17,259	-	-	-	-
Fines and forfeits	400,000	400,000.00	420,889	20,889	-	-	-	-
Other	200,000	200,000.00	181,436	(18,564)	5,000	5,000	5,756	756
Total revenues	30,950,000	30,950,000	26,307,572	(4,642,428)	3,245,000	3,245,000	3,293,854	48,854
Expenditures:								
Current:								
General government	9,245,032	9,577,277.00	8,859,638	717,639	-	-	-	-
Public safety	22,542,167	22,848,705	22,103,187	745,518	-	-	-	-
Highways and streets	-	-	-	-	3,509,125	3,509,125	3,127,447	381,678
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	31,787,199	32,425,982	30,962,825	1,463,157	3,509,125	3,509,125	3,127,447	381,678
Other financing sources (uses):								
Operating transfers in	-	-	291,491	291,491	-	-	-	-
Operating transfers out	-	-	(8,003)	(8,003)	-	-	-	-
Total other financing sources (uses)	-	-	283,488	283,488	-	-	-	-
Net change in fund balances	(837,199)	(1,475,982)	(4,371,765)	(2,895,783)	(264,125)	(264,125)	166,407	430,532
Fund balances - beginning	4,950,076	4,465,502	9,117,541	4,652,039	429,379	429,379	429,379	-
Fund balances - December 31	\$ 4,112,877	\$ 2,989,520	\$ 4,745,776	\$ 1,756,256	\$ 165,254	\$ 165,254	\$ 595,786	\$ 430,532

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2008
(Continued)

	Local Road and Street Fund				Cemetery 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	\$ -	\$ -	\$ -	\$ -	\$ 460,512	\$ 460,512	\$ 571,094	\$ 110,582
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	500,000	500,000	499,975	(25)	35,910	35,910	40,427	4,517
Charges for services	-	-	-	-	128,000	128,000	128,134	134
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	40	40	7,656	7,616
Total revenues	500,000	500,000	499,975	(25)	624,462	624,462	747,311	122,849
Expenditures:								
Current:								
General government	-	-	-	-	887,975	887,975	729,333	158,642
Public safety	-	-	-	-	-	-	-	-
Highways and streets	625,000	625,000	308,820	316,180	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Total expenditures	625,000	625,000	308,820	316,180	887,975	887,975	729,333	158,642
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	(125,000)	(125,000)	191,155	316,155	(263,513)	(263,513)	17,978	281,491
Fund balances - beginning	(77,302)	(77,302)	(77,302)	-	82,684	82,684	82,684	-
Fund balances - December 31	\$ (202,302)	\$ (202,302)	\$ 113,853	\$ 316,155	\$ (180,829)	\$ (180,829)	\$ 100,662	\$ 281,491

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2008
(Continued)

	Transit Fund				Park and Recreation 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	\$ 748,983	\$ 748,983	\$ 428,735	\$ (320,248)	\$ 2,684,870	\$ 2,684,870	\$ 2,689,937	\$ 5,067
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	892,522	892,522	1,354,518	461,996	238,000	238,000	209,026	(28,974)
Charges for services	135,000	135,000	402,097	267,097	165,000	165,000	160,922	(4,078)
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	10,000	10,000	9,025	(975)
Total revenues	1,776,505	1,776,505	2,185,350	408,845	3,097,870	3,097,870	3,068,910	(28,960)
Expenditures:								
Current:								
General government	2,972,192	2,884,067	2,492,213	391,854	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	34,127,130	3,786,780	3,190,901	595,879
Total expenditures	2,972,192	2,884,067	2,492,213	391,854	34,127,130	3,786,780	3,190,901	595,879
Other financing sources (uses):								
Operating transfers in	-	-	-	-	-	-	122	122
Operating transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	122	122
Net change in fund balances	(1,195,687)	(1,107,562)	(306,863)	800,699	(31,029,260)	(688,910)	(121,869)	567,041
Fund balances - beginning	933,591	933,591	933,591	-	3,338,250	3,338,250	3,338,250	-
Fund balances - December 31	\$ (262,096)	\$ (173,971)	\$ 626,728	\$ 800,699	\$ (27,691,010)	\$ 2,649,340	\$ 3,216,381	\$ 567,041

