

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

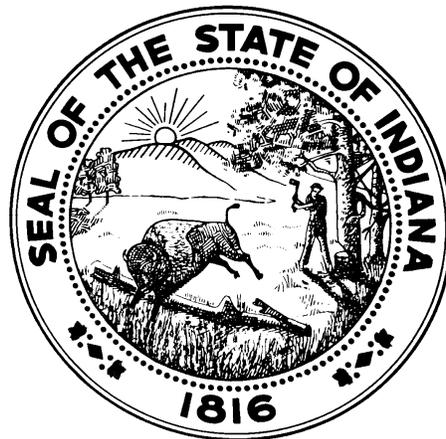
AUDIT REPORT

OF

TOWN OF GENEVA

ADAMS COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
09/02/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Doug Milligan Bill Warren	01-01-04 to 12-31-08 01-01-09 to 12-31-12
President of the Town Council	Michael Schwartz Jim Timmons	01-01-07 to 12-31-07 01-01-08 to 12-31-09
Superintendent of Utilities	Steve Hampshire	01-01-07 to 12-31-09



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, 2007 and 2008, 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, 2007 and 2008, 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 August 26, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office

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

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 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

August 26, 2009



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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, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 26, 2009. 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.

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. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

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.

We noted certain matters that we reported to management in a separate letter dated August 26, 2009.

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

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

STATE BOARD OF ACCOUNTS

August 26, 2009

TOWN OF GENEVA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 219,450	\$ 14,768	\$ -	\$ 6,195	\$ (198,487)	\$ -	\$ (198,487)
Public safety	222,965	19,239	-	891	(202,835)	-	(202,835)
Highways and streets	140,194	1,800	59,956	6,710	(71,728)	-	(71,728)
Sanitation	49,575	53,429	-	-	3,854	-	3,854
Economic development	617,419	-	-	645,548	28,129	-	28,129
Culture and recreation	29,031	-	5,099	-	(23,932)	-	(23,932)
Interest on long-term debt	6,015	-	-	-	(6,015)	-	(6,015)
Total governmental activities	1,284,649	89,236	65,055	659,344	(471,014)	-	(471,014)
Business-type activities:							
Water	212,226	234,298	-	-	-	22,072	22,072
Wastewater	207,456	243,034	17,493	-	-	53,071	53,071
Total business-type activities	419,682	477,332	17,493	-	-	75,143	75,143
Total primary government	\$ 1,704,331	\$ 566,568	\$ 82,548	\$ 659,344	(471,014)	75,143	(395,871)
General receipts:							
Property taxes					400,049	-	400,049
Other local sources					129,162	-	129,162
Grants and contributions not restricted to specific programs					17,531	-	17,531
Unrestricted investment earnings					2,075	-	2,075
Total general receipts					548,817	-	548,817
Change in net assets					77,803	75,143	152,946
Net assets - beginning					360,157	343,960	704,117
Net assets - ending					\$ 437,960	\$ 419,103	\$ 857,063
Assets							
Cash and investments					\$ 323,185	\$ 166,217	\$ 489,402
Restricted assets:							
Cash and investments					114,775	252,886	367,661
Total assets					\$ 437,960	\$ 419,103	\$ 857,063
Net Assets							
Restricted for:							
Debt service					\$ -	\$ 139,269	\$ 139,269
Depreciation					-	92,052	92,052
Highways and streets					114,775	-	114,775
Other purposes					-	21,565	21,565
Unrestricted					323,185	166,217	489,402
Total net assets					\$ 437,960	\$ 419,103	\$ 857,063

