

---

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION  
INTERNAL CONTROLS AND COMPLIANCE

JUNE 30, 2011

---



**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 - 20
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	21
Notes to Required Supplementary Information - Budgetary Reporting	22
Other Supplementary Information:	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	23
Schedule of Indebtedness	24
Bond and Note Maturities	25 - 26
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	27
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>	28 - 29
Schedule of Findings and Questioned Costs	30 - 32
Audit Staff	33

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

City Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Perry Bernard	Mayor	January, 2014
Leon Thorne	Mayor Pro tem	January, 2012
Klint C. Knock	Council Member	January, 2012
Harlan Schuck	Council Member	January, 2014
Jon Klinkenborg	Council Member	January, 2012
Denny Kannegieter	Council Member	January, 2014
Chris Luhring	City Clerk	Indefinite
Martin Petersen	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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2011, 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, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Parkersburg as of June 30, 2010, 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 report dated March 21, 2012, 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 on 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 eight years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included on pages 22 through 27, 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.

*Casney, Alexander, Marold & Co., L.L.P.*

March 21, 2012

## **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, 2011. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2011 Financial Highlights**

- Revenues of the City's governmental activities decreased 30% or approximately \$1,102,410, from fiscal 2010 to fiscal 2011. Property taxes receipts decreased approximately \$47,253 (including tax increment financing collections) in the same period of time.
- Disbursements decreased 53%, or approximately \$2,133,000, in fiscal 2011 from fiscal 2010. Public works disbursements increased \$7,000 and community and economic development disbursements decreased \$122,000.
- The City's total cash basis net assets decreased by \$65,000 from June 30, 2010 to June 30, 2011. Of this amount, the assets of the governmental activities increased \$7,000 and the assets of the business type activities decreased by approximately \$72,000.

### **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 non major 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.

## **Reporting the City's Financial Activities**

### *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 provides information that helps answer this question.

The Statement of Activities and Net Assets present 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 increased from a year ago, increasing from \$473,000 to \$480,000. 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,	
	2011	2010
Receipts and transfers:		
Program receipts:		
Charges for service	\$ 257	\$ 224
Operating grants, contributions and restricted interest	171	175
Capital grants, contributions and restricted interest	631	1,856
General receipts:		
Property tax	1,056	1,107
Local option sales tax	94	124
Unrestricted interest on investments	3	9
Miscellaneous	279	99
Transfers, net	(77)	(99)
Total receipts and transfers	<u>2,414</u>	<u>3,495</u>
Disbursements:		
Public safety	240	233
Public works	306	299
Health and social services	1	2
Culture and recreation	296	203
Community and economic development	443	565
General government	326	306
Debt service	215	215
Capital projects	580	2,717
Total disbursements	<u>2,407</u>	<u>4,540</u>
Increase in cash basis net assets	7	(1,045)
Cash basis net assets beginning of year	<u>473</u>	<u>1,518</u>
Cash basis net assets end of year	<u>\$ 480</u>	<u>\$ 473</u>

The City's total receipts decreased for governmental activities by 31% or \$1,081,000. The total cost of all programs and services performed by the city decreased by \$2,081,000, or 45%. The decrease in receipts was primarily due to a decrease in FEMA funding from the previous year due to projects being completed, and decreases in capital grants, contributions, and/or restricted interest from factors affected by the Parkersburg tornado. There was a slight increase in TIF revenue, but a decrease in total property taxes collected in 2011 due to a voted levy rate decrease recommended by the Mayor and approved by the City Council of Parkersburg.

The City decreased the property tax levy from 17.91132 / \$1000 valuation in 2010 to 16.99225 / \$1000 valuation in 2011. The levy rate decrease attributed to the City's property tax receipts decreasing by \$59,506 in 2011. Based on increases in the total assessed valuations due to the rebuilding after the tornado, a change in the residential roll-back as determined by the State of Iowa, and the release of urban renewal valuation, total property tax receipts are budgeted to increase in fiscal years 2012.

The cost of all governmental activities this year was \$2,407,000 compared to \$4,540,000 last year.

