

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

AUDIT REPORT

OF

TOWN OF GENEVA

ADAMS COUNTY, INDIANA

January 1, 2005 to December 31, 2006



**FILED**  
08/02/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Doug Milligan	01-01-04 to 12-31-07
President of the Town Council	Jim Timmons Lew Wingler Michael Schwartz	01-01-05 to 12-31-05 01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Utilities	Steve Hampshire	01-01-05 to 12-31-07



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

TO: THE OFFICIALS OF THE TOWN OF GENEVA, ADAMS 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 Town of Geneva (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2005 and 2006, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2007, on our consideration of the Town'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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town 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.

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

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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.

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules 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 comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt 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. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 25, 2007



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

TO: THE OFFICIALS OF THE TOWN OF GENEVA, ADAMS 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 Town of Geneva (Town), as of and for the years ended December 31, 2005 and 2006, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 25, 2007. 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 Town'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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Town'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

July 25, 2007

TOWN OF GENEVA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 279,372	\$ 13,373	\$ -	\$ 5,816	\$ (260,183)	\$ -	\$ (260,183)
Public safety	203,200	17,147	-	813	(185,240)	-	(185,240)
Highways and streets	674,551	2,288	50,585	450,227	(171,451)	-	(171,451)
Sanitation	50,290	54,039	-	-	3,749	-	3,749
Economic development	564,337	-	-	592,111	27,774	-	27,774
Culture and recreation	31,007	720	20,713	-	(9,574)	-	(9,574)
Interest on long-term debt	7,475	-	-	-	(7,475)	-	(7,475)
<b>Total governmental activities</b>	<b>1,810,232</b>	<b>87,567</b>	<b>71,298</b>	<b>1,048,967</b>	<b>(602,400)</b>	<b>-</b>	<b>(602,400)</b>
Business-type activities:							
Water	195,567	191,636	-	-	-	(3,931)	(3,931)
Wastewater	284,573	198,481	43,110	1,882	-	(41,100)	(41,100)
<b>Total business-type activities</b>	<b>480,140</b>	<b>390,117</b>	<b>43,110</b>	<b>1,882</b>	<b>-</b>	<b>(45,031)</b>	<b>(45,031)</b>
<b>Total primary government</b>	<b>\$ 2,290,372</b>	<b>\$ 477,684</b>	<b>\$ 114,408</b>	<b>\$ 1,050,849</b>	<b>(602,400)</b>	<b>(45,031)</b>	<b>(647,431)</b>
General receipts:							
Property taxes					307,234	-	307,234
Other local sources					132,375	-	132,375
Grants and contributions not restricted to specific programs					22,280	-	22,280
Unrestricted investment earnings					2,229	-	2,229
<b>Total general receipts</b>					<b>464,118</b>	<b>-</b>	<b>464,118</b>
Change in net assets					(138,282)	(45,031)	(183,313)
Net assets - beginning					520,242	352,822	873,064
Net assets - ending					<b>\$ 381,960</b>	<b>\$ 307,791</b>	<b>\$ 689,751</b>
<b>Assets</b>							
Cash and investments					\$ 234,770	\$ 129,393	\$ 364,163
Restricted assets:							
Cash and investments					147,190	178,398	325,588
<b>Total assets</b>					<b>\$ 381,960</b>	<b>\$ 307,791</b>	<b>\$ 689,751</b>
<b>Net Assets</b>							
Restricted for:							
Highways and streets					\$ 147,190	\$ -	\$ 147,190
Debt service					-	146,627	146,627
Depreciation					-	11,715	11,715
Other purposes					-	20,056	20,056
Unrestricted					234,770	129,393	364,163
<b>Total net assets</b>					<b>\$ 381,960</b>	<b>\$ 307,791</b>	<b>\$ 689,751</b>