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, 2007

	General	Motor Vehicle Highway	Economic Development Income Tax	Migrant Housing Red Gold	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 280,626	\$ 98,811	\$ -	\$ -	\$ 20,612	\$ 400,049
Special assessments	-	-	-	-	1,650	1,650
Licenses and permits	-	-	-	-	490	490
Intergovernmental	117,324	64,262	32,332	500,000	22,572	736,490
Charges for services	32,984	-	-	-	54,301	87,285
Other	17,352	35	-	113,216	5,885	136,488
Total receipts	448,286	163,108	32,332	613,216	105,510	1,362,452
Disbursements:						
General government	205,790	-	-	-	-	205,790
Public safety	218,830	-	-	-	4,135	222,965
Highways and streets	-	128,244	-	-	50	128,294
Sanitation	-	-	-	-	49,575	49,575
Economic development	-	-	4,203	613,216	-	617,419
Culture and recreation	15,625	-	-	-	13,406	29,031
Debt service:						
Principal	-	-	-	-	13,660	13,660
Interest	-	-	-	-	6,015	6,015
Capital outlay:						
Highways and streets	-	11,900	-	-	-	11,900
Total disbursements	440,245	140,144	4,203	613,216	86,841	1,284,649
Excess of receipts over disbursements	8,041	22,964	28,129	-	18,669	77,803
Cash and investment fund balance - beginning	64,434	53,967	116,658	-	125,098	360,157
Cash and investment fund balance - ending	\$ 72,475	\$ 76,931	\$ 144,787	\$ -	\$ 143,767	\$ 437,960
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 72,475	\$ -	\$ 144,787	\$ -	\$ 105,923	\$ 323,185
Restricted assets:						
Cash and investments	-	76,931	-	-	37,844	114,775
Total cash and investment assets - December 31	\$ 72,475	\$ 76,931	\$ 144,787	\$ -	\$ 143,767	\$ 437,960
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ 76,931	\$ -	\$ -	\$ 37,844	\$ 114,775
Unrestricted	72,475	-	144,787	-	105,923	323,185
Total cash and investment fund balance - December 31	\$ 72,475	\$ 76,931	\$ 144,787	\$ -	\$ 143,767	\$ 437,960

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, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts	\$ 187,009	\$ -	\$ 187,009
Fire protection receipts	40,559	-	40,559
Flat rate receipts	-	24,856	24,856
Measured revenue	-	215,172	215,172
Other	6,730	5,299	12,029
	<u>234,298</u>	<u>245,327</u>	<u>479,625</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	55,427	64,502	119,929
Employee pensions and benefits	18,291	19,630	37,921
Purchased power	6,698	10,140	16,838
Chemicals	2,095	1,447	3,542
Material and supplies	29,040	38,219	67,259
Miscellaneous disbursements	54,768	73,518	128,286
	<u>166,319</u>	<u>207,456</u>	<u>373,775</u>
Total operating disbursements			
Excess of operating receipts over operating disbursements	<u>67,979</u>	<u>37,871</u>	<u>105,850</u>
Nonoperating receipts (disbursements):			
Miscellaneous receipts	-	15,200	15,200
Debt service of principal	(32,000)	-	(32,000)
Interest and investment disbursement	(13,907)	-	(13,907)
	<u>(45,907)</u>	<u>15,200</u>	<u>(30,707)</u>
Total nonoperating receipts (disbursements)			
Excess of receipts over disbursements and nonoperating receipts (disbursements)	22,072	53,071	75,143
Cash and investment fund balance - beginning	<u>199,966</u>	<u>143,994</u>	<u>343,960</u>
Cash and investment fund balance - ending	<u>\$ 222,038</u>	<u>\$ 197,065</u>	<u>\$ 419,103</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 13,942	\$ 152,275	\$ 166,217
Restricted assets:			
Cash and investments	<u>208,096</u>	<u>44,790</u>	<u>252,886</u>
Total cash and investment assets - December 31	<u>\$ 222,038</u>	<u>\$ 197,065</u>	<u>\$ 419,103</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 119,710	\$ 19,559	\$ 139,269
Depreciation	66,821	25,231	92,052
Other purposes	21,565	-	21,565
Unrestricted	<u>13,942</u>	<u>152,275</u>	<u>166,217</u>
Total cash and investment fund balance - December 31	<u>\$ 222,038</u>	<u>\$ 197,065</u>	<u>\$ 419,103</u>

