

VILLAGE OF WILLIAMSBURG

December 31, 2008 and 2007

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT*



Mary Taylor, CPA

Auditor of State

Honorable Mayor and Members of Council
Village of Williamsburg
107 West Main Street
Williamsburg, Ohio 45176

We have reviewed the *Independent Auditors' Report* of the Village of Williamsburg, Clermont County, prepared by VonLehman and Company, Inc., for the audit period January 1, 2007 through December 31, 2008. 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. 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 Auditor of State 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 Auditor of State 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 Williamsburg is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 14, 2010

This Page is Intentionally Left Blank.

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

	PAGE
Village Officials	
Independent Auditors' Report	
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - 2008	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - 2008	2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - 2007	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - 2007	4
Notes to the Financial Statements	5 - 14
Other Information	
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 - 16
Schedule of Findings	17
Schedule of Prior Audit Findings	18

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY, OHIO**

**VILLAGE OFFICIALS
December 31, 2008**

MAYOR

Mary Ann Lefker

COUNCIL MEMBERS

Charles Covert

Eric Heiser

Dr. James King

Terri Ousley

Traci Schueler-Hurst

James Weaver

DEPARTMENT HEADS

Clerk Treasurer

Michael Murray

Village Administrator

Patti Bates

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 combined statements of cash receipts, cash disbursements and changes in fund cash balances of the Village of Williamsburg, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. 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 auditing standards generally accepted in the United States of America. 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 our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from U.S. generally accepted accounting principles (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and U.S. generally accepted accounting principles, we presume they are material.

Revisions to U.S. generally accepted accounting principles would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2008 and 2007. While the Village does not follow GAAP, U.S. generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs and the omission of a Statement of Cash Flows for the Village's enterprise funds, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Honorable Mayor and Members of Council
Village of Williamsburg
Page Two

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, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to U.S. generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which U.S. generally accepted accounting principles have determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2010 on our consideration of the Village'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of the audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audits.

VonLehman & Company Inc.

Cincinnati, Ohio
January 22, 2010

This Page is Intentionally Left Blank.

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

	Year Ended December 31, 2008			
	General Fund	Special Revenue Funds	Capital Projects Fund	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 646,437	\$ 131,035	\$ -	\$ 777,472
Intergovernmental Receipts	74,123	14,022	-	88,145
Charges for Services	62,001	1,300	-	63,301
Fines, Licenses and Permits	34,602	3,284	-	37,886
Earnings from Investments	2,530	31,122	-	33,652
Miscellaneous	3,695	4,147	5,237	13,079
Total Receipts	823,388	184,910	5,237	1,013,535
Disbursements				
Security of Persons and Property	373,010	805	-	373,815
Public Health Services	6,632	-	-	6,632
Leisure Time Activities	-	26,119	-	26,119
Community Environment	50,915	18,000	-	68,915
Transportation	-	230,328	-	230,328
General Government	198,957	4,864	-	203,821
Capital Outlay	2,416	115,017	293,354	410,787
Total Disbursements	631,930	395,133	293,354	1,320,417
Excess (Deficit) of Receipts Over (Under) Disbursements	191,458	(210,223)	(288,117)	(306,882)
Other Financing Sources (Uses)				
Transfers - In	-	77,018	233,744	310,762
Transfers - Out	(225,000)	(35,861)	(49,901)	(310,762)
Total Other Financing Sources (Uses)	(225,000)	41,157	183,843	-
Deficit of Receipts and Other Financing Sources Under Disbursements and Other Financing Uses	(33,542)	(169,066)	(104,274)	(306,882)
Beginning Fund Cash Balances	175,648	356,881	184,620	717,149
Ending Fund Cash Balances	\$ 142,106	\$ 187,815	\$ 80,346	\$ 410,267
Reserve for Encumbrances	\$ 3,753	\$ 1,290	\$ 6,324	\$ 11,367

