
CITY OF PARKERSBURG
PARKERSBURG, IOWA

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007



CARNEY,
ALEXANDER,
MAROLD & CO., L.L.P.
Certified Public Accountants

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Table of Contents

	Page
City Officials	1
Independent Auditors' Report	2 - 3
Management's Discussion and Analysis (MD&A)	4 - 8
Basic Financial Statements:	
Government-wide Financial Statement: Statement of Activities and Net Assets - Cash Basis	9
Governmental Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	10
Proprietary Fund Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	11
Notes to Financial Statements	12 - 19
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	20
Notes to Required Supplementary Information - Budgetary Reporting	21
Other Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	22
Schedule of Indebtedness	23
Bond and Note Maturities	24 - 25
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	26
Internal Controls and Compliance:	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27 - 28
Schedule of Findings and Questioned Costs	29 - 32
Audit Staff	33

CITY OF PARKERSBURG
PARKERSBURG, IOWA

City Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(After January 2006)		
Robert L. Haylock	Mayor	January, 2010
Leon Thorne	Mayor Pro tem	January, 2008
Klint C. Knock	Council Member	January, 2008
Harlan Schuck	Council Member	January, 2010
Roger Timmer	Council Member	January, 2008
Nicole Maitland	Council Member	January, 2010
Gary Hinders	City Clerk	Indefinite
Dale Hansmann	Attorney	Indefinite

Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Parkersburg's management. Our responsibility is to express opinions 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 opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Parkersburg as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our reports dated March 19, 2008 on our consideration of the City of Parkersburg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in conformance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 8 and 20 through 21 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Parkersburg's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared on conformity with an other comprehensive basis of accounting. Other supplementary information included on pages 22 through 26, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Carney, Alexander, Marold & Co., L.L.P.

March 18, 2008

Management Discussion and Analysis

City of Parkersburg, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2007 Financial Highlights

- Revenues of the City's governmental activities decreased 7.35%, or approximately \$154,000, from fiscal 2006 to fiscal 2007. Property tax increased approximately \$148,000 (including TIF funds). There were bond proceeds in 2007 of \$657,000 compared to \$1,227,875 issued in 2006.
- Disbursements increased 81.18%, or approximately \$1,278,000, in fiscal 2007 from fiscal 2006. Public works and community and economic development disbursements increased \$374,829 and \$787,769, respectively.
- The City's total cash basis net assets decreased by \$1,003,931, from June 30, 2006 to June 30, 2007. Of this amount, the assets of the governmental activities decreased \$896,988 and the assets of the business type activities decreased by approximately \$106,943. The majority of the decrease is due to spending of the bond proceeds carried over from FY2006 and from overruns on all capital projects.

Using This Annual Report

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

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 accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Government –wide Financial Statement

One of the most important questions asked about the City’s finances is, “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Activities and Net Assets reports information that helps answer this question.

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

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

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

- 2) Proprietary funds account for the City’s Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City.

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

Government-Wide Financial Analysis

Net Assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$909,453 to \$12,465. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 218	\$ 209
Operating grants, contributions and restricted interest	158	158
Capital grants, contributions and restricted interest	77	66
General receipts:		
Property tax	908	756
Local option sales tax	96	87
Unrestricted interest on investments	15	19
Bond proceeds (net of \$13 discount)	657	1,228
Miscellaneous	175	36
Transfers, net	(361)	(462)
Total receipts and transfers	<u>1,943</u>	<u>2,097</u>
Disbursements:		
Public safety	195	238
Public works	726	351
Health and social services	2	5
Culture and recreation	182	196
Community and economic development	550	445
General government	204	222
Debt service	193	105
Capital projects	788	-
Total disbursements	<u>2,840</u>	<u>1,562</u>
Increase in cash basis net assets	(897)	535
Cash basis net assets beginning of year	<u>909</u>	<u>374</u>
Cash basis net assets end of year	<u>\$ 12</u>	<u>\$ 909</u>

The City's total receipts for governmental activities increased by 4.42%, or \$19,227. The total cost of all programs and services increased by \$1,278,353, or 81.84%, with all capital improvement projects completed as of June 30, 2007. The increase in receipts was primarily due to an increase in service charges in 2007.

The City increased property tax rates for 2007 by an average of .099 percent. This raised the City's property tax receipts by \$15,080 in 2007. Based on increases in the total assessed valuation, property tax receipts are budgeted to increase by an additional \$17,313 next year.

The cost of all governmental activities this year was \$2,840,304 compared to \$1,561,951 last year.

Changes in Cash Basis Net Assets of Business Type Activities
(Expressed in Thousands)

	Year ended June 30,	
	2007	2006
Receipts and transfers:		
Program receipts:		
Charges for service		
Water	\$ 153	\$ 112
Sewer	62	58
Transfers, net	361	462
Total receipts and transfers	576	632
Disbursements:		
Water	178	114
Sewer	395	255
Debt Service	110	77
Total disbursements	683	446
Increase in cash basis net assets	(107)	186
Cash basis net assets beginning of year	351	165
Cash basis net assets end of year	\$ 244	\$ 351

Total business type activities receipts for the fiscal year were \$215,441 compared to \$170,128 last year. The cash balance decreased by \$106,943 from the prior year. Total disbursements for the fiscal year increased by 53% to a total of \$683,553.

