

CITY OF WILLIAMSBURG, IOWA
INDEPENDENT AUDITOR'S REPORTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2006

CITY OF WILLIAMSBURG, IOWA
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CITY OF WILLIAMSBURG, IOWA
CITY OFFICIALS
June 30, 2006

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Murray Armstrong	Mayor	January, 2008
Don Kirkpatrick	Mayor Pro tem	January, 2008
Theresa Phillips	Council Member	January, 2008
Marcia Greiner	Council Member	January, 2010
Paul Lortz	Council Member	January, 2008
Frank Murphy	Council Member	January, 2010
Jenifer Mein	Clerk/Administration Treasurer	Appointed
Eric Tindal	Attorney	Appointed

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Williamsburg, Iowa
Williamsburg, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of city officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by officials, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2006, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2006 on our consideration of the City of Williamsburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

To the Honorable Mayor and
Members of the City Council
City of Williamsburg, Iowa

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 4e and 19 through 20 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Williamsburg's basic financial statements. The financial statements for the two years ended June 30, 2005 (none of which are presented herein), were audited by other auditors whose reports expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Glover, Bell, Kyhn & Co. P.C.

Atlantic, Iowa
August 4, 2006

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City of Williamsburg

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Williamsburg's financial performance is an overview of the City's financial activities for the fiscal year, which ended June 30, 2006. Readers should consider this information in conjunction with the City's financial statements, which follow.

2006 FINANCIAL HIGHLIGHTS

- *Revenues of the City increased approximately \$5,809,926 from fiscal year 2005 to 2006. This includes \$5,048,192 in bond proceeds which were the reason for the major increase in revenues. TIF revenues increased from the prior year.
- *Disbursements of the City increased approximately \$1,523,398 from fiscal year 2005 to 2006. There were several capital improvement projects in progress and the additional bond revenues continued to be spent.
- * The City's total cash basis net assets increased approximately \$3,122,261 from fiscal year 2005 to 2006 due mainly to capital improvement projects and equipment that was purchased. Of this amount, the assets of the governmental activities increased approximately \$3,117,567 and the assets of the business activities increased by approximately \$4,694.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis shows basic financial statement and an overview of cash receipts and disbursements. The cash basis of accounting does not take into consideration accounts receivable or accounts payable.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This Statement includes information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

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Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or declining.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- ❖ Governmental Activities include public safety, public works, health and social services, culture and recreation, general government, debt service, and capital projects. These activities are financed mainly by property taxes and state/federal grants.
- ❖ Business Type Activities include the water system and the sanitary sewer system. Fees charged to the users finance these activities.

Fund Financial Statements

The City has two kinds of funds:

1. Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Local Option Sales Tax, and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2. Proprietary funds account for the City's Enterprise Funds. Enterprise funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City. The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$1,908,388 to \$5,027,070 from a year ago. The analysis focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities

	Year ended June 30,	
	2006	2005
Receipts and transfers		
Program receipts		
Charges for services	\$ 357,295	\$ 383,264
Operating Grants, Contributions	451,889	268,660
Special Assessments	1,113	10,244
General receipts:		
Property tax	472,144	488,445
Local Option Sales Tax	266,434	302,602
Hotel/Motel Tax	59,444	64,881
TIF revenues	1,469,800	1,209,469
Bond proceeds	5,048,192	--
Other general receipts	392,068	278,952
Transfers	1,861,302	1,607,892
Total receipts and transfers	10,379,681	4,614,409
Disbursements and transfers		
Public safety	509,101	422,794
Public works	400,671	444,297
Health and social services	1,000	900
Culture and recreation	791,147	624,977
Community and economic development	221,911	117,097
General government	146,756	152,526
Debt service	1,110,648	836,970
Capital projects	2,384,546	1,623,061
Transfers	1,696,334	1,533,637
Total disbursements & transfers	7,262,114	5,756,259
Increase/decrease in cash basis net assets	3,117,567	(1,141,850)
Cash basis net assets beginning of year (net prior period adjustments)	1,909,503	3,050,238
Cash basis net assets end of year	\$ 5,027,070	\$ 1,908,388

Changes in Cash Basis Net Assets of Business Type Activities

	Year ended June 30,	
	2006	2005
Program receipts		
Charges for services		
Water	\$ 305,904	\$ 296,583
Sewer	315,804	293,571
General receipts		
Other general receipts		
Water	32,511	26,469
Sewer	11,428	4,370
Total receipts	665,647	620,993
Disbursements and transfers		
Water	255,081	362,793
Sewer	240,904	206,362
Transfers		
Water	70,962	49,459
Sewer	94,006	24,796
Total disbursements/transfers	660,953	643,410
Increase (decrease) in cash basis net assets	4,694	(22,417)
Cash basis net assets beginning of year	432,178	454,595
Cash basis net assets end of year	\$ 436,872	\$ 432,178

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Williamsburg, Iowa completed the year, its governmental funds reported a combined fund balance of \$5,027,070, which is an increase of \$3,117,567. Major reasons for changes in balances from fiscal year 2005 are:

* The General Fund continues to be supported in part by the Local Option Sales Tax. Two new mowers were purchased for the parks department. Additional staff was hired in the police department and city hall. The Recreation Department had additional general recreation programs. New batting cages were purchased. Automatic doors were installed at the Recreation Center. The pool was painted. There was a computer upgrade at the library. The Historical Commission was established and there were substantial expenses in this area.

*The Road Use Tax Fund revenue is based on per capita dollars from the state. The rate increased somewhat to give the city more revenue. Street maintenance increased for this fiscal year.

*The Tax Increment Financing Fund revenues were less than the prior fiscal year due to a decrease in the valuation in the TIF district. The TIF fund continues to cover debt from capital improvement projects. Funds are transferred to the debt service fund to cover such costs.

*The Local Option Sales Tax Fund revenues increased from fiscal year 2005. Transfers out continue to support the General Fund.

*The Capital Improvement Fund was the major reason for additional revenues and expenditures this year. The force main on North Street was upgraded. The State Street sewer extension was completed this fiscal year. The South Street project from Court Street to Elm Street was completed. The State Street project from Elm Street to Wilson Street was completed. The new fire station was completed. The South Trunk Sewer project was substantially completed. The Circle Terrace project had a substantial amount of engineering fees but the project did not go further than the bidding process. The North Street project from highway 149 to Wilson Street was started.