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

	Year ended June 30,	
	2011	2010
Receipts and transfers:		
Program receipts:		
Charges for service		
Water	\$ 159	\$ 214
Sewer	66	87
Transfers, net	77	99
Total receipts and transfers	302	400
Disbursements:		
Water	185	126
Sewer	100	83
Debt Service	89	113
Total disbursements	374	322
Increase in cash basis net assets	(72)	78
Cash basis net assets beginning of year	173	95
Cash basis net assets end of year	\$ 101	\$ 173

Total business type activities receipts for the fiscal year were \$302,000 compared to \$400,000 last year. The cash balance decreased by \$72,000 from the prior year. Total disbursements for the fiscal year increased to \$374,000 compared to \$322,000 last year.

### Individual Major Governmental Fund Analysis

As the City of Parkersburg completed the year, its governmental funds reported a combined fund balance of \$480,000, an increase of \$7,000 from last year's total of \$473,000. The following are the reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased to \$198,012 from the prior year balance of \$183,137.
- The Road Use Tax Fund cash balance increased by \$24,382 to a negative balance of \$6,670 during the fiscal year. Reduced spending has improved this deficit.
- The TIF fund cash balance increased by \$8,277 to \$181,448.

### Individual Major Business Type Fund Analysis

- The Water Fund cash balance decreased by \$25,338 to \$46,372.
- The Sewer Fund cash balance decreased by \$46,564 to \$54,773.

- **Budgetary Highlights**

The City did amend its budget during the year.

## Debt Administration

At June 30, 2011, the City had approximately \$1,983,000 in bonds and other long-term debt, compared to approximately \$2,195,000 last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2011	2010
General obligation bonds - corporate purpose notes	\$ 115	\$ 150
General obligation bonds - corporate purpose bonds	955	1,020
General obligation bonds - corporate purpose bonds	485	545
Sewer revenue bonds	396	433
Notes payable	32	47
Total	<u>\$ 1,983</u>	<u>\$ 2,195</u>

Debt decreased as a result of continued scheduled payments on outstanding debt.

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 \$1,983,000 is below its constitutional debt limit of \$4,150,727.

### Economic Factors and Next Year's Budgets and Rates

The City of Parkersburg's elected and appointed officials and citizens considered many factors when setting the fiscal year 2012 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 2002-2008, averaging 6 new houses being built each year prior to the Parkersburg tornado. After losing 288 homes in the tornado, over 221 homes have been rebuilt, including twelve new homes in the past year.

Fuel costs continue to fluctuate and the operating costs for providing all services continue to rise for all aspects of city government. The May 25, 2008 tornado still continues to impact every aspect of city government spending and our work with FEMA, the State of Iowa, and our local and regional partners to manage all the recovery issues is almost complete. The City of Parkersburg still continues to secure funding for many future capital projects from all available resources. The reconstruction of the Parkersburg Library is almost complete. Two large capital improvement projects are currently scheduled. The first capital project is an update the Highway 14/57 corridor which includes the construction of a new roadway, curb and gutter, and pedestrian trail. The second capital project is the construction and installation of a storm sewer system throughout Parkersburg in areas of concern.

These indicators were taken into account when adopting the budget for fiscal year 2012. Amounts available for appropriation in the operating budget are \$2,358,647 which is slightly higher than the final 2011 budget. The City Council and Mayor have made every effort to keep the City financially sound. The City's budgeted cash balance is not expected to increase significantly by the close of 2012. The City of Parkersburg continues to operate in the most efficient way possible. Parkersburg's future economic well-being is more optimistic than in the prior year because of the capital projects completed in the last three years and the capital projects scheduled to be completed in the next twelve to twenty-four months, our citizens' rebuilding efforts, and the spirit of the community.

### 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 Chris Luhring, City Administrator / Clerk / Finance Officer, 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, 2011

