CITY OF WILLIAMSBURG

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2013

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City of Williamsburg

Officials

Name	Title	Term Expires
Frank Murphy	Mayor	Jan 2014
Don Kirkpatrick	Mayor Pro Tem	Jan 2016
Pat McGovern	Council Member	Jan 2014
Martin Bunge	Council Member	Jan 2014
Adam Grier	Council Member	Jan 2016
Dave Kubas	Council Member	Jan 2016
Jenifer Mein	Clerk / Treasurer	Appointed
Eric Tindal	Attorney	Appointed

City of Williamsburg

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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the primary government 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg as of June 30, 2013, 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.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Williamsburg's basic financial statements. The financial statements for the six years ending June 30, 2009 (which are not presented herein), were audited by other auditors whose reports expressed unqualified opinions on financial statements from 2004-2006 and qualified opinions on financial statements from 2007-2009, which were prepared on the basis of cash receipts and disbursements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2012 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the primary government financial statements taken as a whole.

The other information, the budgetary comparison information on pages 20 through 22 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The City has not presented Management's Discussion and Analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 19, 2013 on our consideration of the City of Williamsburg's internal control over financial reporting and on 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 on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Williamsburg's internal control over financial reporting and compliance.

Lou Ann Murphy & Company, P. L. L. C.

Certified Public Accountants

Osage, Iowa

September 19, 2013

City of Williamsburg

City of Williamsburg

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2013

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	$ 641,143	23,072	12,330	-
Public works	385,276	-	293,810	-
Health & Social Services	1,200	-	-	-
Culture and recreation	756,956	265,343	27,927	-
Community and economic development	27,465	-	-	-
General government	167,650	20,161	-	-
Debt service	1,299,386	-	-	-
Capital projects	1,248,578	-	-	-
Total governmental activities	4,527,654	308,576	334,067	-
Business type activities:				
Water	324,680	383,223	-	-
Sewer	385,522	492,476	-	-
Child Development Center	49,404	-	56,028	-
Total business type activities	759,606	875,699	56,028	-
Component Unit:				
Library Foundation	31,311	-	7,938	-
Total Component Unit	31,311	-	7,938	-
Total	$ 5,318,571	1,184,275	398,033	-
General Receipts and Transfers:				
Property tax and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Grants and contributions not restricted to specific purposes				
Unrestricted interest on investments				
Bond Proceeds				
Miscellaneous				
Sale of Real Property				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Thelma Wyman Memorial				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Aggregate Discretely Presented Component Unit
Governmental Activities	Business Type Activities	Total	
(605,741)	-	(605,741)	-
(91,466)	-	(91,466)	-
(1,200)	-	(1,200)	-
(463,686)	-	(463,686)	-
(27,465)	-	(27,465)	-
(147,489)	-	(147,489)	-
(1,299,386)	-	(1,299,386)	-
(1,248,578)	-	(1,248,578)	-
(3,885,011)	-	(3,885,011)	-
-	58,543	58,543	-
-	106,954	106,954	-
-	6,624	6,624	-
-	172,121	172,121	-
-	-	-	(23,373)
-	-	-	(23,373)
(3,885,011)	172,121	(3,712,890)	(23,373)
$ 988,792	-	988,792	-
178,251	-	178,251	-
1,900,312	-	1,900,312	-
435,983	-	435,983	-
10,556	-	10,556	-
34,939	2,193	37,132	-
-	-	-	-
65,680	-	65,680	-
210,000	-	210,000	-
40,125	(40,125)	-	-
3,864,638	(37,932)	3,826,706	-
(20,373)	134,189	113,816	(23,373)
5,859,591	627,941	6,487,532	146,813
$ 5,839,218	762,130	6,601,348	123,440
$ 505	-	505	-
110,927	-	110,927	-
1,116,798	-	1,116,798	-
384,077	99,755	483,832	-
232,525	15,071	247,596	-
3,994,386	647,304	4,641,690	123,441
$ 5,839,218	762,130	6,601,348	123,441