Individual Major Governmental Fund Analysis

As the City of Parkersburg completed the year, its governmental funds reported a combined fund balance of \$12,465, a decrease of \$896,988 from last year's total of \$909,453. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$403,459 from the prior year to \$104,124. The decrease was due largely to a transfer out of bond proceeds to be spent.
- The Road Use Tax Fund cash balance increased by \$5,436 to a negative balance of \$76,373 during the fiscal year. Reduced spending should improve this deficit.

Individual Major Business Type Fund Analysis

- The Water Fund cash balance decreased by \$4,524 to \$35,266.
- The Sewer Fund cash balance decreased by \$102,419 to \$208,372 due primarily to some overspending to finish capital improvements.

Budgetary Highlights

The City did amend its budget during the year.

Debt Administration

At June 30, 2007, the City had approximately \$3,190,000 in bonds and other long-term debt, compared to approximately \$2,628,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2007	2006
General obligation bonds - sanitary sewer notes	\$ 120	\$ 170
General obligation bonds - corporate purpose notes	255	290
General obligation bonds - corporate purpose bonds	1,200	1,250
General obligation bonds - corporate purpose bonds	670	-
Sewer revenue bonds	869	918
Notes payable	76	-
Total	\$ 3,190	\$ 2,628

Debt increased as a result of new bond proceeds.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue of 5% of the assessed value of all taxable property with the City's corporate limits. The City's outstanding general obligation debt of \$3,190,000 is significantly below its constitutional debt limit of \$3,825,974.

Economic Factors and Next Year's Budgets and Rates

City of Parkersburg's elected and appointed officials and citizens considered many factors when setting the fiscal year 2008 budget, tax rates, and fees that will be charged for various City activities. One of those factors is the economy. The City's employment growth has mirrored its population growth during 2002-2007, averaging 6 new houses being built each year.

Fuel costs and operating costs continue to increase. The City has completed all major capital projects which all exceeded engineer's estimates due to fuel cost and steel prices.

These indicators were taken into account when adopting the budget for fiscal year 2008. Amounts available for appropriation in the operating budget are \$1,734,510, which is approximately the same as final 2007 budget. The City Council and Mayor have made every effort to keep the City financially sound, however the City's budgeted cash balance is not expected to increase by the close of 2008.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gary Hinders, City Clerk, 608 Hwy 57, Parkersburg, Iowa.

Basic Financial Statements

**CITY OF PARKERSBURG
PARKERSBURG, IOWA**

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Primary Government:				
Functions/Programs:				
Governmental activities:				
Public safety	\$ 195,431	\$ 66,005	\$ -	\$ -
Public works	725,875	110,253	157,438	-
Health and social services	2,102	-	-	-
Culture and recreation	182,197	41,392	-	-
Community and economic development	549,569	-	-	77,256
General government	204,187	-	-	-
Debt service	193,174	-	-	-
Capital projects	787,769	-	-	-
Total governmental activities	2,840,304	217,650	157,438	77,256
Business type activities:				
Water	178,243	153,719	-	-
Sewer	394,752	61,722	-	-
Debt service	110,558	-	-	-
Total business type activities	683,553	215,441	-	-
Total	\$ 3,523,857	\$ 433,091	\$ 157,438	\$ 77,256
Component Unit:				
Parkersburg Economic Development	\$ 86,279	\$ -	\$ 31,033	\$ -
General Receipts:				
Property tax levied for:				
General purposes				
Tax increment financing				
Debt Service				
Local option sales tax				
Payment from City of Parkersburg				
Unrestricted interest on investments				
Bond proceeds (net of \$12,890 discount)				
Notes payable proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Urban renewal purposes				
Debt Service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and
Changes in Cash Basis Net Assets

Primary Government			
Governmental Activities	Business Type Activities	Total	Component Unit
\$ (129,426)	\$ -	\$ (129,426)	\$ -
(458,184)	-	(458,184)	-
(2,102)	-	(2,102)	-
(140,805)	-	(140,805)	-
(472,313)	-	(472,313)	-
(204,187)	-	(204,187)	-
(193,174)	-	(193,174)	-
(787,769)	-	(787,769)	-
<u>(2,387,960)</u>	<u>-</u>	<u>(2,387,960)</u>	<u>-</u>
-	(24,524)	(24,524)	-
-	(333,030)	(333,030)	-
-	(110,558)	(110,558)	-
<u>-</u>	<u>(468,112)</u>	<u>(468,112)</u>	<u>-</u>
<u>(2,387,960)</u>	<u>(468,112)</u>	<u>(2,856,072)</u>	<u>-</u>
-	-	-	(55,246)
413,753	-	413,753	-
337,820	-	337,820	-
156,575	-	156,575	-
96,239	-	96,239	-
-	-	-	15,000
15,380	-	15,380	2,675
657,110	-	657,110	-
75,682	-	75,682	-
99,582	-	99,582	-
(361,169)	361,169	-	-
<u>1,490,972</u>	<u>361,169</u>	<u>1,852,141</u>	<u>17,675</u>
(896,988)	(106,943)	(1,003,931)	(37,571)
<u>909,453</u>	<u>350,581</u>	<u>1,260,034</u>	<u>55,556</u>
<u>\$ 12,465</u>	<u>\$ 243,638</u>	<u>\$ 256,103</u>	<u>\$ 17,985</u>
\$ (420,178)	\$ -	\$ (420,178)	\$ -
242,109	-	242,109	-
6,461	-	6,461	-
79,949	-	79,949	17,985
104,124	243,638	347,762	-
<u>\$ 12,465</u>	<u>\$ 243,638</u>	<u>\$ 256,103</u>	<u>\$ 17,985</u>

