

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

JUNE 30, 2007

CITY OF WILLIAMSBURG, IOWA
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CITY OF WILLIAMSBURG, IOWA
OFFICIALS
June 30, 2007

<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

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

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, 2007, 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.

As explained in Note 1, the operations of two component units are excluded from these financial statements. In our opinion, accounting principles generally accepted in the United States of America require that such entities be blended with these financial statements.

In our opinion, except for the effects of the exclusion of the component units required to be included, as discussed in the preceding paragraph, 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, 2007, 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.

To the Honorable Mayor and
Members of the City Council

In accordance with Government Auditing Standards, we have also issued our report dated September 5, 2007 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.

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. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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 which were prepared in conformity with an other comprehensive basis of accounting. The supplementary information included in Schedules 1 through 5, 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.



Atlantic, Iowa
September 5, 2007



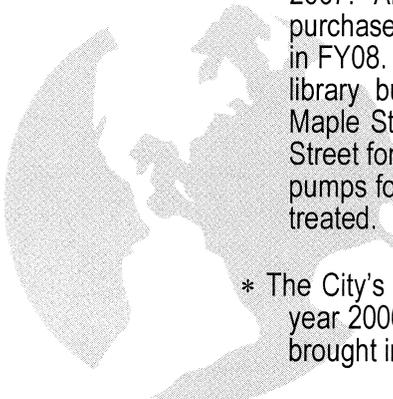
City of Williamsburg

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, 2007. Readers should consider this information in conjunction with the City's financial statements, which follow.

2007 FINANCIAL HIGHLIGHTS

- *Revenues of the City decreased approximately \$3,939,289 from fiscal year 2006 to 2007. A property tax increase was due to the debt levy being increased to cover bond payments. The major factor for the decrease can be attributed to bond proceeds received in 2006.
- *Disbursements of the City increased approximately \$1,106,512 from fiscal year 2006 to 2007. An additional officer was added to the police force. A new police vehicle was purchased. The City was preparing for the Sesquicentennial that would be celebrated in FY08. Land for a new library was purchased and an architect was hired to start the library building process. New umbrellas were purchased for the aquatic center. Maple Street, North Street and Sunset Avenue were double seal coated. The North Street force main extension was upgraded. Maintenance was done to the high service pumps for the water department. The south water tower was painted. Well No. 7 was treated.
- * The City's total cash basis net assets decreased approximately \$1.9 million from fiscal year 2006 to 2007 due mainly to more bonds being paid and less bond revenue being brought in.



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.



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 statement 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 decreased from \$5,027,070 to \$3,181,813 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,	
	2007	2006
Receipts and transfers		
Program receipts		
Charges for services	\$ 500,628	\$ 357,295
Operating Grants, Contributions	775,699	451,889
Special Assessments	1,004	1,113
General receipts:		
Property tax	502,523	472,144
Local Option Sales Tax	321,276	266,434
Hotel/Motel Tax	66,103	59,444
TIF revenues	1,500,055	1,469,800
Debt service	441,573	53,949
Bond proceeds	51,770	5,048,192
Other general receipts	386,023	338,119
Transfers	1,997,244	1,861,302
Total receipts and transfers	6,543,898	10,379,681
Disbursements and transfers		
Public safety	569,356	509,101
Public works	374,606	400,671
Health and social services	1,200	1,000
Culture and recreation	1,837,607	791,147
Community and economic development	217,725	221,911
General government	166,960	146,756
Debt service	1,338,712	1,110,648
Capital projects	1,919,561	2,384,546
Transfers	1,963,428	1,696,334
Total disbursements & transfers	8,389,155	7,262,114
Increase (decrease) in cash basis net assets	(1,845,257)	3,117,567
Cash basis net assets beginning of year (net prior period adjustments)	5,027,070	1,909,503
Cash basis net assets end of year	\$ 3,181,813	\$ 5,027,070