City of Williamsburg
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2013

	General	Special Revenue: Road Use Tax	Special Revenue: Tax Increment Financing	Debt Service
Receipts:				
Property tax	$ 599,380	-	-	176,660
Tax increment financing	-	-	1,900,312	-
Other city tax	178,821	-	-	1,591
Licenses and permits	9,928	-	-	-
Use of money and property	93,974	-	1,241	2,817
Intergovernmental	27,385	293,810	-	-
Charges for service	225,649	-	-	-
Special assessments	-	-	-	-
Miscellaneous	80,206	-	-	-
Total receipts	1,215,343	293,810	1,901,553	181,068
Disbursements:				
Operating:				
Public safety	634,739	-	-	-
Public works	144,262	241,014	-	-
Health & Social Services	1,200	-	-	-
Culture and recreation	756,956	-	-	-
Community and economic development	27,465	-	-	-
General government	167,650	-	-	-
Debt service	2,750	-	-	1,296,636
Capital projects	-	-	2,500	-
Total disbursements	1,735,022	241,014	2,500	1,296,636
Excess (deficiency) of receipts over (under) disbursements	(519,679)	52,796	1,899,053	(1,115,568)
Other financing sources (uses):				
Note Proceeds	-	-	-	-
Sale of Real Property	210,000	-	-	-
Operating transfers in	870,692	-	-	1,112,068
Operating transfers out	(283,888)	(40,279)	(1,323,055)	-
Total other financing sources (uses)	796,804	(40,279)	(1,323,055)	1,112,068
Change in cash balances	277,125	12,517	575,998	(3,500)
Cash balances beginning of year	2,601,225	98,410	540,800	387,577
Cash balances end of year	$ 2,878,350	110,927	1,116,798	384,077
Cash Basis Fund Balances				
Nonspendable - Thelma Wyman Memorial	$ -	-	-	-
Restricted for:				
Urban renewal purposes	-	-	1,116,798	-
Debt service	-	-	-	384,077
Streets	-	110,927	-	-
Other Purposes	-	-	-	-
Committed for capital projects	-	-	-	-
Assigned for:				
Library	5,324	-	-	-
Historical Commission	1,997	-	-	-
Unassigned	2,871,029	-	-	-
Total cash basis fund balances	$ 2,878,350	110,927	1,116,798	384,077

See notes to financial statements.

Capital Projects	Nonmajor	Total
49,803	157,443	983,286
-	-	1,900,312
810	438,518	619,740
-	-	9,928
4,871	337	103,240
-	-	321,195
-	13,600	239,249
-	-	-
-	-	80,206
55,484	609,898	4,257,156
-	6,404	641,143
-	-	385,276
-	-	1,200
-	-	756,956
-	-	27,465
-	-	167,650
-	-	1,299,386
1,246,078	-	1,248,578
1,246,078	6,404	4,527,654
(1,190,594)	603,494	(270,498)
-	-	-
-	-	210,000
210,000	-	2,192,760
-	(505,413)	(2,152,635)
210,000	(505,413)	250,125
(980,594)	98,081	(20,373)
2,096,630	134,949	5,859,591
1,116,036	233,030	5,839,218
-	505	505
-	-	1,116,798
-	-	384,077
-	-	110,927
-	232,525	232,525
1,116,036	-	1,116,036
-	-	5,324
-	-	1,997
-	-	2,871,029
1,116,036	233,030	5,839,218

City of Williamsburg

Exhibit C

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2013

	Enterprise Funds			
	Water	Sewer	Child Care Facility	Total
Operating receipts:				
Charges for service	$ 349,420	488,433	-	837,853
Operating disbursements:				
Business type activities	324,680	313,114	-	637,794
Excess (deficiency) of operating receipts over (under) operating disbursements	24,740	175,319	-	200,059
Non-operating receipts (disbursements):				
Use of Money & Property	365	1,819	9	2,193
Miscellaneous	33,803	4,043	56,028	93,874
Debt Service	-	(72,408)	(49,404)	(121,812)
Net non-operating receipts (disbursements)	34,168	(66,546)	6,633	(25,745)
Excess (deficiency) of receipts over (under) disbursements	58,908	108,773	6,633	174,314
Other financing sources (uses):				
Transfers in	-	-	-	-
Ttransfers out	(36,955)	(3,170)	-	(40,125)
Total other financings sources (uses)	(36,955)	(3,170)	-	(40,125)
Change in cash balances	21,953	105,603	6,633	134,189
Cash balances beginning of year	114,019	505,484	8,438	627,941
Cash balances end of year	$ 135,972	611,087	15,071	762,130
Cash Basis Fund Balances				
Restricted for debt service	$ -	99,755	15,071	114,826
Unrestricted	135,972	511,332	-	647,304
Total cash basis fund balances	$ 135,972	611,087	15,071	762,130

See notes to financial statements.