**CITY OF PARKERSBURG
PARKERSBURG, IOWA**

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

As of and for the year ended June 30, 2007

	General	Special Revenue	
		Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 397,511	\$ -	\$ -
Tax increment financing collections	-	-	337,820
Other city tax	16,242	-	-
Licenses and permits	3,104	-	-
Use of money and property	15,380	-	-
Intergovernmental	34,844	157,438	-
Charges for service	217,650	-	-
Special assessments	-	38,502	-
Miscellaneous	23,132	-	-
Total receipts	707,863	195,940	337,820
Disbursements:			
Operating:			
Public safety	195,431	-	-
Public works	134,566	591,309	-
Health and social services	2,102	-	-
Culture and recreation	182,197	-	-
Community and economic development	-	-	480,544
General government	204,187	-	-
Capital projects	787,769	-	-
Debt service	-	-	43,553
Total disbursements	1,506,252	591,309	524,097
Excess (deficiency) of receipts over (under) disbursements	(798,389)	(395,369)	(186,277)
Other financing sources (uses):			
Bond proceeds	670,000	-	-
Bond proceeds discount	(12,890)	-	-
Note proceeds	75,682	-	-
Operating transfers - prior year	-	343,805	(343,805)
Operating transfers in	19,248	57,000	15,932
Operating transfers out	(357,110)	-	-
Total other financing sources (uses)	394,930	400,805	(327,873)
Net change in cash balances	(403,459)	5,436	(514,150)
Cash balances beginning of year	507,583	(81,809)	412,454
Cash balances end of year	\$ 104,124	\$ (76,373)	\$ (101,696)
Cash Basis Fund Balances			
Reserved:			
Debt Service	\$ -	\$ -	\$ -
Unreserved:			
General fund	104,124	-	-
Special revenue funds	-	(76,373)	(101,696)
Capital projects funds	-	-	-
Permanent funds	-	-	-
Total cash basis fund balances	\$ 104,124	\$ (76,373)	\$ (101,696)

See notes to financial statements.

Debt Service	Other Nonmajor Governmental Funds	Total
\$ 151,881	\$ -	\$ 549,392
-	-	337,820
4,694	96,239	117,175
-	-	3,104
-	-	15,380
-	77,256	269,538
-	-	217,650
-	-	38,502
-	-	23,132
<u>156,575</u>	<u>173,495</u>	<u>1,571,693</u>
-	-	195,431
-	-	725,875
-	-	2,102
-	-	182,197
-	69,025	549,569
-	-	204,187
-	-	787,769
<u>149,621</u>	<u>-</u>	<u>193,174</u>
<u>149,621</u>	<u>69,025</u>	<u>2,840,304</u>
<u>6,954</u>	<u>104,470</u>	<u>(1,268,611)</u>
-	-	670,000
-	-	(12,890)
-	-	75,682
-	-	-
-	-	92,180
-	(96,239)	(453,349)
<u>-</u>	<u>(96,239)</u>	<u>371,623</u>
6,954	8,231	(896,988)
(493)	71,718	909,453
<u>\$ 6,461</u>	<u>\$ 79,949</u>	<u>\$ 12,465</u>
\$ 6,461	\$ -	\$ 6,461
-	-	104,124
-	(17,076)	(195,145)
-	38,552	38,552
-	58,473	58,473
<u>\$ 6,461</u>	<u>\$ 79,949</u>	<u>\$ 12,465</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

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

As of and for the year ended June 30, 2007

	Enterprise Funds		
	Sewer Rental	Water	Total
Operating receipts:			
Charges for service			
Sale of water	\$ -	\$ 153,719	\$ 153,719
Sewer rental fees	61,722	-	61,722
Total operating receipts	<u>61,722</u>	<u>153,719</u>	<u>215,441</u>
Operating disbursements:			
Business type activities:			
Water	-	178,243	178,243
Sewer	394,752	-	394,752
Debt Service	110,558	-	110,558
Total operating disbursements	<u>505,310</u>	<u>178,243</u>	<u>683,553</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(443,588)</u>	<u>(24,524)</u>	<u>(468,112)</u>
Other financing sources:			
Operating transfers in	76,991	-	76,991
Operating transfers in	264,178	20,000	284,178
Total other financing sources	<u>341,169</u>	<u>20,000</u>	<u>361,169</u>
Net change in cash balances	(102,419)	(4,524)	(106,943)
Cash balances beginning year	310,791	39,790	350,581
Cash balances end of year	<u>\$ 208,372</u>	<u>\$ 35,266</u>	<u>\$ 243,638</u>
 Cash Basis Fund Balances			
Unreserved	<u>\$ 208,372</u>	<u>\$ 35,266</u>	<u>\$ 243,638</u>
Total cash basis fund balances	<u>\$ 208,372</u>	<u>\$ 35,266</u>	<u>\$ 243,638</u>