Changes in Cash Basis Net Assets of Business Type Activities

Receipts	Year ended June 30,	
	<u>2007</u>	<u>2006</u>
Program receipts		
Charges for services		
Water	\$ 302,946	\$ 305,904
Sewer	340,286	315,804
General receipts		
Other general receipts		
Water	44,570	32,511
Sewer	10,295	11,428
Total receipts	<u>698,097</u>	<u>665,647</u>
Disbursements and transfers		
Water	408,169	255,081
Sewer	334,381	240,904
Transfers		
Water	26,381	70,962
Sewer	7,435	94,006
Total disbursements/transfers	<u>776,366</u>	<u>660,953</u>
Increase (decrease) in cash basis net assets	(78,269)	4,694
Cash basis net assets beginning of year	<u>436,872</u>	<u>432,178</u>
Cash basis net assets end of year	<u>\$ 358,603</u>	<u>\$ 436,872</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Williamsburg, Iowa completed the year, its governmental funds reported a combined fund balance of \$3,181,813, which is a decrease of \$1,845,257. Major reasons for changes in balances from fiscal year 2006 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. (See additional information as stated in the Financial Highlights).

*The Road Use Tax Fund revenue is based on per capita dollars from the state. The rate decreased somewhat to give the city less revenue.

*The Tax Increment Financing Fund revenues were more than the prior fiscal year due to a small increase 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 2006. Transfers out continue to support the General Fund.

*The Capital Improvement Fund was the major reason for decreased revenues and expenditures this year. The force main on North Street was completed. The Child Development Care Center began this year. Final expenses for the Fire Department were paid. Work began for purchasing land and building a new library. The North Street project from highway 149 to Wilson Street neared completion this fiscal year. The 2004 South Trunk Sewer project still has not been accepted.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Utility Fund balance decreased by \$87,034 from fiscal year 2006 due mainly to increased water projects.

The Sewer Utility Fund balance increased by \$8,765 from fiscal year 2006 due mainly to increased usage.

The Sewer Sinking Fund was established in fiscal year 2006 and monies expended from this fund are to cover the cost of the South Trunk Sewer Project. The deficit in this fund will need monies from the Sewer Fund to take care of the deficit.

BUDGETARY HIGHLIGHTS

The City amended its budget in April 2007. Additional disbursements included an additional police officer, a new police vehicle, preparing for the Sesquicentennial, land purchase for the new library, new umbrellas for the aquatic center, and streets being seal coated. The south water tower was painted and the North Street force main extension was completed.

The City exceeded the amounts budgeted in the culture and recreation function for the year ended June 30, 2007 due to additional Sesquicentennial expenses.

DEBT ADMINISTRATION

At June 30, 2007, the City had approximately \$8,350,000 in bonds and other long-term debt, compared to approximately \$9,491,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)

	Year ended June 30,	
	2007	2006
General Obligation Corporate Purpose Bonds		
2001 State St, Lagoon, Water Plant projects	\$ 675	\$ 785
2002 Franklin St project	500	600
2004 E State St & Welsh St projects	980	1,120
2005 Street, Water, and Sewer	610	870
2006 Street, Water, and Sewer	2,425	2,660
Revenue Bonds		
2005 SRF Sewer Revenue Bond	971	1,011
2006 SRF Sewer Revenue Bond	139	145
	6,300	7,191
Lease		
Firestation	2,050	2,300
	<u>\$ 8,350</u>	<u>\$ 9,491</u>

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 \$7,240,000 is below its constitutional debt limit of \$8,565,229.

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 2008 budget.

Projects being continued, completed or considered for fiscal year 2008 are:

- 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, 2007

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u> Operating Grants, Contributions, and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 569,356	\$ 4,092	\$ 6,752
Public works	374,606	1,085	234,202
Health and social services	1,200	--	--
Culture and recreation	1,837,607	318,977	24,063
Community and economic development	217,725	140,933	508,182
General government	166,960	35,541	2,500
Debt service	1,338,712	--	--
Capital projects	<u>1,919,561</u>	<u>--</u>	<u>--</u>
Total governmental activities	<u>6,425,727</u>	<u>500,628</u>	<u>775,699</u>
Business type activities:			
Water	408,169	302,946	--
Sewer	<u>334,381</u>	<u>340,286</u>	<u>--</u>
Total business type activities	<u>742,550</u>	<u>643,232</u>	<u>--</u>
Total	<u>\$ 7,168,277</u>	<u>\$ 1,143,860</u>	<u>\$ 775,699</u>
General Receipts:			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Local option sales tax			
Other city taxes			
Unrestricted interest on investments			
Bond proceeds			
Miscellaneous			
Sale of assets			
Transfers			
Total general receipts and transfers			
Change in cash basis net assets			
Cash basis net assets beginning of year			
Cash basis net assets end of year			