*The Debt Service Fund revenues and expenditures increased due to the bonds for debt being incurred.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Utility Fund balance increased by \$12,372 from fiscal year 2005 due mainly to increased water usage.

The Sewer Utility Fund balance increased by \$41,435 from fiscal year 2005 due mainly to increased usage.

The Sewer Sinking Fund was established in fiscal year 2006 and received \$16,940 and transferred out \$66,053. This resulted in a deficit balance of \$49,113 because of the Trunk Sewer debt payment. Revenues in the next fiscal year should take care of the deficit.

BUDGETARY HIGHLIGHTS

The City amended its budget in January and again in May 2006. Additional disbursements included an increase of police reserves and training, additional staff in the police department and city hall, permanent batting cages, the pool being painted, a new library server, the historical commission being started, and additional street maintenance. There were several capital improvement projects started, continued or completed. Additional bonding was needed for the projects being started.

DEBT ADMINISTRATION

At June 30, 2006, the City had approximately \$9,491,000 in bonds and other long-term debt, compared to approximately \$3,905,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)

	Year ended June 30,	
	2006	2005
General Obligation Corporate Purpose Bonds		
2001 State St, Lagoon, Water Plant projects	\$ 785	\$ 895
2002 Franklin St project	600	700
2004 E State St & Welsh St projects	1,120	1,260
2005 Street, Water, and Sewer	870	--
2006 Street, Water, and Sewer	2,660	--
Revenue Bonds		
2005 SRF Sewer Revenue Bond	1,011	1,050
2006 SRF Sewer Revenue Bond	145	--
	7,191	3,905
Lease		
Firestation	2,300	--
	\$ 9,491	\$ 3,905

The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$8,335,000 is below its constitutional debt limit of \$8,379,895.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of Williamsburg's elected and appointed officials considered factors such as tax rates and fees that will be charged for various City activities when they adopted the 2007 budget.

Projects being continued, completed or considered for fiscal year 2007 are:

- North Street from highway 149 to Wilson Street
- A new library
- Child Development Care Center

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for all money received. If you have questions about this report or need additional information, please contact Jenifer J Mein, City Clerk/Treasurer, 210 West State Street, PO Box 596, Williamsburg, Iowa 52361 or call 319-668-1133.

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
As of and for the year ended June 30, 2006

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u> Operating Grants, Contributions, and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 509,101	\$ 1,872	\$ --
Public works	400,671	16,621	219,528
Health and social services	1,000	--	--
Culture and recreation	791,147	315,036	158,790
Community and economic development	221,911	5,796	--
General government	146,756	17,970	--
Debt service	1,110,648	--	--
Capital projects	<u>2,384,546</u>	<u>--</u>	<u>73,571</u>
Total government activities	<u>5,565,780</u>	<u>357,295</u>	<u>451,889</u>
Business type activities:			
Water	255,081	305,904	--
Sewer	<u>240,904</u>	<u>315,804</u>	<u>--</u>
Total business type activities	<u>495,985</u>	<u>621,708</u>	<u>--</u>
Total	<u>\$ 6,061,765</u>	<u>\$ 979,003</u>	<u>\$ 451,889</u>

General Receipts:

Property tax levied for:
 General purposes
 Tax increment financing
 Debt service
Local option sales tax
Other city taxes
Grants and contributions not restricted to a specific purpose
Unrestricted interest on investments
Bond proceeds
Miscellaneous
Sale of assets
Transfers
Total general receipts and transfers

Change in cash basis net assets (net prior period adjustments)

Cash basis net assets beginning of year,
net prior period adjustments

(continued next page)

<u>Program Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets</u>		
<u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ --	\$(507,229)	\$ --	\$(507,229)
--	(164,522)	--	(164,522)
--	(1,000)	--	(1,000)
--	(317,321)	--	(317,321)
--	(216,115)	--	(216,115)
--	(128,786)	--	(128,786)
1,113	(1,109,535)	--	(1,109,535)
<u>--</u>	<u>(2,310,975)</u>	<u>--</u>	<u>(2,310,975)</u>
<u>1,113</u>	<u>(4,755,483)</u>	<u>--</u>	<u>(4,755,483)</u>
--	--	50,823	50,823
<u>--</u>	<u>--</u>	<u>74,900</u>	<u>74,900</u>
--	--	125,723	125,723
<u>--</u>	<u>--</u>	<u>125,723</u>	<u>125,723</u>
<u>\$ 1,113</u>	<u>(4,755,483)</u>	<u>125,723</u>	<u>(4,629,760)</u>
	472,144	--	472,144
	1,469,800	--	1,469,800
	53,949	--	53,949
	266,434	--	266,434
	80,913	--	80,913
	19,146	--	19,146
	117,719	18,213	135,932
	5,048,192	--	5,048,192
	508	25,726	26,234
	179,277	--	179,277
	164,968	(164,968)	--
	<u>7,873,050</u>	<u>(121,029)</u>	<u>7,752,021</u>
	3,117,567	4,694	3,122,261
	<u>1,909,503</u>	<u>432,178</u>	<u>2,341,681</u>
	<u>\$ 5,027,070</u>	<u>\$ 436,872</u>	<u>\$ 5,463,942</u>

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS - Continued

As of and for the year ended June 30, 2006

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u> Operating Grants, Contributions, and Restricted Interest
Cash Basis Net Assets			
Restricted:			
Streets			
Urban renewal projects			
Debt service			
Other purpose			
Unrestricted			
Total cash basis net assets			

The accompanying notes are an integral part of these statements.