CITY OF TERRE HAUTE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGET/GAAP RECONCILIATION
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2008

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>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)	\$ (4,371,765)	\$ 166,407	\$ 191,155	\$ 17,978	\$ (306,863)	\$ (121,869)
Adjustments:						
To adjust revenues for accruals	1,785,412	198,050	40,444	58,107	129,971	309,180
To adjust expenditures for accruals	<u>(201,148)</u>	<u>2,275</u>	<u>16,119</u>	<u>(3,845)</u>	<u>(5,791)</u>	<u>(27,927)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (GAAP basis)	<u>\$ (2,787,501)</u>	<u>\$ 366,732</u>	<u>\$ 247,718</u>	<u>\$ 72,240</u>	<u>\$ (182,683)</u>	<u>\$ 159,384</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008

<u>Assets</u>	<u>Parking Garage</u>	<u>Abandoned Vehicle Non-Reverting</u>	<u>Police Continuing Education</u>	<u>Clerks Record Perpetuation</u>	<u>Emergency Medical Service Non-Reverting</u>	<u>Fire Dept Contractual EMS Fund</u>	<u>Arson Investigation Fund</u>
Cash and cash equivalents	\$ 144,697	\$ 24,361	\$ 74,489	\$ 17,958	\$ 553,297	\$ 216,686	\$ 581
Investments	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):							
Taxes	2,233	-	-	-	-	-	-
Intergovernmental	55	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Accounts	-	-	-	-	1,249,838	-	-
Loans	-	-	-	-	-	-	-
Total assets	<u>\$ 146,985</u>	<u>\$ 24,361</u>	<u>\$ 74,489</u>	<u>\$ 17,958</u>	<u>\$ 1,803,135</u>	<u>\$ 216,686</u>	<u>\$ 581</u>
<u>Liabilities and fund balances</u>							
Liabilities:							
Accounts payable	\$ 1,831	\$ -	\$ -	\$ -	\$ 47,214	\$ -	\$ -
Accrued payroll and withholdings payable	<u>1,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,644</u>	<u>-</u>	<u>-</u>
Fund balances:							
Unreserved, reported in:							
Special revenue funds	<u>144,061</u>	<u>24,361</u>	<u>74,489</u>	<u>17,958</u>	<u>1,754,491</u>	<u>216,686</u>	<u>581</u>
Total fund balances	<u>144,061</u>	<u>24,361</u>	<u>74,489</u>	<u>17,958</u>	<u>1,754,491</u>	<u>216,686</u>	<u>581</u>
Total liabilities and fund balances	<u>\$ 146,985</u>	<u>\$ 24,361</u>	<u>\$ 74,489</u>	<u>\$ 17,958</u>	<u>\$ 1,803,135</u>	<u>\$ 216,686</u>	<u>\$ 581</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	<u>Police Dept Non-Reverting Fund</u>	<u>Grant Overtime Staying Right</u>	<u>Operation Pull-over Award</u>	<u>ELE Map Generation Fund</u>	<u>Hulman Links Non-reverting</u>	<u>Rea Park Non-Reverting</u>
Cash and cash equivalents	\$ 44,783	3	\$ 5,591	\$ 442	\$ (933,256)	\$ (253,879)
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 44,783</u>	<u>\$ 3</u>	<u>\$ 5,591</u>	<u>\$ 442</u>	<u>\$ (933,256)</u>	<u>\$ (253,879)</u>
 <u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 9,993	\$ 2,792
Accrued payroll and withholdings payable	-	-	-	-	14,580	10,648
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,573</u>	<u>13,440</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	<u>44,783</u>	<u>3</u>	<u>5,591</u>	<u>443</u>	<u>(957,829)</u>	<u>(267,319)</u>
Total fund balances	<u>44,783</u>	<u>3</u>	<u>5,591</u>	<u>443</u>	<u>(957,829)</u>	<u>(267,319)</u>
Total liabilities and fund balances	<u>\$ 44,783</u>	<u>\$ 3</u>	<u>\$ 5,591</u>	<u>\$ 443</u>	<u>\$ (933,256)</u>	<u>\$ (253,879)</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Animal Care Non-Reverting	Engineering Non-Reverting Fund	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Police Federal Equitable Sharing
Cash and cash equivalents	\$ 13,835	\$ 588,206	\$ 793,405	\$ 9,166	\$ 2,049,387	\$ 5,527
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	162	-	-	2
Accounts	-	-	-	-	-	-
Loans	-	-	101,224	370,478	-	-
	<u>13,835</u>	<u>588,206</u>	<u>894,791</u>	<u>379,644</u>	<u>2,049,387</u>	<u>5,529</u>