	Program Receipts			
			Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Disbursements	Charges for Service	Charges for Service	Interest	Interest
Primary Government:				
Functions/Programs:				
Governmental activities:				
Public safety	\$ 240,536	\$ 75,399	\$ -	\$ 55,450
Public works	306,397	126,554	171,407	10,039
Health and social services	1,265	-	-	-
Culture and recreation	295,696	54,982	-	11,668
Community and economic development	442,980	-	-	-
General government	325,627	-	-	-
Debt service	214,570	-	-	-
Capital projects	579,662	-	-	553,802
Total governmental activities	2,406,733	256,935	171,407	630,959
Business type activities:				
Water	185,122	159,016	-	-
Sewer	99,681	65,399	-	-
Debt service	88,888	-	-	-
Total business type activities	373,691	224,415	-	-
Total	\$ 2,780,424	\$ 481,350	\$ 171,407	\$ 630,959
Component Unit:				
Parkersburg Economic Development	\$ 115,232	\$ -	\$ 98,539	\$ -
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				
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:				
Nonexpendable - cemetery perpetual care				
Expendable:				
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
\$ (109,687)	\$ -	\$ (109,687)	\$ -
1,603	-	1,603	-
(1,265)	-	(1,265)	-
(229,046)	-	(229,046)	-
(442,980)	-	(442,980)	-
(325,627)	-	(325,627)	-
(214,570)	-	(214,570)	-
(25,860)	-	(25,860)	-
<u>(1,347,432)</u>	<u>-</u>	<u>(1,347,432)</u>	<u>-</u>
-	(26,106)	(26,106)	-
-	(34,282)	(34,282)	-
-	(88,888)	(88,888)	-
-	(149,276)	(149,276)	-
<u>(1,347,432)</u>	<u>(149,276)</u>	<u>(1,496,708)</u>	<u>-</u>
-	-	-	(16,693)
392,741	-	392,741	-
508,214	-	508,214	-
154,772	-	154,772	-
94,141	-	94,141	-
-	-	-	90,165
3,111	-	3,111	926
279,028	-	279,028	-
(77,374)	77,374	-	-
<u>1,354,633</u>	<u>77,374</u>	<u>1,432,007</u>	<u>91,091</u>
7,201	(71,902)	(64,701)	74,398
<u>473,208</u>	<u>173,047</u>	<u>646,255</u>	<u>137,386</u>
<u>\$ 480,409</u>	<u>\$ 101,145</u>	<u>\$ 581,554</u>	<u>\$ 211,784</u>
\$ 58,473	\$ -	\$ 58,473	\$ -
-	-	-	-
181,448	-	181,448	-
-	-	-	-
52,000	-	52,000	211,784
<u>188,488</u>	<u>101,145</u>	<u>289,633</u>	<u>-</u>
<u>\$ 480,409</u>	<u>\$ 101,145</u>	<u>\$ 581,554</u>	<u>\$ 211,784</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, 2011

		Special Revenue	
	General	Road Use Tax	Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 242,618	\$ -	\$ -
Tax increment financing collections	-	-	508,214
Other city tax	8,744	-	-
Licenses and permits	9,267	-	-
Use of money and property	3,111	-	-
Intergovernmental	536,279	171,407	-
Charges for service	256,935	-	-
Special assessments	15,714	-	-
Miscellaneous	269,761	-	-
	1,342,429	171,407	508,214
Disbursements:			
Operating:			
Public safety	240,536	-	-
Public works	148,489	147,869	-
Health and social services	1,265	-	-
Culture and recreation	295,221	-	-
Community and economic development	165	-	442,815
General government	325,627	-	-
Debt service	17,024	-	40,058
Capital projects	511,670	-	-
	1,539,997	147,869	482,873
Excess (deficiency) of receipts over (under) disbursements	(197,568)	23,538	25,341
Other financing sources (uses):			
Operating transfers in	215,348	844	-
Operating transfers out	(2,905)	-	(17,064)
	212,443	844	(17,064)
Net change in cash balances	14,875	24,382	8,277
Cash balances beginning of year	183,137	(31,052)	173,171
Cash balances end of year	\$ 198,012	\$ (6,670)	\$ 181,448
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -
Restricted for:			
Streets	-	-	-
Urban renewal purposes	-	-	181,448
Debt service	-	-	-
Other purposes	-	-	-
Unassigned	198,012	(6,670)	-
	\$ 198,012	\$ (6,670)	\$ 181,448

See notes to financial statements.

Debt Service	Other Nonmajor Governmental Funds	Total
\$ 150,858	\$ 136,172	\$ 529,648
-	-	508,214
3,914	99,348	112,006
-	-	9,267
-	-	3,111
-	78,966	786,652
-	-	256,935
-	-	15,714
-	-	269,761
<u>154,772</u>	<u>314,486</u>	<u>2,491,308</u>
-	-	240,536
-	10,039	306,397
-	-	1,265
-	475	295,696
-	-	442,980
-	-	325,627
157,488	-	214,570
-	67,992	579,662
<u>157,488</u>	<u>78,506</u>	<u>2,406,733</u>
<u>(2,716)</u>	<u>235,980</u>	<u>84,575</u>
-	-	216,192
-	(273,597)	(293,566)
-	(273,597)	(77,374)
(2,716)	(37,617)	7,201
(138)	148,090	473,208
<u>\$ (2,854)</u>	<u>\$ 110,473</u>	<u>\$ 480,409</u>
\$ -	\$ 58,473	\$ 58,473
-	-	-
-	-	181,448
-	-	-
-	52,000	52,000
(2,854)	-	188,488
<u>\$ (2,854)</u>	<u>\$ 110,473</u>	<u>\$ 480,409</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, 2011

