

VILLAGE OF WILLIAMSBURG

December 31, 2004 and 2003

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



**Auditor of State
Betty Montgomery**

Members of Council
Village of Willamsburg
107 West Main Street
Willamsburg, Ohio 45176

We have reviewed the *Independent Auditors' Report* of the Village of Willamsburg, Clermont County, prepared by VonLehman & Company, Inc. for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the AOS permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Willamsburg is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 20, 2005

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CLERMONT COUNTY, OHIO
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**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY, OHIO**

**VILLAGE OFFICIALS
December 31, 2004**

MAYOR

Mary Ann Lefker

COUNCIL MEMBERS

Guy Bainum

Dr. James King

Charles Covert

Traci Schueler-Hurst

Eric Heiser

Jim Weaver

DEPARTMENT HEADS

Clerk Treasurer

Michael Murray

Village Administrator

Lynn Tetley

Village Finance Director

Denise Wehrum

Village Police Chief

Michael Gregory



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of Council
Village of Williamsburg
Williamsburg, Ohio

We have audited the accompanying financial statements of the Village of Williamsburg, Clermont County, Ohio, as of and for the years ended December 31, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We have conducted our audits in accordance with U.S. generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Village of Williamsburg prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the U.S., we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the U.S., the financial position of the Village as of December 31, 2004 and 2003 or the changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Williamsburg, Clermont County, Ohio, as of December 31, 2004 and 2003, its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Honorable Mayor and Members of Council
Village of Williamsburg
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In accordance with Government Auditing Standards, we have also issued a report dated August 12, 2005 on our consideration of the Village of Williamsburg's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

VonLehman & Company Inc.

Cincinnati, Ohio
August 12, 2005

VILLAGE OF WILLIAMSBURG
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

	Year Ended December 31, 2004			
	General Fund	Special Revenue Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 107,580	\$ 42,035	\$ -	\$ 149,615
Intergovernmental Receipts	112,653	53,353	-	166,006
Charges for Services	48,428	400	-	48,828
Fines, Licenses and Permits	28,252	3,193	-	31,445
Earnings from Investments	4,582	13,379	-	17,961
Miscellaneous	624	1,566	12,263	14,453
Total Receipts	302,119	113,926	12,263	428,308
Disbursements				
Security of Persons and Property	300,414	3,575	-	303,989
Public Health Services	6,000	-	-	6,000
Leisure Time Activities	-	10,472	-	10,472
Community Environment	47,767	-	-	47,767
Basic Utilities Services	-	951	-	951
Transportation	-	270,909	-	270,909
General Government	161,597	1,500	-	163,097
Capital Outlay	21,511	290,201	164,927	476,639
Total Disbursements	537,289	577,608	164,927	1,279,824
Deficit of Receipts Under Disbursements	(235,170)	(463,682)	(152,664)	(851,516)
Other Financing Sources (Uses)				
Transfers - In	235,000	388,582	207,051	830,633
Transfers - Out	-	(39,892)	(286,308)	(326,200)
Total Other Financing Sources (Uses)	235,000	348,690	(79,257)	504,433
Deficit of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	(170)	(114,992)	(231,921)	(347,083)
Beginning Fund Cash Balance	14,651	361,892	298,025	674,568
Ending Fund Cash Balance	\$ 14,481	\$ 246,900	\$ 66,104	\$ 327,485
Reserve for Encumbrances	\$ 5,268	\$ 11,555	\$ 8,446	\$ 25,269

See accompanying notes.