Total assets	<u>\$ 13,835</u>	<u>\$ 588,206</u>	<u>\$ 894,791</u>	<u>\$ 379,644</u>	<u>\$ 2,049,387</u>	<u>\$ 5,529</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 139	\$ -	\$ -	\$ 18,679	\$ -
Accrued payroll and withholdings payable	-	22,046	-	412	417	-
	<u>-</u>	<u>22,185</u>	<u>-</u>	<u>412</u>	<u>19,096</u>	<u>-</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	13,835	566,021	894,791	379,232	2,030,291	5,529
	<u>13,835</u>	<u>566,021</u>	<u>894,791</u>	<u>379,232</u>	<u>2,030,291</u>	<u>5,529</u>
Total fund balances	<u>13,835</u>	<u>566,021</u>	<u>894,791</u>	<u>379,232</u>	<u>2,030,291</u>	<u>5,529</u>
Total liabilities and fund balances	<u>\$ 13,835</u>	<u>\$ 588,206</u>	<u>\$ 894,791</u>	<u>\$ 379,644</u>	<u>\$ 2,049,387</u>	<u>\$ 5,529</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Community Development Fund	Redevelopment Ft. Harrison TIF #8	Redevelopment Ft. Harrison Bond & Interest	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund
Cash and cash equivalents	\$ 1,459	\$ 316,482	\$ (26,989)	\$ 2,643,893	\$ 375,720	\$ 4,704
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	343	-	586	96	-
Accounts	-	-	-	-	-	-
Loans	8,412	-	-	-	-	-
	<u>8,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 9,871</u>	<u>\$ 316,825</u>	<u>\$ (26,989)</u>	<u>\$ 2,644,479</u>	<u>\$ 375,816</u>	<u>\$ 4,704</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	9,262	163	-	1,072	187	-
	<u>9,262</u>	<u>163</u>	<u>-</u>	<u>1,072</u>	<u>187</u>	<u>-</u>
Total liabilities	<u>9,262</u>	<u>163</u>	<u>-</u>	<u>1,072</u>	<u>187</u>	<u>-</u>
Fund balances:						
Unreserved, reported in:						
Special revenue funds	609	316,662	(26,989)	2,643,407	375,629	4,704
	<u>609</u>	<u>316,662</u>	<u>(26,989)</u>	<u>2,643,407</u>	<u>375,629</u>	<u>4,704</u>
Total fund balances	<u>609</u>	<u>316,662</u>	<u>(26,989)</u>	<u>2,643,407</u>	<u>375,629</u>	<u>4,704</u>
Total liabilities and fund balances	<u>\$ 9,871</u>	<u>\$ 316,825</u>	<u>\$ (26,989)</u>	<u>\$ 2,644,479</u>	<u>\$ 375,816</u>	<u>\$ 4,704</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Fire Dept Nonreverting Real Property	Hazardous Material Recovery Fund	State Road Highway 63	Fire Training Academy Non Reverting	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund
Cash and cash equivalents	\$ 667	\$ 27,076	\$ 2,000,000	\$ 124,458	\$ 65	\$ 34,138
Investments	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	-	-	-	73
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 667</u>	<u>\$ 27,076</u>	<u>\$ 2,000,000</u>	<u>\$ 124,458</u>	<u>\$ 65</u>	<u>\$ 34,211</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	667	27,076	2,000,000	124,458	65	34,211
Total fund balances	667	27,076	2,000,000	124,458	65	34,211
Total liabilities and fund balances	<u>\$ 667</u>	<u>\$ 27,076</u>	<u>\$ 2,000,000</u>	<u>\$ 124,458</u>	<u>\$ 65</u>	<u>\$ 34,211</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Levi Music Fund	Brittlebank Trust Fund	Cemetery Trust Fund	Telecommunications Non Reverting Fund	Economic Development Commission	Crime Control Fund
Cash and cash equivalents	\$ 3,108	\$ 513	\$ 391,446	\$ 25,700	\$ 5,806	\$ 3,572
Investments	-	-	1,000	-	-	-
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Interest	-	-	296	-	-	-
Accounts	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Total assets	<u>\$ 3,108</u>	<u>\$ 513</u>	<u>\$ 392,742</u>	<u>\$ 25,700</u>	<u>\$ 5,806</u>	<u>\$ 3,572</u>
<u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Fund balances:						
Unreserved, reported in:						
Special revenue funds	3,108	513	392,742	25,700	5,806	3,572
Total fund balances	<u>3,108</u>	<u>513</u>	<u>392,742</u>	<u>25,700</u>	<u>5,806</u>	<u>3,572</u>
Total liabilities and fund balances	<u>\$ 3,108</u>	<u>\$ 513</u>	<u>\$ 392,742</u>	<u>\$ 25,700</u>	<u>\$ 5,806</u>	<u>\$ 3,572</u>