<u>Program Receipts</u> Capital Grants, Contributions, and Restricted Interest	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	\$ 58,449	\$ --	\$ 58,449
	249,440	--	249,440
	337	(49,113)	(48,776)
	3,135,919	--	3,135,919
	<u>1,582,925</u>	<u>485,985</u>	<u>2,068,910</u>
	<u>\$ 5,027,070</u>	<u>\$ 436,872</u>	<u>\$ 5,463,942</u>

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2006

	General	Special Revenue
		Road Use Tax
Receipts:		
Property tax	\$ 435,989	\$ --
Tax increment financing collections	--	--
Other city tax	78,184	--
Use of money and property	186,610	--
Licenses and permits	24,916	--
Intergovernmental	19,820	219,528
Charges for service	194,269	--
Special assessments	--	--
Miscellaneous	156,097	--
Total receipts	1,095,885	219,528
Disbursements:		
Operating:		
Public safety	509,101	--
Public works	156,571	244,100
Health and social services	1,000	--
Culture and recreation	791,147	--
Community and economic development	36,062	--
General government	146,756	--
Debt service	--	--
Capital projects	--	--
Total disbursements	1,640,637	244,100
Excess (deficiency) of receipts over (under) disbursements	(544,752)	(24,572)
Other financing sources (uses):		
Bond proceeds	--	--
Sale of assets	179,277	--
Operating transfers in	720,137	--
Operating transfers out	(119,722)	--
Total other financing sources (uses)	779,692	--
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	234,940	(24,572)

(continued next page)

<u>Special Revenue</u>			<u>Non-Major</u>		
<u>Urban Renewal Tax Increment</u>	<u>Local Option Sales Tax</u>	<u>Capital Projects</u>	<u>Debt Service</u>		<u>Total</u>
\$ --	\$ --	\$ 36,155	\$ 53,949		\$ 526,093
1,469,800	--	--	--		1,469,800
--	266,434	1,562	1,167		347,347
15,912	10,703	41,640	3,491		258,356
--	--	--	--		24,916
--	--	70,877	--		310,225
--	--	--	--		194,269
--	--	--	1,113		1,113
--	--	2,694	--		158,791
<u>1,485,712</u>	<u>277,137</u>	<u>152,928</u>	<u>59,720</u>		<u>3,290,910</u>
--	--	--	--		509,101
--	--	--	--		400,671
--	--	--	--		1,000
--	--	--	--		791,147
185,849	--	--	--		221,911
--	--	--	--		146,756
--	--	--	1,110,648		1,110,648
--	--	2,384,546	--		2,384,546
<u>185,849</u>	<u>--</u>	<u>2,384,546</u>	<u>1,110,648</u>		<u>5,565,780</u>
1,299,863	277,137	(2,231,618)	(1,050,928)		(2,274,870)
--	--	5,048,192	--		5,048,192
--	--	--	--		179,277
--	--	90,000	1,051,165		1,861,302
(1,176,612)	(400,000)	--	--		(1,696,334)
<u>(1,176,612)</u>	<u>(400,000)</u>	<u>5,138,192</u>	<u>1,051,165</u>		<u>5,392,437</u>
123,251	(122,863)	2,906,574	237		3,117,567

CITY OF WILLIAMSBURG, IOWA
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES - Continued
 GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2006

	<u>General</u>	<u>Special Revenue</u>
		<u>Road Use Tax</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$ 234,940	\$(24,572)
Balance beginning of year	1,232,012	83,021
Prior period adjustment	<u>1,115</u>	<u>--</u>
Adjusted balance beginning of year	<u>1,233,127</u>	<u>83,021</u>
Balance end of year	<u>\$ 1,468,067</u>	<u>\$ 58,449</u>
 Cash Basis Fund Balances		
Reserved:		
Debt service	\$ --	\$ --
Unreserved:		
General fund	1,468,067	--
Special revenue funds	--	58,449
Capital projects fund	<u>--</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 1,468,067</u>	<u>\$ 58,449</u>

The accompanying notes are an integral part of these statements.

<u>Special Revenue</u>			<u>Non-Major</u>		
<u>Urban Renewal Tax Increment</u>	<u>Local Option Sales Tax</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>	
\$ 123,251	\$(122,863)	\$ 2,906,574	\$ 237	\$ 3,117,567	
126,189	237,721	229,345	100	1,908,388	
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,115</u>	
<u>126,189</u>	<u>237,721</u>	<u>229,345</u>	<u>100</u>	<u>1,909,503</u>	
<u>\$ 249,440</u>	<u>\$ 114,858</u>	<u>\$ 3,135,919</u>	<u>\$ 337</u>	<u>\$ 5,027,070</u>	
\$ --	\$ --	\$ --	\$ 337	\$ 337	
--	--	--	--	1,468,067	
249,440	114,858	--	--	422,747	
<u>--</u>	<u>--</u>	<u>3,135,919</u>	<u>--</u>	<u>3,135,919</u>	
<u>\$ 249,440</u>	<u>\$ 114,858</u>	<u>\$ 3,135,919</u>	<u>\$ 337</u>	<u>\$ 5,027,070</u>	

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2006

	<u>Enterprise Funds - Non Major</u>			<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Sewer Sinking Fund</u>	
Receipts:				
Use of money and property	\$ 6,785	\$ 11,247	\$ 181	\$ 18,213
Charges for service	305,904	299,045	16,759	621,708
Miscellaneous	<u>25,726</u>	<u>--</u>	<u>--</u>	<u>25,726</u>
Total receipts	338,415	310,292	16,940	665,647
Disbursements:				
Business type activities	<u>255,081</u>	<u>240,904</u>	<u>--</u>	<u>495,985</u>
Total disbursements	<u>255,081</u>	<u>240,904</u>	<u>--</u>	<u>495,985</u>
Excess (deficiency) of receipts over (under) disbursements	83,334	69,388	16,940	169,662
Other financing sources (uses):				
Operating transfers in (out)	<u>(70,962)</u>	<u>(27,953)</u>	<u>(66,053)</u>	<u>(164,968)</u>
Total other financing sources (uses)	<u>(70,962)</u>	<u>(27,953)</u>	<u>(66,053)</u>	<u>(164,968)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	12,372	41,435	(49,113)	4,694
Balance beginning of year	<u>165,730</u>	<u>266,448</u>	<u>--</u>	<u>432,178</u>
Balance end of year	<u>\$ 178,102</u>	<u>\$ 307,883</u>	<u>\$(49,113)</u>	<u>\$ 436,872</u>
Cash Basis Fund Balances				
Debt Service	\$ --	\$ --	\$(49,113)	\$(49,113)
Unreserved	<u>178,102</u>	<u>307,883</u>	<u>--</u>	<u>485,985</u>
Total cash basis fund balances	<u>\$ 178,102</u>	<u>\$ 307,883</u>	<u>\$(49,113)</u>	<u>\$ 436,872</u>

The accompanying notes are an integral part of these statements.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Williamsburg, Iowa is a political subdivision of the State of Iowa located in Iowa County. It was first incorporated in 1885 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Williamsburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Government Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Iowa County Assessor's Conference Board, Iowa County Joint E911 Service Board, Parks and Recreation Board and Regional Environmental Improvement Commission.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charge and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for projects financed by the Local Option Sales Tax.

