



**Auditor of State
Betty Montgomery**

VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Williamsburg
Clermont County
107 West Main Street
Williamsburg, Ohio 45176

To the Village Council:

We have audited the accompanying financial statements of the Village of Williamsburg, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 20, 2003

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$85,389	\$14,312	\$0	\$0	\$99,701
Intergovernmental Receipts	103,422	65,033		31,105	199,560
Charges for Services	31,444				31,444
Fines, Licenses, and Permits	38,745	4,843			43,588
Earnings on Investments	3,810	26,321			30,131
Miscellaneous	7,162			68,952	76,114
Total Cash Receipts	<u>269,972</u>	<u>110,509</u>	<u>0</u>	<u>100,057</u>	<u>480,538</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	268,132	1,916			270,048
Public Health Services	5,355				5,355
Leisure Time Activities		9,015			9,015
Community Environment	30,875				30,875
Transportation		133,669			133,669
General Government	149,896	1,675			151,571
Debt Service:					
Principal Payments			15,000		15,000
Interest Payments			525		525
Capital Outlay	22,855	10,493		194,772	228,120
Total Cash Disbursements	<u>477,113</u>	<u>156,768</u>	<u>15,525</u>	<u>194,772</u>	<u>844,178</u>
Total Receipts Under Disbursements	<u>(207,141)</u>	<u>(46,259)</u>	<u>(15,525)</u>	<u>(94,715)</u>	<u>(363,640)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	175,000	15,000	15,525	359,425	564,950
Other Financing Sources	25			200,000	200,025
Other Financing Uses				(219,865)	(219,865)
Total Other Financing Receipts/(Disbursements)	<u>175,025</u>	<u>15,000</u>	<u>15,525</u>	<u>339,560</u>	<u>545,110</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(32,116)	(31,259)	0	244,845	181,470
Fund Cash Balances, January 1	39,159	183,465		620,721	843,345
Fund Cash Balances, December 31	<u>\$7,043</u>	<u>\$152,206</u>	<u>\$0</u>	<u>\$865,566</u>	<u>\$1,024,815</u>
Reserves for Encumbrances, December 31	<u>\$9,261</u>	<u>\$45,231</u>		<u>\$43,246</u>	<u>\$97,738</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$830,007	\$0	\$830,007
Earnings on Investments	\$2,014		\$2,014
Miscellaneous		39	39
	<u>832,021</u>	<u>39</u>	<u>832,060</u>
Operating Cash Disbursements:			
Personal Services	160,040		160,040
Fringe Benefits	33,532		33,532
Contractual Services	209,774		209,774
Supplies and Materials	74,227		74,227
Capital Outlay	133,492		133,492
Miscellaneous	765	6,430	7,195
	<u>611,830</u>	<u>6,430</u>	<u>618,260</u>
Operating Income/(Loss)	<u>220,191</u>	<u>(6,391)</u>	<u>213,800</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		420,828	420,828
Intergovernmental Receipts	56,819		56,819
Fines, Licenses & Permits	4,601	2,600	7,201
Other Non-Operating Receipts	19,865	44,954	64,819
	<u>81,285</u>	<u>468,382</u>	<u>549,667</u>
Non-Operating Cash Disbursements:			
Debt Service - Principal	30,000		30,000
Debt Service - Interest	47,645		47,645
Other Non-Operating Cash Disbursements		45,104	45,104
	<u>77,645</u>	<u>45,104</u>	<u>122,749</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	223,831	416,887	640,718
Transfers-Out		<u>(564,950)</u>	<u>(564,950)</u>
Net Receipts Over/(Under) Disbursements	223,831	(148,063)	75,768
Fund Cash Balances, January 1	<u>1,160,593</u>	<u>312,594</u>	<u>1,473,187</u>
Fund Cash Balances, December 31	<u>\$1,384,424</u>	<u>\$164,531</u>	<u>\$1,548,955</u>
Reserve for Encumbrances, December 31	<u>\$124,023</u>	<u>\$0</u>	<u>\$124,023</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$104,431	\$13,364	\$0	\$0	\$117,795
Intergovernmental Receipts	129,525	58,406		83,898	271,829
Charges for Services	46,862				46,862
Fines, Licenses, and Permits	32,805	3,792			36,597
Earnings on Investments	11,152	62,851			74,003
Miscellaneous	19,434	335		35	19,804
Total Cash Receipts	<u>344,209</u>	<u>138,748</u>	<u>0</u>	<u>83,933</u>	<u>566,890</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	266,186	11,909			278,095
Public Health Services	4,811				4,811
Leisure Time Activities		12,686			12,686
Community Environment	27,401				27,401
Transportation		108,922		101,588	210,510
General Government	151,722	2,750			154,472
Debt Service:					
Principal Payments			15,000	10,278	25,278
Interest Payments			1,575	572	2,147
Capital Outlay	23,360	4,040		169,204	196,604
Total Cash Disbursements	<u>473,480</u>	<u>140,307</u>	<u>16,575</u>	<u>281,642</u>	<u>912,004</u>
Total Receipts Under Disbursements	<u>(129,271)</u>	<u>(1,559)</u>	<u>(16,575)</u>	<u>(197,709)</u>	<u>(345,114)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	165,080		16,575	200,000	381,655
Other Financing Sources	612			149,465	150,077
Other Financing Uses	(25)	(42,000)		(103,548)	(145,573)
Total Other Financing Receipts/(Disbursements)	<u>165,667</u>	<u>(42,000)</u>	<u>16,575</u>	<u>245,917</u>	<u>386,159</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,396	(43,559)	0	48,208	41,045
Fund Cash Balances, January 1	2,763	227,024		572,513	802,300
Fund Cash Balances, December 31	<u>\$39,159</u>	<u>\$183,465</u>	<u>\$0</u>	<u>\$620,721</u>	<u>\$843,345</u>
Reserves for Encumbrances, December 31	<u>\$11,256</u>	<u>\$7,456</u>	<u>\$0</u>	<u>\$48,915</u>	<u>\$67,627</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$755,270	\$0	\$755,270
Earnings on Investments	12,972		\$12,972
Miscellaneous	132	11	143
	<u>768,374</u>	<u>11</u>	<u>768,385</u>
Operating Cash Disbursements:			
Personal Services	172,195		172,195
Fringe Benefits	35,491		35,491
Contractual Services	224,344		224,344
Supplies and Materials	82,137		82,137
Capital Outlay	139,709		139,709
Miscellaneous	272	8,474	8,746
	<u>654,148</u>	<u>8,474</u>	<u>662,622</u>
Operating Income/(Loss)	<u>114,226</u>	<u>(8,463)</u>	<u>105,763</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		427,978	427,978
Fines, Licenses & Permits	5,458		5,458
Other Non-Operating Receipts	23	37,353	37,376
	<u>5,481</u>	<u>465,331</u>	<u>470,812</u>
Non-Operating Cash Disbursements:			
Debt Service - Principal	55,000		55,000
Debt Service - Interest	50,208		50,208
Other Non-Operating Cash Disbursements	15,589	37,203	52,792
	<u>120,797</u>	<u>37,203</u>	<u>158,000</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(1,090)	419,665	418,575
Transfers-Out		(381,655)	(381,655)
Net Receipts Over/(Under) Disbursements	(1,090)	38,010	36,920
Fund Cash Balances, January 1	<u>1,161,683</u>	<u>274,584</u>	<u>1,436,267</u>
Fund Cash Balances, December 31	<u>\$1,160,593</u>	<u>\$312,594</u>	<u>\$1,473,187</u>
Reserve for Encumbrances, December 31	<u>\$97,603</u>	<u>\$0</u>	<u>\$97,603</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Williamsburg, Clermont County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except debt service funds maintained by outside custodians are not included in these financial statements.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Repurchase Agreement and U.S. Treasury Notes are valued at cost. Money market mutual funds are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Permissive Motor Vehicle Fund