CITY OF TERRE HAUTE
 COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Police Ceremonial Unit	Jadcore Bond & Interest	State Road 46 Fund	Candlewood Suites Bond & Interest Fund	Collette Park Trail Fund	Totals
Cash and cash equivalents	\$ 9,987	\$ 106,492	\$ 412,757	\$ 98,155	\$ 807,211	\$ 10,721,700
Investments	190,000	-	-	-	-	191,000
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	2,233
Intergovernmental	-	-	-	-	-	55
Interest	1,822	98	12	-	-	3,490
Accounts	-	-	-	-	-	1,249,838
Loans	-	-	-	-	-	480,114
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 201,809</u>	<u>\$ 106,590</u>	<u>\$ 412,769</u>	<u>\$ 98,155</u>	<u>\$ 807,211</u>	<u>\$ 12,648,430</u>
 <u>Liabilities and fund balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 62,826	\$ 143,474
Accrued payroll and withholdings payable	-	-	47	-	-	61,357
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>62,826</u>	<u>204,831</u>
 Fund balances:						
Unreserved, reported in:						
Special revenue funds	201,809	106,590	412,722	98,155	744,385	12,443,599
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>201,809</u>	<u>106,590</u>	<u>412,722</u>	<u>98,155</u>	<u>744,385</u>	<u>12,443,599</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 201,809</u>	<u>\$ 106,590</u>	<u>\$ 412,769</u>	<u>\$ 98,155</u>	<u>\$ 807,211</u>	<u>\$ 12,648,430</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008

	Parking Garage	Abandoned Vehicle Non-Reverting	Police Continuing Education	Clerks Record Perpetuation	Emergency Medical Service Non-Reverting	Fire Dept Contractual EMS Fund	Arson Investigation Fund
Revenues:							
Taxes	\$ 30,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	15,029	-	-	-	-
Intergovernmental	2,047	-	-	-	-	-	-
Charges for services	83,874	840	51,902	-	1,236,006	129,275	-
Fines and forfeits	-	-	-	18,574	-	-	-
Other	419	-	12	-	-	-	-
Total revenues	116,714	840	66,943	18,574	1,236,006	129,275	-
Expenditures:							
Current:							
General government	79,759	-	-	-	-	-	-
Public safety	-	-	69,628	-	499,304	28,345	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	79,759	-	69,628	-	499,304	28,345	-
Excess (deficiency) of revenues over (under) expenditures	36,955	840	(2,685)	18,574	736,702	100,930	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(20,153)	(368,323)	(46,192)	-
Total other financing sources and uses	-	-	-	(20,153)	(368,323)	(46,192)	-
Special item:							
Proceeds from sale of assets	-	-	-	-	-	-	-
Net change in fund balances	36,955	840	(2,685)	(1,579)	368,379	54,738	-
Fund balances - beginning	107,106	23,521	77,174	19,537	1,386,112	161,948	581
Fund balances - ending	\$ 144,061	\$ 24,361	\$ 74,489	\$ 17,958	\$ 1,754,491	\$ 216,686	\$ 581