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

TOWN OF GENEVA  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

	General	Motor Vehicle Highway	Community Grant	Economic Development Income Tax	Winchester Road	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 204,932	\$ 86,365	\$ -	\$ -	\$ -	\$ 15,937	\$ 307,234
Special assessments	-	-	-	-	-	2,138	2,138
Licenses and permits	-	-	-	-	-	180	180
Intergovernmental	119,599	54,682	509,600	30,935	439,464	26,168	1,180,448
Charges for services	30,166	-	-	-	-	54,933	85,099
Other	8,313	880	51,576	-	-	36,082	96,851
<b>Total receipts</b>	<b>363,010</b>	<b>141,927</b>	<b>561,176</b>	<b>30,935</b>	<b>439,464</b>	<b>135,438</b>	<b>1,671,950</b>
<b>Disbursements:</b>							
General government	244,349	-	-	5,487	-	17,337	267,173
Public safety	202,141	-	-	-	-	1,059	203,200
Highways and streets	-	157,997	-	-	508,720	7,834	674,551
Sanitation	-	-	-	-	-	50,290	50,290
Economic development	-	-	561,176	3,161	-	-	564,337
Culture and recreation	8,147	-	-	-	-	22,860	31,007
Debt service:							
Principal	-	-	-	-	-	12,199	12,199
Interest	-	-	-	-	-	7,475	7,475
<b>Total disbursements</b>	<b>454,637</b>	<b>157,997</b>	<b>561,176</b>	<b>8,648</b>	<b>508,720</b>	<b>119,054</b>	<b>1,810,232</b>
Excess (deficiency) of receipts over disbursements	(91,627)	(16,070)	-	22,287	(69,256)	16,384	(138,282)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	76,000	24	76,024
Transfers out	-	(30,000)	-	(25,000)	-	(21,024)	(76,024)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(30,000)</b>	<b>-</b>	<b>(25,000)</b>	<b>76,000</b>	<b>(21,000)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(91,627)	(46,070)	-	(2,713)	6,744	(4,616)	(138,282)
Cash and investment fund balance - beginning	94,852	161,032	500	116,644	-	147,214	520,242
Cash and investment fund balance - ending	<u>\$ 3,225</u>	<u>\$ 114,962</u>	<u>\$ 500</u>	<u>\$ 113,931</u>	<u>\$ 6,744</u>	<u>\$ 142,598</u>	<u>\$ 381,960</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 3,225	\$ -	\$ 500	\$ 113,931	\$ 6,744	\$ 110,370	\$ 234,770
Restricted assets:							
Cash and investments	-	114,962	-	-	-	32,228	147,190
<b>Total cash and investment assets - December 31</b>	<u>\$ 3,225</u>	<u>\$ 114,962</u>	<u>\$ 500</u>	<u>\$ 113,931</u>	<u>\$ 6,744</u>	<u>\$ 142,598</u>	<u>\$ 381,960</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ 114,962	\$ -	\$ -	\$ -	\$ 32,228	\$ 147,190
Unrestricted	3,225	-	500	113,931	6,744	110,370	234,770
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 3,225</u>	<u>\$ 114,962</u>	<u>\$ 500</u>	<u>\$ 113,931</u>	<u>\$ 6,744</u>	<u>\$ 142,598</u>	<u>\$ 381,960</u>

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

TOWN OF GENEVA  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts	\$ 142,587	\$ -	\$ 142,587
Fire protection receipts	41,804	-	41,804
Measured revenue	-	195,381	195,381
Other	<u>7,245</u>	<u>10,092</u>	<u>17,337</u>
 Total operating receipts	 <u>191,636</u>	 <u>205,473</u>	 <u>397,109</u>
Operating disbursements:			
Salaries and wages	44,878	57,188	102,066
Employee pensions and benefits	7,452	10,202	17,654
Purchased power	6,737	11,399	18,136
Chemicals	1,543	2,107	3,650
Material and supplies	20,137	143,575	163,712
Miscellaneous disbursements	<u>30,298</u>	<u>60,102</u>	<u>90,400</u>
 Total operating disbursements	 <u>111,045</u>	 <u>284,573</u>	 <u>395,618</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>80,591</u>	 <u>(79,100)</u>	 <u>1,491</u>
Nonoperating receipts (disbursements):			
Miscellaneous receipts	-	38,000	38,000
Debt service of principal	(68,000)	-	(68,000)
Interest and investment disbursement	<u>(16,522)</u>	<u>-</u>	<u>(16,522)</u>
 Total nonoperating receipts (disbursements)	 <u>(84,522)</u>	 <u>38,000</u>	 <u>(46,522)</u>
 Deficiency of receipts over disbursements and nonoperating receipts (disbursements)	 (3,931)	 (41,100)	 (45,031)
 Cash and investment fund balance - beginning	 <u>155,527</u>	 <u>197,295</u>	 <u>352,822</u>
 Cash and investment fund balance - ending	 <u>\$ 151,596</u>	 <u>\$ 156,195</u>	 <u>\$ 307,791</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 4,472	\$ 124,921	\$ 129,393
Restricted assets:			
Cash and investments	<u>147,124</u>	<u>31,274</u>	<u>178,398</u>
 Total cash and investment assets - December 31	 <u>\$ 151,596</u>	 <u>\$ 156,195</u>	 <u>\$ 307,791</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 127,068	\$ 19,559	\$ 146,627
Depreciation	-	11,715	11,715
Other purposes	20,056	-	20,056
Unrestricted	<u>4,472</u>	<u>124,921</u>	<u>129,393</u>
 Total cash and investment fund balance - December 31	 <u>\$ 151,596</u>	 <u>\$ 156,195</u>	 <u>\$ 307,791</u>