(continued next page)

Program Receipts Capital Grants, Contributions, and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
\$ --	\$(558,512)	\$ --	\$(558,512)
--	(139,319)	--	(139,319)
--	(1,200)	--	(1,200)
--	(1,494,567)	--	(1,494,567)
--	431,390	--	431,390
--	(128,919)	--	(128,919)
1,004	(1,337,708)	--	(1,337,708)
<u>--</u>	<u>(1,919,561)</u>	<u>--</u>	<u>(1,919,561)</u>
<u>1,004</u>	<u>(5,148,396)</u>	<u>--</u>	<u>(5,148,396)</u>
--	--	(105,223)	(105,223)
<u>--</u>	<u>--</u>	<u>5,905</u>	<u>5,905</u>
--	--	(99,318)	(99,318)
<u>\$ 1,004</u>	<u>(5,148,396)</u>	<u>(99,318)</u>	<u>(5,247,714)</u>
	502,523	--	502,523
	1,500,055	--	1,500,055
	441,573	--	441,573
	321,276	--	321,276
	31,884	--	31,884
	170,839	15,129	185,968
	51,770	--	51,770
	88,997	39,736	128,733
	160,406	--	160,406
	33,816	(33,816)	--
	<u>3,303,139</u>	<u>21,049</u>	<u>3,324,188</u>
	(1,845,257)	(78,269)	(1,923,526)
	<u>5,027,070</u>	<u>436,872</u>	<u>5,463,942</u>
	<u>\$ 3,181,813</u>	<u>\$ 358,603</u>	<u>\$ 3,540,416</u>

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

As of and for the year ended June 30, 2007

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

The accompanying notes are an integral part of these statements.

<u>Program Receipts</u> <u>Capital Grants, Contributions, and Restricted Interest</u>	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	\$ 227,788	\$ --	\$ 227,788
	1,433,667	--	1,433,667
	312,233	--	312,233
	<u>1,208,125</u>	<u>358,603</u>	<u>1,566,728</u>
	<u>\$ 3,181,813</u>	<u>\$ 358,603</u>	<u>\$ 3,540,416</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, 2007

	General	Special Revenue Road Use Tax
Receipts:		
Property tax	\$ 464,024	\$ --
Tax increment financing collections	--	--
Other city tax	86,328	--
Use of money and property	119,155	--
Licenses and permits	6,247	--
Intergovernmental	41,732	218,530
Charges for service	242,471	--
Special assessments	--	--
Miscellaneous	868,333	--
Total receipts	1,828,290	218,530
Disbursements:		
Operating:		
Public safety	569,356	--
Public works	151,794	222,812
Health and social services	1,200	--
Culture and recreation	1,837,607	--
Community and economic development	21,400	--
General government	166,960	--
Debt service	--	--
Capital projects	--	--
Total disbursements	2,748,317	222,812
Excess (deficiency) of receipts over (under) disbursements	(920,027)	(4,282)
Other financing sources (uses):		
Bond proceeds:		
General obligation bond	--	--
Operating transfers in	925,082	--
Operating transfers out	(264,997)	--
Total other financing sources (uses)	660,085	--
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(259,942)	(4,282)

(continued next page)

