

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

JUNE 30, 2008

CITY OF WILLIAMSBURG, IOWA
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CITY OF WILLIAMSBURG, IOWA
OFFICIALS
June 30, 2008

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Frank Murphy	Mayor	January, 2010
Don Kirkpatrick	Mayor Pro tem	January, 2012
Theresa Phillips	Council Member	January, 2012
Marcia Greiner	Council Member	January, 2010
Tom McAreavy	Council Member	January, 2010
Jenifer Mein	Clerk/Administration Treasurer	Appointed
Eric Tindal	Attorney	Appointed

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

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DAVID A. GINTHER

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, 2008, 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, 2008, 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 October 3, 2008 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 two years ended June 30, 2007 (none of which are presented herein) and expressed qualified opinions on the 2007 financial statements and unqualified opinions on the 2006 financial statements, which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the year 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 6, 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.

Garnett, Reed, Kuhn & W.P.C.

Atlantic, Iowa
October 3, 2008

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Williamsburg Iowa 52361

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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, 2008. Readers should consider this information in conjunction with the City's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- *Revenues of the City increased approximately \$1,297,000 from fiscal year 2007 to 2008. The city received \$1,450,000 in general obligation bonds. \$450,000 refunded the Boyd Fund for the purchase of the library site. \$1,000,000 received was to cover capital improvement projects. There were additional revenues from the Sesquicentennial celebration.
- *Disbursements of the City decreased approximately \$2,423,000 from fiscal year 2007 to 2008.
- * The City's total cash basis net assets increased approximately \$1.8 million from fiscal year 2007 to 2008.

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 statements 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, and 4) the Capital Projects 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.

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 \$3,181,813 to \$4,910,564 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,	
	<u>2008</u>	<u>2007</u>
Receipts and transfers		
Program receipts		
Charges for services	\$ 543,457	\$ 500,628
Operating Grants, Contributions	616,907	775,699
Capital Grants, Contributions	41,051	1,004
General receipts:		
Property tax	518,471	502,523
Local Option Sales Tax	313,136	321,276
Hotel/Motel Tax	92,919	66,103
TIF property tax	1,563,029	1,500,055
Debt service property tax	74,652	441,573
Bond proceeds	1,632,613	51,770
Other general receipts	461,978	386,023
Transfers	<u>2,826,080</u>	<u>1,997,244</u>
Total receipts and transfers	<u>8,684,293</u>	<u>6,543,898</u>
Disbursements and transfers		
Public safety	557,288	569,356
Public works	393,721	374,606
Health and social services	1,200	1,200
Culture and recreation	1,242,755	1,837,607
Community and economic development	93,870	217,725
General government	173,863	166,960
Debt service	1,350,466	1,338,712
Capital projects	343,686	1,919,561
Transfers	<u>2,798,693</u>	<u>1,963,428</u>
Total disbursements & transfers	<u>6,955,542</u>	<u>8,389,155</u>
Increase (decrease) in cash basis net assets	1,728,751	(1,845,257)
Cash basis net assets beginning of year	<u>3,181,813</u>	<u>5,027,070</u>
Cash basis net assets end of year	<u>\$ 4,910,564</u>	<u>\$ 3,181,813</u>

Changes in Cash Basis Net Assets of Business Type Activities

	<u>Year ended June 30,</u>	
	<u>2008</u>	<u>2007</u>
Program receipts		
Charges for services		
Water	\$ 283,660	\$ 302,946
Sewer	339,774	340,286
General receipts		
Other general receipts		
Water	36,956	44,570
Sewer	22,988	10,295
Total receipts	<u>683,378</u>	<u>698,097</u>
Disbursements		
Water	271,692	408,169
Sewer	316,395	334,381
Transfers		
Water	25,016	26,381
Sewer	2,371	7,435
Total disbursements/transfers	<u>615,474</u>	<u>776,366</u>
Increase (decrease) in cash basis net assets	67,904	(78,269)
Cash basis net assets beginning of year	<u>358,603</u>	<u>436,872</u>
Cash basis net assets end of year	<u>\$ 426,507</u>	<u>\$ 358,603</u>

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As Williamsburg, Iowa completed the year, its governmental funds reported a combined fund balance of \$4,910,564, which is an increase of \$1,728,751. Major reasons for changes in balances from fiscal year 2007 are:

* The General Fund continues to be supported in part by the Local Option Sales Tax. There were expenses and revenues from the sesquicentennial celebration. Hotel/motel taxes collected in fiscal year 2008 were substantially more than prior years.