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

TOWN OF GENEVA  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For The Year Ended December 31, 2005

	<u>Agency Funds</u>
Additions:	
Agency fund additions	<u>\$ 87,301</u>
Deductions:	
Agency fund deductions	<u>89,479</u>
Deficiency of total additions over total deductions	(2,178)
Cash and investment fund balance - beginning	<u>9,163</u>
Cash and investment fund balance - ending	<u><u>\$ 6,985</u></u>

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

TOWN OF GENEVA  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 249,198	\$ 12,812	\$ 2,293	\$ 6,351	\$ (227,742)	\$ -	\$ (227,742)
Public safety	230,878	18,267	-	749	(211,862)	-	(211,862)
Highways and streets	332,419	150	56,275	99,557	(176,437)	-	(176,437)
Sanitation	50,479	53,364	-	-	2,885	-	2,885
Economic development	4,399	-	-	33,835	29,436	-	29,436
Culture and recreation	22,674	-	7,683	-	(14,991)	-	(14,991)
Interest on long-term debt	6,817	-	-	-	(6,817)	-	(6,817)
Total governmental activities	896,864	84,593	66,251	140,492	(605,528)	-	(605,528)
Business-type activities:							
Water	170,141	216,226	2,285	-	-	48,370	48,370
Wastewater	242,384	212,660	17,523	-	-	(12,201)	(12,201)
Total business-type activities	412,525	428,886	19,808	-	-	36,169	36,169
Total primary government	\$ 1,309,389	\$ 513,479	\$ 86,059	\$ 140,492	(605,528)	36,169	(569,359)
General receipts:							
Property taxes					438,935	-	438,935
Other local sources					130,268	-	130,268
Grants and contributions not restricted to specific programs					12,762	-	12,762
Unrestricted investment earnings					1,760	-	1,760
Total general receipts					583,725	-	583,725
Change in net assets					(21,803)	36,169	14,366
Net assets - beginning					381,960	307,791	689,751
Net assets - ending					\$ 360,157	\$ 343,960	\$ 704,117
<u>Assets</u>							
Cash and investments					\$ 275,156	\$ 104,533	\$ 379,689
Restricted assets:							
Cash and investments					85,001	239,427	324,428
Total assets					\$ 360,157	\$ 343,960	\$ 704,117
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 85,001	\$ -	\$ 85,001
Debt service					-	185,176	185,176
Depreciation					-	31,958	31,958
Other purposes					-	22,293	22,293
Unrestricted					275,156	104,533	379,689
Total net assets					\$ 360,157	\$ 343,960	\$ 704,117