See notes to financial statements.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies

The City of Parkersburg is a political subdivision of the State of Iowa located in Butler County. It was first incorporated in 1874 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Parkersburg has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an Organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the Organization to provide specific benefits to or impose specific financial burdens on the City.

The government-wide financial statements present the City of Parkersburg (the primary government) and its component unit. The component unit discussed in Note 10 is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The component unit's cash receipts and disbursements are discretely presented on the City's financial statements and condensed information is presented in Note 10.

Jointly Governed Organization

The City participates in a jointly governed organization that provides goods or services to the citizenry of the City but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating government. An official is a member of the Butler County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Activities and Net Assets - Cash Basis 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.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

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

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

The Statement of Activities and Net Assets - Cash Basis demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are 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 the 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 other 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 that are 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 road construction and maintenance.

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

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

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

The City of Parkersburg 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 accounting principles general accepted in the United States of America.

Under terms of grant agreements, the City 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 assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, general government and debt service functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(2) Cash and Pooled Investments (continued)

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

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

The City's investments at June 30, 2007 were certificates of deposit only.

(3) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds							
	Sanitary Sewer Notes		Corporate Purpose Loan Notes		Corporate Purpose Bonds		Corporate Purpose Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 60,000	\$ 5,610	\$ 35,000	\$ 7,840	\$ 55,000	\$ 51,635	\$ 35,000	\$ 26,709
2009	60,000	2,850	35,000	7,000	60,000	49,573	35,000	26,408
2010	-	-	35,000	6,055	65,000	47,292	55,000	25,025
2011	-	-	35,000	5,058	65,000	44,758	60,000	22,852
2012	-	-	35,000	3,955	65,000	42,190	60,000	20,453
2013	-	-	40,000	2,800	65,000	39,558	65,000	18,022
2014	-	-	40,000	1,420	70,000	36,892	65,000	15,358
2015	-	-	-	-	75,000	33,988	70,000	12,660
2016	-	-	-	-	80,000	30,837	70,000	9,720
2017	-	-	-	-	80,000	27,398	75,000	6,745
2018	-	-	-	-	80,000	23,917	80,000	3,520
2019	-	-	-	-	85,000	20,398	-	-
2020	-	-	-	-	95,000	16,615	-	-
2021	-	-	-	-	95,000	12,340	-	-
2022	-	-	-	-	30,000	8,018	-	-
2023	-	-	-	-	30,000	6,622	-	-
2024	-	-	-	-	35,000	5,198	-	-
2025	-	-	-	-	35,000	3,500	-	-
2026	-	-	-	-	35,000	1,767	-	-
Total	\$ 120,000	\$ 8,460	\$ 255,000	\$ 34,128	\$1,200,000	\$ 502,496	\$ 670,000	\$ 187,472

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(3) Bonds and Notes Payable (continued)

Year Ending June 30,	General Obligation Total		Sewer Revenue Bonds		Notes Payable		Total General Obligation Sewer Revenue Bonds and Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 185,000	\$ 91,794	\$ 51,000	\$ 27,876	\$ -	\$ -	\$ 236,000	\$ 119,670
2009	190,000	85,831	54,000	26,226	13,934	3,090	257,934	115,147
2010	155,000	78,372	56,000	24,490	14,523	2,501	225,523	105,363
2011	160,000	72,668	58,000	22,671	15,111	1,913	233,111	97,252
2012	160,000	66,598	60,000	20,812	15,724	1,300	235,724	88,710
2013	170,000	60,380	64,000	18,866	16,390	664	250,390	79,910
2014	175,000	53,670	66,000	16,835	-	-	241,000	70,505
2015	145,000	46,648	69,000	14,720	-	-	214,000	61,368
2016	150,000	40,557	72,000	12,521	-	-	222,000	53,078
2017	155,000	34,143	75,000	10,195	-	-	230,000	44,338
2018	160,000	27,437	79,000	7,826	-	-	239,000	35,263
2019	85,000	20,398	81,000	5,330	-	-	166,000	25,728
2020	95,000	16,615	84,000	2,707	-	-	179,000	19,322
2021	95,000	12,340	-	-	-	-	95,000	12,340
2022	30,000	8,018	-	-	-	-	30,000	8,018
2023	30,000	6,622	-	-	-	-	30,000	6,622
2024	35,000	5,198	-	-	-	-	35,000	5,198
2025	35,000	3,500	-	-	-	-	35,000	3,500
2026	35,000	1,767	-	-	-	-	35,000	1,767
Total	\$2,245,000	\$ 732,556	\$ 869,000	\$ 211,075	\$ 75,682	\$ 9,468	\$3,189,682	\$ 953,099

The general obligation corporate purpose bonds, series 2006, were issued for the purpose of defraying a portion of the costs of constructing water and sanitary sewer improvements, a fire station, and downtown projects (street, curb and gutter, sewer, and sidewalk), within the City and to pay the cost of issuance of the bonds. The bonds will constitute valid and legally binding general obligations of the City, payable both as to principal and interest from unlimited ad valorem taxes levied against all property in the City.