**VILLAGE OF WILLIAMSBURG
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
 AND FIDUCIARY FUND TYPES**

	Year Ended December 31, 2004		
	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Agency Funds	
Operating Receipts			
Charges for Services	\$ 824,550	\$ -	\$ 824,550
Fines, Licenses and Permits	4,202	-	4,202
Earnings on Investments	993	-	993
Miscellaneous	6,865	15	6,880
	<u>836,610</u>	<u>15</u>	<u>836,625</u>
Operating Disbursements			
Personnel Services	186,202	-	186,202
Fringe Benefits	57,970	-	57,970
Contract Services	473,659	-	473,659
Supplies and Materials	82,909	-	82,909
Capital Outlay	250,772	-	250,772
Debt Service Principal	35,000	-	35,000
Debt Service Interest	44,536	-	44,536
Other	700	2,880	3,580
	<u>1,131,748</u>	<u>2,880</u>	<u>1,134,628</u>
Total Operating Disbursements			
Operating Income	<u>(295,138)</u>	<u>(2,865)</u>	<u>(298,003)</u>
Non-Operating Receipts			
Property and Other Local Taxes	-	457,878	457,878
Transfers - In	274,404	-	274,404
	<u>274,404</u>	<u>457,878</u>	<u>732,282</u>
Total Non-Operating Receipts			
Non-Operating Disbursements			
Transfers - Out	<u>(318,837)</u>	<u>(460,000)</u>	<u>(778,837)</u>
Net Receipts Under Disbursements	<u>(339,571)</u>	<u>(4,987)</u>	<u>(344,558)</u>
Beginning Fund Cash Balance	<u>1,317,119</u>	<u>377,067</u>	<u>1,694,186</u>
Ending Fund Cash Balance	<u>\$ 977,548</u>	<u>\$ 372,080</u>	<u>\$ 1,349,628</u>
Reserve for Encumbrances	<u>\$ 60,478</u>	<u>\$ 852</u>	<u>\$ 61,330</u>

See accompanying notes.

**VILLAGE OF WILLIAMSBURG
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**

	Year Ended December 31, 2003			
	General Fund	Special Revenue Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 116,110	\$ 40,114	\$ -	\$ 156,224
Intergovernmental Receipts	90,537	135,681	-	226,218
Charges for Services	35,403	50	-	35,453
Fines, Licenses and Permits	36,252	4,653	-	40,905
Earnings from Investments	3,561	16,281	-	19,842
Miscellaneous	5,679	1,180	25,545	32,404
Total Receipts	<u>287,542</u>	<u>197,959</u>	<u>25,545</u>	<u>511,046</u>
Disbursements				
Security of Persons and Property	280,677	65	-	280,742
Public Health Services	3,007	-	-	3,007
Leisure Time Activities	-	13,377	-	13,377
Community Environment	41,114	-	-	41,114
Basic Utilities Services	-	10,100	-	10,100
Transportation	-	197,780	-	197,780
General Government	160,136	1,550	-	161,686
Capital Outlay	-	278,581	135,084	413,665
Total Disbursements	<u>484,934</u>	<u>501,453</u>	<u>135,084</u>	<u>1,121,471</u>
Deficit of Receipts Under Disbursements	<u>(197,392)</u>	<u>(303,494)</u>	<u>(109,539)</u>	<u>(610,425)</u>
Other Financing Sources (Uses)				
Transfers - In	205,000	217,163	-	422,163
Transfers - Out	-	-	(279,437)	(279,437)
Total Other Financing Sources (Uses)	<u>205,000</u>	<u>217,163</u>	<u>(279,437)</u>	<u>142,726</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	7,608	(86,331)	(388,976)	(467,699)
Beginning Fund Cash Balance	<u>7,043</u>	<u>448,223</u>	<u>687,001</u>	<u>1,142,267</u>
Ending Fund Cash Balance	<u>\$ 14,651</u>	<u>\$ 361,892</u>	<u>\$ 298,025</u>	<u>\$ 674,568</u>
Reserve for Encumbrances	<u>\$ 2,993</u>	<u>\$ 213,486</u>	<u>\$ 21,563</u>	<u>\$ 238,042</u>

See accompanying notes.