<u>Special Revenue</u>				
<u>Urban Renewal Tax Increment</u>	<u>Local Option Sales Tax</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$ --	\$ --	\$ 38,499	\$ 441,573	\$ 944,096
1,500,055	--	--	--	1,500,055
--	321,276	1,686	9,973	419,263
25,049	4,485	100,354	4,110	253,153
--	--	--	--	6,247
--	--	--	--	260,262
--	--	--	--	242,471
--	--	--	1,004	1,004
--	--	--	--	868,333
<u>1,525,104</u>	<u>325,761</u>	<u>140,539</u>	<u>456,660</u>	<u>4,494,884</u>
--	--	--	--	569,356
--	--	--	--	374,606
--	--	--	--	1,200
--	--	--	--	1,837,607
196,325	--	--	--	217,725
--	--	--	--	166,960
--	--	--	1,338,712	1,338,712
--	--	<u>1,919,561</u>	--	<u>1,919,561</u>
<u>196,325</u>	<u>--</u>	<u>1,919,561</u>	<u>1,338,712</u>	<u>6,425,727</u>
1,328,779	325,761	(1,779,022)	(882,052)	(1,930,843)
--	--	51,770	--	51,770
--	--	25,000	1,047,162	1,997,244
(1,350,431)	(348,000)	--	--	(1,963,428)
<u>(1,350,431)</u>	<u>(348,000)</u>	<u>76,770</u>	<u>1,047,162</u>	<u>85,586</u>
(21,652)	(22,239)	(1,702,252)	165,110	(1,845,257)

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, 2007

	General	Special Revenue Road Use Tax
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	\$(259,942)	\$(4,282)
Balance beginning of year	1,468,067	58,449
Balance end of year	\$ 1,208,125	\$ 54,167
 Cash Basis Fund Balances		
Reserved:		
Debt service	\$ --	\$ --
Unreserved:		
General fund	1,208,125	--
Special revenue funds	--	54,167
Capital projects fund	--	--
Total cash basis fund balances	\$ 1,208,125	\$ 54,167

The accompanying notes are an integral part of these statements.

<u>Special Revenue</u>				
<u>Urban Renewal Tax Increment</u>	<u>Local Option Sales Tax</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
\$(21,652)	\$(22,239)	\$(1,702,252)	\$ 165,110	\$(1,845,257)
<u>249,440</u>	<u>114,858</u>	<u>3,135,919</u>	<u>337</u>	<u>5,027,070</u>
<u>\$ 227,788</u>	<u>\$ 92,619</u>	<u>\$ 1,433,667</u>	<u>\$ 165,447</u>	<u>\$ 3,181,813</u>
\$ --	\$ --	\$ --	\$ 165,447	\$ 165,447
--	--	--	--	1,208,125
227,788	92,619	--	--	374,574
<u>--</u>	<u>--</u>	<u>1,433,667</u>	<u>--</u>	<u>1,433,667</u>
<u>\$ 227,788</u>	<u>\$ 92,619</u>	<u>\$ 1,433,667</u>	<u>\$ 165,447</u>	<u>\$ 3,181,813</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, 2007

	Enterprise Funds			Total
	Water	Sewer	Sewer Sinking Fund	
Receipts:				
Use of money and property	\$ 4,834	\$ 10,295	\$ --	\$ 15,129
Charges for service	302,946	298,232	42,054	643,232
Miscellaneous	<u>39,736</u>	<u>--</u>	<u>--</u>	<u>39,736</u>
Total receipts	347,516	308,527	42,054	698,097
Disbursements:				
Business type activities	<u>408,169</u>	<u>254,566</u>	<u>79,815</u>	<u>742,550</u>
Total disbursements	<u>408,169</u>	<u>254,566</u>	<u>79,815</u>	<u>742,550</u>
Excess (deficiency) of receipts over (under) disbursements	(60,653)	53,961	(37,761)	(44,453)
Other financing sources (uses):				
Operating transfers in (out)	<u>(26,381)</u>	<u>(7,435)</u>	<u>--</u>	<u>(33,816)</u>
Total other financing sources (uses)	<u>(26,381)</u>	<u>(7,435)</u>	<u>--</u>	<u>(33,816)</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(87,034)	46,526	(37,761)	(78,269)
Balance beginning of year	<u>178,102</u>	<u>307,883</u>	<u>(49,113)</u>	<u>436,872</u>
Balance end of year	<u>\$ 91,068</u>	<u>\$ 354,409</u>	<u>\$ (86,874)</u>	<u>\$ 358,603</u>
Cash Basis Fund Balances				
Debt Service	\$ --	\$ --	\$(86,874)	\$(86,874)
Unreserved	<u>91,068</u>	<u>354,409</u>	<u>--</u>	<u>445,477</u>
Total cash basis fund balances	<u>\$ 91,068</u>	<u>\$ 354,409</u>	<u>\$ (86,874)</u>	<u>\$ 358,603</u>