The general obligation corporate purpose bonds, series 2007, were issued for the purpose of defraying a portion of the costs of constructing the fire station and other infrastructure projects within the City and to pay the cost of issuance of the bonds. The bonds will constitute valid and legally binding general obligations of the City, payable both as to principal and interest from unlimited ad valorem taxes levied against all property in the City.

(4) Pension and Retirement Benefits

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

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(4) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contributions requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$19,233, \$18,489 and \$17,281 respectively, equal to the required contributions for each year.

(5) Compensated Absences

Full time City employees accumulate vacation and sick leave hours for subsequent use. These accumulations are not recognized as disbursements by the City until used or paid.

Vacation hours not used as of June 30 each year are forfeited. The City has no liability for earned vacation payable to employees at June 30, 2007.

Sick leave is payable only when used and not upon retirement or death.

(6) Related Party Transactions

The City had business transactions between the City and a City official, totaling \$2,387 during the year ended June 30, 2007.

(7) Anticipatory Warrants

Anticipatory warrants are the warrants which are legally drawn on City funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

There was not any anticipatory warrant activity for the year ended June 30, 2007.

(8) Construction Commitments

During the year ended June 30, 2007, the City approved various construction projects totaling \$1,021,193. At June 30, 2007, \$965,389 of these projects had been completed, \$899,973 had been paid, \$65,416 is owed. The remaining contract balances are to be completed and paid after June 30, 2007.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(9) Risk Management

The City of Parkersburg 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.

The City has been involved in litigation regarding civil rights complaints filed by two former employees. The City settled both lawsuits in December, 2006 for approximately \$1,000 each.

(10) Component Unit

The Statement of Activities and Net Assets - Cash Basis includes the discretely presented financial information of the City's component unit, Parkersburg Economic Development, whose relationship to the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Parkersburg Economic Development is governed by an eight-member board.

Included in the receipts of the component unit is \$15,000 which is from the City of Parkersburg. Likewise, in the financial statements of the City, disbursements of \$15,000 are included in the Special Revenue, Urban Renewal Tax Increment fund, under the community and economic development function.

Below, a condensed financial statement for the Parkersburg Economic Development is presented:

Receipts:	
Use of money and property	\$ 13,647
Intergovernmental	15,000
Miscellaneous	<u>20,061</u>
Total	<u>48,708</u>
Disbursements:	
Operating:	
Community and economic development	<u>86,279</u>
Total	<u>86,279</u>
Net change in cash balances	(37,571)
Cash balances beginning of year	<u>55,556</u>
Cash balances end of year	<u><u>\$ 17,985</u></u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Financial Statements
June 30, 2007

(11) Interfund Transfers

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

Transfer to:		Transfer from:	
General	\$ 19,248	Special Revenue: Local Option Sales Tax	\$ 19,248
Proprietary: Enterprise: Sewer Rental	76,991	Special Revenue: Local Option Sales Tax	76,991
Total	\$ 96,239		\$ 96,239

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

Special Revenue: Road Use	\$ 57,000	General	\$ 57,000
Urban Renewal	15,932	General	15,932
Proprietary: Enterprise: Sewer Rental	264,178	General	264,178
Water	20,000	General	20,000
Total	\$ 357,110		\$ 357,110

This transfer moved money received from bond proceeds to the specific project that the bond was for.

Special Revenue: Road Use	\$ 343,805	Special Revenue: Urban Renewal Tax Increment	\$ 343,805
------------------------------	------------	---	------------

This transfer moved money from bond proceeds received in the prior year to the correct fund.

(12) Deficit Fund Balance

The Special Revenue, CDBG Grant fund had a deficit balance of \$17,076 at June 30, 2007. This is primarily due to funds being disbursed before requests for reimbursements are received.

The Special Revenue, Road Use Tax fund had a deficit balance of \$76,373 at June 30, 2007. The City is investigating ways to eliminate this deficit.

The Special Revenue, Urban Renewal Tax Increment fund had a deficit balance of \$101,696 at June 30, 2007. The City is investigating ways to eliminate this deficit.