The Capital Projects Funds are used to account for the payment of construction projects either financed by bond proceeds or tax levies that exceed one year in length.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The City reports the following non-major funds:

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general obligation and special assessment for long-term debt.

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The City also reports the following additional fiduciary fund:

The Trust Fund is used to account for monies and properties received and held by the City in a trustee capacity. These include non-expendable trust funds.

C. Measurement Focus and Basis of Accounting

The City of Williamsburg maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain activities by a combination of specific cost-reimbursement grants. It is the City's policy to first apply cost-reimbursement grant resources and then general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

CITY OF WILLIAMSBURG, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2006

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2006 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Credit risk - The city had no investments with credit risk.

NOTE 3 - NON-CURRENT LIABILITIES

Annual debt service requirements to maturity for general obligation and revenue bonds are as follows:

Year Ending June 30,	General Obligation Bonds		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 845,000	\$ 247,189	\$ 46,000	\$ 34,680	\$ 891,000	\$ 281,869
2008	715,000	214,074	47,000	33,300	762,000	247,374
2009	660,000	186,150	49,000	31,890	709,000	218,040
2010	515,000	159,266	50,000	30,420	565,000	189,686
2011	500,000	137,541	51,000	28,920	551,000	166,461
2012	510,000	116,231	54,000	27,390	564,000	143,621
2013	365,000	109,221	55,000	25,770	420,000	134,991
2014	240,000	78,521	56,000	24,120	296,000	102,641
2015	100,000	68,631	58,000	22,440	158,000	91,071
2016	100,000	64,781	60,000	20,700	160,000	85,481
2017	100,000	60,881	62,000	18,900	162,000	79,781
2018	100,000	56,931	64,000	17,040	164,000	73,971
2019	100,000	52,931	65,000	15,120	165,000	68,051
2020	100,000	48,931	67,000	13,170	167,000	62,101
2021	100,000	44,931	70,000	11,160	170,000	56,091
2022	180,000	40,931	72,000	9,060	252,000	49,991
2023	190,000	33,731	74,000	6,900	264,000	40,631
2024	195,000	25,894	77,000	4,680	272,000	30,574
2025	205,000	17,850	79,000	2,370	284,000	20,220
2026	215,000	9,138	--	--	215,000	9,138
	<u>\$6,035,000</u>	<u>\$1,773,754</u>	<u>\$1,156,000</u>	<u>\$ 378,030</u>	<u>\$7,191,000</u>	<u>\$2,151,784</u>

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 3 - NON-CURRENT LIABILITIES - Continued

The Code of Iowa requires principal and interest on general obligation bonds be paid from the Debt Service Fund.

The resolutions providing for the issuance of the revenue bonds include the following provisions.

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds. However, during the year, \$44,000 of Sewer Revenue Bond principal was paid out of Debt Service Fund.
- b. Sufficient monthly transfers shall be made to the separate water and sewer revenue bond sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. There shall be a special fund to be known and designated as the Surplus Fund into which there shall be set apart and paid all of the Net Revenues remaining after first making the required payments in to the Sinking Fund. All money credited to the Surplus Fund shall be transferred and credited to the Sinking Funds whenever necessary to prevent or remedy a default in the payment of the principal of or interest on the Bonds and Parity Obligations.

As long as the Sinking Fund has the full amounts required to be deposited therein by this resolution, any balance in the Surplus Fund may be made available to the City as the Council, or such other duly constituted body as may then be charged with the operation on the utility, may from time to time direct.

On June 1, 2006, the City entered into a lease purchase agreement to purchase the fire station for \$2,300,000. The lease purchase agreement bears interest at an average rate of 4.3% and matures June 1, 2017. The annual lease purchase payments are as follows:

Year Ending June 30,	Capital Leases	
	Principal	Interest
2007	\$ 250,000	\$ 97,520
2008	200,000	86,895
2009	225,000	78,395
2010	250,000	68,833
2011	275,000	58,207
2012	190,000	46,520
2013-2017	910,000	113,090
	<u>\$ 2,300,000</u>	<u>\$ 549,460</u>

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 4 - PENSION AND RETIREMENT BENEFITS

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.08% and 9.12% respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2006, 2005, and 2004 were \$48,392, \$41,225, and \$40,944, respectively, equal to the required contribution for each year.

NOTE 5 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and comp time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's liability for earned vacation and comp time leave termination payments payable to employees at June 30, 2006 is \$28,143 for vacation and \$9,529 for comp time, for a total liability of \$37,672.

CITY OF WILLIAMSBURG, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2006

NOTE 6 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2006 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 400,000
	Tax Incremental Financing	310,137
	Enterprise:	
	Water	5,000
	Sewer	<u>5,000</u>
		720,137
Debt Service	Special Revenue:	
	Tax Incremental Financing	866,475
	General Fund	29,722
	Enterprise:	
	Water	65,962
	Sewer	<u>89,006</u>
		1,051,165
Capital Projects	General Fund	<u>90,000</u>
		<u>\$ 1,861,302</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 7 - ECONOMIC DEVELOPMENT LOAN

On January 24, 2000, the City entered into a Development Agreement with Williamsburg Manufacturing, in which the City agrees to make economic development tax rebate payments to Williamsburg Manufacturing, pursuant to Chapters 15A and 403 of the Code of Iowa, in amounts which represent 50% of the property taxes paid with respect to the incremental property valuation of the construction project to expand the facilities of Williamsburg Manufacturing through June 1, 2011. The tax rebate payments shall not constitute general obligations of the City, but shall be paid solely and only from incremental property taxes received by the City from the County Treasurer which are attributable to the construction project.