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, 2008		
	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Agency Fund	
Operating Receipts			
Charges for Services	\$ 1,046,151	\$ -	\$ 1,046,151
Fines, Licenses and Permits	2,876	31,610	34,486
Earnings on Investments	2,210	-	2,210
Miscellaneous	74	3	77
	<u>1,051,311</u>	<u>31,613</u>	<u>1,082,924</u>
Operating Disbursements			
Personnel Services	200,776	-	200,776
Fringe Benefits	61,987	-	61,987
Contract Services	455,921	-	455,921
Supplies and Materials	83,883	-	83,883
Capital Outlay	125,066	-	125,066
Debt Service Principal	40,000	-	40,000
Debt Service Interest	36,850	-	36,850
Other	-	39,266	39,266
	<u>1,004,483</u>	<u>39,266</u>	<u>1,043,749</u>
Operating Income (Loss)	46,828	(7,653)	39,175
Non-Operating Receipts			
Transfers - In	388,276	-	388,276
Non-Operating Disbursements			
Transfers - Out	<u>(388,276)</u>	<u>-</u>	<u>(388,276)</u>
Net Receipts Over (Under) Disbursements	46,828	(7,653)	39,175
Beginning Fund Cash Balances	<u>1,066,138</u>	<u>12,818</u>	<u>1,078,956</u>
Ending Fund Cash Balances	<u>\$ 1,112,966</u>	<u>\$ 5,165</u>	<u>\$ 1,118,131</u>
Reserve for Encumbrances	<u>\$ 232,957</u>	<u>\$ -</u>	<u>\$ 232,957</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, 2007			
	General Fund	Special Revenue Funds	Capital Projects Fund	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 648,712	\$ 142,363	\$ -	\$ 791,075
Intergovernmental Receipts	65,609	-	-	65,609
Charges for Services	77,655	1,500	-	79,155
Fines, Licenses and Permits	41,065	3,511	-	44,576
Earnings from Investments	5,098	69,958	-	75,056
Miscellaneous	4,431	608	3,000	8,039
Total Receipts	<u>842,570</u>	<u>217,940</u>	<u>3,000</u>	<u>1,063,510</u>
Disbursements				
Security of Persons and Property	325,111	555	-	325,666
Public Health Services	6,459	-	-	6,459
Leisure Time Activities	-	26,962	-	26,962
Community Environment	51,477	300	-	51,777
Transportation	-	117,250	-	117,250
General Government	184,813	2,539	-	187,352
Capital Outlay	23,265	13,602	244,353	281,220
Total Disbursements	<u>591,125</u>	<u>161,208</u>	<u>244,353</u>	<u>996,686</u>
(Deficit) Excess of Receipts (Under) Over Disbursements	<u>251,445</u>	<u>56,732</u>	<u>(241,353)</u>	<u>66,824</u>
Other Financing Sources (Uses)				
Transfers - In	-	133,500	250,000	383,500
Transfers - Out	<u>(265,000)</u>	<u>-</u>	<u>(118,500)</u>	<u>(383,500)</u>
Total Other Financing Sources (Uses)	<u>(265,000)</u>	<u>133,500</u>	<u>131,500</u>	<u>-</u>
(Deficit) Excess of Receipts and Other Financing Sources (Under) Over Disbursements and Other Financing Uses	<u>(13,555)</u>	<u>190,232</u>	<u>(109,853)</u>	<u>66,824</u>
Beginning Fund Cash Balances, as Restated (See Note 1)	<u>189,203</u>	<u>166,649</u>	<u>294,473</u>	<u>650,325</u>
Ending Fund Cash Balances	<u>\$ 175,648</u>	<u>\$ 356,881</u>	<u>\$ 184,620</u>	<u>\$ 717,149</u>
Reserve for Encumbrances	<u>\$ 2,540</u>	<u>\$ 26,454</u>	<u>\$ 7,472</u>	<u>\$ 36,466</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, 2007		
	Proprietary Fund Type Enterprise Funds	Fiduciary Fund Type Agency Fund	Totals (Memorandum Only)
Operating Receipts			
Charges for Services	\$ 964,017	\$ -	\$ 964,017
Fines, Licenses and Permits	3,225	48,004	51,229
Earnings on Investments	9,124	-	9,124
	976,366	48,004	1,024,370
Operating Disbursements			
Personnel Services	188,989	-	188,989
Fringe Benefits	76,679	-	76,679
Contract Services	441,272	-	441,272
Supplies and Materials	71,064	-	71,064
Capital Outlay	218,355	-	218,355
Debt Service Principal	40,000	-	40,000
Debt Service Interest	38,970	-	38,970
Other	-	38,152	38,152
	1,075,329	38,152	1,113,481
Operating Income (Loss)	(98,963)	9,852	(89,111)
Non-Operating Receipts			
Transfers - In	94,418	-	94,418
Non-Operating Disbursements			
Transfers - Out	(94,418)	-	(94,418)
Net Receipts (Under) Over Disbursements	(98,963)	9,852	(89,111)
Beginning Fund Cash Balances, as Restated (See Note 1)	1,165,101	2,966	1,168,067
Ending Fund Cash Balances	\$ 1,066,138	\$ 12,818	\$ 1,078,956
Reserve for Encumbrances	\$ 71,178	\$ -	\$ 71,178