*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. The harsh winter caused an increase in snow removal and/or storm damage expenses. The city received FEMA funds for some of the additional expenses.

*The Tax Increment Financing Fund revenues were more than the prior fiscal year due to an 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 2007. Transfers out continue to support the General Fund.

*The Capital Improvement Funds were the major reason for additional revenues and expenditures this year. The alley at Chatham and Elm streets alley was upgraded. Inflow and infiltration supplies were purchased. Land was purchased for the new library site. The site was prepared for building of the new library. The Highland Street project was started in fiscal year 2008. Progress continued on the Child Development Center project. The North Trunk Sewer project, Long Street project, and the Water/Sewer project at the High School were started in fiscal year 2008. After consideration of the capital improvement projects, it was decided that the Long Street project would be put on hold.

*The Debt Service Fund revenues and expenditures increased due to the bonds for debt being incurred. The levy rate for fiscal year 2008 was substantially less than fiscal year 2007. There were more funds transferred from the TIF fund for bond payments.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The Water Utility Fund balance increased by \$23,908 from fiscal year 2007 due mainly to increased water usage.

The Sewer Utility Fund balance decreased by \$47,589 from fiscal year 2007 due mainly to increased usage. Funds were transferred to the Sewer Sinking fund to cover the deficit from bond payments.

The Sewer Sinking Fund was established in fiscal year 2006. This fund was established to pay for the bonds for the South Trunk Sewer project. Since the inception of the Sewer Sinking Fund, there has not been sufficient revenues to cover the bond payments. There was a transfer from the Sewer fund to cover the deficit. The fiscal year 2007 balance was \$(86,874). The fiscal year 2008 balance was \$4,711.

BUDGETARY HIGHLIGHTS

The City amended its budget in May 2008. Additional disbursements included an increase of snow/storm removal, inflow/infiltration supplies, and sesquicentennial expenses. There were several capital improvement projects started, continued or completed. Additional bonding was needed for the projects being started.

DEBT ADMINISTRATION

At June 30, 2008, the City had approximately \$8,798,000 in bonds and other long-term debt, compared to approximately \$8,225,000 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)

	Year ended June 30,	
	2008	2007
General Obligation Corporate Purpose Bonds		
2001 State St, Lagoon, Water Plant projects	\$ 565	\$ 675
2002 Franklin St project	400	500
2004 E State St & Welsh St projects	840	980
2005 Street, Water, and Sewer	355	610
2006 North Street 149-Wilson	2,315	2,425
2007 Library site	335	
2008 Projects	1,000	
Revenue Bonds		
2005 SRF Sewer Revenue Bond	930	971
2006 SRF Sewer Revenue Bond	8	14
Childcare Facility Enterprise Revenue Note	200	--
	6,948	6,175
Lease		
Fire station	1,850	2,050
	<u>\$ 8,798</u>	<u>\$ 8,225</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 \$7,660,000 is below its constitutional debt limit of \$8,918,521.

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 2009 budget.

Projects being continued, completed or considered for fiscal year 2009 are:

- A new library
- Child Development Care Center
- North Trunk Sewer project
- Highland Street project
- High school parking lot water/sewer project

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, 2008

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u> Operating Grants, Contributions, and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 557,288	\$ 2,989	\$ 32,615
Public works	393,721	7,562	246,055
Health and social services	1,200	--	--
Culture and recreation	1,242,755	524,232	338,237
Community and economic development	93,870	3,552	--
General government	173,863	5,122	--
Debt service	1,350,466	--	--
Capital projects	343,686	--	--
Total governmental activities	4,156,849	543,457	616,907
Business type activities:			
Water	271,692	283,660	--
Sewer	316,395	339,774	--
Total business type activities	588,087	623,434	--
Total	\$ 4,744,936	\$ 1,166,891	\$ 616,907
General Receipts:			
Property tax levied for:			
General purposes			
Tax increment financing			
Debt service			
Local option sales tax			
Other city taxes			
Unrestricted interest on investments			
Debt 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
\$ --	\$(521,684)	\$ --	\$(521,684)
--	(140,104)	--	(140,104)
--	(1,200)	--	(1,200)
--	(380,286)	--	(380,286)
--	(90,318)	--	(90,318)
--	(168,741)	--	(168,741)
948	(1,349,518)	--	(1,349,518)
<u>40,103</u>	<u>(303,583)</u>	<u>--</u>	<u>(303,583)</u>
<u>41,051</u>	<u>(2,955,434)</u>	<u>--</u>	<u>(2,955,434)</u>
--	--	11,968	11,968
<u>--</u>	<u>--</u>	<u>23,379</u>	<u>23,379</u>
--	--	35,347	35,347
<u>--</u>	<u>--</u>	<u>35,347</u>	<u>35,347</u>
<u>\$ 41,051</u>	<u>(2,955,434)</u>	<u>35,347</u>	<u>(2,920,087)</u>
	518,471	--	518,471
	1,563,029	--	1,563,029
	74,652	--	74,652
	313,136	--	313,136
	132,947	--	132,947
	221,145	27,215	248,360
	1,632,613	--	1,632,613
	30,964	32,729	63,693
	169,841	--	169,841
	<u>27,387</u>	<u>(27,387)</u>	<u>--</u>
	<u>4,684,185</u>	<u>32,557</u>	<u>4,716,742</u>
	1,728,751	67,904	1,796,655
	<u>3,181,813</u>	<u>358,603</u>	<u>3,540,416</u>
	<u>\$ 4,910,564</u>	<u>\$ 426,507</u>	<u>\$ 5,337,071</u>