NOTE 8 - WORKERS COMPENSATION

The City is a member of the Iowa Municipalities Worker's Compensation Association (IMWCA) which provides worker's compensation coverage to its members. The members own an interest in the assets of the claims payment fund.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 9 - THELMA WYMAN MEMORIAL

During August of 1991, the family of Thelma Wyman contributed \$500 to be put into an interest bearing account, the principal of which is to remain intact and cannot be withdrawn for any reason. One percent of the yearly interest shall be added to and become part of the principal. The remaining interest from this account is paid to Williamsburg Public Library to be used as the Library Board deems necessary in order to maintain the library.

NOTE 10 - RISK MANAGEMENT

The City of Williamsburg is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - REGIONAL ENVIRONMENTAL IMPROVEMENT COMMISSION

The City, in conjunction with all other municipalities in Iowa County, has created the Regional Environmental Improvement Commission. The Commission was established for the primary purpose of providing for the collection and disposal of solid waste produced or generated by each participant. Upon dissolution of the corporation, the net assets of the Commission will be prorated among the municipalities. The Commission is governed by a board composed of an elected representative of the governing body of each participating governmental jurisdiction.

NOTE 12 - BOYD MONIES

Walter C. Boyd left the balance of his estate to the town of Williamsburg, Iowa, to be used as the City sees fit. The City Council set up a separate account in the General Fund to track this money and show the citizens where the money is being spent.

NOTE 13 - INTERFUND LOAN

The City entered into an interfund loan agreement in 1999. The Boyd Monies Fund loaned the Urban Renewal Tax Fund \$273,000 for costs relating to the Sports Complex. The Urban Renewal Tax Fund will repay the Boyd Monies Fund an annual payment of \$40,137 at 6.00% interest, culminating in 2007.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2006

NOTE 14 - DEFICIT BALANCE

The Enterprise Fund, Trunk Sewer Sinking Account had a deficit balance of \$49,113 at June 30, 2006. The deficit balance was a result of bond costs incurred prior to availability of funds. The deficit will be eliminated over time.

NOTE 15 - REVENUE BONDS

On February 15, 2005, Assisted Living Facility Revenue Refunding Bonds in the amount of \$10,000,000 were issued. These revenue bonds were issued for the purpose of refunding two previous issuances of Revenue Bonds (Series 2002 Bonds and Series 2003 Bonds) which financed the cost of construction of the Williamsburg Retirement Community, Inc. Project. These bonds are a special limited obligation of the City and shall not be payable from or charged upon any funds other than Loan Repayments made by the Williamsburg Retirement Community, Inc. The bonds do not constitute a debt of the City within any constitutional or statutory limitation.

NOTE 16 - PRIOR PERIOD ADJUSTMENT

An adjustment has been made to correct an error that occurred in prior years in the amount of \$28 for the Library Account, General Fund, \$5 for the Recreation Center Account, General Fund and \$1,082 for the General Account, General Fund.

NOTE 17 - CONSTRUCTION CONTRACTS

The City has entered into several construction contracts during fiscal year 2006 that are still in process as of June 30, 2006. The net amount committed to these contracts, payable in fiscal year 2007 is \$1,682,889 which will be paid with existing capital project funds.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WILLIAMSBURG, IOWA
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL
 FUNDS AND PROPRIETRY FUNDS
 REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2006

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 526,093	\$ --	\$ 526,093
Tax increment financing collections	1,469,800	--	1,469,800
Other city tax	347,347	--	347,347
Use of money and property	258,356	18,213	276,569
Licenses and permits	24,916	--	24,916
Intergovernmental	310,225	--	310,225
Charges for service	194,269	621,708	815,977
Special assessments	1,113	--	1,113
Miscellaneous	338,068	25,726	363,794
Total receipts	<u>3,470,187</u>	<u>665,647</u>	<u>4,135,834</u>
Disbursements:			
Public safety	509,101	--	509,101
Public works	400,671	--	400,671
Health and social services	1,000	--	1,000
Culture and recreation	791,147	--	791,147
Community and economic development	221,911	--	221,911
General government	146,756	--	146,756
Debt service	1,110,648	--	1,110,648
Capital projects	2,384,546	--	2,384,546
Business type activities	--	495,985	495,985
Total disbursements	<u>5,565,780</u>	<u>495,985</u>	<u>6,061,765</u>
Excess (deficiency) of receipts over (under) disbursements	(2,095,593)	169,662	(1,925,931)
Other financing sources (uses):			
Bond proceeds			
General obligation bond	5,048,192	--	5,048,192
Operating transfers in (out)	164,968	(164,968)	--
Total other financing sources (uses)	<u>5,213,160</u>	<u>(164,968)</u>	<u>5,048,192</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	3,117,567	4,694	3,122,261
Balance beginning of year	1,908,388	432,178	2,340,566
Prior period adjustment	1,115	--	1,115
Balance end of year	<u>\$ 5,027,070</u>	<u>\$ 436,872</u>	<u>\$ 5,463,942</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total</u>
<u>Original</u>	<u>Final</u>	<u>Variance</u>
\$ 527,138	\$ 527,138	\$ (1,045)
1,100,000	1,504,000	(34,200)
418,824	418,824	(71,477)
91,320	109,133	167,436
7,300	7,300	17,616
240,181	313,882	(3,657)
904,075	924,075	(108,098)
--	--	1,113
<u>56,950</u>	<u>191,531</u>	<u>172,263</u>
<u>3,345,788</u>	<u>3,995,883</u>	<u>139,951</u>
496,706	511,372	2,271
375,694	428,745	28,074
1,000	1,000	--
801,615	951,790	160,643
383,009	410,309	188,398
151,054	175,669	28,913
493,957	1,144,671	34,023
875,000	7,117,401	4,732,855
<u>671,578</u>	<u>665,578</u>	<u>169,593</u>
<u>4,249,613</u>	<u>11,406,535</u>	<u>5,344,770</u>
(903,825)	(7,410,652)	(5,484,721)
2,201,390	11,465,174	6,416,982
<u>(1,356,549)</u>	<u>(3,315,899)</u>	<u>(3,315,899)</u>
<u>844,841</u>	<u>8,149,275</u>	<u>3,101,083</u>
(58,984)	738,623	(2,383,638)
2,373,693	2,341,419	853
<u>--</u>	<u>--</u>	<u>(1,115)</u>
<u>\$ 2,314,709</u>	<u>\$ 3,080,042</u>	<u>\$ (2,383,900)</u>

CITY OF WILLIAMSBURG, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY REPORTING

June 30, 2006

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$7,156,922. The budget amendments are reflected in the final budgeted amount.