City of Williamsburg

(1) Summary of Significant Accounting Policies

The City of Williamsburg 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 f orm 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 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.

These financial statements include the City of Williamsburg (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Unit

The Williamsburg Library Foundation, Inc. is presented in a separate column to emphasize that it is a separate entity, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Williamsburg Library Foundation, Inc. is a non-profit organization created for the sole purpose of raising funds to support the Williamsburg Library. Most revenues are generated from private donations given by individuals and businesses in the area.

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 association is in the process of changing the entity type, and it is the intent that the 501(c)3 process be completed during the next fiscal year. The Fire Fighters Association Board of Directors is, in appearance, essentially the same as the Williamsburg Fire Department. Condensed financial statements for the year ended December 31, 2012 presented in Note 18 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. Unaudited financial statements may be obtained from 102 Fire Ridge Road, Williamsburg, Iowa 52361.

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 known 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, 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.

B. Basis of Presentation

Government-wide Financial Statements – The Cash Basis Statement of Activities and Net Position (previously referred to as 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 Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

> Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.
>
> Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
>
> Unrestricted net position consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position often have constraints on cash balances imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position 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 charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Tax Increment Financing Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Child Care Facility Fund accounts for the operation and maintenance of the Child Care Facility.

C. Measurement Focus and 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.

Under the terms of grant agreements, the City of Williamsburg funds certain programs 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 position 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.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

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. Governmental Cash Basis Fund Balances

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the City Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2013, disbursements exceeded the amount budgeted in public works and business type activities.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2013 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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Notes		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	1,370,000	193,043	60,458	58,112	1,430,458	251,155
2015	770,000	169,120	63,328	56,696	833,328	225,816
2016	655,000	149,355	64,830	54,664	719,830	204,019
2017	610,000	132,895	67,353	52,563	677,353	185,458
2018	450,000	117,381	69,897	50,417	519,897	167,798
2019-2023	2,085,000	339,194	383,452	217,018	2,468,452	556,212
2024-2028	865,000	106,824	231,790	157,382	1,096,790	264,206
2029-2033	250,000	21,637	116,959	130,061	366,959	151,698
2034-2038			136,879	104,555	136,879	104,555
2039-2043			162,846	74,934	162,846	74,934
2044-2048			198,834	38,946	198,834	38,946
2049-2050			90,348	3,775	90,348	3,775
Total	7,055,000	1,229,449	1,646,974	999,123	8,701,974	2,228,572

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 $1,050,000 in sewer revenue bonds issued in June, 2005. 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 2025. Annual principal and interest payments on the bonds are expected to require 58 percent of the net receipts. The total principal and interest remaining to be paid on the bonds is $847,822. For the current year, principal and interest paid and total customer net receipts were $70,530 and $181,181, respectively.

The City has pledged future child care facility customer receipts, net of operating disbursements, to repay $964,000 in child care facility enterprise revenue notes 1 and 2 issued in July, 2010. Proceeds from the notes provided financing for the acquisition of land and construction, furnishing and equipping of a child care center. The notes are payable solely from child care customer net receipts and are payable through 2050. Annual principal and interest payments on the notes are expected to require 88 percent of the net receipts. The total principal and interest remaining to be paid on the notes is $1,798,273.93. For the current year, principal and interest paid and total customer net receipts were $49,404 and $56,037, respectively.

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 sewer and child care facility 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 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.

d. For the child care facility, there shall be a reserve fund established for 10 percent of each payment up to a maximum of the largest payment.

e. 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.

f. The providers of the child care facility have established a depreciation fund to be used for repairs and maintenance over the life of the loan.