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

As of and for the year ended June 30, 2008

	<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			
Capital projects			
Other purposes			
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>
	\$ 40,376	\$ --	\$ 40,376
	199,432	--	199,432
	161,928	4,711	166,639
	2,506,509	--	2,506,509
	81,955	--	81,955
	<u>1,920,364</u>	<u>421,796</u>	<u>2,342,160</u>
	<u>\$ 4,910,564</u>	<u>\$ 426,507</u>	<u>\$ 5,337,071</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, 2008

	<u>General</u>	<u>Special Revenue Urban Renewal Tax Increment</u>
Receipts:		
Property tax	\$ 478,742	\$ --
Tax increment financing collections	--	1,563,029
Other city tax	129,688	--
Use of money and property	209,356	17,159
Licenses and permits	8,787	--
Intergovernmental	49,222	--
Charges for service	239,226	--
Special assessments	--	--
Miscellaneous	511,406	--
Total receipts	<u>1,626,427</u>	<u>1,580,188</u>
Disbursements:		
Operating:		
Public safety	546,589	--
Public works	155,296	--
Health and social services	1,200	--
Culture and recreation	1,242,755	--
Community and economic development	5,956	87,914
General government	173,863	--
Debt service	--	--
Capital projects	--	--
Total disbursements	<u>2,125,659</u>	<u>87,914</u>
Excess (deficiency) of receipts over (under) disbursements	(499,232)	1,492,274
Other financing sources (uses):		
Debt proceeds	438,089	--
Sale of capital assets	169,841	--
Operating transfers in	813,000	--
Operating transfers out	(209,459)	(1,520,630)
Total other financing sources (uses)	<u>1,211,471</u>	<u>(1,520,630)</u>
Net change in cash balances	712,239	(28,356)

(continued next page)

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Funds</u>	<u>Total</u>
\$ 39,729	\$ 74,652	\$ --	\$ 593,123
--	--	--	1,563,029
1,665	1,594	313,136	446,083
80,334	9,777	10,641	327,267
--	--	--	8,787
40,103	--	224,634	313,959
--	--	--	239,226
--	948	--	948
<u>25,673</u>	<u>--</u>	<u>26,258</u>	<u>563,337</u>
<u>187,504</u>	<u>86,971</u>	<u>574,669</u>	<u>4,055,759</u>
--	--	10,699	557,288
--	--	238,425	393,721
--	--	--	1,200
--	--	--	1,242,755
--	--	--	93,870
--	--	--	173,863
--	1,350,466	--	1,350,466
<u>343,686</u>	<u>--</u>	<u>--</u>	<u>343,686</u>
<u>343,686</u>	<u>1,350,466</u>	<u>249,124</u>	<u>4,156,849</u>
(156,182)	(1,263,495)	325,545	(101,090)
1,194,524	--	--	1,632,613
--	--	--	169,841
753,104	1,259,976	--	2,826,080
<u>(718,604)</u>	<u>--</u>	<u>(350,000)</u>	<u>(2,798,693)</u>
<u>1,229,024</u>	<u>1,259,976</u>	<u>(350,000)</u>	<u>1,829,841</u>
1,072,842	(3,519)	(24,455)	1,728,751

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, 2008

	General	Special Revenue Urban Renewal Tax Increment
Net change in cash balances	\$ 712,239	\$(28,356)
Cash balances beginning of year	1,208,125	227,788
Cash balances end of year	\$ 1,920,364	\$ 199,432
 Cash Basis Fund Balances		
Reserved:		
Debt service	\$ --	\$ --
Unreserved:		
General fund	1,920,364	--
Special revenue funds	--	199,432
Capital projects fund	--	--
Total cash basis fund balances	\$ 1,920,364	\$ 199,432

The accompanying notes are an integral part of these statements.