**VILLAGE OF WILLIAMSBURG
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
AND FIDUCIARY FUND TYPES**

Year Ended December 31, 2003

	<u>Proprietary Fund Type</u> <u>Enterprise Funds</u>	<u>Fiduciary Fund Type</u> <u>Agency Funds</u>	<u>Totals (Memorandum Only)</u>
Operating Receipts			
Charges for Services	\$ 746,082	\$ -	\$ 746,082
Fines, Licenses and Permits	4,944	-	4,944
Earnings on Investments	282	-	282
Miscellaneous	-	5	5
	<u>751,308</u>	<u>5</u>	<u>751,313</u>
Total Operating Receipts			
	<u>751,308</u>	<u>5</u>	<u>751,313</u>
Operating Disbursements			
Personnel Services	152,025	-	152,025
Fringe Benefits	42,216	-	42,216
Contract Services	383,953	-	383,953
Supplies and Materials	63,770	-	63,770
Capital Outlay	99,451	-	99,451
Debt Service Principal	35,000	-	35,000
Debt Service Interest	47,684	-	47,684
Other	723	4,060	4,783
	<u>824,822</u>	<u>4,060</u>	<u>828,882</u>
Total Operating Disbursements			
	<u>824,822</u>	<u>4,060</u>	<u>828,882</u>
Operating Income	<u>(73,514)</u>	<u>(4,055)</u>	<u>(77,569)</u>
Non-Operating Receipts			
Property and Other Local Taxes	-	436,591	436,591
Transfers - In	195,640	-	195,640
Other Non-Operating Receipts	46,474	-	46,474
	<u>242,114</u>	<u>436,591</u>	<u>678,705</u>
Total Non-Operating Receipts			
	<u>242,114</u>	<u>436,591</u>	<u>678,705</u>
Non-Operating Disbursements			
Transfers - Out	(118,366)	(220,000)	(338,366)
Other Non-Operating Disbursements	(87)	-	(87)
	<u>(118,453)</u>	<u>(220,000)</u>	<u>(338,453)</u>
Total Non-Operating Disbursements			
	<u>(118,453)</u>	<u>(220,000)</u>	<u>(338,453)</u>
Net Receipts Over Disbursements	50,147	212,536	262,683
Beginning Fund Cash Balance	<u>1,266,972</u>	<u>164,531</u>	<u>1,431,503</u>
Ending Fund Cash Balance	<u>\$ 1,317,119</u>	<u>\$ 377,067</u>	<u>\$ 1,694,186</u>
Reserve for Encumbrances	<u>\$ 279,695</u>	<u>\$ -</u>	<u>\$ 279,695</u>

See accompanying notes.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - ACCOUNTING POLICIES

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Williamsburg, Clermont County (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians which are not included in these financial statements.

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Repurchase Agreement and U.S. Treasury Notes are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

The general fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special revenue funds:

- *Permissive Motor Vehicle Fund* - This fund receives a license tax that was enacted by the Village for maintaining and repairing Village streets.
- *South Fourth Street Improvements* - This fund receives state grant monies and transfers from the capital fund for street improvements.
- *South Second Street Improvements* - This fund receives state grant monies and transfers from the capital fund for street improvements.
- *Street Construction, Maintenance and Repair Fund* - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

NOTE 1 - ACCOUNTING POLICIES (Continued)Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects funds:

- *Village Capital Projects Fund* - This fund receives transfers from the income tax fund for construction and repair of streets and sidewalks.
- *Wilmar Reconstruction Fund* - This fund receives Ohio Public Works Commission (OPWC) monies for street improvements.

Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

- *Sewer Bond Debt* - This fund receives transfers from the sewer operating fund for the principal and interest payments on the sewer debt.
- *Sewer Improvement Fund* - This fund receives charges for services and grant monies for sewer improvements.
- *Sewer Operating Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.
- *Waste Operating Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.
- *Water Improvement Fund* - This fund receives charges for services and grant monies for water improvements.
- *Water Operating Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

- *Income Tax Fund* - This fund receives municipal income tax revenue from residents for current operating expenses.
- *Mayor's Court Fund* - This fund receives monies from the Mayor's Court which is distributed to the State and Village.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

NOTE 1 - ACCOUNTING POLICIES (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

Property, Plant and Equipment

The Village records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

Reclassifications

Certain amounts from the prior year financial statements (beginning fund cash balances as of January 1, 2003) have been reclassified for comparative purposes to conform with the presentation in the current year financial statements as follows:

	Beginning Fund Cash Balance January 1, 2003			<u>Total</u>
	<u>Governmental Fund Types</u>		<u>Proprietary Fund Type</u>	
	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Enterprise Funds</u>	
As Previously Reported	\$152,206	\$865,566	\$1,384,424	\$2,402,196
Reclassification	<u>296,017</u>	<u>(178,565)</u>	<u>(117,452)</u>	<u>-</u>
As Reported Herein	<u>\$448,223</u>	<u>\$687,001</u>	<u>\$1,266,972</u>	<u>\$2,402,196</u>

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2004 and 2003 was as follows:

	<u>December 31,</u>	
	<u>2004</u>	<u>2003</u>
Demand Deposits	\$ <u>25,000</u>	\$ <u>29,997</u>
U.S. Treasury Notes	319,855	319,622
Money Market	-	9,306
Repurchase Agreement	<u>1,332,258</u>	<u>2,009,829</u>
Total Cash and Investments	<u>1,652,113</u>	<u>2,338,757</u>
	<u>\$1,677,113</u>	<u>\$2,368,754</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