The accompanying notes are an integral part of these statements.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

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 two component units. Williamsburg Fire Fighters Association, which is incorporated under Chapter 504A of the Code of Iowa is a component unit because it has the potential to provide benefits to the City of Williamsburg Fire Department. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. The Williamsburg Library Foundation, Inc. is a separate non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. The City has elected to exclude the financial information of its component units from these financial statements. Both component units should be blended into the Special Revenue Funds of the City of Williamsburg.

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.

Related Organization

The Friends of the Williamsburg Library is an organization separate from the City. The Friends has been created for the sole purpose of raising funds to support the Williamsburg Library but is not financially accountable to the City.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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 City reports the following major proprietary funds:

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 Sewer Sinking Fund covers expenses related to the 2006 South Trunk Sewer Project including future maintenance.

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. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation functions.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2007 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		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$5,190,000</u>	<u>\$1,526,565</u>	<u>\$1,110,000</u>	<u>\$ 343,350</u>	<u>\$6,300,000</u>	<u>\$1,869,915</u>

CITY OF WILLIAMSBURG, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2007

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.
- 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.

NOTE 4 - LEASE PURCHASE AGREEMENT

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
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	<u>910,000</u>	<u>113,090</u>
	<u>\$ 2,050,000</u>	<u>\$ 451,940</u>

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 5 - 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% (3.9% effective July 1, 2007) of their annual covered salary and the City is required to contribute 5.75% (6.05% effective July 1, 2007) of annual covered payroll except for police employees, in which case the percentages are 6.08% and 9.12% (5.64% and 8.47% effective July 1, 2007) respectively. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006, and 2005 were \$52,110, \$48,392, and \$41,225, respectively, equal to the required contribution for each year.

NOTE 6 - 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, 2007 is \$27,300 for vacation and \$15,262 for comp time, for a total liability of \$42,562.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 348,000
	Tax Incremental Financing	340,137
	Enterprise:	
	Sewer	<u>5,000</u>
		693,137
Debt Service	Special Revenue:	
	Tax Incremental Financing	985,294
	General Fund	33,052
	Enterprise:	
	Water	26,381
	Sewer	<u>2,435</u>
		1,047,162
Capital Projects	Special Revenue:	
	Tax Incremental Financing	<u>25,000</u>
Interfund Transfers		1,765,299
General Fund Intrafund Transfers		<u>231,945</u>
		<u>\$ 1,997,244</u>

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

NOTE 8 - 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.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 9 - 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.

NOTE 10 - 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 11 - 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 12 - 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 13 - 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 14 - 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 repaid the Boyd Monies Fund an annual payment of \$40,137 with interest at 6.00%. The loan was paid off in 2007.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 15 - DEFICIT BALANCE

The Enterprise Fund, Trunk Sewer Sinking Account had a deficit balance of \$86,874 at June 30, 2007. The deficit balance was a result of bond costs incurred prior to the availability of funds. The deficit will be eliminated over time.

NOTE 16 - CONDUIT DEBT OBLIGATIONS

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.

On November 13, 2006, Nursing and Independent Living Facilities Revenue Bonds (Williamsburg Retirement Community, Inc. Project) in the amount not to exceed \$7,000,000 were issued to finance the costs of constructing and furnishing a 44 bed skilled nursing facility and 8 independent living units.

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 17 - SUBSEQUENT EVENT

As of July 10, 2007, the City entered into a loan agreement in the amount of \$450,000 for the purpose of providing funds to pay the costs of planning and undertaking an Urban Renewal project for acquisition of real property for a municipal library project.

NOTE 18 - CONSTRUCTION CONTRACTS

The City has entered into several construction contracts that are still in process as of June 30, 2007. The net remaining amount committed to these contracts is \$4,182, which will be paid with existing capital project funds.

NOTE 19 - COMMITMENTS

The City is in the planning stage of constructing a Child Development Care Center for a total estimated cost of \$1,500,000. Financing for this project will be funded from a Community Development Block Grant (CDBG) for \$500,000 that was entered into on May 11, 2007, a USDA Loan Agreement entered into on June 11, 2007 for \$928,000 and private donations.