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. For 2008, 2007 and as restated for the beginning balance for 2007, the income tax fund is included in the general fund. This fund was previously reported as an agency fund (see Accounting Policies - Restatement of Beginning Fund Cash Balances note).

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.
- *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 Fund

This fund accounts 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 fund:

- *Village Capital Projects Fund* - This fund receives transfers from the income tax fund for construction and repair of streets and sidewalks.

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 Fund (Agency Fund)

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

- *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 unencumbered 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 carried over, and need not be reappropriated.

A summary of 2008 and 2007 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.

Restatement of Beginning Fund Cash Balances

The prior year financial statements (beginning fund cash balances as of January 1, 2007) have been restated to reflect the reclassification of the income tax fund from a fiduciary fund to the general fund.

	<u>Beginning Fund Cash Balance, January 1, 2007</u>	
	<u>General Fund</u>	<u>Fiduciary Fund Type</u>
	<u>Income Tax Fund</u>	<u>Agency Fund</u>
As Previously Reported	\$ 361	\$191,808
Income Tax Fund	<u>188,842</u>	<u>(188,842)</u>
Reported As Restated	<u>\$189,203</u>	<u>\$ 2,966</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) of (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the exception that it will be held to maturity. Investments may only be made through specified dealers and institutions.

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

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, 2008 and 2007 was as follows:

	<u>December 31,</u>	
	<u>2008</u>	<u>2007</u>
Equity in Pooled Cash and Cash Equivalents		
Cash		
Demand Deposits	\$1,359,025	\$1,592,592
Investments		
U.S. Treasury Notes	<u>169,373</u>	<u>203,513</u>
Total Cash and Investments	<u>\$1,528,398</u>	<u>\$1,796,105</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.

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2008 and 2007, \$1,315,650 of the Village's bank balance of \$1,565,650 and \$1,721,882 of the Village's bank balance of \$1,821,882, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

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, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts (2)</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 778,119	\$ 823,388	\$ 45,269
Special Revenue	99,392	261,928	162,536
Capital Projects	200,000	238,981	38,981
Enterprise	<u>1,148,425</u>	<u>1,439,587</u>	<u>291,162</u>
	<u>\$2,225,936</u>	<u>\$2,763,884</u>	<u>\$537,948</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority (2)</u>	<u>Budgetary Expenditure (1)</u>	<u>Variance</u>
General	\$ 947,673	\$ 860,683	\$ 86,990
Special Revenue	450,397	432,284	18,113
Capital Projects	363,873	349,579	14,294
Enterprise	<u>1,732,122</u>	<u>1,625,716</u>	<u>106,406</u>
	<u>\$3,494,065</u>	<u>\$3,268,262</u>	<u>\$225,803</u>