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (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
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	1,635
Intergovernmental	-	-	69,131	-	-	21,276	-
Charges for services	-	-	-	-	556,565	489,835	-
Fines and forfeits	-	-	-	-	-	-	-
Other	45,015	15,775	-	-	-	-	-
Total revenues	45,015	15,775	69,131	-	556,565	511,111	1,635
Expenditures:							
Current:							
General government	-	-	-	-	-	-	1,625
Public safety	19,456	17,871	67,949	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	881,837	602,224	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	19,456	17,871	67,949	-	881,837	602,224	1,625
Excess (deficiency) of revenues over (under) expenditures	25,559	(2,096)	1,182	-	(325,272)	(91,113)	10
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Special item:							
Proceeds from sale of assets	-	-	-	-	-	-	-
Net change in fund balances	25,559	(2,096)	1,182	-	(325,272)	(91,113)	10
Fund balances - beginning	19,224	2,099	4,409	443	(632,557)	(176,206)	13,825
Fund balances - ending	\$ 44,783	\$ 3	\$ 5,591	\$ 443	\$ (957,829)	\$ (267,319)	\$ 13,835

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Engineering Non-Reverting Fund	Non-Federal Income Fund	Home Program Fund	Sanitary District General	Police Federal Equitable Sharing	2007 Justice Assistance Grant Fund	Community Development Fund
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	719,897	1,048,442	-	4,950	2,778,950
Charges for services	677,913	-	-	-	-	-	12,006
Fines and forfeits	-	-	-	-	-	-	-
Other	-	43,049	24,001	626	70	-	6,352
Total revenues	<u>677,913</u>	<u>43,049</u>	<u>743,898</u>	<u>1,049,068</u>	<u>70</u>	<u>4,950</u>	<u>2,797,308</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	13,505	4,950	-
Highways and streets	542,364	-	-	-	-	-	-
Sanitation	-	-	-	704,449	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	203,628	805,361	-	-	-	2,809,474
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-
Total expenditures	<u>542,364</u>	<u>203,628</u>	<u>805,361</u>	<u>704,449</u>	<u>13,505</u>	<u>4,950</u>	<u>2,809,474</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,549</u>	<u>(160,579)</u>	<u>(61,463)</u>	<u>344,619</u>	<u>(13,435)</u>	<u>-</u>	<u>(12,166)</u>
Other financing sources (uses):							
Transfers in	-	491	4,730	-	-	-	-
Transfers out	-	-	-	-	-	-	(12,405)
Total other financing sources and uses	<u>-</u>	<u>491</u>	<u>4,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,405)</u>
Special item:							
Proceeds from sale of assets	-	22,212	-	-	-	-	-
Net change in fund balances	<u>135,549</u>	<u>(137,876)</u>	<u>(56,733)</u>	<u>344,619</u>	<u>(13,435)</u>	<u>-</u>	<u>(24,571)</u>
Fund balances - beginning	<u>430,472</u>	<u>1,032,667</u>	<u>435,965</u>	<u>1,685,672</u>	<u>18,964</u>	<u>-</u>	<u>25,180</u>