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

TOWN OF GENEVA  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Community Grant	Economic Development Income Tax	Winchester Road	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 348,757	\$ 68,008	\$ -	\$ -	\$ -	\$ 22,170	\$ 438,935
Licenses and permits	-	-	-	-	-	560	560
Intergovernmental	126,373	56,205	-	33,835	92,846	22,515	331,774
Charges for services	30,204	-	-	-	-	54,354	84,558
Other	11,262	217	-	-	55	7,700	19,234
<b>Total receipts</b>	<b>516,596</b>	<b>124,430</b>	<b>-</b>	<b>33,835</b>	<b>92,901</b>	<b>107,299</b>	<b>875,061</b>
<b>Disbursements:</b>							
General government	231,763	-	-	-	-	4,578	236,341
Public safety	211,419	-	-	-	-	4,924	216,343
Highways and streets	-	175,425	-	-	154,994	2,000	332,419
Sanitation	-	-	-	-	-	50,479	50,479
Economic development	-	-	-	4,399	-	-	4,399
Culture and recreation	12,205	-	-	-	-	10,469	22,674
<b>Debt service:</b>							
Principal	-	-	-	-	-	12,857	12,857
Interest	-	-	-	-	-	6,817	6,817
<b>Capital outlay:</b>							
Public safety	-	-	-	-	-	14,535	14,535
<b>Total disbursements</b>	<b>455,387</b>	<b>175,425</b>	<b>-</b>	<b>4,399</b>	<b>154,994</b>	<b>106,659</b>	<b>896,864</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>61,209</b>	<b>(50,995)</b>	<b>-</b>	<b>29,436</b>	<b>(62,093)</b>	<b>640</b>	<b>(21,803)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	55,349	-	55,349
Transfers out	-	(10,000)	-	(26,709)	-	(18,640)	(55,349)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,000)</b>	<b>-</b>	<b>(26,709)</b>	<b>55,349</b>	<b>(18,640)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>61,209</b>	<b>(60,995)</b>	<b>-</b>	<b>2,727</b>	<b>(6,744)</b>	<b>(18,000)</b>	<b>(21,803)</b>
<b>Cash and investment fund balance - beginning</b>	<b>3,225</b>	<b>114,962</b>	<b>500</b>	<b>113,931</b>	<b>6,744</b>	<b>142,598</b>	<b>381,960</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 64,434</b>	<b>\$ 53,967</b>	<b>\$ 500</b>	<b>\$ 116,658</b>	<b>\$ -</b>	<b>\$ 124,598</b>	<b>\$ 360,157</b>
<b><u>Cash and Investment Assets - December 31</u></b>							
Cash and investments	\$ 64,434	\$ -	\$ 500	\$ 116,658	\$ -	\$ 93,564	\$ 275,156
<b>Restricted assets:</b>							
Cash and investments	-	53,967	-	-	-	31,034	85,001
<b>Total cash and investment assets - December 31</b>	<b>\$ 64,434</b>	<b>\$ 53,967</b>	<b>\$ 500</b>	<b>\$ 116,658</b>	<b>\$ -</b>	<b>\$ 124,598</b>	<b>\$ 360,157</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ 53,967	\$ -	\$ -	\$ -	\$ 31,034	\$ 85,001
Unrestricted	64,434	-	500	116,658	-	93,564	275,156
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 64,434</b>	<b>\$ 53,967</b>	<b>\$ 500</b>	<b>\$ 116,658</b>	<b>\$ -</b>	<b>\$ 124,598</b>	<b>\$ 360,157</b>

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

TOWN OF GENEVA  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Total
Operating receipts:			
Metered water receipts	\$ 170,017	\$ -	\$ 170,017
Fire protection receipts	40,559	-	40,559
Flat rate receipts	-	12,216	12,216
Measured revenue	-	199,419	199,419
Other	7,935	3,348	11,283
	<u>218,511</u>	<u>214,983</u>	<u>433,494</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	36,807	68,776	105,583
Employee pensions and benefits	6,549	10,668	17,217
Purchased power	7,063	13,366	20,429
Chemicals	3,436	365	3,801
Material and supplies	17,479	104,775	122,254
Miscellaneous disbursements	37,375	44,434	81,809
	<u>108,709</u>	<u>242,384</u>	<u>351,093</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over operating disbursements	<u>109,802</u>	<u>(27,401)</u>	<u>82,401</u>
Nonoperating receipts (disbursements):			
Miscellaneous receipts	-	15,200	15,200
Debt service of principal	(46,200)	-	(46,200)
Interest and investment disbursement	(15,232)	-	(15,232)
	<u>(61,432)</u>	<u>15,200</u>	<u>(46,232)</u>
Total nonoperating receipts (disbursements)			
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	48,370	(12,201)	36,169
Cash and investment fund balance - beginning	<u>151,596</u>	<u>156,195</u>	<u>307,791</u>
Cash and investment fund balance - ending	<u>\$ 199,966</u>	<u>\$ 143,994</u>	<u>\$ 343,960</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 6,545	\$ 97,988	\$ 104,533
Restricted assets:			
Cash and investments	<u>193,421</u>	<u>46,006</u>	<u>239,427</u>
Total cash and investment assets - December 31	<u>\$ 199,966</u>	<u>\$ 143,994</u>	<u>\$ 343,960</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 165,617	\$ 19,559	\$ 185,176
Depreciation	5,511	26,447	31,958
Other purposes	22,293	-	22,293
Unrestricted	<u>6,545</u>	<u>97,988</u>	<u>104,533</u>
Total cash and investment fund balance - December 31	<u>\$ 199,966</u>	<u>\$ 143,994</u>	<u>\$ 343,960</u>