2007 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts (2)</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 747,800	\$ 842,570	\$ 94,770
Special Revenue	97,487	351,440	253,953
Capital Projects	300,000	253,000	(47,000)
Enterprise	<u>1,309,262</u>	<u>1,070,784</u>	<u>(238,478)</u>
	<u>\$2,454,549</u>	<u>\$2,517,794</u>	<u>\$ 63,245</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority (2)</u>	<u>Budgetary Expenditure (1)</u>	<u>Variance</u>
General	\$ 926,180	\$ 858,665	\$ 67,515
Special Revenue	308,322	187,662	120,660
Capital Projects	474,200	370,325	103,875
Enterprise	<u>1,911,154</u>	<u>1,240,925</u>	<u>670,229</u>
	<u>\$3,619,856</u>	<u>\$2,657,577</u>	<u>\$962,279</u>

(1) Budgetary expenditures include encumbrances.

(2) Adjusted for the inclusion of the income tax fund as a part of the general fund.

NOTE 4 - COMPLIANCE

The Village incurred the following compliance violation:

Other

- *Inadequate Detail of Capital Assets* - Ohio Revised Code, Section 117-2-02(D) (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 and Responses).

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

The Village's long-term debt activity for the years ended December 31, 2008 and 2007 was as follows:

<u>Interest Rate</u>	<u>Balance at 12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/07</u>
5.5%	<u>\$730,000</u>	<u>\$ -</u>	<u>\$40,000</u>	<u>\$690,000</u>
<u>Interest Rate</u>	<u>Balance at 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/08</u>
5.5%	<u>\$690,000</u>	<u>\$ -</u>	<u>\$40,000</u>	<u>\$650,000</u>

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.

The following is a summary of the Village's future annual debt service requirements:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 45,000	\$ 34,513
2010	45,000	36,037
2011	50,000	29,425
2012	55,000	30,537
2013	55,000	27,513
2014 - 2019	<u>400,000</u>	<u>39,975</u>
	<u>\$650,000</u>	<u>\$198,000</u>

NOTE 8 - DEFINED BENEFIT PLANS

Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions. Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. During 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries, and the Village contributed an amount equal to 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Contribution rates are established by State statute. For both 2008 and 2007, members of OP&F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police wages. The Village has paid all contributions required through December 31, 2008.

NOTE 9 - POSTEMPLOYMENT BENEFITS**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost sharing, multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

NOTE 10 - 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 10 - 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 11 - 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 2008 and 2007, the Village paid \$8,928 and \$9,945, respectively, for merchandise and services.

NOTE 12 - INTERFUND TRANSFERS

Interfund transactions for the years ended December 31, 2008 and 2007 consisted of the following:

	<u>2007</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$265,000
Special Revenue Funds	133,500	-
Capital Projects Fund	250,000	118,500
Enterprise Funds	<u>94,418</u>	<u>94,418</u>
	<u>\$477,918</u>	<u>\$477,918</u>
	 <u>2008</u> 	
	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$225,000
Special Revenue Funds	77,018	35,861
Capital Projects Fund	233,744	49,901
Enterprise Funds	<u>388,276</u>	<u>388,276</u>
	<u>\$699,038</u>	<u>\$699,038</u>

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, 2008 and 2007, and have issued our report thereon dated January 22, 2010, 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 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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 Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

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 Village's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and Members of Council
Village of Williamsburg
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings as Items 2008-001 and 2008-002.

This report is intended solely for the information and use of management, the audit committee and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
January 22, 2010

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

Finding Number	2008-001
-----------------------	-----------------

Other

Inadequate Detail of Capital Assets - Ohio Administrative Code Section 117-2-02(D), requires a fixed assets record including information on the original costs, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location and tag number. All public offices should have a record of significant capital assets owned sufficient to manage their operations.

Village Response: We are in agreement with the finding and are taking the appropriate steps to address it.

Finding Number	2008-002
-----------------------	-----------------

Budgetary Activity

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 as of December 31, 2007:

<u>Fund</u>	<u>2007</u>
Capital Projects	\$ 47,000
Enterprise	238,478

Village Response: We are in agreement with the finding and are taking the appropriate steps to address it.

VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

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

None



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 4, 2010**