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

TOWN OF GENEVA
CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
December 31, 2007

	<u>Agency Fund</u>
Cash and investment fund balance - ending	<u>\$ 3,071</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, 2008

Functions/Programs	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 238,140	\$ 8,570	\$ -	\$ 5,629	\$ (223,941)	\$ -	\$ (223,941)
Public safety	257,501	20,270	-	42,606	(194,625)	-	(194,625)
Highways and streets	171,050	150	45,040	6,352	(119,508)	-	(119,508)
Sanitation	65,022	54,376	-	-	(10,646)	-	(10,646)
Economic development	326,135	-	-	363,844	37,709	-	37,709
Culture and recreation	22,079	734	6,379	-	(14,966)	-	(14,966)
Interest on long-term debt	5,270	-	-	-	(5,270)	-	(5,270)
Total governmental activities	1,085,197	84,100	51,419	418,431	(531,247)	-	(531,247)
Business-type activities:							
Water	239,791	231,731	-	-	-	(8,060)	(8,060)
Wastewater	316,263	244,337	17,493	-	-	(54,433)	(54,433)
Total business-type activities	556,054	476,068	17,493	-	-	(62,493)	(62,493)
Total primary government	\$ 1,641,251	\$ 560,168	\$ 68,912	\$ 418,431	(531,247)	(62,493)	(593,740)
General receipts:							
Property taxes					417,170	-	417,170
Other local sources					129,634	-	129,634
Grants and contributions not restricted to specific programs					20,343	-	20,343
Unrestricted investment earnings					5,064	-	5,064
Total general receipts					572,211	-	572,211
Change in net assets					40,964	(62,493)	(21,529)
Net assets - beginning					437,960	419,103	857,063
Net assets - ending					\$ 478,924	\$ 356,610	\$ 835,534
Assets							
Cash and investments					\$ 393,337	\$ 129,997	\$ 523,334
Restricted assets:							
Cash and investments					85,587	226,613	312,200
Total assets					\$ 478,924	\$ 356,610	\$ 835,534
Net Assets							
Restricted for:							
Debt service					\$ -	\$ 95,534	\$ 95,534
Depreciation					-	109,039	109,039
Highways and streets					85,587	-	85,587
Other purposes					-	22,040	22,040
Unrestricted					393,337	129,997	523,334
Total net assets					\$ 478,924	\$ 356,610	\$ 835,534

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, 2008

	General	Motor Vehicle Highway	Economic Development Income Tax	Migrant Housing Red Gold	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 313,256	\$ 83,363	\$ -	\$ -	\$ 20,551	\$ 417,170
Licenses and permits	-	-	-	-	610	610
Intergovernmental	124,227	51,558	42,529	235,000	64,319	517,633
Charges for services	28,484	-	-	-	55,356	83,840
Other	8,977	439	-	86,315	11,177	106,908
Total receipts	474,944	135,360	42,529	321,315	152,013	1,126,161
Disbursements:						
General government	223,735	-	-	-	-	223,735
Public safety	209,820	-	-	-	47,681	257,501
Highways and streets	-	149,300	-	-	20,000	169,300
Sanitation	-	-	-	-	65,022	65,022
Economic development	-	-	4,820	321,315	-	326,135
Culture and recreation	15,717	-	-	-	6,362	22,079
Debt service:						
Principal	-	-	-	-	14,405	14,405
Interest	-	-	-	-	5,270	5,270
Capital outlay:						
Highways and streets	-	1,750	-	-	-	1,750
Total disbursements	449,272	151,050	4,820	321,315	158,740	1,085,197
Excess (deficiency) of receipts over (under) disbursements	25,672	(15,690)	37,709	-	(6,727)	40,964
Cash and investment fund balance - beginning	72,475	76,931	144,787	-	143,767	437,960
Cash and investment fund balance - ending	<u>\$ 98,147</u>	<u>\$ 61,241</u>	<u>\$ 182,496</u>	<u>\$ -</u>	<u>\$ 137,040</u>	<u>\$ 478,924</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 98,147	\$ -	\$ 182,496	\$ -	\$ 112,694	\$ 393,337
Restricted assets:						
Cash and investments	-	61,241	-	-	24,346	85,587
Total cash and investment assets - December 31	<u>\$ 98,147</u>	<u>\$ 61,241</u>	<u>\$ 182,496</u>	<u>\$ -</u>	<u>\$ 137,040</u>	<u>\$ 478,924</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ 61,241	\$ -	\$ -	\$ 24,346	\$ 85,587
Unrestricted	98,147	-	182,496	-	112,694	393,337
Total cash and investment fund balance - December 31	<u>\$ 98,147</u>	<u>\$ 61,241</u>	<u>\$ 182,496</u>	<u>\$ -</u>	<u>\$ 137,040</u>	<u>\$ 478,924</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, 2008