* * *

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, 2007

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 944,096	\$ --	\$ 944,096
Tax increment financing collections	1,500,055	--	1,500,055
Other city tax	419,263	--	419,263
Use of money and property	253,153	15,129	268,282
Licenses and permits	6,247	--	6,247
Intergovernmental	260,262	--	260,262
Charges for service	242,471	643,232	885,703
Special assessments	1,004	--	1,004
Miscellaneous	868,333	39,736	908,069
Total receipts	<u>4,494,884</u>	<u>698,097</u>	<u>5,192,981</u>
Disbursements:			
Public safety	569,356	--	569,356
Public works	374,606	--	374,606
Health and social services	1,200	--	1,200
Culture and recreation	1,837,607	--	1,837,607
Community and economic development	217,725	--	217,725
General government	166,960	--	166,960
Debt service	1,338,712	--	1,338,712
Capital projects	1,919,561	--	1,919,561
Business type activities	--	742,550	742,550
Total disbursements	<u>6,425,727</u>	<u>742,550</u>	<u>7,168,277</u>
Excess (deficiency) of receipts over (under) disbursements	(1,930,843)	(44,453)	(1,975,296)
Other financing sources (uses):			
Bond proceeds			
General obligation bond	51,770	--	51,770
Operating transfers in (out)	33,816	(33,816)	--
Total other financing sources (uses)	<u>85,586</u>	<u>(33,816)</u>	<u>51,770</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,845,257)	(78,269)	(1,923,526)
Balance beginning of year	<u>5,027,070</u>	<u>436,872</u>	<u>5,463,942</u>
Balance end of year	<u>\$ 3,181,813</u>	<u>\$ 358,603</u>	<u>\$ 3,540,416</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 943,731	\$ 983,331	\$ (39,235)
1,404,000	1,656,000	(155,945)
406,958	406,958	12,305
118,520	173,827	94,455
9,038	9,038	(2,791)
243,000	243,000	17,262
884,000	889,000	(3,297)
--	--	1,004
<u>806,675</u>	<u>806,675</u>	<u>101,394</u>
<u>4,815,922</u>	<u>5,167,829</u>	<u>25,152</u>
511,306	572,788	3,432
401,879	406,879	32,273
1,200	1,200	--
793,247	1,379,747	(457,860)
767,450	878,776	661,051
168,366	168,366	1,406
1,222,633	1,442,010	103,298
3,180,379	2,034,001	114,440
<u>585,746</u>	<u>805,642</u>	<u>63,092</u>
<u>7,632,206</u>	<u>7,689,409</u>	<u>521,132</u>
(2,816,284)	(2,521,580)	546,284
--	--	51,770
<u>3,219,841</u>	<u>697,611</u>	<u>(697,611)</u>
<u>3,219,841</u>	<u>697,611</u>	<u>(645,841)</u>
403,557	(1,823,969)	(99,557)
<u>2,293,015</u>	<u>5,464,805</u>	<u>(863)</u>
<u>\$ 2,696,572</u>	<u>\$ 3,640,836</u>	<u>\$ (100,420)</u>

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

June 30, 2007

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, one budget amendment increased budgeted disbursements by \$57,203. The budget amendment is reflected in the final budgeted amount.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation functions.