Required Supplementary Information

CITY OF PARKERSBURG
PARKERSBURG, IOWA

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

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 549,392	\$ -	\$ -
Tax increment financing collections	337,820	-	-
Other city tax	117,175	-	-
Licenses and permits	3,104	-	-
Use of money and property	15,380	-	-
Intergovernmental	269,538	-	-
Charges for service	217,650	215,441	-
Charges for service	38,502	-	-
Miscellaneous	23,132	-	-
	<hr/>	<hr/>	<hr/>
Total receipts	1,571,693	215,441	-
	<hr/>	<hr/>	<hr/>
Disbursements:			
Public safety	195,431	-	-
Public works	725,875	-	-
Health and social services	2,102	-	-
Culture and recreation	182,197	-	-
Community and economic development	549,569	-	-
General government	204,187	-	-
Debt service	193,174	-	-
Capital projects	787,769	-	-
Business type activities	-	683,553	-
	<hr/>	<hr/>	<hr/>
Total disbursements	2,840,304	683,553	-
	<hr/>	<hr/>	<hr/>
Deficiency of receipts under disbursements	(1,268,611)	(468,112)	-
Other financing sources, net	371,623	361,169	-
	<hr/>	<hr/>	<hr/>
Deficiency of receipts and other financing sources over disbursements and other financing uses	(896,988)	(106,943)	-
Balances beginning of year	909,453	350,581	58,473
	<hr/>	<hr/>	<hr/>
Balances end of year	\$ 12,465	\$ 243,638	\$ 58,473
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
\$ 549,392	\$ 549,039	\$ 549,039	\$ 353
337,820	351,000	351,000	(13,180)
117,175	92,836	112,836	4,339
3,104	2,750	2,750	354
15,380	9,800	12,000	3,380
269,538	158,298	233,298	36,240
433,091	376,000	433,000	91
38,502	-	-	38,502
23,132	38,100	38,100	(14,968)
<u>1,787,134</u>	<u>1,577,823</u>	<u>1,732,023</u>	<u>55,111</u>
195,431	196,100	196,100	(669)
725,875	329,266	746,493	(20,618)
2,102	4,926	4,926	(2,824)
182,197	181,899	181,899	298
549,569	354,000	437,000	112,569
204,187	197,600	197,600	6,587
193,174	158,311	158,311	34,863
787,769	-	800,000	(12,231)
683,553	312,446	567,446	116,107
<u>3,523,857</u>	<u>1,734,548</u>	<u>3,289,775</u>	<u>234,082</u>
(1,736,723)	(156,725)	(1,557,752)	(178,971)
<u>732,792</u>	<u>-</u>	<u>600,000</u>	<u>132,792</u>
(1,003,931)	(156,725)	(957,752)	(46,179)
<u>1,201,561</u>	<u>1,201,561</u>	<u>1,201,561</u>	<u>-</u>
<u>\$ 197,630</u>	<u>\$ 1,044,836</u>	<u>\$ 243,809</u>	<u>\$ (46,179)</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2007

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

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

Formal and legal budgetary control for the certified budget is based upon ten major classes of disbursements known as functions, not by fund. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$1,555,227. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2007, disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, general government and debt service functions.

Other Supplementary Information

CITY OF PARKERSBURG
PARKERSBURG, IOWA

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

As of and for the year ended June 30, 2007

	Special Revenue	
	CDBG Rehabilitation Grant	Local Option Sales Tax
Receipts:		
Property tax	\$ -	\$ -
Tax increment financing collections	-	-
Other city tax	-	96,239
Licenses and permits	-	-
Use of money and property	-	-
Intergovernmental	77,256	-
Charges for service	-	-
Miscellaneous	-	-
	77,256	96,239
Total receipts	77,256	96,239
Disbursements:		
Operating:		
Public safety	-	-
Public works	-	-
Health and social services	-	-
Culture and recreation	-	-
Community and economic development	69,025	-
General government	-	-
Debt service	-	-
	69,025	-
Total disbursements	69,025	-
Excess (deficiency) of receipts over (under) disbursements	8,231	96,239
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	-	(96,239)
	-	(96,239)
Total other financing sources (uses)	-	(96,239)
Net change in cash balances	8,231	-
Cash balances beginning of year	(25,307)	-
Cash balances end of year	\$ (17,076)	\$ -

See accompanying independent auditors' report.

<u>Capital Projects</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
\$ -	\$ -	\$ -
-	-	-
-	-	96,239
-	-	-
-	-	-
-	-	77,256
-	-	-
-	-	-
-	-	173,495
-	-	-
-	-	-
-	-	-
-	-	69,025
-	-	-
-	-	-
-	-	69,025
-	-	-
-	-	104,470
-	-	-
-	-	(96,239)
-	-	(96,239)
-	-	8,231
<u>38,552</u>	<u>58,473</u>	<u>71,718</u>
<u>\$ 38,552</u>	<u>\$ 58,473</u>	<u>\$ 79,949</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Indebtedness

Year ended June 30, 2007

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
Sanitary sewer notes	January 1, 2002	4.50% - 4.75%	\$ 340,000
Corporate purpose loan notes, Series 2003	December 1, 2003	1.95% - 3.55%	\$ 350,000
Corporate purpose bonds, Series 2006	May 1, 2006	3.70% - 5.05%	\$ 1,250,000
Corporate purpose bonds, Series 2007B	June 1, 2007	3.70% - 5.05%	\$ 670,000
Sewer Revenue Bonds, State Revolving Loan Fund:			
Series 2000A	July 5, 2000	4.23%	\$ 1,032,000
Series 2000B	July 5, 2000	4.23%	\$ 144,000
Notes Payable:			
Iowa State Bank	June 29, 2007	4.05%	\$ 75,682

See accompanying independent auditor's report.