This fund receives a license tax that was enacted by the Village for maintaining and repairing Village streets.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Police Department Building Fund

This fund receives local taxes that are used to pay debt for the police department building acquisition.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Village Capital Projects Fund

This fund receives transfers from the Income Tax Fund for construction and repairing streets and sidewalks.

Wilmar Reconstruction Fund

This fund receives Ohio Public Works Commission (OPWC) monies for street improvements.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Operating Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund

This fund receives municipal income tax revenue from residents for current operating expenses.

Mayor's Court Fund

This fund receives monies from the Mayor's Court which is distributed to the State and Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2002	2001
Demand deposits	\$45,667	\$17,626
U.S. Treasury Notes	320,647	317,577
Money Market	9,297	9,260
Repurchase agreement	2,198,159	1,972,069
Total investments	2,528,103	2,298,906
Total deposits and investments	\$2,573,770	\$2,316,532

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The Repurchase Agreement is between the Village and National Bank and Trust. National Bank and Trust transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. For each transaction, National Bank and Trust provides the Village a written confirmation of each transaction.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$532,138	\$444,997	(\$87,141)
Special Revenue	170,171	125,509	(44,662)
Debt Service	15,525	15,525	0
Capital Projects	824,653	659,482	(165,171)
Enterprise	867,061	913,306	46,245
Fiduciary (1)	865,140	423,467	(441,673)
Total	\$3,274,688	\$2,582,286	(\$692,402)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$526,717	\$486,374	\$40,343
Special Revenue	337,811	201,999	135,812
Debt Service	15,525	15,525	0
Capital Projects	539,769	457,883	81,886
Enterprise	1,694,512	813,498	881,014
Fiduciary (1)	800,160	571,380	228,780
Total	\$3,914,494	\$2,546,659	\$1,367,835