(4) Lease Purchase Agreement

On March 30, 2010 the City entered into a lease purchase agreement to purchase two new police vehicles for $47,647. The lease purchase agreement bears interest at an average rate of 5.5 % and matures April 29, 2014. Principal and interest paid during fiscal year 2013 totaled $10,621.

The remaining annual lease purchase payments are as follows:

Year Ending June 30,	Lease Purchase Principal	Lease Purchase Interest
2014	10,068	553
Total	10,068	553

(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 5.78% of their annual covered salary and the City is required to contribute 8.67% 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 contributions to IPERS for the years ended June 30, 2013, 2012, and 2011 were $80,460, $75,326, $67,431, respectively, equal to the required contributions for each year.

(6) Other Postemployment Benefits (OPEB)

Plan Description -The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are sixteen active and zero retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member's monthly premiums for the City and plan members are $619 for single coverage and $1,546 for family coverage. For the year ended June 30, 2013, the City contributed $221,954 and plan members eligible for benefits contributed $0 to the plan.

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation 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 compensatory termination payments payable to employees at June 30, 2013, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	$40,919
Compensatory	31,887
Total	$72,806

This liability has been computed based on rates of pay in effect at June 30, 2013.

City employees also accumulate a limited amount of earned but unused sick leave hours, personal time, and holiday pay for subsequent use. However, sick leave time, personal time, and holiday time is canceled if an employee leaves his or her employment with the City.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2013 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	$ 350,000
	Employee Benefits	155,413
	Tax Increment Financing	325,000
	Road Use	40,279
		$ 870,692
Debt Service	Special Revenue:	
	Tax Increment Financing	$ 998,055
	General Fund	73,888
	Enterprise:	
	Water	36,955
	Sewer	3,170
		$ 1,112,068
Capital Projects	General Fund	$ 210,000
Total		$ 2,192,760

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

(9) Economic Development

On November 28, 2011 the City entered into a Development Agreement with WLW Ltd. Partnership, in which the City agrees to make economic development tax rebate payments to WLW Ltd. Partnership, pursuant to Chapter 15A and 403 of the Code of Iowa, an amount which represents 50% of the property taxes paid with respect to the incremental property valuation of the construction project to construct a facility for WLW Ltd. Partnership not to exceed the amount of $450,000. 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.

(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.

(11) Risk Management

The City 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.

(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. On 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.

During the year ended June 30, 2013, the City of Williamsburg paid Cox Sanitation $95,174. The sanitation company is then responsible for paying all landfill fees for the City's share of the cost. Completed financial statements for the Commission can be obtained from the Regional Environmental Improvement Commission.

(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.

(14) Conduit Debt Obligation

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 construction 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.

(15) Related Party Transactions

The City had business transactions between City and City officials totaling $1,012 during the year ended June 30, 2013.

(16) Commitments

As of June 30, 2013, the City had the following commitments with respect to the following projects:

	Remaining Commitment	Expected Date of Completion
2013 Welsh Street Reconstruction	$ 628,146	September 2013
Total	$ 628,146	

(17) Management and Use Agreement

Due to the importance of affordable childcare the City constructed a daycare facility and signed a management agreement with Williamsburg Community Childcare Center and K.I.N.D Care to operate and maintain the child care facility. A lease purchase has been signed based on the total cost of the building.

The remaining annual debt payments are as follows:

Year Ending June 30	USDA Child Care Facility Enterprise Rev Note 1 & 2	
	Principal	Interest
2014	11,458	37,022
2015	12,327	37,077
2016	12,830	36,574
2017	13,353	36,051
2018	13,897	35,507
2019-2023	78,452	168,568
2024-2028	95,790	151,230
2029-2033	116,959	130,061
2034-2038	136,879	104,555
2039-2043	162,846	74,934
2044-2048	198,834	38,946
2049-2050	90,348	3,775
Total	943,973	854,300

The City maintains the right to repurchase the land if either childcare providers decide to sell the childcare facility.