OTHER SUPPLEMENTARY INFORMATION

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

As of and for the year ended June 30, 2007

	Capital Projects		
	2007 Library Site/ Building Project	2006 Circle Terrace Project	2006 North St. Project
Receipts:			
Property tax	\$ --	\$ --	\$ --
Other city tax	--	--	--
Use of money and property:			
Interest on investments	--	46,638	16,599
Miscellaneous	<u>6,307</u>	<u>--</u>	<u>--</u>
Total receipts	<u>6,307</u>	<u>46,638</u>	<u>16,599</u>
Disbursements:			
Capital projects	<u>28,299</u>	<u>--</u>	<u>1,734,441</u>
Total disbursements	<u>28,299</u>	<u>--</u>	<u>1,734,441</u>
Excess (deficiency) of receipts over (under) disbursements	(21,992)	46,638	(1,717,842)
Other financing sources (uses):			
Bonds issued	--	--	--
Transfers in (out)	25,000	--	--
Capital projects	<u>--</u>	<u>(662,700)</u>	<u>662,700</u>
Total other financing sources (uses)	<u>25,000</u>	<u>(662,700)</u>	<u>662,700</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing sources (uses)	3,008	(616,062)	(1,055,142)
Balance, beginning of year	<u>--</u>	<u>1,399,448</u>	<u>1,130,805</u>
Balance, end of year	<u>\$ 3,008</u>	<u>\$ 783,386</u>	<u>\$ 75,663</u>

(continued next page)

Capital Projects					
2004 Fire Station Project	2004 Trunk Sewer Project	2005 State St. Project	2005 South St. Project	Capital Improvements	Total
\$ --	\$ --	\$ --	\$ --	\$ 38,499	\$ 38,499
--	--	--	--	1,686	1,686
630	2,621	--	--	25,947	92,435
--	--	--	--	1,612	7,919
<u>630</u>	<u>2,621</u>	<u>--</u>	<u>--</u>	<u>67,744</u>	<u>140,539</u>
<u>28,903</u>	<u>39,660</u>	<u>6,831</u>	<u>13,409</u>	<u>68,018</u>	<u>1,919,561</u>
<u>28,903</u>	<u>39,660</u>	<u>6,831</u>	<u>13,409</u>	<u>68,018</u>	<u>1,919,561</u>
(28,273)	(37,039)	(6,831)	(13,409)	(274)	(1,779,022)
51,770	--	--	--	--	51,770
--	--	--	--	--	25,000
--	--	4,949	2,514	(7,463)	--
<u>51,770</u>	<u>--</u>	<u>4,949</u>	<u>2,514</u>	<u>(7,463)</u>	<u>76,770</u>
23,497	(37,039)	(1,882)	(10,895)	(7,737)	(1,702,252)
(1,981)	58,747	1,882	10,895	536,123	3,135,919
<u>\$ 21,516</u>	<u>\$ 21,708</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 528,386</u>	<u>\$ 1,433,667</u>

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

As of and for the year ended June 30, 2007

	<u>Capital Projects</u>		
	<u>2007</u>	<u>2006</u>	<u>2006</u>
	<u>Library Site/ Building Project</u>	<u>Circle Terrace Project</u>	<u>North St. Project</u>
Cash Basis Fund Balances			
Unreserved:			
Capital projects fund	\$ 3,008	\$ 783,386	\$ 75,663
Total cash basis fund balances	<u>\$ 3,008</u>	<u>\$ 783,386</u>	<u>\$ 75,663</u>

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>21,516</u>	\$ <u>21,708</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>528,386</u>	\$ <u>1,433,667</u>
\$ <u>21,516</u>	\$ <u>21,708</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>528,386</u>	\$ <u>1,433,667</u>

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

As of and for the year ended June 30, 2007

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

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF INDEBTEDNESS
 Year ended June 30, 2007

<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>
\$ 785,000	\$ --	\$ 110,000	\$ 675,000	\$ 35,315	\$ 3,023
600,000	--	100,000	500,000	25,250	4,167
1,120,000	--	140,000	980,000	44,380	2,501
870,000	--	260,000	610,000	31,188	2,224
2,660,000	--	235,000	2,425,000	111,057	22,734
1,011,000	--	40,000	971,000	30,330	4,248
<u>145,000</u>	<u>--</u>	<u>6,000</u>	<u>139,000</u>	<u>4,350</u>	<u>608</u>
7,191,000	--	891,000	6,300,000	281,870	39,505
<u>2,300,000</u>	<u>--</u>	<u>250,000</u>	<u>2,050,000</u>	<u>97,520</u>	<u>9,076</u>
<u>\$9,491,000</u>	<u>\$ --</u>	<u>\$1,141,000</u>	<u>\$8,350,000</u>	<u>\$ 379,390</u>	<u>\$ 48,581</u>

