

VILLAGE OF WILLIAMSBURG

December 31, 2006 and 2005

*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, 2005 through December 31, 2006. 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 5, 2007

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

**VILLAGE OFFICIALS
December 31, 2006**

MAYOR

Mary Ann Lefker

COUNCIL MEMBERS

Guy Bainum

Dr. James King

Charles Covert

Traci Schueler-Hurst

Eric Heiser

James 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, 2006 and 2005. 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 audit.

We have 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*. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides 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, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2006 and 2005. While the Village does not follow GAAP, 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, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with U.S. generally accepted accounting principles, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Honorable Mayor and Members of Council
Village of Williamsburg
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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, 2006 and 2005, 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, 2006 and 2005. 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 June 18, 2007 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 an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

VonLehman & Company Inc.

Cincinnati, Ohio
June 20, 2007

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

	Year Ended December 31, 2006			
	General Fund	Special Revenue Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 125,831	\$ 48,730	\$ -	\$ 174,561
Intergovernmental Receipts	100,459	69,525	-	169,984
Charges for Services	26,641	600	-	27,241
Fines, Licenses and Permits	41,738	5,260	-	46,998
Earnings from Investments	11,377	58,045	-	69,422
Miscellaneous	15,300	965	7,368	23,633
Total Receipts	<u>321,346</u>	<u>183,125</u>	<u>7,368</u>	<u>511,839</u>
Disbursements				
Security of Persons and Property	309,863	1,989	-	311,852
Public Health Services	3,202	-	-	3,202
Leisure Time Activities	-	18,059	-	18,059
Community Environment	43,953	-	-	43,953
Transportation	-	109,505	-	109,505
General Government	163,170	2,240	-	165,410
Capital Outlay	29,459	1,420	177,513	208,392
Total Disbursements	<u>549,647</u>	<u>133,213</u>	<u>177,513</u>	<u>860,373</u>
Excess (Deficit) of Receipts Over (Under) Disbursements	<u>(228,301)</u>	<u>49,912</u>	<u>(170,145)</u>	<u>(348,534)</u>
Other Financing Sources (Uses)				
Transfers - In	210,000	25,000	305,105	540,105
Transfers - Out	-	-	(5,105)	(5,105)
Total Other Financing Sources (Uses)	<u>210,000</u>	<u>25,000</u>	<u>300,000</u>	<u>535,000</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(18,301)	74,912	129,855	186,466
Beginning Fund Cash Balance	<u>18,662</u>	<u>91,737</u>	<u>164,618</u>	<u>275,017</u>
Ending Fund Cash Balance	<u>\$ 361</u>	<u>\$ 166,649</u>	<u>\$ 294,473</u>	<u>\$ 461,483</u>
Reserve for Encumbrances	<u>\$ 1,957</u>	<u>\$ 5,179</u>	<u>\$ 122,200</u>	<u>\$ 129,336</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, 2006		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Funds	Agency Funds	(Memorandum Only)
Operating Receipts			
Charges for Services	\$ 972,993	\$ -	\$ 972,993
Fines, Licenses and Permits	4,174	48,742	52,916
Earnings on Investments	11,225	-	11,225
Miscellaneous	66	19	85
	<u>988,458</u>	<u>48,761</u>	<u>1,037,219</u>
Operating Disbursements			
Personnel Services	162,343	-	162,343
Fringe Benefits	82,130	-	82,130
Contract Services	448,548	-	448,548
Supplies and Materials	57,652	-	57,652
Capital Outlay	192,764	-	192,764
Debt Service Principal	39,995	-	39,995
Debt Service Interest	40,995	-	40,995
Other	580	53,493	54,073
	<u>1,025,007</u>	<u>53,493</u>	<u>1,078,500</u>
Operating Income	<u>(36,549)</u>	<u>(4,732)</u>	<u>(41,281)</u>
Non-Operating Receipts			