<u>Capital Projects</u>	<u>Debt Service</u>	<u>Non-Major Funds</u>	<u>Total</u>
\$ 1,072,842	\$ (3,519)	\$ (24,455)	\$ 1,728,751
<u>1,433,667</u>	<u>165,447</u>	<u>146,786</u>	<u>3,181,813</u>
<u>\$ 2,506,509</u>	<u>\$ 161,928</u>	<u>\$ 122,331</u>	<u>\$ 4,910,564</u>
\$ --	\$ 161,928	\$ --	\$ 161,928
--	--	--	1,920,364
--	--	122,331	321,763
<u>2,506,509</u>	<u>--</u>	<u>--</u>	<u>2,506,509</u>
<u>\$ 2,506,509</u>	<u>\$ 161,928</u>	<u>\$ 122,331</u>	<u>\$ 4,910,564</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, 2008

	Enterprise Funds			Total
	Water	Sewer	Sinking Fund	
Operating receipts:				
Charges for service	\$ 283,660	\$ 278,992	\$ 60,782	\$ 623,434
Total operating receipts	283,660	278,992	60,782	623,434
Operating disbursements:				
Business type activities	271,692	237,047	79,348	588,087
Total operating disbursements	271,692	237,047	79,348	588,087
Excess (deficiency) of operating receipts over (under) operating disbursements	11,968	41,945	(18,566)	35,347
Non-operating receipts (disbursements):				
Interest on investments	4,227	22,837	151	27,215
Miscellaneous	32,729	--	--	32,729
Total non-operating receipts (disbursements)	36,956	22,837	151	59,944
Excess (deficiency) of receipts over (under) disbursements	48,924	64,782	(18,415)	95,291
Other financing sources (uses):				
Operating transfers in	--	--	110,000	110,000
Operating transfers in out	(25,016)	(112,371)	--	(137,387)
Total other financing sources (uses)	(25,016)	(112,371)	110,000	(27,387)
Net change in cash balances	23,908	(47,589)	91,585	67,904
Cash balances beginning of year	91,068	354,409	(86,874)	358,603
Cash balances end of year	\$ 114,976	\$ 306,820	\$ 4,711	\$ 426,507
Cash Basis Fund Balances				
Reserved for debt service	\$ --	\$ --	\$ 4,711	\$ 4,711
Unreserved	114,976	306,820	--	421,796
Total cash basis fund balances	\$ 114,976	\$ 306,820	\$ 4,711	\$ 426,507

The accompanying notes are an integral part of these statements.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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, 2008

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

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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 City also reports the following additional proprietary fund:

The Sewer Sinking Fund covers expenses related to the Sewer Projects, 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, categorical block grants, and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by 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.

CITY OF WILLIAMSBURG, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Budgets and Budgetary Accounting

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

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2008 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
2009	\$ 940,000	\$ 233,248	\$ 250,843	\$ 36,574	\$1,190,843	\$ 269,822
2010	740,000	192,849	44,000	25,950	784,000	218,799
2011	740,000	164,235	45,000	24,615	785,000	188,850
2012	610,000	134,795	47,000	23,235	657,000	158,030
2013	500,000	110,060	48,000	21,810	548,000	131,870
2014-2018	855,000	360,300	262,000	86,310	1,117,000	446,610
2019-2023	810,000	213,681	305,000	43,875	1,115,000	257,556
2024-2026	615,000	39,935	136,000	4,110	751,000	44,045
	<u>\$5,810,000</u>	<u>\$1,449,103</u>	<u>\$1,137,843</u>	<u>\$ 266,479</u>	<u>\$6,947,843</u>	<u>\$1,715,582</u>

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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.

Revenue Bonds

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,200,000 in sewer revenue bonds issued in June, 2005 and February, 2007. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2026. Annual principal and interest payments on the bonds are expected to require less than 85 percent of net receipts. The total principal and interest remaining to be paid on the bonds is \$964,497. For the current year, principal and interest paid and total customer net receipts were \$76,545 and \$91,585, respectively.