Investments

U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

The Repurchase Agreement is between the Village and National Bank and Trust. National Bank and Trust transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. For each transaction, National Bank and Trust provides the Village a written confirmation.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 521,699	\$ 537,119	\$ 15,420
Special Revenue	344,402	502,508	158,106
Capital Projects	804,145	219,314	(584,831)
Enterprise	908,021	1,111,014	202,993
Fiduciary (1)	<u>371,418</u>	<u>457,893</u>	<u>86,475</u>
	<u>\$2,949,685</u>	<u>\$2,827,848</u>	<u>\$ (121,837)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure (2)</u>	<u>Variance</u>
General	\$ 545,828	\$ 542,557	\$ 3,271
Special Revenue	760,043	629,055	130,988
Capital Projects	991,763	459,681	532,082
Enterprise	1,660,336	1,511,063	149,273
Fiduciary (1)	<u>659,000</u>	<u>463,732</u>	<u>195,268</u>
	<u>\$4,616,970</u>	<u>\$3,606,088</u>	<u>\$1,010,882</u>

2003 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 485,859	\$ 492,542	\$ 6,683
Special Revenue	459,613	415,122	(44,491)
Capital Projects	547,744	25,545	(522,199)
Enterprise	881,604	993,422	111,818
Fiduciary (1)	<u>360,600</u>	<u>436,596</u>	<u>75,996</u>
	<u>\$2,735,420</u>	<u>\$2,363,227</u>	<u>\$ (372,193)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure (2)</u>	<u>Variance</u>
General	\$ 503,196	\$ 487,927	\$ 15,269
Special Revenue	963,351	714,939	248,412
Capital Projects	1,166,552	436,084	730,468
Enterprise	1,442,890	1,222,970	219,920
Fiduciary (1)	<u>409,000</u>	<u>224,060</u>	<u>184,940</u>
	<u>\$4,484,989</u>	<u>\$3,085,980</u>	<u>\$1,399,009</u>

- (1) Mayor's Court activity not included.
- (2) Budgetary expenditures include encumbrances.

NOTE 4 - COMPLIANCE

Budgetary Activity

The Village incurred the following compliance violation:

- Budgeted Receipts Exceeded Actual Receipts - Ohio Revised Code, Section 5705.36 (see Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and Schedule of Findings)

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village.

NOTE 6 - LOCAL INCOME TAX

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency or business activities within the Village, as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 7 - DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1998 Sewer Bonds	<u>\$805,000</u>	5%

The 1998 sewer bonds were used to pay for the cost of improving the Village's sewer system and refunding the 1989 sewer bonds. The bonds will mature annually through February, 2019.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31,</u>	
2005	\$ 77,848
2006	80,990
2007	78,970
2008	76,850
2009	79,512
2010 - 2014	396,863
2015 - 2019	<u>388,676</u>
	<u>\$1,179,709</u>

NOTE 8 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Funds (O P & F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. O P & F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement health care and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of O P & F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police wages. PERS members contributed 8.5% of their gross salaries, and the Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

NOTE 9 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

NOTE 9 - RISK MANAGEMENT (Continued)

The Plan issues its own policies and reinsures with A - VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, the Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual Members are only responsible for their self-retention (deductible) amounts, which vary from Member to Member.

The Village also provides health and life insurance to full-time employees through a private carrier.

NOTE 10 - RELATED PARTY TRANSACTIONS

A Council member's husband and mother own a computer store from which the Village acquired merchandise and website services during the years. In 2004 and 2003, the Village paid \$15,128 and \$21,385, respectively, for merchandise and services.

OTHER INFORMATION



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

Honorable Mayor and Members of Council
Village of Williamsburg
Williamsburg, Ohio

We have audited the financial statements of the Village of Williamsburg, as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated August 12, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village restated the beginning fund cash balances of the General and Agency Funds. 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 the Controller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated August 12, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed one instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as Item 2004-001.

We intend this report solely for the information and use of the finance committee, management and the Village Council. It is not intended for anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
August 12, 2005

VILLAGE OF WILLIAMSBURG
SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2004-001
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1. *Budgeted Receipts Exceeded Actual Receipts* - Ohio Revised Code, Section 5705.36, requires that an amended certificate of estimated resources be obtained upon determination by the fiscal officer that revenues collected will be less than the amount in the official certificate of estimated resources. The following funds were not in compliance by the following amounts for these respective years:

<u>Fund</u>	<u>2004</u>	<u>2003</u>
Special Revenue	\$ -	\$ 44,491
Capital Projects	584,831	522,199

Village Response: The Village will take appropriate action to correct.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

VILLAGE OF WILLIAMSBURG

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**