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered water receipts	\$ 190,888	\$ -	\$ 190,888
Fire protection receipts	36,672	-	36,672
Flat rate receipts	-	24,803	24,803
Measured revenue	-	219,136	219,136
Other	4,171	2,691	6,862
	<u>231,731</u>	<u>246,630</u>	<u>478,361</u>
Total operating receipts			
Operating disbursements:			
Salaries and wages	62,555	69,190	131,745
Employee pensions and benefits	25,535	21,188	46,723
Purchased power	7,149	11,186	18,335
Chemicals	2,192	7,368	9,560
Material and supplies	33,923	52,176	86,099
Miscellaneous disbursements	61,905	155,155	217,060
	<u>193,259</u>	<u>316,263</u>	<u>509,522</u>
Total operating disbursements			
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>38,472</u>	<u>(69,633)</u>	<u>(31,161)</u>
Nonoperating receipts (disbursements):			
Miscellaneous receipts	-	15,200	15,200
Debt service of principal	(34,000)	-	(34,000)
Interest and investment disbursement	(12,532)	-	(12,532)
	<u>(46,532)</u>	<u>15,200</u>	<u>(31,332)</u>
Total nonoperating receipts (disbursements)			
Deficiency of receipts under disbursements and nonoperating receipts (disbursements)	(8,060)	(54,433)	(62,493)
Cash and investment fund balance - beginning	<u>222,038</u>	<u>197,065</u>	<u>419,103</u>
Cash and investment fund balance - ending	<u>\$ 213,978</u>	<u>\$ 142,632</u>	<u>\$ 356,610</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 16,782	\$ 113,215	\$ 129,997
Restricted assets:			
Cash and investments	197,196	29,417	226,613
	<u>197,196</u>	<u>29,417</u>	<u>226,613</u>
Total cash and investment assets - December 31	<u>\$ 213,978</u>	<u>\$ 142,632</u>	<u>\$ 356,610</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 95,534	\$ -	\$ 95,534
Depreciation	79,622	29,417	109,039
Other purposes	22,040	-	22,040
Unrestricted	16,782	113,215	129,997
	<u>16,782</u>	<u>113,215</u>	<u>129,997</u>
Total cash and investment fund balance - December 31	<u>\$ 213,978</u>	<u>\$ 142,632</u>	<u>\$ 356,610</u>

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

TOWN OF GENEVA
CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
December 31, 2008

	<u>Agency Fund</u>
Cash and investment fund balance - ending	<u>\$ 3,133</u>

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 nonexchange 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, 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 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.

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The migrant housing red gold fund accounts for the receipts and disbursements relating to federal grants and local matching funds for the red gold housing projects.

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

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

administrative costs. 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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana 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 Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which 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 Town on or prior to December 31 of the year collected.

3. 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.

4. 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.

5. 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."

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. 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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

Statutory Authorization for Investments

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.

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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. The Town does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town does not have a formal investment policy for credit risk for investments.

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.

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Foreign Currency Risk

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

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. 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.