Fund balances - ending	<u>\$ 566,021</u>	<u>\$ 894,791</u>	<u>\$ 379,232</u>	<u>\$ 2,030,291</u>	<u>\$ 5,529</u>	<u>\$ -</u>	<u>\$ 609</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Redevelopment Ft. Harrison TIF #8	Redevelopment Ft. Harrison Interest	Tax Allocation Fund	North Central Terre Haute Tax Allocation	Fire Dept Nonreverting Equipment Fund	Fire Dept Nonreverting Real Property
Revenues:						
Taxes	\$ -	\$ 32,120	\$ 534,648	\$ 98,514	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	14,721	-	195,527	6,931	-	-
Total revenues	<u>14,721</u>	<u>32,120</u>	<u>730,175</u>	<u>105,445</u>	<u>-</u>	<u>-</u>
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	78,726	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	812,244	-	-	15,182	-	-
Debt service:						
Principal	-	45,000	86,540	-	-	-
Interest	-	40,800	47,213	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Total expenditures	<u>812,244</u>	<u>85,800</u>	<u>212,479</u>	<u>15,182</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(797,523)</u>	<u>(53,680)</u>	<u>517,696</u>	<u>90,263</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	393	-	1,970	420	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>393</u>	<u>-</u>	<u>1,970</u>	<u>420</u>	<u>-</u>	<u>-</u>
Special item:						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	(797,130)	(53,680)	519,666	90,683	-	-
Fund balances - beginning	1,113,792	26,691	2,123,741	284,946	4,704	667
Fund balances - ending	<u>\$ 316,662</u>	<u>\$ (26,989)</u>	<u>\$ 2,643,407</u>	<u>\$ 375,629</u>	<u>\$ 4,704</u>	<u>\$ 667</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Hazardous Material Recovery Fund	0480 State Road Highway 63	Fire Training Academy Non Reverting	Drug Forfeiture Fund General Donations	Spencer Ball Park Fund	Levi Music Fund
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,000,000	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	11,389	-	5,667	-	837	2,162
Total revenues	11,389	2,000,000	5,667	-	837	2,162
Expenditures:						
Current:						
General government	-	-	-	(9,600)	-	-
Public safety	4,500	-	6,898	2,659	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	5,860
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	9,600	-	-
Highways and streets	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Buildings	-	-	37,816	-	-	-
Total expenditures	4,500	-	44,714	2,659	-	5,860
Excess (deficiency) of revenues over (under) expenditures	6,889	2,000,000	(39,047)	(2,659)	837	(3,698)
Other financing sources (uses):						
Transfers in	-	-	160,000	-	-	-
Transfers out	(4,420)	-	-	-	-	-
Total other financing sources and uses	(4,420)	-	160,000	-	-	-
Special item:						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	2,469	2,000,000	120,953	(2,659)	837	(3,698)
Fund balances - beginning	24,607	-	3,505	2,724	33,374	6,806
Fund balances - ending	\$ 27,076	\$ 2,000,000	\$ 124,458	\$ 65	\$ 34,211	\$ 3,108