(18) The Williamsburg Firefighters Association

The Williamsburg Firefighters Association provides benefits to the City of Williamsburg Fire Department. The Association reports its financial activity using a calendar year end. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the unaudited condensed financial information for the Williamsburg Firefighters Association for the year ended December 31, 2012.

	Williamsburg Firefighters Association
Receipts:	
Miscellaneous	$ 58,407
Total receipts	58,407
Disbursements:	
Public safety	43,281
Total disbursements	43,281
Excess of receipts over disbursements	15,126
Cash balance beginning of year	24,477
Cash balance end of year	$ 39,603

(19) Leases

The City leases property to the school under an operating lease requiring payments of $25,000 on November 1, 2012 and April 15, 2013. The lease is for July 1, 2012 to June 30, 2013. Total lease payments received for the year ended June 30, 2013 are $50,000.

(20) Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through September 19, 2013, the date of the report.

City of Williamsburg

Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances -
Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2013

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	$ 983,287	-	-
Tax increment financing	1,900,312	-	-
Other city tax	619,740	-	-
Licenses and permits	9,928	-	-
Use of money and property	103,239	2,192	1
Intergovernmental	321,195	-	-
Charges for service	239,249	837,853	-
Miscellaneous	80,206	93,874	-
Total receipts	4,257,156	933,919	1
Disbursements:			
Public safety	641,143	-	-
Public works	385,276	-	-
Health and social services	1,200	-	-
Culture and recreation	756,956	-	-
Community and economic development	27,465	-	-
General government	167,650	-	-
Debt service	1,299,386	-	-
Capital projects	1,248,578	-	-
Business type activities	-	759,605	-
Total disbursements	4,527,654	759,605	-
Excess (deficiency) of receipts over (under) disbursements	(270,498)	174,314	1
Other financing sources (uses), net	250,125	(40,125)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(20,373)	134,189	1
Balances beginning of year	5,859,591	627,941	982
Balances end of year	$ 5,839,218	762,130	983

See accompanying Independent Auditor's Report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
983,287	952,909	952,909	30,378
1,900,312	2,047,565	2,047,565	(147,253)
619,740	464,325	504,325	115,415
9,928	9,375	9,375	553
105,430	121,747	127,297	(21,867)
321,195	312,517	316,131	5,064
1,077,102	971,100	988,700	88,402
174,080	151,460	158,460	15,620
5,191,074	5,030,998	5,104,762	86,312
641,143	650,050	670,150	29,007
385,276	369,435	371,435	(13,841)
1,200	1,200	1,200	-
756,956	869,738	871,238	114,282
27,465	150,754	150,754	123,289
167,650	194,835	197,335	29,685
1,299,386	1,274,864	1,299,637	251
1,248,578	50,000	2,157,739	909,161
759,605	710,700	710,700	(48,905)
5,287,259	4,271,576	6,430,188	1,142,929
(96,185)	759,422	(1,325,426)	1,229,241
210,000	-	210,000	-
113,815	759,422	(1,115,426)	1,229,241
6,486,550	4,239,602	6,487,524	(974)
6,600,365	4,999,024	5,372,098	1,228,267

Other Information

City of Williamsburg

Notes to Other Information – Budgetary Reporting

June 30, 2013

The budgetary comparison is presented in accordance with Governmental Accounting Standards 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. 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 include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the 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 receipts by $73,764 and disbursements by $2,158,612. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2013, disbursements exceeded the amount budgeted in public works and business type activities.