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay \$1,200,000 in child care facility enterprise revenue anticipation project note issued in December, 2007. As of June 30, 2008, the City has drawn \$200,000 of the \$1,200,000 maximum amount. Proceeds from the note are for the acquisition of land and construction, furnishing and equipping of a child care center. The anticipation project note is due June 1, 2009, and will be paid from proceeds of the Child Care Facility Enterprise Revenue Notes that will be issued at the completion of the project.

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.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

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
2009	\$ 225,000	\$ 78,395
2010	250,000	68,833
2011	275,000	58,207
2012	190,000	46,520
2013	190,000	38,445
2014-2017	<u>720,000</u>	<u>74,645</u>
	<u>\$ 1,850,000</u>	<u>\$ 365,045</u>

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.

Most regular plan members are required to contribute 3.90% (4.10% effective July 1, 2008) of their annual covered salary and the City is required to contribute 6.05% (6.35% effective July 1, 2008) of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$54,637, \$52,110, and \$48,392, 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 approximate liability for earned vacation and comp time payable to employees at June 30, 2008, primarily relating to the General Fund is \$30,328 for vacation and \$18,596 for comp time, for a total liability of \$48,924. The liability has been computed based on rates of pay in effect on June 30, 2008.

CITY OF WILLIAMSBURG, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008

NOTE 7 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 350,000
	Tax Incremental Financing	<u>300,000</u>
		650,000
Debt Service	Special Revenue:	
	Tax Incremental Financing	1,186,130
	General Fund	46,459
	Enterprise:	
	Water	25,016
	Sewer	<u>2,371</u>
		1,259,976
Capital Projects	Special Revenue:	
	Tax Incremental Financing	34,500
 <u>Interfund Transfers</u>		
General Fund		163,000
Capital Projects		718,604
Enterprise		<u>110,000</u>
		<u>991,604</u>
		<u>\$ 2,936,080</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, 2008

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.

CITY OF WILLIAMSBURG, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 13 - 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 14 - CONSTRUCTION CONTRACTS

The City has entered into several construction contracts that are still in process as of June 30, 2008. The net remaining amount committed to these contracts is approximately \$1,821,000, which will be paid with existing capital project funds.

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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, 2008

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 593,123	\$ --	\$ 593,123
Tax increment financing collections	1,563,029	--	1,563,029
Other city tax	446,083	--	446,083
Use of money and property	327,267	27,215	354,482
Licenses and permits	8,787	--	8,787
Intergovernmental	313,959	--	313,959
Charges for service	239,226	623,434	862,660
Special assessments	948	--	948
Miscellaneous	563,337	32,729	596,066
Total receipts	<u>4,055,759</u>	<u>683,378</u>	<u>4,739,137</u>
Disbursements:			
Public safety	557,288	--	557,288
Public works	393,721	--	393,721
Health and social services	1,200	--	1,200
Culture and recreation	1,242,755	--	1,242,755
Community and economic development	93,870	--	93,870
General government	173,863	--	173,863
Debt service	1,350,466	--	1,350,466
Capital projects	343,686	--	343,686
Business type activities	--	588,087	588,087
Total disbursements	<u>4,156,849</u>	<u>588,087</u>	<u>4,744,936</u>
Excess (deficiency) of receipts over (under) disbursements	(101,090)	95,291	(5,799)
Other financing sources (uses), net	<u>1,829,841</u>	<u>(27,387)</u>	<u>1,802,454</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,728,751	67,904	1,796,655
Balances beginning of year	<u>3,181,813</u>	<u>358,603</u>	<u>3,540,416</u>
Balances end of year	<u>\$ 4,910,564</u>	<u>\$ 426,507</u>	<u>\$ 5,337,071</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 592,977	\$ 592,977	\$ 146
1,600,000	1,600,000	(36,971)
393,123	403,123	42,960
146,145	245,822	108,660
24,050	24,050	(15,263)
245,622	471,553	(157,594)
893,800	940,058	(77,398)
--	948	--
<u>197,050</u>	<u>659,772</u>	<u>(63,706)</u>
<u>4,092,767</u>	<u>4,938,303</u>	<u>(199,166)</u>
549,284	582,409	25,121
383,080	421,437	27,716
1,200	1,200	--
906,610	1,441,992	199,237
126,650	126,650	32,780
174,773	176,064	2,201
1,218,169	1,350,617	151
11,100	1,303,513	959,827
<u>629,925</u>	<u>633,574</u>	<u>45,487</u>
<u>4,000,791</u>	<u>6,037,456</u>	<u>1,292,520</u>
91,976	(1,099,153)	1,093,354
<u>169,841</u>	<u>1,814,370</u>	<u>(11,916)</u>
261,817	715,217	1,081,438
<u>3,640,836</u>	<u>3,541,280</u>	<u>(864)</u>
<u>\$ 3,902,653</u>	<u>\$ 4,256,497</u>	<u>\$ 1,080,574</u>

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

June 30, 2008

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 nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Enterprise 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 \$2,036,665. The budget amendment is reflected in the final budgeted amounts.