Property and Other Local Taxes	-	438,854	438,854
Transfers - In	66,904	-	66,904
	<u>66,904</u>	<u>438,854</u>	<u>505,758</u>
Non-Operating Disbursements			
Transfers - Out	(66,904)	(535,000)	(601,904)
Net Receipts Under Disbursements	(36,549)	(100,878)	(137,427)
Beginning Fund Cash Balance	<u>1,201,650</u>	<u>292,686</u>	<u>1,494,336</u>
Ending Fund Cash Balance	<u>\$ 1,165,101</u>	<u>\$ 191,808</u>	<u>\$ 1,356,909</u>
Reserve for Encumbrances	<u>\$ 83,114</u>	<u>\$ -</u>	<u>\$ 83,114</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, 2005			
	General Fund	Special Revenue Funds	Capital Projects Funds	Totals (Memorandum Only)
Receipts				
Property and Other Local Taxes	\$ 127,000	\$ 44,213	\$ -	\$ 171,213
Intergovernmental Receipts	220,971	59,795	-	280,766
Charges for Services	31,797	696	-	32,493
Fines, Licenses and Permits	39,819	3,930	-	43,749
Earnings from Investments	14,304	29,547	-	43,851
Miscellaneous	5,063	3,124	4,680	12,867
Total Receipts	<u>438,954</u>	<u>141,305</u>	<u>4,680</u>	<u>584,939</u>
Disbursements				
Security of Persons and Property	314,983	342	-	315,325
Public Health Services	6,255	-	-	6,255
Leisure Time Activities	-	10,665	-	10,665
Community Environment	47,609	-	-	47,609
Transportation	-	121,646	-	121,646
General Government	165,926	2,580	-	168,506
Capital Outlay	-	245,797	140,532	386,329
Total Disbursements	<u>534,773</u>	<u>381,030</u>	<u>140,532</u>	<u>1,056,335</u>
Deficit of Receipts Under Disbursements	<u>(95,819)</u>	<u>(239,725)</u>	<u>(135,852)</u>	<u>(471,396)</u>
Other Financing Sources (Uses)				
Transfers - In	200,000	269,706	479,072	948,778
Transfers - Out	<u>(100,000)</u>	<u>(185,144)</u>	<u>(244,706)</u>	<u>(529,850)</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>84,562</u>	<u>234,366</u>	<u>418,928</u>
Excess (Deficit) of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	4,181	(155,163)	98,514	(52,468)
Beginning Fund Cash Balance	<u>14,481</u>	<u>246,900</u>	<u>66,104</u>	<u>327,485</u>
Ending Fund Cash Balance	<u>\$ 18,662</u>	<u>\$ 91,737</u>	<u>\$ 164,618</u>	<u>\$ 275,017</u>
Reserve for Encumbrances	<u>\$ 3,712</u>	<u>\$ 1,247</u>	<u>\$ 2,355</u>	<u>\$ 7,314</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, 2005		
	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise Funds	Agency Funds	(Memorandum Only)
Operating Receipts			
Charges for Services	\$ 900,490	\$ -	\$ 900,490
Fines, Licenses and Permits	4,359	47,139	51,498
Earnings on Investments	6,069	-	6,069
Intergovernmental Receipts	25,935	-	25,935
Miscellaneous	40,026	127	40,153
Total Operating Receipts	<u>976,879</u>	<u>47,266</u>	<u>1,024,145</u>
Operating Disbursements			
Personnel Services	148,044	-	148,044
Fringe Benefits	90,737	-	90,737
Contract Services	404,056	-	404,056
Supplies and Materials	31,630	-	31,630
Capital Outlay	105,882	-	105,882
Debt Service Principal	35,000	-	35,000
Debt Service Interest	42,848	-	42,848
Other	652	50,949	51,601
Total Operating Disbursements	<u>858,849</u>	<u>50,949</u>	<u>909,798</u>
Operating Income	<u>118,030</u>	<u>(3,683)</u>	<u>114,347</u>
Non-Operating Receipts			
Property and Other Local Taxes	-	449,134	449,134
Transfers - In	894,731	-	894,731
Total Non-Operating Receipts	<u>894,731</u>	<u>449,134</u>	<u>1,343,865</u>
Non-Operating Disbursements			
Transfers - Out	<u>(788,659)</u>	<u>(525,000)</u>	<u>(1,313,659)</u>
Net Receipts Over Disbursements	224,102	(79,549)	144,553
Beginning Fund Cash Balance, as Restated (See Note 1)	<u>977,548</u>	<u>372,235</u>	<u>1,349,783</u>
Ending Fund Cash Balance	<u>\$ 1,201,650</u>	<u>\$ 292,686</u>	<u>\$ 1,494,336</u>
Reserve for Encumbrances	<u>\$ 215,571</u>	<u>\$ -</u>	<u>\$ 215,571</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.
- *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 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 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 2006 and 2005 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