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$550,050	\$509,901	(\$40,149)
Special Revenue	124,340	138,748	14,408
Debt Service	16,575	16,575	0
Capital Projects	554,444	433,398	(121,046)
Enterprise	701,843	773,855	72,012
Fiduciary (1)	339,900	427,989	88,089
Total	\$2,287,152	\$2,300,466	\$13,314

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$549,383	\$484,761	\$64,622
Special Revenue	328,218	189,763	138,455
Debt Service	16,575	16,575	0
Capital Projects	541,452	434,105	107,347
Enterprise	1,212,218	872,548	339,670
Fiduciary (1)	808,330	390,130	418,200
Total	\$3,456,176	\$2,387,882	\$1,068,294

(1) Mayor's Court Activity not included.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
1998 Sewer Bond	\$875,000	5.00%

The 1998 Sewer Bonds were used to pay for the cost of improving the Village's sewer system and refunding the 1989 Sewer Bonds. The bonds will mature annually through February 2019.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

	<u>1998 Sewer Bonds</u>
Year ending December 31:	
2003	\$81,173
2004	79,536
2005	77,848
2006	80,990
2007	78,970
Subsequent	939,838
Total	<u>\$1,338,355</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

8. RISK POOL MEMBERSHIP

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,00,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Village also provides health and life insurance to full-time employees through a private carrier.

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

9. RELATED PARTY TRANSACTIONS

A Council member's husband and mother own a computer store from which the Village acquired merchandise and the creation of a website during the year. The Village paid a total of \$1,500 for this service and purchased \$50 of merchandise.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Williamsburg
Clermont County
107 West Main Street
Williamsburg, Ohio 45176

To the Village Council:

We have audited the accompanying financial statements of the Village of Williamsburg, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as items 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 20, 2003.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. These reportable conditions are described in the accompanying schedule of findings as items 2002-001 and 2002-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 20, 2003.

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



Betty Montgomery
Auditor of State

May 20, 2003

**VILLAGE OF WILLIAMSBURG
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Finding for Recovery/Reportable Condition

Village Ordinance 879-00 and 901-02, set forth the rate to be charged sewer customers per month. In fiscal year 2001 and 2002 the Village undercharged a business by \$958 due to an incorrect sewer rate in the Village's utility billing system. The charged sewer rate was not in accordance with the Village ordinance. Village officials indicated that the standard sewer rate in the utility billing system was changed by a Village employee, but the Village did not maintain documentation of the authorization or implementation of this change.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a finding for recovery for public money due but not collected is hereby issued against James Mehaffie, former Village Administrator, Jennifer Blevins, former Village Utility Clerk, Residential Concepts, and the Ohio Government Risk Management Plan, the bonding company, jointly and severally, in the amount of \$958, and in favor the Village's Sewer Fund. In 2003, the Village Council passed Resolution #389-03 which stated, "Whereas, the Council of the Village of Williamsburg, hereby wishes to excuse James Mehaffie, former Village Administrator, Jennifer Blevins, former Village Utility Clerk, Residential Concepts, and the Ohio Government Risk Management Plan, the bonding company for the debt incurred by the failure of the Village to charge the proper fee for sewer for a period of 24 months to Residential Concepts."

The Village should maintain sufficient controls over the utility billing system: access to data used to create utility bills should be granted to authorized personnel only; documentation of changes to the utility system data should be maintained by a computer-generated log; and segregation of duties should be implemented. Without proper controls over access to utility billing system data, the risk of errors, theft and misappropriation of funds increases.

We recommend that the Village implement policies and procedures to promote segregation of duties and security of utility billing system software. They should work closely with their utility billing system vendor to set up security profiles in accordance with their policies for each employee authorized to use the system.

FINDING NUMBER 2002-002

Finding for Recovery/Reportable Condition

At December 31, 2001, the Village's utility billing system reflected \$731,645 in receipts for 2001, however only \$731,142 in utility receipts were posted to the Village's Uniform Accounting Network (UAN) accounting system. This resulted in a shortage of \$503 in receipts that were collected but unaccounted for.

Although the Village indicated monthly reconciliations are being performed between the UAN computer system and the utility billing system per batch receipts, the Village did not maintain documentation for the reconciling items. Also the Village did not document that the reconciliations were reviewed for accuracy and completeness. These conditions could result in errors and other irregularities in the financial statements which may not be detected in a timely manner.

**FINDING NUMBER 2002-002
(Continued)**

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a finding for recovery for public money collected but not accounted for is hereby issued against James Mehaffie, Former Village Administrator, Jennifer Blevins, Former Village Utilities Clerk, and the Ohio Government Risk Management Plan, the bonding company, jointly and severally, in the amount of \$503 in favor the Village's Water and Sewer Funds.

We recommend the Village Clerk reconcile the bank balance to the book balance monthly and document all reconciling items and errors. Also, the reconciliations should be approved by the Village Council in the monthly meetings and documented in the minutes.



**Auditor of State
Betty Montgomery**

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VILLAGE OF WILLIAMSBURG

CLERMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2003**