C. 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

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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	\$ 3,848
Interest on net pension obligation	(4,375)
Adjustment to annual required contribution	4,986
Annual pension cost	4,459
Contributions made	10,654
Decrease in net pension obligation	(6,195)
Net pension obligation, beginning of year	(60,351)
Net pension obligation, end of year	\$ (66,546)

TOWN OF GENEVA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
Town	4.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
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	06-30-06	\$ 4,797	217%	\$ (56,546)
	06-30-07	7,151	153%	(60,351)
	06-30-08	4,459	239%	(66,546)

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)
07-01-06	\$ 176,810	\$ 102,487	\$ 74,323	173%	\$ 234,768	32%
07-01-07	205,384	99,896	105,488	206%	216,435	49%
07-01-08	232,321	152,969	79,352	152%	244,401	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, 2007

	Local Road and Street	Law Enforcement Continuing Education	Trash Removal	Abandoned Vehicle	Residents' Share of Sidewalk	Parks Donation	Community Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	1,650	-	-
Licenses and permits	-	490	-	-	-	-	-
Intergovernmental	6,860	-	-	-	-	-	-
Charges for services	-	233	53,429	-	-	639	-
Other	-	1,425	-	-	-	4,460	-
Total receipts	6,860	2,148	53,429	-	1,650	5,099	-
Disbursements:							
Public safety	-	1,885	-	-	-	-	-
Highways and streets	50	-	-	-	-	-	-
Sanitation	-	-	49,575	-	-	-	-
Culture and recreation	-	-	-	-	-	3,406	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	50	1,885	49,575	-	-	3,406	-
Excess (deficiency) of receipts over disbursements	6,810	263	3,854	-	1,650	1,693	-
Cash and investment fund balance - beginning	31,034	239	23,448	15	(779)	3,989	500
Cash and investment fund balance - ending	<u>\$ 37,844</u>	<u>\$ 502</u>	<u>\$ 27,302</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 5,682</u>	<u>\$ 500</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ 502	\$ 27,302	\$ 15	\$ 871	\$ 5,682	\$ 500
Restricted assets:							
Cash and investments	<u>37,844</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - December 31	<u>\$ 37,844</u>	<u>\$ 502</u>	<u>\$ 27,302</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 5,682</u>	<u>\$ 500</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ 37,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>-</u>	<u>502</u>	<u>27,302</u>	<u>15</u>	<u>871</u>	<u>5,682</u>	<u>500</u>
Total cash and investment fund balance - December 31	<u>\$ 37,844</u>	<u>\$ 502</u>	<u>\$ 27,302</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 5,682</u>	<u>\$ 500</u>

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, 2007
 (Continued)

	Donation	Riverboat	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Fire	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 12,564	\$ 8,048	\$ 20,612
Special assessments	-	-	-	-	-	1,650
Licenses and permits	-	-	-	-	-	490
Intergovernmental	-	8,626	4,804	1,391	891	22,572
Charges for services	-	-	-	-	-	54,301
Other	-	-	-	-	-	5,885
Total receipts	-	8,626	4,804	13,955	8,939	105,510
Disbursements:						
Public safety	-	-	-	-	2,250	4,135
Highways and streets	-	-	-	-	-	50
Sanitation	-	-	-	-	-	49,575
Culture and recreation	-	10,000	-	-	-	13,406
Debt service:						
Principal	-	-	-	13,660	-	13,660
Interest	-	-	-	6,015	-	6,015
Total disbursements	-	10,000	-	19,675	2,250	86,841
Excess (deficiency) of receipts over disbursements	-	(1,374)	4,804	(5,720)	6,689	18,669
Cash and investment fund balance - beginning	67	10,453	2,657	26,694	26,781	125,098
Cash and investment fund balance - ending	<u>\$ 67</u>	<u>\$ 9,079</u>	<u>\$ 7,461</u>	<u>\$ 20,974</u>	<u>\$ 33,470</u>	<u>\$ 143,767</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 67	\$ 9,079	\$ 7,461	\$ 20,974	\$ 33,470	\$ 105,923
Restricted assets:						
Cash and investments	-	-	-	-	-	37,844
Total cash and investment assets - December 31	\$ 67	\$ 9,079	\$ 7,461	\$ 20,974	\$ 33,470	\$ 143,767
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,844
Unrestricted	67	9,079	7,461	20,974	33,470	105,923
Total cash and investment fund balance - December 31	\$ 67	\$ 9,079	\$ 7,461	\$ 20,974	\$ 33,470	\$ 143,767