OTHER SUPPLEMENTARY INFORMATION

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
CAPITAL PROJECTS

As of and for the year ended June 30, 2006

	Capital Projects		
	2006 Circle Terrace Project	2004 State/Welsh St. Project	2006 North St. Project
Receipts:			
Property tax	\$ --	\$ --	\$ --
Other city tax	--	--	--
Use of money and property:			
Interest on investments	9,147	--	7,393
Intergovernmental:			
LUST grant	--	69,877	--
Miscellaneous:			
Sales tax refunds	--	--	--
Total receipts	9,147	69,877	7,393
Disbursements:			
Capital projects			
Contractual services	36,988	3,404	42,138
Commodities	38	--	38
Capital outlay	--	--	2,226
Total disbursements	37,026	3,404	44,402
Excess (deficiency) of receipts over (under) disbursements	(27,879)	66,473	(37,009)
Other financing sources:			
Bonds issued	1,427,327	--	1,167,813
Transfers in (out):			
Capital projects	--	(24,255)	(857)
Total other financing sources	1,427,327	(24,255)	1,166,956
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financial uses	1,399,448	42,218	1,129,947
Balance, beginning of year	--	(42,218)	858
Balance, end of year	\$ 1,399,448	\$ --	\$ 1,130,805

(continued next page)

Capital Projects					
2004 Fire Station Project	2004 Trunk Sewer Project	2005 State St. Project	2005 South St. Project	Capital Improvements	Total
\$ --	\$ --	\$ --	\$ --	\$ 36,155	\$ 36,155
--	--	--	--	1,562	1,562
--	901	--	1,827	22,372	41,640
--	--	--	--	1,000	70,877
<u>2,694</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,694</u>
<u>2,694</u>	<u>901</u>	<u>--</u>	<u>1,827</u>	<u>61,089</u>	<u>152,928</u>
23,235	116,191	55,282	24,394	27,324	328,956
5,331	6,337	72	68	1,085	12,969
<u>9,260</u>	<u>886,599</u>	<u>865,092</u>	<u>222,182</u>	<u>57,262</u>	<u>2,042,621</u>
<u>37,826</u>	<u>1,009,127</u>	<u>920,446</u>	<u>246,644</u>	<u>85,671</u>	<u>2,384,546</u>
(35,132)	(1,008,226)	(920,446)	(244,817)	(24,582)	(2,231,618)
--	1,062,843	--	--	1,390,209	5,048,192
<u>33,089</u>	<u>--</u>	<u>912,000</u>	<u>90,000</u>	<u>(919,977)</u>	<u>90,000</u>
<u>33,089</u>	<u>1,062,843</u>	<u>912,000</u>	<u>90,000</u>	<u>470,232</u>	<u>5,138,192</u>
(2,043)	54,617	(8,446)	(154,817)	445,650	2,906,574
<u>62</u>	<u>4,130</u>	<u>10,328</u>	<u>165,712</u>	<u>90,473</u>	<u>229,345</u>
<u>\$(1,981)</u>	<u>\$ 58,747</u>	<u>\$ 1,882</u>	<u>\$ 10,895</u>	<u>\$ 536,123</u>	<u>\$ 3,135,919</u>

CITY OF WILLIAMSBURG, IOWA
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 CAPITAL PROJECTS - Continued

As of and for the year ended June 30, 2006

	Capital Projects		
	2006 Circle Terrace Project	2004 State/Welsh St. Project	2006 North St. Project
Cash Basis Fund Balances			
Unreserved:			
Capital projects fund	\$ 1,399,448	\$ --	\$ 1,130,805
Total cash basis fund balances	\$ 1,399,448	\$ --	\$ 1,130,805

See accompanying independent auditor's report.

Capital Projects					
<u>2004</u> <u>Fire Station</u> <u>Project</u>	<u>2004</u> <u>Trunk Sewer</u> <u>Project</u>	<u>2005</u> <u>State St.</u> <u>Project</u>	<u>2005</u> <u>South St.</u> <u>Project</u>	<u>Capital</u> <u>Improvements</u>	<u>Total</u>
<u>\$ (1,981)</u>	<u>\$ 58,747</u>	<u>\$ 1,882</u>	<u>\$ 10,895</u>	<u>\$ 536,123</u>	<u>\$ 3,135,919</u>
<u>\$ (1,981)</u>	<u>\$ 58,747</u>	<u>\$ 1,882</u>	<u>\$ 10,895</u>	<u>\$ 536,123</u>	<u>\$ 3,135,919</u>

CITY OF WILLIAMSBURG, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
FIDUCIARY FUNDS

As of and for the year ended June 30, 2006

	<u>Thelma Wyman Fund</u>
Receipts:	
Use of money and property	\$ <u>14</u>
Total receipts	<u>14</u>
Disbursements	<u>--</u>
Excess of receipts over disbursements	14
Balance, beginning of year	<u>852</u>
Balance, end of year	<u>\$ 866</u>
Cash Basis Fund Balances	
Unreserved	<u>\$ 866</u>
Total cash basis fund balances	<u>\$ 866</u>

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF INDEBTEDNESS
 Year ended June 30, 2006