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
<u>\$ 170,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 120,000</u>	<u>\$ 8,160</u>	<u>\$ -</u>
<u>\$ 290,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 255,000</u>	<u>\$ 8,523</u>	<u>\$ -</u>
<u>\$ 1,250,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 1,200,000</u>	<u>\$ 56,262</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 670,000</u>	<u>\$ -</u>	<u>\$ 670,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 806,000</u>	<u>\$ -</u>	<u>\$ 43,000</u>	<u>\$ 763,000</u>	<u>\$ 22,824</u>	<u>\$ -</u>
<u>\$ 112,000</u>	<u>\$ -</u>	<u>\$ 6,000</u>	<u>\$ 106,000</u>	<u>\$ 4,794</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 75,682</u>	<u>\$ -</u>	<u>\$ 75,682</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2007

General Obligation Bonds		
Sewer		
Issued January 1, 2002		
Year Ending June 30,	Interest Rates	Amount
2008	4.60%	\$ 60,000
2009	4.75%	60,000
		<u>\$ 120,000</u>

General Obligation Bonds		
Corporate Purpose Bonds, Series 2006		
Issued May 1, 2006		
Year Ending June 30,	Interest Rates	Amount
2008	3.75%	\$ 55,000
2009	3.80%	60,000
2010	3.90%	65,000
2011	3.95%	65,000
2012	4.05%	65,000
2013	4.10%	65,000
2014	4.15%	70,000
2015	4.20%	75,000
2016	4.30%	80,000
2017	4.35%	80,000
2018	4.40%	80,000
2019	4.45%	85,000
2020	4.50%	95,000
2021	4.55%	95,000
2022	4.65%	30,000
2023	4.75%	30,000
2024	4.85%	35,000
2025	4.95%	35,000
2026	5.05%	35,000
		<u>\$ 1,200,000</u>

General Obligation Bonds		
Corporate Purpose Loan Notes, Series 2003		
Issued December 1, 2003		
Year Ending June 30,	Interest Rates	Amount
2008	2.40%	\$ 35,000
2009	2.70%	35,000
2010	2.85%	35,000
2011	3.15%	35,000
2012	3.30%	35,000
2013	3.45%	40,000
2014	3.55%	40,000
		<u>\$ 255,000</u>

General Obligation Bonds		
Corporate Purpose Bonds, Series 2006		
Issued May 1, 2006		
Year Ending June 30,	Interest Rates	Amount
2008	3.95%	\$ 35,000
2009	3.95%	35,000
2010	3.95%	55,000
2011	4.00%	60,000
2012	4.05%	60,000
2013	4.10%	65,000
2014	4.15%	65,000
2015	4.20%	70,000
2016	4.25%	70,000
2017	4.30%	75,000
2018	4.00%	80,000
		<u>\$ 670,000</u>

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2007

Series 2000 A			Sewer Revenue Bonds				Series 2000 B	
Year Ending June 30,	Interest Rates	Amount	Year Ending June 30,	Interest Rates	Amount	Total		
2008	4.23%	\$ 45,000	2008	4.23%	\$ 6,000	\$	51,000	
2009	4.23%	47,000	2009	4.23%	7,000		54,000	
2010	4.23%	49,000	2010	4.23%	7,000		56,000	
2011	4.23%	51,000	2011	4.23%	7,000		58,000	
2012	4.23%	53,000	2012	4.23%	7,000		60,000	
2013	4.23%	56,000	2013	4.23%	8,000		64,000	
2014	4.23%	58,000	2014	4.23%	8,000		66,000	
2015	4.23%	61,000	2015	4.23%	8,000		69,000	
2016	4.23%	63,000	2016	4.23%	9,000		72,000	
2017	4.23%	66,000	2017	4.23%	9,000		75,000	
2018	4.23%	69,000	2018	4.23%	10,000		79,000	
2019	4.23%	71,000	2019	4.23%	10,000		81,000	
2020	4.23%	74,000	2020	4.23%	10,000		84,000	
		\$ 763,000			\$ 106,000		\$ 869,000	

Notes Payable		
Issued June 29, 2007		
Year Ending June 30,	Interest Rates	Amount
2008	4.05%	-
2009	4.05%	13,934
2010	4.05%	14,523
2011	4.05%	15,111
2012	4.05%	15,724
2013	4.05%	16,390
		\$ 75,682

See accompanying independent auditors' report.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds

For the Last Four Years

	2007	2006	2005	2004
Receipts:				
Property tax	\$ 549,392	\$ 419,154	\$ 421,344	\$ 418,955
Tax increment financing collections	337,820	319,977	179,965	171,733
Other city tax	117,175	105,552	105,208	91,216
Licenses and permits	3,104	2,562	2,419	3,682
Use of money and property	15,380	19,483	8,845	11,709
Intergovernmental	269,538	245,016	406,221	271,635
Charges for service	217,650	208,989	186,558	195,070
Special assessments	38,502	-	-	-
Miscellaneous	23,132	11,405	26,103	32,199
Total	\$ 1,571,693	\$ 1,332,138	\$ 1,336,663	\$ 1,196,199
Disbursements:				
Operating:				
Public safety	\$ 195,431	\$ 238,251	\$ 205,499	\$ 236,808
Public works	725,875	351,046	322,919	285,723
Health and social services	2,102	5,332	3,342	7,664
Culture and recreation	182,197	196,486	190,838	172,847
Community and economic development	549,569	444,721	238,725	686,526
General government	204,187	221,612	192,283	190,728
Debt service	193,174	104,503	101,138	131,722
Capital projects	787,769	-	-	-
Total	\$ 2,840,304	\$ 1,561,951	\$ 1,254,744	\$ 1,712,018

See accompanying independent auditor's report.

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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 19, 2008. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Parkersburg's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of City of Parkersburg's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Parkersburg's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Parkersburg's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of City of Parkersburg's financial statements that is more than inconsequential will not be prevented or detected by City of Parkersburg's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by City of Parkersburg's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Parkersburg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior audit statutory comments have been resolved or are described in Part II of the accompanying Schedule of Findings.

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Parkersburg 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.

Carney, Alexander, Marold & Co., L.L.P.

March 19, 2008

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part I: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

None noted

SIGNIFICANT DEFICIENCIES:

I-A-07 Segregation of Duties - One important aspect of internal accounting control is the segregation of duties among employees. Recordkeeping is basically done by the City Clerk and the Deputy City Clerk. Because of the limited number of employees, they perform some cash-related duties that are incompatible.

Recommendation - We realize segregation of duties is difficult, if not impossible, in a small office and that certain previous recommendations for internal checks have been established; however, we feel that a reminder of this is justified so as to provide attention to these areas throughout the year and that operating procedures be reviewed so as to obtain the maximum internal control possible under the circumstances.

Response - The City will continue to have the financial records checked monthly by an independent CPA and do everything possible to comply.

Conclusion - Response accepted.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting:

- II-A-07 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in that resolution were not exceeded during the year ended June 30, 2007.
- II-B-07 Certified Budget - Disbursements during the year ended June 30, 2007 exceeded the amounts budgeted in the Culture and Recreation, Community and Economic Development, General Government and Debt Service programs. Chapter 384.20 of the Code of Iowa states in part that 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 - Expenditures will be monitored more closely so that the budget can be amended if needed.
- Conclusion - Response accepted.
- II-C-07 Entertainment Expense - We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- II-D-07 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-E-07 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.
- II-F-07 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

The minutes of Council proceedings were published within fifteen days as required by Chapter 372.13(6) of the Code of Iowa.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting (continued):

II-G-07 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction/ Description</u>	<u>Amount</u>
Nicole Maitland, Council Member	Pool Manager services	\$1,847
	Council member pay	540
		<u>\$ 2,387</u>

Recommendation - The payment for pool manager services may be in violation of Chapter 372.13(8) which prohibits an elected official to receive any other compensation for any other city employment during that officer's tenure in office.

Response - The City relied on an opinion of the Attorney General of August 17, 1993 which stated that a mayor's service of mowing a city park is not prohibited under Iowa Code Section 372.13(8) and 362.5 when the city population is 2,500 or less and the services cumulative total does not exceed \$2,500 in a fiscal year because of the exception in Iowa Code Section 362.5(11). The facts in the aforementioned case and our case are very similar. We did seek legal advice on this prior to employment and have informed Nicole Maitland to choose between council and pool positions.

Conclusion - The exception provided in Code Sec. 362.5(11) may not apply to wages of an employee. Code Sec. 362.5 defines "contract" as any claim, account, or demand against or agreement with a city, express or implied. It is not clear if wages come within this definition. Additional legal counsel may be necessary to clarify this case.

II-H-07 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-I-07 Financial Condition - The Special Revenue, CDBG Grant fund had a deficit balance at June 30, 2007 of \$17,076.

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

Response - When all projects under the grant are completed, the City will transfer money from economic development to eliminate this deficit. The City agreed to a 4% in-kind participation for this grant.

Conclusion - Response accepted.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs
Year ended June 30, 2007

Part II: Other Findings Related to Statutory Reporting (continued):

II-J-07 Financial Condition - The Special Revenue, Road Use Tax fund had a deficit balance at June 30,
(cont.) 2007 of \$76,373.

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

Response - The City is reducing its expenditures in the FY 2008 budget to help eliminate this deficit.

Conclusion - Response accepted.

Financial Condition - The Special Revenue, Urban Renewal Tax Increment fund had a deficit balance at June 30, 2007 of \$101,696.

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

Response - The City is reducing its expenditures in the FY 2008 budget to help eliminate this deficit.

Conclusion - Response accepted.

CITY OF PARKERSBURG
PARKERSBURG, IOWA

Audit Staff

This audit was performed by:

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