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

TOWN OF GENEVA  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For The Year Ended December 31, 2006

	Agency Funds
Additions:	
Agency fund additions	\$ 92,085
Deductions:	
Agency fund deductions	91,928
Excess of total additions over total deductions	157
Cash and investment fund balance - beginning	6,985
Cash and investment fund balance - ending	\$ 7,142

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

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment and housing.

The Town's financial reporting entity is composed of the following:

Primary Government: Town, Water Utility and Wastewater Utility

In determining the financial reporting entity, the Town complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. 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.

The Town 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 motor vehicle highway fund accounts for the Town's allocation of collections by the state for certain taxes, duties, and fees on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators. This fund is used for construction, repairs, maintenance, and related expenditures for highways and streets.

The community grant fund accounts for the receipts and disbursements relating to federal grant and local match monies for the Red Gold housing project funds.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The economic development income tax fund accounts for the Town's allocation of the county economic development income tax. This fund is used for expenditures related to economic development projects.

The Winchester Road fund accounts for the receipts and disbursements relating to federal grant and local matching funds for the Winchester Road storm water project funds.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

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

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for the Town and serve as control of accounts for certain cash transactions during the time they are a liability to the Town.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund 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 enterprise funds, subject to this same limitation. The Town 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 water and wastewater utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the Town submits to the governing board 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 governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Town to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the Town may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Town's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The Town does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2005 and 2006, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>	<u>2006</u>
Motor Vehicle Highway	Winchester Road	\$ 30,000	\$ 10,000
Economic Development Income Tax	Winchester Road	25,000	26,709
Other governmental	Winchester Road	21,000	18,640
	Other governmental	<u>24</u>	<u>-</u>
Totals		<u>\$ 76,024</u>	<u>\$ 55,349</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The Town 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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.

Job Related Illnesses Or Injuries To Employees

During 1997, the Town joined the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Subsequent Events

In April 2007, the Town contracted as fiscal agent with Limberlost Construction to construct migrant housing for Red Gold, Inc. Construction costs are expected to be \$572,983. Of this amount, \$500,000 is federal funds from a Community Development Block Grant, and the remainder is local match to be paid by Red Gold, Inc. The Town has no monetary obligation for this project.

C. Rate Structure – Enterprise Funds

Water Utility

On December 12, 1989, the Town Council adopted Ordinance No. 1989-12 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Town Council on April 4, 2006.

Wastewater Utility

The current rate structure was approved by the Town Council on May 23, 2006.

D. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town 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 Town authority to contribute to the plan.

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 3% 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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town'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 Town and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 4,281
Interest on net pension obligation	(3,691)
Adjustment to annual required contribution	4,207
Annual pension cost	4,797
Contributions made	10,428
Decrease in net pension obligation	(5,631)
Net pension obligation, beginning of year	(50,915)
Net pension obligation, end of year	\$ (56,546)

TOWN OF GENEVA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
Town	4.75%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 383	1,860%	\$ (44,552)
	06-30-05	2,947	316%	(50,915)
	06-30-06	4,797	354%	(56,546)

TOWN OF GENEVA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 140,816	\$ 80,377	\$ 60,439	175%	\$ 171,501	35%
07-01-05	148,179	100,206	47,973	148%	185,934	26%
07-01-06	176,810	102,487	74,323	173%	234,768	32%