	Enterprise Funds		
	Sewer Rental	Water	Total
Operating receipts:			
Charges for service			
Sale of water	\$ -	\$ 159,016	\$ 159,016
Sewer rental fees	65,399	-	65,399
Total operating receipts	<u>65,399</u>	<u>159,016</u>	<u>224,415</u>
Operating disbursements:			
Business type activities:			
Water	-	185,122	185,122
Sewer	99,681	-	99,681
Debt Service	88,888	-	88,888
Total operating disbursements	<u>188,569</u>	<u>185,122</u>	<u>373,691</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(123,170)</u>	<u>(26,106)</u>	<u>(149,276)</u>
Other financing sources:			
Operating transfers in	76,606	768	77,374
Total other financing sources	<u>76,606</u>	<u>768</u>	<u>77,374</u>
Net change in cash balances	(46,564)	(25,338)	(71,902)
Cash balances beginning year	<u>101,337</u>	<u>71,710</u>	<u>173,047</u>
Cash balances end of year	<u>\$ 54,773</u>	<u>\$ 46,372</u>	<u>\$ 101,145</u>
 Cash Basis Fund Balances			
Unrestricted	<u>\$ 54,773</u>	<u>\$ 46,372</u>	<u>\$ 101,145</u>
Total cash basis fund balances	<u>\$ 54,773</u>	<u>\$ 46,372</u>	<u>\$ 101,145</u>

See notes to financial statements.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(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 9 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, 2011

(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:

*Nonexpendable restricted net assets* are subject to externally imposed stipulations which require them to be maintained permanently by the City, including the City's Permanent Fund.

*Expendable 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 categories. 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 the road use tax allocation from the State of Iowa to be used road construction and maintenance.

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

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The City reports the following major governmental funds (continued):

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

The City reports the following major proprietary funds:

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

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's 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.

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

Proprietary funds distinguish operating receipts and disbursements from 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. Governmental Cash Basis Fund Balances:

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

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

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(1) Summary of Significant Accounting Policies (continued)

D. Governmental Cash Basis Fund Balances (continued):

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

*Assigned* - Amounts the council intends to use for specific purposes.

*Unassigned* - All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements exceeded the amounts budgeted in the culture and recreation, general government, debt service, and capital projects functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

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

The City's investments at June 30, 2011 were certificates of deposit only.

(3) 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, 2011.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(4) Bonds and Notes Payable

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

Year Ending June 30,	General Obligation Bonds							
	Corporate Purpose Loan Notes		Corporate Purpose Bonds		Corporate Purpose Bonds		General Obligation Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 35,000	\$ 3,955	\$ 65,000	\$ 42,190	\$ 60,000	\$ 20,453	\$ 160,000	\$ 66,598
2013	40,000	2,800	65,000	39,558	65,000	18,022	170,000	60,380
2014	40,000	1,420	70,000	36,892	65,000	15,358	175,000	53,670
2015	-	-	75,000	33,988	70,000	12,660	145,000	46,648
2016	-	-	80,000	30,837	70,000	9,720	150,000	40,557
2017	-	-	80,000	27,398	75,000	6,745	155,000	34,143
2018	-	-	80,000	23,917	80,000	3,520	160,000	27,437
2019	-	-	85,000	20,398	-	-	85,000	20,398
2020	-	-	95,000	16,615	-	-	95,000	16,615
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
<b>Total</b>	<b>\$ 115,000</b>	<b>\$ 8,175</b>	<b>\$ 955,000</b>	<b>\$ 309,238</b>	<b>\$ 485,000</b>	<b>\$ 86,478</b>	<b>\$1,555,000</b>	<b>\$ 403,891</b>