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, 2008

	Capital Projects			
	2008 Trunk Sewer Project	2008 Highland St. Project	2008 Long St/School Project	2007 Library Site/ Building Project
Receipts:				
Property tax	\$ --	\$ --	\$ --	\$ --
Other city tax	--	--	--	--
Use of money and property	3,314	3,913	30,199	12,009
Intergovernmental	--	--	--	--
Miscellaneous	--	--	--	1,700
Total receipts	3,314	3,913	30,199	13,709
Disbursements:				
Capital projects	36,774	25,042	32,375	50,563
Total disbursements	36,774	25,042	32,375	50,563
Excess (deficiency) of receipts over (under) disbursements	(33,460)	(21,129)	(2,176)	(36,854)
Other financing sources (uses):				
Debt proceeds	994,524	--	--	--
Operating transfers in	--	650,000	68,604	34,500
Operating transfers out	--	--	(650,000)	--
Total other financing sources (uses)	994,524	650,000	(581,396)	34,500
Net change in cash balances	961,064	628,871	(583,572)	(2,354)
Cash balances, beginning of year	--	--	783,386	3,008
Cash balances, end of year	\$ 961,064	\$ 628,871	\$ 199,814	\$ 654
 Cash Basis Fund Balances				
Unreserved:				
Capital projects fund	\$ 961,064	\$ 628,871	\$ 199,814	\$ 654
Total cash basis fund balances	\$ 961,064	\$ 628,871	\$ 199,814	\$ 654

See accompanying independent auditor's report.

Capital Projects					
2007 Child Development Project	2006 North St. Project	2004 Fire Station Project	2004 Trunk Sewer Project	Capital Improvements	Total
\$ --	\$ --	\$ --	\$ --	\$ 39,729	\$ 39,729
--	--	--	--	1,665	1,665
852	2,391	1,087	810	25,759	80,334
40,103	--	--	--	--	40,103
500	--	--	7,473	16,000	25,673
<u>41,455</u>	<u>2,391</u>	<u>1,087</u>	<u>8,283</u>	<u>83,153</u>	<u>187,504</u>
<u>98,054</u>	<u>9,040</u>	<u>--</u>	<u>3,898</u>	<u>87,940</u>	<u>343,686</u>
<u>98,054</u>	<u>9,040</u>	<u>--</u>	<u>3,898</u>	<u>87,940</u>	<u>343,686</u>
(56,599)	(6,649)	1,087	4,385	(4,787)	(156,182)
200,000	--	--	--	--	1,194,524
--	--	--	--	--	753,104
--	(68,604)	--	--	--	(718,604)
<u>200,000</u>	<u>(68,604)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,229,024</u>
143,401	(75,253)	1,087	4,385	(4,787)	1,072,842
--	75,663	21,516	21,708	528,386	1,433,667
<u>\$ 143,401</u>	<u>\$ 410</u>	<u>\$ 22,603</u>	<u>\$ 26,093</u>	<u>\$ 523,599</u>	<u>\$ 2,506,509</u>
<u>\$ 143,401</u>	<u>\$ 410</u>	<u>\$ 22,603</u>	<u>\$ 26,093</u>	<u>\$ 523,599</u>	<u>\$ 2,506,509</u>
<u>\$ 143,401</u>	<u>\$ 410</u>	<u>\$ 22,603</u>	<u>\$ 26,093</u>	<u>\$ 523,599</u>	<u>\$ 2,506,509</u>