TOWN OF GENEVA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

	Local Road and Street	Law Enforcement Continuing Education	Trash Removal	Abandoned Vehicle	Operation Pullover	Residents' Share of Sidewalk	Parks Donation
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	2,138	-
Licenses and permits	-	180	-	-	-	-	-
Intergovernmental	10,913	-	-	-	-	-	-
Charges for services	-	174	54,039	-	-	-	720
Other	-	15,369	-	-	-	-	20,713
<b>Total receipts</b>	<b>10,913</b>	<b>15,723</b>	<b>54,039</b>	<b>-</b>	<b>-</b>	<b>2,138</b>	<b>21,433</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	659	-	-	-	-	-
Highways and streets	2,000	-	-	-	-	5,834	-
Sanitation	-	-	50,290	-	-	-	-
Culture and recreation	-	-	-	-	-	-	22,860
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,000</b>	<b>659</b>	<b>50,290</b>	<b>-</b>	<b>-</b>	<b>5,834</b>	<b>22,860</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>8,913</b>	<b>15,064</b>	<b>3,749</b>	<b>-</b>	<b>-</b>	<b>(3,696)</b>	<b>(1,427)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	24	-	-
Transfers out	(6,000)	-	-	(24)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(6,000)</b>	<b>-</b>	<b>-</b>	<b>(24)</b>	<b>24</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,913</b>	<b>15,064</b>	<b>3,749</b>	<b>(24)</b>	<b>24</b>	<b>(3,696)</b>	<b>(1,427)</b>
Cash and investment fund balance - beginning	29,315	(163)	16,814	76	(24)	2,917	8,001
<b>Cash and investment fund balance - ending</b>	<b>\$ 32,228</b>	<b>\$ 14,901</b>	<b>\$ 20,563</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ (779)</b>	<b>\$ 6,574</b>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ 14,901	\$ 20,563	\$ 52	\$ -	\$ (779)	\$ 6,574
<b>Restricted assets:</b>							
Cash and investments	32,228	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 32,228</b>	<b>\$ 14,901</b>	<b>\$ 20,563</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ (779)</b>	<b>\$ 6,574</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ 32,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	14,901	20,563	52	-	(779)	6,574
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 32,228</b>	<b>\$ 14,901</b>	<b>\$ 20,563</b>	<b>\$ 52</b>	<b>\$ -</b>	<b>\$ (779)</b>	<b>\$ 6,574</b>

TOWN OF GENEVA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31,  
 (Continued)

	Donation	Riverboat	Cumulative Capital Improvement	Cumulative Capital Development	Adams County Economic Development Grant	Cumulative Fire	Totals
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ 10,545	\$ -	\$ 5,392	\$ 15,937
Special assessments	-	-	-	-	-	-	2,138
Licenses and permits	-	-	-	-	-	-	180
Intergovernmental	-	8,626	4,228	1,588	-	813	26,168
Charges for services	-	-	-	-	-	-	54,933
Other	-	-	-	-	-	-	36,082
<b>Total receipts</b>	<b>-</b>	<b>8,626</b>	<b>4,228</b>	<b>12,133</b>	<b>-</b>	<b>6,205</b>	<b>135,438</b>
<b>Disbursements:</b>							
General government	-	15,925	-	-	1,412	-	17,337
Public safety	-	-	-	-	-	400	1,059
Highways and streets	-	-	-	-	-	-	7,834
Sanitation	-	-	-	-	-	-	50,290
Culture and recreation	-	-	-	-	-	-	22,860
Debt service:							
Principal	-	-	2,943	9,256	-	-	12,199
Interest	-	-	1,975	5,500	-	-	7,475
<b>Total disbursements</b>	<b>-</b>	<b>15,925</b>	<b>4,918</b>	<b>14,756</b>	<b>1,412</b>	<b>400</b>	<b>119,054</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(7,299)</b>	<b>(690)</b>	<b>(2,623)</b>	<b>(1,412)</b>	<b>5,805</b>	<b>16,384</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	24
Transfers out	-	-	-	(15,000)	-	-	(21,024)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,000)</b>	<b>-</b>	<b>-</b>	<b>(21,000)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>(7,299)</b>	<b>(690)</b>	<b>(17,623)</b>	<b>(1,412)</b>	<b>5,805</b>	<b>(4,616)</b>
Cash and investment fund balance - beginning	268	13,721	3,378	55,580	1,412	15,919	147,214
<b>Cash and investment fund balance - ending</b>	<b>\$ 268</b>	<b>\$ 6,422</b>	<b>\$ 2,688</b>	<b>\$ 37,957</b>	<b>\$ -</b>	<b>\$ 21,724</b>	<b>\$ 142,598</b>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 268	\$ 6,422	\$ 2,688	\$ 37,957	\$ -	\$ 21,724	\$ 110,370
Restricted assets:							
Cash and investments	-	-	-	-	-	-	32,228
<b>Total cash and investment assets - December 31</b>	<b>\$ 268</b>	<b>\$ 6,422</b>	<b>\$ 2,688</b>	<b>\$ 37,957</b>	<b>\$ -</b>	<b>\$ 21,724</b>	<b>\$ 142,598</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,228
Unrestricted	268	6,422	2,688	37,957	-	21,724	110,370
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 268</b>	<b>\$ 6,422</b>	<b>\$ 2,688</b>	<b>\$ 37,957</b>	<b>\$ -</b>	<b>\$ 21,724</b>	<b>\$ 142,598</b>