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	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	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	7,789	-	-	12,371	20,100
Total revenues	<u>-</u>	<u>7,789</u>	<u>-</u>	<u>-</u>	<u>12,371</u>	<u>20,100</u>
Expenditures:						
Current:						
General government	-	8,693	-	-	-	-
Public safety	-	-	-	-	12,738	23,083
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>8,693</u>	<u>-</u>	<u>-</u>	<u>12,738</u>	<u>23,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(904)</u>	<u>-</u>	<u>-</u>	<u>(367)</u>	<u>(2,983)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Special item:						
Proceeds from sale of assets	-	-	-	-	-	-
Net change in fund balances	-	(904)	-	-	(367)	(2,983)
Fund balances - beginning	513	393,646	25,700	5,806	3,939	204,792
Fund balances - ending	<u>\$ 513</u>	<u>\$ 392,742</u>	<u>\$ 25,700</u>	<u>\$ 5,806</u>	<u>\$ 3,572</u>	<u>\$ 201,809</u>

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	JadCore Bond & Interest	ST Rd 46 TIF Fund	Candlewood Suites Construction Fund	Candlewood Suites Bond & Interest Fund	Collete Park Trail Fund	Total Governmental Funds
Revenues:						
Taxes	\$ 47,591	\$ 415,155	\$ -	\$ -	\$ -	\$ 1,158,402
Licenses and permits	-	-	-	-	-	16,664
Intergovernmental	-	-	-	-	900,000	7,544,693
Charges for services	-	-	-	-	-	3,238,216
Fines and forfeits	-	-	-	-	-	18,574
Other	2,378	2,229	5,553	1,317	-	424,290
Total revenues	49,969	417,384	5,553	1,317	900,000	12,400,839
Expenditures:						
Current:						
General government	-	-	-	-	-	80,477
Public safety	-	-	-	-	-	770,886
Highways and streets	-	21,879	-	-	-	564,243
Sanitation	-	-	-	-	-	704,449
Economic development	-	-	-	-	-	78,726
Culture and recreation	-	-	-	-	-	1,489,921
Urban redevelopment and housing	-	-	-	-	-	4,645,889
Debt service:						
Principal	-	-	-	-	-	131,540
Interest	45,607	-	-	57,014	-	190,634
Capital outlay:						
Public safety	-	-	-	-	-	9,600
Highways and streets	-	-	1,001,000	1,500	155,615	1,158,115
Urban redevelopment	4,500	-	-	-	-	4,500
Buildings	-	-	-	-	-	37,816
Total expenditures	50,107	21,879	1,001,000	58,514	155,615	9,866,796
Excess (deficiency) of revenues over (under) expenditures	(138)	395,505	(995,447)	(57,197)	744,385	2,534,043
Other financing sources (uses):						
Transfers in	-	-	-	49,701	-	217,705
Transfers out	-	-	(49,702)	-	-	(501,195)
Total other financing sources and uses	-	-	(49,702)	49,701	-	(283,490)
Special item:						
Proceeds from sale of assets	-	-	-	-	-	22,212
Net change in fund balances	(138)	395,505	(1,045,149)	(7,496)	744,385	2,272,765
Fund balances - beginning	106,728	17,217	1,045,149	105,651	-	10,170,834
Fund balances - ending	\$ 106,590	\$ 412,722	\$ -	\$ 98,155	\$ 744,385	\$ 12,443,599

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 FIDUCIARY FUNDS
 December 31, 2008

	Fire Pension Trust Funds	Police Pension Trust Funds	Pension Trust Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 502,103	\$ 1,025,258	\$ 1,527,361
Receivables:			
Interest receivable	-	-	-
Taxes receivable	69,224	66,432	135,656
Intergovernmental receivable	1,746	702	2,448
Total assets	573,073	1,092,392	1,665,465
<u>Liabilities</u>			
Accounts payable	-	17	17
Deferred revenue	15,498	28,732	44,230
Accrued payroll and withholdings payable	8,693	8,322	17,015
Total liabilities	24,191	37,071	61,262
<u>Net Assets</u>			
Held in trust for:			
Employees' pension benefits and other purposes	\$ 548,882	\$ 1,055,321	\$ 1,604,203

CITY OF TERRE HAUTE
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
 FIDUCIARY FUNDS
 For The Year Ended December 31, 2008

	<u>Fire Trust Funds</u>	<u>Police Trust Funds</u>	<u>Total Pension Funds</u>
<u>Additions</u>			
Contributions:			
Taxes	\$ 730,762	\$ 512,784	\$ 1,243,546
Intergovernmental	54,333	37,603	91,936
Pension Relief	1,378,364	1,478,334	2,856,698
Plan members	<u>14,563</u>	<u>44,009</u>	<u>58,572</u>
Total additions	<u>2,178,022</u>	<u>2,072,730</u>	<u>4,250,752</u>
<u>Deductions</u>			
Benefits	2,351,228	2,409,241	4,760,469
Administrative expense	<u>26,601</u>	<u>35,869</u>	<u>62,470</u>
Total deductions	<u>2,377,829</u>	<u>2,445,110</u>	<u>4,822,939</u>
Changes in net assets	(199,807)	(372,380)	(572,187)
Net assets - beginning	<u>748,689</u>	<u>1,427,701</u>	<u>2,176,390</u>
Net assets - ending	<u>\$ 548,882</u>	<u>\$ 1,055,321</u>	<u>\$ 1,604,203</u>

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES (Applies to City)

The following funds had overdrawn cash balances as of December 31, 2008:

<u>Fund</u>	<u>Amount</u>
Cherry Street Project	\$ 466,874
Hulman Links Non-Reverting	957,829
Rea Park Non-Reverting	267,319
Redevelopment Ft. Harrison	26,989

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

COMPENSATION AND BENEFITS (Applies to City and Wastewater Utility)

As stated in prior Report B32595, the salary ordinance set by city council for 2008 lists various employees to be paid at an hourly rate. Hourly employees were paid an equal amount each pay period, instead of being paid for the exact hours worked in a specific pay period.