Supplementary Information

Schedule 1

City of Williamsburg

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2013

	Special Revenue			Permanent	
	Local Option Sales Tax	Employee Benefits	Asset Forfeiture	Thelma Wyman Memorial	Total
Receipts:					
Property tax	$ -	$ 157,443	$ -	$ -	$ 157,443
Tax Increment Financing Collections	-	-	-	-	-
Other City Tax	435,983	2,535	-	-	438,518
License and Permits	-	-	-	-	-
Use of Money & Property	289	13	34	1	337
Intergovernmental	-	-	-	-	-
Charges for Service	-	-	13,600	-	13,600
Special Assessments	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	436,272	159,991	13,634	1	609,898
Disbursements:					
Operating:					
Public Safety	-	-	6,404	-	6,404
Public Works	-	-	-	-	-
Health & Social Services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	-	-	6,404	-	6,404
Excess (deficiency) of receipts over (under) disbursements	436,272	159,991	7,230	1	603,494
Other financing sources (uses):					
Debt Proceeds	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	(350,000)	(155,413)	-	-	(505,413)
Total other financing sources (uses)	(350,000)	(155,413)	-	-	(505,413)
Change in cash balances	86,272	4,578	7,230	1	98,081
Cash balances beginning of year	130,001	3,966	-	982	134,949
Cash balances end of year	$ 216,273	$ 8,544	$ 7,230	$ 983	$ 233,030
Cash Basis Fund Balances					
Nonspendable - Thelma Wyman Memorial	$ -	$ -	$ -	$ 505	$ 505
Restricted for other purposes	216,273	8,544	7,230	478	232,525
Total cash basis fund balances	$ 216,273	$ 8,544	$ 7,230	$ 983	$ 233,030

See accompanying Independent Auditor's Report.

City of Williamsburg

Schedule of Indebtedness

Year ended June 30, 2013

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Corporate purpose - capital projects	04/01/08	2.50-4.10%	1,000,000
Corporate purpose - street, water, & sewer series 2009A	04/01/09	3.50%	750,000
Corporate purpose - street, water, & sewer series 2009B	04/01/09	3.5-4.20%	1,675,000
Urban renewal bonds - library	04/01/10	2.25-3.50%	2,500,000
Refunding bond, series 2011	07/01/11	2.00-3.50%	32,700
Corporate Purpose	06/11/12	0.45-3.45%	1,500,000
Total			
Revenue bonds:			
Sewer Revenue Bonds	06/30/05	3.00%	$ 1,050,000
USDA Childcare facility enterprise revenue note 1	07/01/10	4.00%	928,000
USDA Childcare facility enterprise revenue note 2	07/01/10	4.00%	36,000
Total			
Lease Purchase			
Police Cars	03/31/10	5.488%	47,647
Total			

See accompanying Independent Auditor's Report.

Schedule 2

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
490,000	-	135,000	355,000	17,713	-
125,000	-	125,000	-	4,375	-
965,000	-	240,000	725,000	36,650	-
2,150,000	-	250,000	1,900,000	63,625	-
2,900,000	-	325,000	2,575,000	75,000	-
1,500,000	-	-	1,500,000	24,274	-
8,130,000	-	1,075,000	7,055,000	221,637	-
751,000	-	48,000	703,000	22,530	-
927,487	-	10,118	917,369	37,438	-
27,356	-	752	26,604	1,096	-
1,705,843	-	58,870	1,646,973	61,064	-
19,612	-	9,544	10,068	1,076	-
19,612	-	9,544	10,068	1,076	-

City of Williamsburg

Bond and Note Maturities

June 30, 2013

	General Obligation			
	Corporate Purpose Capital Projects		Corporate Purpose Street, Water, & Sewer series 09B	
Year Ending June 30,	Issued Apr 1, 2008		Issued Apr 1, 2009	
	Interest Rates	Amount	Interest Rates	Amount
2014	3.40	105,000	3.50	200,000
2015	3.65	110,000	4.00	100,000
2016	4.10	-	4.00	100,000
2017	4.10	-	4.00	100,000
2018	4.10	-	4.00	100,000
2019	4.10	140,000	4.20	125,000
2020		-		-
2021		-		-
2022		-		-
2023		-		-
2024		-		-
2025		-		-
2026		-		-
2027		-		-
2027		-		-
2029		-		-
2030		-		-
2031		-		-
2032		-		-
Total		$ 355,000		$ 725,000

See accompanying Independent Auditor's Report.