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Corporate purpose - street, storm & sanitary sewer, waterworks & park improvements	August 1, 2001	3.75% - 4.80%	1,115,000
Corporate purpose - street, storm sewer & curb & gutter improvements & projects	March 1, 2002	2.65% - 4.50%	900,000
Corporate purpose - street, water & sanitary sewer improvements	June 14, 2004	3.00% - 4.35%	1,400,000
Corporate purpose - street, water & sanitary sewer improvements	July 1, 2005	3.30% - 3.63%	1,400,000
Corporate purpose - street, water & sanitary sewer improvements	May 1, 2006	3.75% - 4.50%	\$ 2,660,000
Revenue Bonds:			
State revolving funds	June 13, 2005	3.00%	1,050,000
State revolving funds	February 27, 2006	3.00%	150,000
Total Bond & Notes Obligations			
Lease Purchase			
Fire Station lease purchase	June 27, 2005	4.25% - 4.35%	2,300,000
Total			

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 895,000	\$ --	\$ 110,000	\$ 785,000	\$ 39,715	\$ 4,072
700,000	--	100,000	600,000	28,700	2,813
1,260,000	--	140,000	1,120,000	48,580	2,450
--	1,400,000	530,000	870,000	46,200	5,075
--	2,660,000	--	2,660,000	--	--
1,050,000	--	39,000	1,011,000	19,435	3,791
<u>--</u>	<u>150,000</u>	<u>5,000</u>	<u>145,000</u>	<u>130</u>	<u>--</u>
3,905,000	4,210,000	924,000	7,191,000	182,760	18,201
<u>--</u>	<u>2,300,000</u>	<u>--</u>	<u>2,300,000</u>	<u>--</u>	<u>--</u>
<u>\$3,905,000</u>	<u>\$6,510,000</u>	<u>\$ 924,000</u>	<u>\$9,491,000</u>	<u>\$ 182,760</u>	<u>\$ 18,201</u>

CITY OF WILLIAMSBURG, IOWA
BOND AND NOTE MATURITIES
June 30, 2006

Year ending June 30,	General Obligation Bonds					
	Issued August 1, 2001		Issued March 1, 2002		Issued June 14, 2004	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2007	4.15%	\$ 110,000	3.75%	\$ 100,000	3.50%	\$ 140,000
2008	4.30	110,000	4.00	100,000	3.50	140,000
2009	4.40	110,000	4.20	100,000	4.00	140,000
2010	4.50	110,000	4.35	100,000	4.00	140,000
2011	4.60	110,000	4.45	100,000	4.00	140,000
2012	4.70	110,000	4.50	100,000	4.10	140,000
2013	4.80	125,000	--	--	4.25	140,000
2014-2025		--		--	4.35	140,000
		<u>\$ 785,000</u>		<u>\$ 600,000</u>		<u>\$1,120,000</u>

Year ending June 30,	Revenue Bonds				
	Sewer Revenue Bonds - SRF				
	Issued June 13, 2005		Issued February 27, 2006		Total
Interest Rate	Amount	Interest Rate	Amount		
2007	3.00%	\$ 40,000	3.00%	\$ 6,000	\$ 46,000
2008	3.00	41,000	3.00	6,000	47,000
2009	3.00	43,000	3.00	6,000	49,000
2010	3.00	44,000	3.00	6,000	50,000
2011	3.00	45,000	3.00	6,000	51,000
2012	3.00	47,000	3.00	7,000	54,000
2013	3.00	48,000	3.00	7,000	55,000
2014-2025	3.00	703,000	3.00	101,000	804,000
		<u>\$1,011,000</u>		<u>\$ 145,000</u>	<u>\$1,156,000</u>

See accompanying independent auditor's report.

General Obligation Bonds				
Issued July 1, 2005		Issued May 1, 2006		
Interest Rate	Amount	Interest Rate	Amount	Total
3.63%	\$ 260,000	4.50%	\$ 235,000	\$ 845,000
3.50	255,000	4.50	110,000	715,000
4.00	195,000	4.50	115,000	660,000
4.00	50,000	4.50	115,000	515,000
3.30	50,000	4.50	100,000	500,000
3.40	60,000	4.50	100,000	510,000
	--	3.75	100,000	365,000
	<u>--</u>	3.8-4.25	<u>1,785,000</u>	<u>1,925,000</u>
	<u>\$ 870,000</u>		<u>\$2,660,000</u>	<u>\$6,035,000</u>

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF RECEIPTS BY SOURCE AND
 DISBURSEMENTS BY FUNCTION -
 ALL GOVERNMENTAL FUNDS
 For the Last Three Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts:			
Property tax	\$ 526,093	\$ 488,445	\$ 562,707
Tax increment financing collections	1,469,800	1,209,469	1,064,489
Other city tax	347,347	405,485	369,752
Use of money and property	258,356	103,249	130,146
Licenses and permits	24,916	11,806	9,662
Intergovernmental	310,225	237,257	247,295
Charges for service	194,269	297,499	240,016
Special assessments	1,113	10,244	28,230
Miscellaneous	<u>158,791</u>	<u>243,063</u>	<u>96,540</u>
Total	<u>\$ 3,290,910</u>	<u>\$ 3,006,517</u>	<u>\$ 2,748,837</u>
 Disbursements:			
Operating:			
Public safety	\$ 509,101	\$ 422,794	\$ 373,751
Public works	400,671	444,297	348,133
Health and social services	1,000	900	900
Culture and recreation	791,147	624,977	694,955
Community and economic development	221,911	117,097	157,006
General government	146,756	152,526	138,087
Debt service	1,110,648	836,970	583,085
Capital projects	<u>2,384,546</u>	<u>1,623,061</u>	<u>302,504</u>
Total	<u>\$ 5,565,780</u>	<u>\$ 4,222,622</u>	<u>\$ 2,598,421</u>

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2006

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice: Bulletproof Vest Partnership Grant	16.607	--	\$ 531
Indirect:			
Iowa Secretary of State: Help America Vote Act: Iowa County	93.617	--	2,500
Environmental Protection Agency: State of Iowa Department of Natural Resources: Clean Water State Revolving Fund	66.458	--	<u>524,746</u>
			<u>\$ 527,777</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Williamsburg and is presented in conformity with an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council
City of Williamsburg
Williamsburg, Iowa

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of City of Williamsburg, Iowa, as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated August 4, 2006. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Williamsburg's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Williamsburg's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

To the Honorable Mayor and
Members of the City Council
City of Williamsburg

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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item 06-II-A is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Williamsburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2006 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Williamsburg and other parties to whom the City of Williamsburg may report including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Glennwald, Bell, Kyhna & Co. P.C.