Year Ending June 30,	Sewer				Total General Obligation Sewer Revenue Bonds and Notes Payable	
	Revenue Bonds		Notes Payable		Principal	Interest
	Principal	Interest	Principal	Interest		
2012	\$ 38,000	\$ 16,751	\$ 15,724	\$ 1,300	\$ 213,724	\$ 84,649
2013	40,000	15,143	16,390	664	226,390	76,187
2014	41,000	13,451	-	-	216,000	67,121
2015	42,000	11,717	-	-	187,000	58,365
2016	44,000	9,940	-	-	194,000	50,497
2017	45,000	8,080	-	-	200,000	42,223
2018	47,000	6,176	-	-	207,000	33,613
2019	49,000	4,188	-	-	134,000	24,586
2020	50,000	2,115	-	-	145,000	18,730
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
<b>Total</b>	<b>\$ 396,000</b>	<b>\$ 87,561</b>	<b>\$ 32,114</b>	<b>\$ 1,964</b>	<b>\$1,983,114</b>	<b>\$ 493,416</b>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(4) Bonds and Notes Payable (continued)

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.

(5) Pension and Retirement Benefits

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

Most regular plan members are required to contribute 4.50% of their annual covered salary and the City is required to contribute 6.95% 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, 2011, 2010 and 2009 were \$27,362, \$26,181 and \$26,131 respectively, equal to the required contributions for each year.

(6) 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, 2011. Sick leave is payable only when used and not upon retirement or death.

Full time City employees qualify for overtime pay when hours worked in a specific week exceed 40 hours. The employee is entitled to be paid for the excess hours at one and one half their hourly rate or they may choose to accumulate comp time. At June 30, 2011, the accumulated comp time was \$5,720, using the rates of pay in effect at that time.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(7) Related Party Transactions

The City had no business transactions between the City and City officials during the year ended June 30, 2011.

(8) Construction Commitments

At June 30, 2011, the City had approved construction projects totaling \$978,099. As of June 30, 2011, \$103,605 of these projects had been completed and had been paid. The remaining contract balances are to be completed and paid after June 30, 2011.

(9) 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 \$90,165 which is from the City of Parkersburg. Likewise, in the financial statements of the City, disbursements of \$90,165 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	\$ 7,926
Miscellaneous	<u>181,704</u>
Total	<u>189,630</u>
Disbursements:	
Operating:	
Community and economic development	<u>115,232</u>
Total	<u>115,232</u>
Net change in cash balances	74,398
Cash balances beginning of year	<u>137,386</u>
Cash balances end of year	<u><u>\$ 211,784</u></u>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(10) Other Postemployment Benefits (OPEB)

Plan Description - The City operates a single employer benefit plan which provides medical/prescription drug/dental benefits for full time employees and their families, and for retirees and their spouses. There are presently 8 active and 0 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$441 - \$587 for single coverage and \$1,240 - \$1,286 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2011, the City contributed \$115,794 and plan members eligible for benefits contributed \$0 to the plan.

(11) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

Transfer to:		Transfer from:	
General	\$ 18,828	Special Revenue: Local Option Sales Tax	\$ 94,141
Proprietary: Enterprise: Sewer Rental	75,313		-
General	140,904	Special Revenue: Employee Benefits	140,904
Special Revenue: Road Use	844	General	2,905
Proprietary: Enterprise: Sewer Rental Water	1,293 768		
General	38,552	Special Revenue: Capital Projects	38,552
General	17,064	Special Revenue: Urban Renewal	17,064
<b>Total</b>	<b><u>\$ 293,566</u></b>		<b><u>\$ 293,566</u></b>

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

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2011

(12) 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.

(13) Deficit Fund Balance

The Special Revenue, Road Use Tax fund had a deficit balance of \$6,670 at June 30, 2011. The City is investigating ways to eliminate this deficit.

The Debt Service fund had a deficit balance of \$2,854 at June 30, 2011. The City is investigating ways to eliminate this deficit.

(14) Subsequent Events

Management has evaluated subsequent events through March 21, 2012, the date on which the financial statements were available to be issued.