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

CITY OF TERRE HAUTE
AUDIT RESULTS AND COMMENTS
(Continued)

FAILURE TO MEET FEDERAL FILING DEADLINE (Applies to City and Wastewater Utility)

Per OMB Circular A-133, the audit should be completed within nine months of the end of the audit period. The City of Terre Haute financial statements had not been received by the State Board of Accounts prior to September 30, 2009, requiring an extension letter to be sent to the proper Federal Agency. As of January 6, 2010, a letter from the U.S. Department of Housing and Urban Development granting the extension has not been received by the City. The client prepared financial statements and accompany notes for the City of Terre Haute were received on November 10, 2009. A revised and final version was received on December 14, 2009.

OMB Circular No. A-133 states in part:

§___.300 Auditee responsibilities

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §___.310.

(e) Ensure that the audits required by this part are properly performed and submitted when due. When extensions to the report submission due date required by §___.320(a) are granted by the cognizant or oversight agency for audit, promptly notify the Federal clearing-house designated by OMB and each pass-through entity providing Federal awards of the extension.

§___.320 Report submission.

(a) General. The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. (However, for fiscal years beginning on or before June 30, 1998, the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or 13 months after the end of the audit period.) Unless restricted by law or regulation, the auditee shall make copies available for public inspection.

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Terre Haute (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2008. 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

The City's response to the findings identified in our audit is described in the accompanying Official Response. 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 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

January 6, 2010

CITY OF TERRE HAUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

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			
Community Development Block Grants/Entitlement Grants	14.218		
		B-06-MC-18-0012	\$ 404,101
		B-07-MC-18-0012	1,909,740
		B-08-MC-18-0012	<u>278,846</u>
Total for program			<u>2,592,687</u>
Emergency Shelter Grants Program	14.231		
		S-07-MC-18-0012	57,523
		S-08-MC-18-0012	<u>62,193</u>
Total for program			<u>119,716</u>
HOME Investment Partnerships Program	14.239		
		M-06-MC-18-0012	356,890
		M-07-MC-18-0012	244,239
		M-08-MC-18-0012	<u>118,768</u>
Total for program			<u>719,897</u>
Rural Housing and Economic Development	14.250		
			<u>66,546</u>
Total for federal grantor agency			<u>3,498,846</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Local Law Enforcement Block Grants Program	16.592		
			<u>10,859</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit - Capital Grant	20.500		
			2,226,199
Direct Grant			
Federal Transit - Formula Grants	20.507		
			<u>884,943</u>
Total for federal grantor agency			<u>3,111,142</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster	20.600		
State and Community Highway Safety Operation Pullover			<u>39,409</u>
Total federal awards expended			<u>\$ 6,660,256</u>

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

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

Basis of Presentation

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

CITY OF TERRE HAUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF TERRE HAUTE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF TERRE HAUTE
EXIT CONFERENCE

The contents of this report were discussed on January 6, 2010, with Duke A. Bennett, Mayor; Leslie A. Ellis, Controller; Jackie Loeb, Assistant Controller; Robert Murray, Board of Public Works; and Scott Walker, Financial Consultant. The official response has been made a part of this report and may be found on page 77.

January 14th, 2009

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

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LESLIE ELLIS
City Controller

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

RE: Official Response to the Audit Results and Comments December 31, 2008

This is in response to the Indiana State Board of Accounts Audit Finding "Failure to Meet Federal Filing Deadline" for the City of Terre Haute. The finding was due to the learning process involved in work paper preparation. This was the first year that the City of Terre Haute was required to compile all financial statements and note disclosures. In the past, the State Board has aided in their preparation.

The preparation will improve for the 2009 audit as the Controller's office staff has now been trained, and after finishing one year of audit compilations, is more familiar with the process. We have agreed with the State Board of Accounts to set a deadline to expedite the process.

Steps have been taken to resolve this issue and the City of Terre Haute is in a better position to file all required documents in a timely manner.

Sincerely,



Leslie A Ellis
City Controller
City of Terre Haute