Atlantic, Iowa
August 4, 2006

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Honorable Mayor and
Members of the City Council
City of Williamsburg
Williamsburg, Iowa

Compliance

We have audited the compliance of City of Williamsburg with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2006. City of Williamsburg's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants agreements applicable to its major federal program is the responsibility of City of Williamsburg's management. Our responsibility is to express an opinion on City of Williamsburg's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Williamsburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Williamsburg's compliance with those requirements.

In our opinion, City of Williamsburg complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

To the Honorable Mayor and
Members of the City Council
City of Williamsburg

Internal Control Over Compliance

The management of City of Williamsburg is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Williamsburg's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to 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 non-compliance with applicable requirements of laws, regulations, contracts, and grant agreements caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of City of Williamsburg and other parties to whom City of Williamsburg may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Gronwald, Bell, Kyhn & Co. P.C.

Atlantic, Iowa
August 4, 2006

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, which were not considered to be material weaknesses.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 66.458 - Clean Water State Revolving Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Williamsburg did not qualify as a low-risk auditee.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

PART II: Findings Related to the Financial Statements

REPORTABLE CONDITIONS:

06-II-A Segregation of Duties: One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. However, because there are a limited number of people that have the primary responsibility for the accounting and financial duties, those aspects of internal accounting control which rely upon an adequate segregation of duties are missing in the City.

Recommendation: We recommend that the City review its control procedures to obtain the maximum internal control possible under the circumstances and the Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: Continued work in this area to increase segregation of duties.

Conclusion: A lot of strides have been made in this area during the previous fiscal year with the addition of additional personnel, response accepted.

06-II-B Separately Maintained Records: The Williamsburg Police Department maintains separate accounting records pertaining to their operation. The financial transactions and resulting balances are not included in the City's accounting records. In addition, business transactions were noted between the Police Department and a City employee with custody of this account. Invoices supporting the transactions of this account were not available for review or were missing.

Recommendation: Chapter 384.20 of the Code of Iowa states in part that "a City shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose." For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be included in the City's accounting records and reported to the Council on a monthly basis.

Response: Said accounting will be included in the City's accounting records and reported to the Council on a monthly basis.

Conclusion: Response accepted.

CITY OF WILLIAMSBURG, IOWA
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2006

PART III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

CFDA Number 66.458 - Clean Water State Revolving Fund
 Federal Award Year: 2006
 Environmental Protection Agency
 Passed through the Iowa Department of Natural Resources

No matters were reported.

REPORTABLE CONDITION:

CFDA Number 66.458 - Clean Water State Revolving Fund
 Federal Award Year: 2006
 Environmental Protection Agency
 Passed through the Iowa Department of Natural Resources

No matters were reported.

PART IV: Other Findings Related to Statutory Reporting

06-IV-A Certified Budget: Disbursements during the year ended June 30, 2006, did not exceed the amounts budgeted.

06-IV-B Questionable Disbursements: During the audit, we noted no expenditures for parties, banquets or other entertainment for employees or Council members that we believe may constitute an unlawful expenditure of public funds as defined in an Attorney General's opinion dated April 25, 1979.

06-IV-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.

06-IV-D Business Transactions: Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Michael Gabriel, Police Chief, Owner of Gabe's Gun Shop	Ammunition & clothing	\$ 1,249

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with a certain employee does not appear to represent a conflict of interest since the total transactions were less than \$2,500 during the fiscal year.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

PART IV: Other Findings Related to Statutory Reporting - Continued

06-IV-E Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

06-IV-F Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

06-IV-G Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa.

06-IV-H Revenue Bonds: The City has complied with the revenue bond resolutions.

06-IV-I Water Loss: Based on an Engineering Report, Minimum Night Ration Study performed in August of 2003 by Michael D. Saeugling the city is experiencing a "substantial leakage" problem. Additionally, water usage reports calculated by the utility clerk indicate a fluctuating water loss problem. Review of water usage reports from 2004 and 2005 reveal that the City lost an average of 500,000 more gallons of water in 2005.

Recommendation: Since water loss can occur because of leaks and/or unmetered usage, a plan should be formulated to investigate why the City is experiencing substantial water loss.

Response: Will continue to investigate water loss.

Conclusion: Considering the loss in potential revenue, the City should consider this a high priority, response accepted.

06-IV-J 28E Agreement with Williamsburg Fire Department: An agreement exists with the Williamsburg Volunteer Fire Department, the City of Williamsburg and the Williamsburg Rural Fire Department under the Code of Iowa Chapter 28E. The Code states that ... "any public agency may enter into an agreement with one or more public or private agencies..." and the Code defines a private agency as "... any form of business organization authorized under the laws of this or any other state." While the Firefighters Association exists to raise funds to support the City of Williamsburg Fire Department, it appears that the City of Williamsburg Fire Department is not a "private agency" as defined by the Code of Iowa.

Recommendation: The Williamsburg Volunteer Fire Department should comply with the Code of Iowa by setting themselves apart as private agency.

Response: This will be investigated.

Conclusion: Response accepted.

CITY OF WILLIAMSBURG, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2006

PART IV: Other Findings Related to Statutory Reporting - Continued

06-IV-K Payment of Sewer Revenue Bond: The Sewer Revenue Bond is being paid out of the Debt Service Fund. Revenue Bonds are to be paid from the revenues of the Enterprise Fund and do not constitute Constitutional Debt of the City and therefore should not be accounted for in the Debt Service Fund.

Recommendation: The Sewer Revenue Bond should be paid out of the Enterprise Fund, Sewer Account.

Response: The Sewer Revenue Bond will be paid out of the Enterprise Fund, Sewer Account.

Conclusion: Response accepted.

06-IV-L Financial Condition: The Enterprise Fund, Trunk Sewer Sinking Account had a deficit balance at June 20, 2006 of \$49,113.

Recommendation: The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response: The deficit should be eliminated by the end of fiscal year 2007.

Conclusion: Response accepted.

* * *