TOWN OF GENEVA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006

	Local Road and Street	Law Enforcement Continuing Education	Trash Removal	Abandoned Vehicle	Residents' Share of Sidewalk	Parks Donation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	560	-	-	-	-
Intergovernmental	6,806	-	-	-	-	-
Charges for services	-	230	53,364	-	-	760
Other	-	777	-	-	-	6,923
<b>Total receipts</b>	<b>6,806</b>	<b>1,567</b>	<b>53,364</b>	<b>-</b>	<b>-</b>	<b>7,683</b>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	1,694	-	37	-	-
Highways and streets	2,000	-	-	-	-	-
Sanitation	-	-	50,479	-	-	-
Culture and recreation	-	-	-	-	-	10,268
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Public safety	-	14,535	-	-	-	-
<b>Total disbursements</b>	<b>2,000</b>	<b>16,229</b>	<b>50,479</b>	<b>37</b>	<b>-</b>	<b>10,268</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>4,806</b>	<b>(14,662)</b>	<b>2,885</b>	<b>(37)</b>	<b>-</b>	<b>(2,585)</b>
Other financing sources (uses):						
Transfers out	(6,000)	-	-	-	-	-
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,194)</b>	<b>(14,662)</b>	<b>2,885</b>	<b>(37)</b>	<b>-</b>	<b>(2,585)</b>
Cash and investment fund balance - beginning	32,228	14,901	20,563	52	(779)	6,574
Cash and investment fund balance - ending	<u>\$ 31,034</u>	<u>\$ 239</u>	<u>\$ 23,448</u>	<u>\$ 15</u>	<u>\$ (779)</u>	<u>\$ 3,989</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ 239	\$ 23,448	\$ 15	\$ (779)	\$ 3,989
Restricted assets:						
Cash and investments	<u>31,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 31,034</u></b>	<b><u>\$ 239</u></b>	<b><u>\$ 23,448</u></b>	<b><u>\$ 15</u></b>	<b><u>\$ (779)</u></b>	<b><u>\$ 3,989</u></b>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ 31,034	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>239</u>	<u>23,448</u>	<u>15</u>	<u>(779)</u>	<u>3,989</u>
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 31,034</u></b>	<b><u>\$ 239</u></b>	<b><u>\$ 23,448</u></b>	<b><u>\$ 15</u></b>	<b><u>\$ (779)</u></b>	<b><u>\$ 3,989</u></b>