The prior year financial statements (beginning fund cash balances as of January 1, 2005) have been restated to reflect the balances for the Mayor's Court Fund.

	Beginning Fund Cash Balance January 1, 2005
	<u>Agency Fund Type Special Revenue Funds</u>
As Previously Reported	\$372,080
Mayor's Court	<u>155</u>
As Reported As Restated	<u>\$372,235</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, 2006 and 2005 was as follows:

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
Demand Deposits	\$ <u>20,517</u>	\$ <u>25,155</u>
U.S. Treasury Notes	273,358	329,504
Repurchase Agreement	<u>1,524,517</u>	<u>1,414,694</u>
Total Cash and Investments	<u>1,797,875</u>	<u>1,744,198</u>
	<u>\$1,818,392</u>	<u>\$1,769,353</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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 530,115	\$ 531,346	\$ 1,231
Special Revenue	104,094	208,124	104,030
Capital Projects	300,000	312,473	12,473
Enterprise	1,059,594	1,055,361	(4,233)
Fiduciary (1)	<u>394,037</u>	<u>438,854</u>	<u>44,817</u>
	<u>\$2,387,840</u>	<u>\$2,546,158</u>	<u>\$158,318</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure (2)</u>	<u>Variance</u>
General	\$ 562,317	\$ 551,604	\$ 10,713
Special Revenue	152,247	138,392	13,855
Capital Projects	339,927	304,818	35,109
Enterprise	1,676,696	1,175,025	501,671
Fiduciary (1)	<u>545,000</u>	<u>539,701</u>	<u>5,299</u>
	<u>\$3,276,187</u>	<u>\$2,709,540</u>	<u>\$566,647</u>

2005 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 577,302	\$ 638,954	\$ 61,652
Special Revenue	372,973	411,011	38,038
Capital Projects	300,000	483,752	183,752
Enterprise	1,589,823	1,871,610	281,787
Fiduciary (1)	<u>382,560</u>	<u>449,261</u>	<u>66,701</u>
	<u>\$3,222,658</u>	<u>\$3,854,588</u>	<u>\$631,930</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure (2)</u>	<u>Variance</u>
General	\$ 642,286	\$ 638,485	\$ 3,801
Special Revenue	636,885	567,421	69,464
Capital Projects	387,920	387,593	327
Enterprise	2,447,421	1,863,079	584,342
Fiduciary (1)	<u>534,852</u>	<u>528,705</u>	<u>6,147</u>
	<u>\$4,649,364</u>	<u>\$3,985,283</u>	<u>\$664,081</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, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1998 Sewer Bonds	<u>\$730,000</u>	5.5%

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>Years Ending December 31,</u>	
2007	\$ 78,970
2008	76,850
2009	79,513
2010	77,037
2011	79,425
2012 - 2016	396,063
2017 - 2019	<u>155,950</u>
	<u>\$943,808</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 Ohio Public Employees Retirement System (OPERS) of Ohio. O P & F and OPERS 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 2006 and 2005, members of O P & F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police wages. During 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries, and the Village contributed an amount equal to 13.7% and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

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 2006 and 2005, the Village paid \$5,487 and \$9,187, 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, 2006 and 2005 and have issued our report thereon dated June 18, 2007, 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 Comptroller 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 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. However, we believe that none of the significant deficiencies described above is a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

VonLehman & Company Inc.

Cincinnati, Ohio
June 20, 2007

VILLAGE OF WILLIAMSBURG
SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

None

VILLAGE OF WILLIAMSBURG
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005

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

Corrected.



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
OCTOBER 18, 2007**