Bonds						
Urban Renewal Bonds - Library		Refunding Bond, series 2011		Corporate Purpose		
Issued Apr 1, 2010		Issued July 1, 2011		Issued June 11, 2012		
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2.25	200,000	2.00	320,000	0.45	545,000	1,170,000
2.50	200,000	2.00	315,000	1.00	45,000	670,000
2.75	200,000	2.10	310,000	1.00	45,000	555,000
2.75	200,000	2.10	265,000	1.00	45,000	510,000
3.25	200,000	2.15	100,000	1.35	50,000	350,000
3.25	200,000	2.40	100,000	1.35	50,000	490,000
3.50	700,000	2.60	100,000	1.80	50,000	850,000
	-	2.80	100,000	1.80	50,000	150,000
	-	3.50	180,000	2.25	50,000	230,000
	-	3.50	190,000	2.25	50,000	240,000
	-	3.50	195,000	2.50	50,000	245,000
	-	3.50	200,000	2.50	55,000	255,000
	-	3.50	200,000	2.85	55,000	255,000
	-		-	2.85	55,000	55,000
	-		-	3.00	55,000	55,000
	-		-	3.00	60,000	60,000
	-		-	3.45	60,000	60,000
	-		-	3.45	65,000	65,000
	-		-	3.45	65,000	65,000
	$ 1,900,000		$ 2,575,000		$ 1,500,000	$ 6,330,000

City of Williamsburg

City of Williamsburg

Bond and Note Maturities

June 30, 2013

Year ending June 30,	Revenue Bonds						
	Sewer Revenue Bonds Issued Jun 13, 2005		USDA Child Care Facility Ent Rev Note 1 Issued July 1, 2010		USDA Child Care Facility Ent Rev Note 2 Issued July 1, 2010		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
2014	3.00	49,000	4.00	11,063	4.00	395	60,458
2015	3.00	51,000	4.00	11,513	4.00	814	63,327
2016	3.00	52,000	4.00	11,982	4.00	848	64,830
2017	3.00	54,000	4.00	12,471	4.00	882	67,353
2018	3.00	56,000	4.00	12,979	4.00	918	69,897
2019	3.00	57,000	4.00	13,507	4.00	955	71,462
2020	3.00	59,000	4.00	14,058	4.00	994	74,052
2021	3.00	61,000	4.00	14,630	4.00	1,035	76,665
2022	3.00	63,000	4.00	15,226	4.00	1,077	79,303
2023	3.00	65,000	4.00	15,847	4.00	1,121	81,968
2024	3.00	67,000	4.00	16,492	4.00	1,167	84,659
2025	3.00	69,000	4.00	17,164	4.00	1,214	87,378
2026			4.00	17,864	4.00	1,264	19,128
2027			4.00	18,591	4.00	1,315	19,906
2028			4.00	19,349	4.00	1,369	20,718
2029			4.00	20,137	4.00	1,425	21,562
2030			4.00	20,958	4.00	1,483	22,441
2031			4.00	21,812	4.00	1,543	23,355
2032			4.00	22,700	4.00	1,606	24,306
2033			4.00	23,625	4.00	1,671	25,296
2034			4.00	24,588	4.00	1,739	26,327
2035			4.00	25,589	4.00	1,769	27,358
2036			4.00	26,632			26,632
2037			4.00	27,717			27,717
2038			4.00	28,846			28,846
2039			4.00	30,021			30,021
2040			4.00	31,244			31,244
2041			4.00	32,517			32,517
2042			4.00	33,842			33,842
2043			4.00	35,221			35,221
2044			4.00	36,656			36,656
2045			4.00	38,149			38,149
2046			4.00	39,704			39,704
2047			4.00	41,321			41,321
2048			4.00	43,005			43,005
2049			4.00	44,757			44,757
2050			4.00	45,592			45,592
Total		$ 703,000		$ 917,369		$ 26,604	$ 1,646,973

See accompanying Independent Auditor's Report.