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, 2008

	Local Road and Street	Law Enforcement Continuing Education	Trash Removal	Abandoned Vehicle	Residents' Share of Sidewalk	Parks Donation	Community Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	610	-	-	-	-	-
Intergovernmental	6,502	-	-	-	-	1,000	41,850
Charges for services	-	220	54,376	-	-	760	-
Other	-	1,209	-	-	-	9,968	-
Total receipts	6,502	2,039	54,376	-	-	11,728	41,850
Disbursements:							
Public safety	-	1,181	-	-	-	-	41,850
Highways and streets	20,000	-	-	-	-	-	-
Sanitation	-	-	65,022	-	-	-	-
Culture and recreation	-	-	-	-	-	6,362	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	20,000	1,181	65,022	-	-	6,362	41,850
Excess (deficiency) of receipts over disbursements	(13,498)	858	(10,646)	-	-	5,366	-
Cash and investment fund balance - beginning	37,844	502	27,302	15	871	5,682	500
Cash and investment fund balance - ending	<u>\$ 24,346</u>	<u>\$ 1,360</u>	<u>\$ 16,656</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 11,048</u>	<u>\$ 500</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ 1,360	\$ 16,656	\$ 15	\$ 871	\$ 11,048	\$ 500
Restricted assets:							
Cash and investments	24,346	-	-	-	-	-	-
Total cash and investment assets - December 31	<u>\$ 24,346</u>	<u>\$ 1,360</u>	<u>\$ 16,656</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 11,048</u>	<u>\$ 500</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ 24,346	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,360	16,656	15	871	11,048	500
Total cash and investment fund balance - December 31	<u>\$ 24,346</u>	<u>\$ 1,360</u>	<u>\$ 16,656</u>	<u>\$ 15</u>	<u>\$ 871</u>	<u>\$ 11,048</u>	<u>\$ 500</u>

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, 2008
 (Continued)

	Donation	Riverboat	Cumulative Capital Improvement	Cumulative Capital Development	Cumulative Fire	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 12,527	\$ 8,024	\$ 20,551
Licenses and permits	-	-	-	-	-	610
Intergovernmental	-	8,582	4,450	1,179	756	64,319
Charges for services	-	-	-	-	-	55,356
Other	-	-	-	-	-	11,177
Total receipts	-	8,582	4,450	13,706	8,780	152,013
Disbursements:						
Public safety	-	-	-	-	4,650	47,681
Highways and streets	-	-	-	-	-	20,000
Sanitation	-	-	-	-	-	65,022
Culture and recreation	-	-	-	-	-	6,362
Debt service:						
Principal	-	-	-	14,405	-	14,405
Interest	-	-	4,919	351	-	5,270
Total disbursements	-	-	4,919	14,756	4,650	158,740
Excess (deficiency) of receipts over disbursements	-	8,582	(469)	(1,050)	4,130	(6,727)
Cash and investment fund balance - beginning	67	9,079	7,461	20,974	33,470	143,767
Cash and investment fund balance - ending	\$ 67	\$ 17,661	\$ 6,992	\$ 19,924	\$ 37,600	\$ 137,040
Cash and Investment Assets - December 31						
Cash and investments	\$ 67	\$ 17,661	\$ 6,992	\$ 19,924	\$ 37,600	\$ 112,694
Restricted assets:						
Cash and investments	-	-	-	-	-	24,346
Total cash and investment assets - December 31	\$ 67	\$ 17,661	\$ 6,992	\$ 19,924	\$ 37,600	\$ 137,040
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,346
Unrestricted	67	17,661	6,992	19,924	37,600	112,694
Total cash and investment fund balance - December 31	\$ 67	\$ 17,661	\$ 6,992	\$ 19,924	\$ 37,600	\$ 137,040