CITY OF WILLIAMSBURG, IOWA
BOND AND NOTE MATURITIES
June 30, 2007

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
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	--	--	--	--	4.35	140,000
2015-2026	--	--	--	--	--	--
		<u>\$ 675,000</u>		<u>\$ 500,000</u>		<u>\$ 980,000</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	
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	3.00	49,000	3.00	7,000	56,000
2015-2025	3.00	<u>654,000</u>	3.00	<u>94,000</u>	<u>748,000</u>
		<u>\$ 971,000</u>		<u>\$ 139,000</u>	<u>\$1,110,000</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%	\$ 255,000	4.50%	\$ 110,000	\$ 715,000
3.63	195,000	4.50	115,000	660,000
3.30	50,000	4.50	115,000	515,000
3.40	50,000	4.50	100,000	500,000
3.50	60,000	4.50	100,000	510,000
	--	3.75	100,000	365,000
	--	3.80	100,000	240,000
	<u>--</u>	3.8-4.25	<u>1,685,000</u>	<u>1,685,000</u>
	<u>\$ 610,000</u>		<u>\$2,425,000</u>	<u>\$5,190,000</u>

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts:			
Property tax	\$ 944,096	\$ 526,093	\$ 488,445
Tax increment financing collections	1,500,055	1,469,800	1,209,469
Other city tax	419,263	347,347	405,485
Use of money and property	253,153	258,356	103,249
Licenses and permits	6,247	24,916	11,806
Intergovernmental	260,262	310,225	237,257
Charges for service	242,471	194,269	297,499
Special assessments	1,004	1,113	10,244
Miscellaneous	<u>868,333</u>	<u>158,791</u>	<u>243,063</u>
Total	<u>\$ 4,494,884</u>	<u>\$ 3,290,910</u>	<u>\$ 3,006,517</u>
Disbursements:			
Operating:			
Public safety	\$ 569,356	\$ 509,101	\$ 422,794
Public works	374,606	400,671	444,297
Health and social services	1,200	1,000	900
Culture and recreation	1,837,607	791,147	624,977
Community and economic development	217,725	221,911	117,097
General government	166,960	146,756	152,526
Debt service	1,338,712	1,110,648	836,970
Capital projects	<u>1,919,561</u>	<u>2,384,546</u>	<u>1,623,061</u>
Total	<u>\$ 6,425,727</u>	<u>\$ 5,565,780</u>	<u>\$ 4,222,622</u>

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

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, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 5, 2007. Our report expressed a qualified 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, but not for the purpose of expressing our opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

To the Honorable Mayor and
Members of the City Council

A control deficiency exists when the design or operation of the 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 City of Williamsburg's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Williamsburg's financial statements that is more than inconsequential will not be prevented or detected by the City of Williamsburg's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Williamsburg'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, of the significant deficiencies described above, we believe item 07-I-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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 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.

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Williamsburg's responses and, accordingly, we express no opinion on them.

To the Honorable Mayor and
Members of the City Council

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.

Gronwald, Ben, Kym + G.P.C.

Atlantic, Iowa
September 5, 2007

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings

Year ended June 30, 2007

PART I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

07-I-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: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

OTHER FINDING:

07-I-B Water Loss: Water usage reports calculated by the utility clerk indicate a fluctuating water loss problem. Review of water usage reports from 2006 and 2007 reveal that the City lost an average of 3,300,000 gallons of water per month in 2007.

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

Response: We will continue to investigate the water loss.

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

PART II: Other Findings Related to Statutory Reporting

07-II-A Certified Budget: Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the culture and recreation function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: The budget will be amended in the future, if applicable.

Conclusion: Response accepted.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings

Year ended June 30, 2007

PART II: Other Findings Related to Statutory Reporting - Continued

- 07-II-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 07-II-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.
- 07-II-D Business Transactions: In accordance with Chapter 362.5(10) of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.
- 07-II-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.
- 07-II-F Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.
- 07-II-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.
- 07-II-H Revenue Bonds: The City has complied with the revenue bond resolutions.
- 07-II-I Financial Condition: The Enterprise Fund, Trunk Sewer Sinking Account had a deficit balance at June 20, 2007 of \$86,874.

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 2008.

Conclusion: Response accepted.

* * *