City of Williamsburg

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2013	2012	2011	2010
Receipts:				
Property tax	$ 983,286	$ 840,334	$ 840,637	$ 920,013
Tax increment financing	1,900,312	1,922,728	1,922,005	1,745,232
Other city tax	619,740	608,616	460,232	408,555
Licenses and permits	9,928	13,679	11,097	19,174
Use of money and property	103,240	105,801	132,757	161,152
Intergovernmental	321,195	471,044	736,767	685,869
Charges for service	239,249	212,070	208,184	193,888
Special assessments	-	-	-	648
Miscellaneous	290,206	128,272	391,294	174,680
Total	$ 4,467,156	$ 4,302,544	$ 4,702,973	$ 4,309,211
Disbursements:				
Operating:				
Public safety	$ 641,143	$ 642,713	$ 619,806	$ 616,863
Public works	385,276	348,373	560,959	363,839
Health and social services	1,200	1,200	1,200	1,200
Culture and recreation	756,956	729,557	680,291	726,768
Community and economic development	27,465	18,312	118,502	117,399
General government	167,650	177,746	176,070	191,063
Debt service	1,299,386	4,597,964	1,555,153	1,405,313
Capital projects	1,248,578	1,469,021	3,311,959	1,369,740
Total	$ 4,527,654	$ 7,984,886	$ 7,023,940	$ 4,792,185

See accompanying Independent Auditor's Report.

Schedule 4

2009	2008	2007	2006	2005	2004
$ 787,373	$ 593,123	944,096	526,093	488,445	562,707
1,631,084	1,563,029	1,500,055	1,469,800	1,209,469	1,064,489
423,988	446,083	419,263	347,347	405,485	369,752
185,011	327,267	253,153	258,356	103,249	130,146
5,590	8,787	6,247	24,916	11,806	9,662
489,155	313,959	260,262	310,225	237,257	247,295
206,977	239,226	242,471	194,269	297,499	240,016
964	948	1,004	1,113	10,244	28,230
149,177	563,337	868,333	158,791	243,063	96,540
$ 3,879,319	$ 4,055,759	4,494,884	3,290,910	3,006,517	2,748,837
$ 597,270	$ 557,288	569,356	509,101	422,794	373,751
395,385	393,721	374,606	400,671	444,297	348,133
1,200	1,200	1,200	1,000	900	900
717,422	1,242,755	1,837,607	791,147	624,977	694,955
107,631	93,870	217,725	221,911	117,097	157,006
203,736	173,863	166,960	146,756	152,526	138,087
2,938,235	1,350,466	1,338,712	1,110,648	836,970	583,085
3,009,992	343,686	1,919,561	2,384,546	1,623,061	302,504
$ 7,970,871	$ 4,156,849	6,425,727	5,565,780	4,222,622	2,598,421

City of Williamsburg

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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 in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Williamsburg, Iowa, as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 19, 2013. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Williamsburg's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Williamsburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Williamsburg's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness i s a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility a material misstatement of City of Williamsburg's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-13 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-B-13 to be a significant deficiency.

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, and contracts, 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 III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2013 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

The City of Williamsburg's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City of Williamsburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Williamsburg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Lou Ann Murphy & Company, P. L. L. C.
Certified Public Accountants
Osage, Iowa
September 19, 2013

City of Williamsburg

Schedule of Findings

Year ended June 30, 2013

Part I: Summary of the Independent Auditor's Results:

(a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

(b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the basic financial statements.

City of Williamsburg

City of Williamsburg

Schedule of Findings

Year ended June 30, 2013

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-13 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. We noted that each of the office personnel has control over several incompatible office and accounting functions.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response – We will consider this.

Conclusion – Response acknowledged. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

II-B-13 Water Loss - Water usage reports calculated by the utility clerk indicate a fluctuation water loss problem. Review of water usage reports from 2012 reveal that the City lost an average of approximately 3,200,000 gallons of water per month during the last six 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.

II-C-13 Dual Signature – Although, the City has a policy that requires dual signatures on all checks, we noted that not all checks have dual signatures.

Recommendation – The City should use dual signatures on all checks.

Response – Dual signatures will be properly used.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Williamsburg

Schedule of Findings

Year ended June 30, 2013

Part III: Other Findings Related to Statutory Reporting:

III-A-13 Certified Budget – Disbursements for the year ended June 30, 2013 exceeded the amount budgeted in public works and business type activties. 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.

III-B-13 Questionable Disbursements – No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

III-C-13 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-13 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Martin Bunge, Council Member Martin Bunge Photography	Website updates	$1,012

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the above individual do not appear to represent a conflict of interest since total transactions with the individual were less than $1,500 during the fiscal year.

III-E-13 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 insure that the coverage is adequate for current operations.

III-F-13 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-G-13 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.