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2008

	Special Revenue			Total
	Road Use Tax	Asset Forfeiture	Local Option Sales Tax	
Receipts:				
Other City tax	\$ --	\$ --	\$ 313,136	\$ 313,136
Use of money and property	--	136	10,505	10,641
Intergovernmental	224,634	--	--	224,634
Miscellaneous	--	26,258	--	26,258
Total receipts	224,634	26,394	323,641	574,669
Disbursements:				
Operating:				
Public safety	--	10,699	--	10,699
Public works	238,425	--	--	238,425
Total disbursements	238,425	10,699	--	249,124
Excess (deficiency) of receipts over (under) disbursements	(13,791)	15,695	323,641	325,545
Other financing sources (uses):				
Operating transfers out	--	--	(350,000)	(350,000)
Total other financing sources (uses)	--	--	(350,000)	(350,000)
Net change in cash balances	(13,791)	15,695	(26,359)	(24,455)
Cash balances, beginning of year	54,167	--	92,619	146,786
Cash balances, end of year	\$ 40,376	\$ 15,695	\$ 66,260	\$ 122,331
Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 40,376	\$ 15,695	\$ 66,260	\$ 122,331
Total cash basis fund balances	\$ 40,376	\$ 15,695	\$ 66,260	\$ 122,331

See accompanying independent auditor's report.

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, 2008

	<u>Thelma Wyman Fund</u>
Receipts:	
Use of money and property	\$ <u>56</u>
Total receipts	<u>56</u>
Disbursements :	
Culture and recreation	<u>--</u>
Excess of receipts over disbursements	56
Cash balances, beginning of year	<u>866</u>
Cash balances, end of year	<u>\$ 922</u>
Cash Basis Fund Balances	
Unreserved	<u>\$ 922</u>
Total cash basis fund balances	<u>\$ 922</u>

See accompanying independent auditor's report.

CITY OF WILLIAMSBURG, IOWA
 SCHEDULE OF INDEBTEDNESS
 Year ended June 30, 2008

<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	3.50% - 3.63%	1,400,000
Corporate purpose - street, water & sanitary sewer improvements	May 1, 2006	3.75% - 4.50%	2,660,000
Urban renewal - land acquisition	July 10, 2007	3.80%	450,000
Corporate purpose - child care development center	April 1, 2008	2.50% - 4.10%	1,000,000
Revenue Bonds:			
State revolving funds	June 13, 2005	3.00%	1,050,000
State revolving funds	February 27, 2006	3.00%	150,000
Childcare facility enterprise revenue loan agreement anticipation project note	December 4, 2007	4.96%	1,200,000
Total Bonds & 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>
\$ 675,000	\$ --	\$ 110,000	\$ 565,000	\$ 30,750	\$ 2,529
500,000	--	100,000	400,000	21,500	1,666
980,000	--	140,000	840,000	39,480	3,061
610,000	--	255,000	355,000	21,763	1,294
2,425,000	--	110,000	2,315,000	100,481	18,837
--	450,000	115,000	335,000	15,248	1,325
--	1,000,000	--	1,000,000	--	6,233
971,000	--	41,000	930,000	29,130	2,905
13,843	--	6,000	7,843	415	24
<u>--</u>	<u>200,000</u>	<u>--</u>	<u>200,000</u>	<u>--</u>	<u>4,059</u>
6,174,843	1,650,000	877,000	6,947,843	258,767	41,933
<u>2,050,000</u>	<u>--</u>	<u>200,000</u>	<u>1,850,000</u>	<u>86,895</u>	<u>8,186</u>
<u>\$8,224,843</u>	<u>\$1,650,000</u>	<u>\$1,077,000</u>	<u>\$8,797,843</u>	<u>\$ 345,662</u>	<u>\$ 50,119</u>

CITY OF WILLIAMSBURG, IOWA
BOND AND NOTE MATURITIES
June 30, 2008

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
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>\$ 565,000</u>		<u>\$ 400,000</u>		<u>\$ 840,000</u>

Year ending June 30,	General Obligation Bonds				
	Issued July 1, 2005		Issued May 1, 2006		Total
	Interest Rate	Amount	Interest Rate	Amount	
2009	3.63%	\$ 195,000	4.50%	\$ 115,000	\$ 940,000
2010	3.30	50,000	4.50	115,000	740,000
2011	3.40	50,000	4.50	100,000	740,000
2012	3.50	60,000	4.50	100,000	610,000
2013	--	--	3.75	100,000	500,000
2014	--	--	3.80	100,000	345,000
2015-2026	--	--	3.8-4.25	1,685,000	1,935,000
		<u>\$ 355,000</u>		<u>\$2,315,000</u>	<u>\$5,810,000</u>

Revenue Bonds

Year ending June 30,	Sewer Revenue Bonds - SRF			
	Issued June 13, 2005		Issued February 27, 2006	
	Interest Rate	Amount	Interest Rate	Amount
2009	3.00%	\$ 43,000	3.00%	\$ 7,843
2010	3.00	44,000	--	--
2011	3.00	45,000	--	--
2012	3.00	47,000	--	--
2013	3.00	48,000	--	--
2014	3.00	49,000	--	--
2015-2026	3.00	654,000	--	--
		<u>\$ 930,000</u>		<u>\$ 7,843</u>

See accompanying independent auditor's report.