TOWN OF GENEVA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2008

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 and prior two years has been reported. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 62,393
Infrastructure	34,524
Buildings	1,017,144
Improvements other than buildings	19,681
Machinery and equipment	<u>806,641</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 1,940,383</u>
 Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 17,059
Buildings	25,867
Improvements other than buildings	1,904,667
Machinery and equipment	<u>19,946</u>
 Total Water Utility capital assets	 <u>1,967,539</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	46,256
Improvements other than buildings	3,723,586
Machinery and equipment	<u>355,920</u>
 Total Wastewater Utility capital assets	 <u>4,125,762</u>
 Total business-type activities capital assets	 <u>\$ 6,093,301</u>

TOWN OF GENEVA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Loan:		
Pyle Building remodel	\$ 85,247	\$ 19,675
Business-type activities:		
Water Utility:		
Revenue bonds:		
1978 Waterworks improvement and expansion project	\$ 58,275	\$ 21,914
Loan:		
1999 water facilities improvement project	234,650	24,213
 Total Water Utility	 \$ 292,925	 \$ 46,127

TOWN OF GENEVA
AUDIT RESULT AND COMMENT

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts (utility billings and collections), disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to be undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Council to monitor and assess the quality of the Town's system of internal control. The Town Council has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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

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

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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
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS 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, 2007 and 2008. 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, 2007 and 2008.

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.

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

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

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 Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

August 26, 2009

TOWN OF GENEVA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended December 31, 2007 and 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 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	HD-006-017 HD-007-014 PL-05-033	\$ 500,000 - -	\$ - 235,000 41,850
Total for federal grantor agency			<u>500,000</u>	<u>276,850</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	EM 3274 PW195 PW294 PW342	4,341 - - -	- 961 7,477 401
Total for federal grantor agency			<u>4,341</u>	<u>8,839</u>
Total federal awards expended			<u>\$ 504,341</u>	<u>\$ 285,689</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, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 2,500	\$ -

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? yes

Significant deficiencies identified that are not considered to be material weaknesses? no

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major program:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major program: 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 Program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as low-risk auditee? no

TOWN OF GENEVA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FEDERAL FINDING 2008-1, INTERNAL CONTROLS OVER
FINANCIAL TRANSACTIONS AND REPORTING

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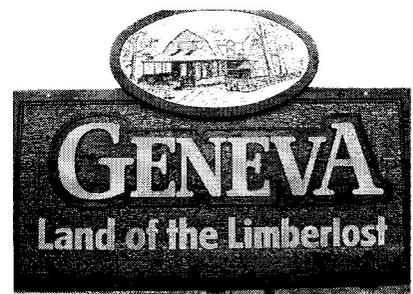
Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF GENEVA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Town Of Geneva



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Geneva, IN 46740

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Indiana State Board of Accounts
302 Washington Street, Rm 418
Indianapolis, IN, 46204-2765

August 26, 2009

Finding # 2008-1 Internal Controls over Financial Transactions and Reporting

Planned Corrective Action

1. Monthly bank reconciliation will be reviewed and verified by the Clerk-Treasurer.
2. Copies of month-end financial summary, fund report, bank statement, and depository statement/cash reconciliation, will be presented to council for approval.
3. Other changes will be as follows:
 1. Clerk-Treasurer will approve adjustments to billing
 2. Clerk-Treasurer will audit revenue to parks
 3. Clerk-Treasurer will verify that time card hours and check hours match
 4. Clerk-Treasurer will approve bank reconciliation

Regards

A handwritten signature in black ink that reads "Bill Warren".

Bill Warren
Clerk-Treasurer
Town of Geneva

TOWN OF GENEVA
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2009, with Doug Milligan, former Clerk-Treasurer; Bill Warren, Clerk-Treasurer; and Richard Clutter, Town Council member. The officials concurred with our audit finding.