TOWN OF GENEVA  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Donation	Riverboat	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Fire	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 14,669	\$ 7,501	\$ 22,170
Licenses and permits	-	-	-	-	-	560
Intergovernmental	-	8,609	4,887	1,464	749	22,515
Charges for services	-	-	-	-	-	54,354
Other	-	-	-	-	-	7,700
<b>Total receipts</b>	<b>-</b>	<b>8,609</b>	<b>4,887</b>	<b>16,133</b>	<b>8,250</b>	<b>107,299</b>
Disbursements:						
General government	-	4,578	-	-	-	4,578
Public safety	-	-	-	-	3,193	4,924
Highways and streets	-	-	-	-	-	2,000
Sanitation	-	-	-	-	-	50,479
Culture and recreation	201	-	-	-	-	10,469
Debt service:						
Principal	-	-	3,178	9,679	-	12,857
Interest	-	-	1,740	5,077	-	6,817
Capital outlay:						
Public safety	-	-	-	-	-	14,535
<b>Total disbursements</b>	<b>201</b>	<b>4,578</b>	<b>4,918</b>	<b>14,756</b>	<b>3,193</b>	<b>106,659</b>
Excess (deficiency) of receipts over disbursements	(201)	4,031	(31)	1,377	5,057	640
Other financing sources (uses):						
Transfers out	-	-	-	(12,640)	-	(18,640)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(201)	4,031	(31)	(11,263)	5,057	(18,000)
Cash and investment fund balance - beginning	268	6,422	2,688	37,957	21,724	142,598
Cash and investment fund balance - ending	\$ 67	\$ 10,453	\$ 2,657	\$ 26,694	\$ 26,781	\$ 124,598
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 67	\$ 10,453	\$ 2,657	\$ 26,694	\$ 26,781	\$ 93,564
Restricted assets:						
Cash and investments	-	-	-	-	-	31,034
Total cash and investment assets - December 31	\$ 67	\$ 10,453	\$ 2,657	\$ 26,694	\$ 26,781	\$ 124,598
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,034
Unrestricted	67	10,453	2,657	26,694	26,781	93,564
Total cash and investment fund balance - December 31	\$ 67	\$ 10,453	\$ 2,657	\$ 26,694	\$ 26,781	\$ 124,598

TOWN OF GENEVA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

December 31, 2006

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.

General infrastructure assets completed in the current year have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 59,743
Infrastructure	34,524
Buildings	1,017,144
Improvements other than buildings	12,848
Machinery and equipment	<u>615,598</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 1,739,857</u></u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 17,059
Buildings	25,867
Improvements other than buildings	1,892,717
Machinery and equipment	<u>19,946</u>
 Total Water Utility capital assets	 <u>1,955,589</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	46,256
Improvements other than buildings	3,676,608
Machinery and equipment	<u>316,067</u>
 Total Wastewater Utility capital assets	 <u>4,038,931</u>
 Total business-type activities capital assets	 <u><u>\$ 5,994,520</u></u>

TOWN OF GENEVA  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Loan:		
Pyle Building remodel	\$ 113,320	\$ 13,743
Business-type Activities:		
Water Utility:		
Revenue bonds:		
1978 Waterworks improvement and expansion project	\$ 93,275	\$ 17,000
Loan:		
1999 water facilities improvement project	265,650	15,000
<b>Total Water Utility</b>	<b>\$ 358,925</b>	<b>\$ 32,000</b>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDIANAPOLIS, INDIANA 46204-2769

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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 TOWN OF GENEVA, ADAMS COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Geneva (Town) 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 its major federal program for the years ended December 31, 2005 and 2006. The Town's major federal program is 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 its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town'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 Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2005 and 2006.

Internal Control Over Compliance

The management of the Town 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 Town'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 Town'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)

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

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

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

This report is intended solely for the information and use of the Town'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

July 25, 2007

TOWN OF GENEVA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2005 and 2006

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-05	Total Federal Awards Expended 12-31-06
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Housing and Community Development Authority Community Development Block Grants/State's Program	14.228	HD-004-009	\$ 500,000	\$ -
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program	14.228	PL-01-054 CF-04-206	9,600 <u>418,964</u>	- <u>66,036</u>
Total for federal grantor agency			<u>928,564</u>	<u>66,036</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1573-IN	<u>12,976</u>	-
Total federal awards expended			<u>\$ 941,540</u>	<u>\$ 66,036</u>

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

TOWN OF GENEVA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Geneva (Town) 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the Town provided federal awards to subrecipients as follows for the years ended December 31, 2005 and 2006:

Program Title	Federal CFDA Number	2005	2006
Community Development Block Grants/State's Program	14.228	<u>\$ 5,000</u>	<u>\$ -</u>

TOWN OF GENEVA  
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
14.228	Community Development Block Grants/State's Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF GENEVA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF GENEVA  
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with Doug Milligan, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.