General Obligation Bonds			
Issued July 10, 2007		Issued April 8, 2008	
Interest Rate	Amount	Interest Rate	Amount
3.80%	\$ 95,000	2.50%	\$ 185,000
3.80	110,000	2.65	115,000
3.80	130,000	2.90	110,000
	--	3.10	100,000
	--	3.25	135,000
	--	3.40	105,000
	--	3.65-4.10	250,000
	<u>\$ 335,000</u>		<u>\$1,000,000</u>

Revenue Bonds		
Child Care Facility Enterprise Revenue Bonds		
Issued December 4, 2007		
Interest Rate	Amount	Total
4.96%	\$ 200,000	\$ 250,843
	--	44,000
	--	45,000
	--	47,000
	--	48,000
	--	49,000
	--	654,000
	<u>\$ 200,000</u>	<u>\$ 1,137,843</u>

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts:				
Property tax	\$ 593,123	\$ 944,096	\$ 526,093	\$ 488,445
Tax increment financing collections	1,563,029	1,500,055	1,469,800	1,209,469
Other city tax	446,083	419,263	347,347	405,485
Use of money and property	327,267	253,153	258,356	103,249
Licenses and permits	8,787	6,247	24,916	11,806
Intergovernmental	313,959	260,262	310,225	237,257
Charges for service	239,226	242,471	194,269	297,499
Special assessments	948	1,004	1,113	10,244
Miscellaneous	563,337	868,333	158,791	243,063
	<u>\$ 4,055,759</u>	<u>\$ 4,494,884</u>	<u>\$ 3,290,910</u>	<u>\$ 3,006,517</u>
Total				
Disbursements:				
Operating:				
Public safety	\$ 557,288	\$ 569,356	\$ 509,101	\$ 422,794
Public works	393,721	374,606	400,671	444,297
Health and social services	1,200	1,200	1,000	900
Culture and recreation	1,242,755	1,837,607	791,147	624,977
Community and economic development	93,870	217,725	221,911	117,097
General government	173,863	166,960	146,756	152,526
Debt service	1,350,466	1,338,712	1,110,648	836,970
Capital projects	343,686	1,919,561	2,384,546	1,623,061
	<u>\$ 4,156,849</u>	<u>\$ 6,425,727</u>	<u>\$ 5,565,780</u>	<u>\$ 4,222,622</u>
Total				

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, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 3, 2008. 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 08-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, 2008 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
October 3, 2008

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings

Year ended June 30, 2008

PART I: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

08-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 FINDINGS:

08-I-B Water Loss: Water usage reports calculated by the utility clerk indicate a fluctuating water loss problem. Review of water usage reports from 2007 and 2008 reveal that the City lost an average of 4,200,000 gallons of water per month during the last 6 months of the year.

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: Response accepted.

08-I-C Dual Signature Checks: Dual signatures of the Mayor and City Clerk are required before a check can be issued from the City. The current Mayor's signature is represented by a signature plate with his signature instead of his handwritten signature. This plate is maintained in City Hall.

Recommendation: The Mayor's signature plate should be controlled by the City in a manner to ensure proper use. The purpose of the dual signature is defeated if the same individual signs the check and supervises the employees who apply the facsimile signature.

CITY OF WILLIAMSBURG, IOWA

Schedule of Findings

Year ended June 30, 2008

PART I: Findings Related to the Financial Statements - Continued

Response: We will create a new policy whereas the Mayor will officially sign checks greater than \$25,000. In addition, when claims are submitted to the Council for approval, there will also be a total list of checks that agree with the claims total.

Conclusion: Response accepted.

PART II: Other Findings Related to Statutory Reporting

- 08-II-A Certified Budget: Disbursements during the year ended June 30, 2008 did not exceed the amounts budgeted.
- 08-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.
- 08-II-C Travel Expense: No expenditures of City money for travel expenses of spouses of City officials and/or employees were noted.
- 08-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.
- 08-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.
- 08-II-F Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.
- 08-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.
- 08-II-H Revenue Bonds: The City has complied with the revenue bond resolutions.

* * *