**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, 2011

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	\$ 529,648	\$ -	\$ -
Tax increment financing collections	508,214	-	-
Other city tax	112,006	-	-
Licenses and permits	9,267	-	-
Use of money and property	3,111	-	-
Intergovernmental	786,652	-	-
Charges for service	256,935	224,415	-
Special assessments	15,714	-	-
Miscellaneous	269,761	-	-
<b>Total receipts</b>	<b>2,491,308</b>	<b>224,415</b>	<b>-</b>
<b>Disbursements:</b>			
Public safety	240,536	-	-
Public works	306,397	-	-
Health and social services	1,265	-	-
Culture and recreation	295,696	-	-
Community and economic development	442,980	-	-
General government	325,627	-	-
Debt service	214,570	-	-
Capital projects	579,662	-	-
Business type activities	-	373,691	-
<b>Total disbursements</b>	<b>2,406,733</b>	<b>373,691</b>	<b>-</b>
Deficiency of receipts under disbursements	84,575	(149,276)	-
Other financing sources, net	(77,374)	77,374	-
Deficiency of receipts and other financing sources over disbursements and other financing uses	7,201	(71,902)	-
Balances beginning of year	473,208	173,047	-
Balances end of year	<u>\$ 480,409</u>	<u>\$ 101,145</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
\$ 529,648	\$ 535,251	\$ 535,251	\$ (5,603)
508,214	475,000	475,000	33,214
112,006	128,417	128,417	(16,411)
9,267	3,225	3,225	6,042
3,111	3,600	3,600	(489)
786,652	158,000	1,363,221	(576,569)
481,350	409,200	409,200	72,150
15,714	-	-	15,714
269,761	22,900	22,900	246,861
<u>2,715,723</u>	<u>1,735,593</u>	<u>2,940,814</u>	<u>(225,091)</u>
240,536	249,212	258,275	17,739
306,397	289,940	330,978	24,581
1,265	4,926	4,926	3,661
295,696	186,059	378,919	83,223
442,980	489,816	532,816	89,836
325,627	271,200	339,300	13,673
214,570	157,488	157,488	(57,082)
579,662	-	676,000	96,338
373,691	417,266	417,266	43,575
<u>2,780,424</u>	<u>2,065,907</u>	<u>3,095,968</u>	<u>315,544</u>
(64,701)	(330,314)	(155,154)	90,453
-	-	-	-
(64,701)	(330,314)	(155,154)	90,453
<u>646,255</u>	<u>646,255</u>	<u>646,225</u>	<u>30</u>
<u>\$ 581,554</u>	<u>\$ 315,941</u>	<u>\$ 491,071</u>	<u>\$ 90,483</u>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2011

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 nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased the budgeted disbursements by \$1,030,061. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2011, disbursements exceeded the amounts budgeted in the debt service function.

## 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, 2011

	Special Revenue	
	I-Jobs	Employee Benefits
Receipts:		
Property tax	\$ -	\$ 136,172
Tax increment financing collections	-	-
Other city tax	-	5,207
Licenses and permits	-	-
Use of money and property	-	-
Intergovernmental	10,039	-
Charges for service	-	-
Miscellaneous	-	-
	10,039	141,379
Disbursements:		
Operating:		
Public safety	-	-
Public works	10,039	-
Health and social services	-	-
Culture and recreation	-	475
Community and economic development	-	-
General government	-	-
Debt service	-	-
Capital projects	-	-
	10,039	475
Excess (deficiency) of receipts over (under) disbursements	-	140,904
Other financing sources (uses):		
Operating transfers in	-	-
Operating transfers out	-	(140,904)
	-	(140,904)
Total other financing sources (uses)	-	(140,904)
Net change in cash balances	-	-
Cash balances beginning of year	-	-
Cash balances end of year	\$ -	\$ -
Cash Balance Fund Balances		
Nonspendable - Cemetery perpetual care		
Restricted for:	\$ -	\$ -
Other purposes	-	-
Unassigned	-	-
Total cash basis fund balances	\$ -	\$ -

See accompanying independent auditors' report.

Local Option Sales Tax	Projects		Permanent Cemetery Perpetual Care	Total
	Historical House	Capital Projects		
\$ -	\$ -	\$ -	\$ -	\$ 136,172
94,141	-	-	-	99,348
-	-	-	-	-
-	-	68,927	-	78,966
-	-	-	-	-
-	-	-	-	-
<u>94,141</u>	<u>-</u>	<u>68,927</u>	<u>-</u>	<u>314,486</u>
-	-	-	-	-
-	-	-	-	10,039
-	-	-	-	475
-	-	-	-	-
-	-	-	-	-
-	-	67,992	-	67,992
-	-	67,992	-	78,506
<u>94,141</u>	<u>-</u>	<u>935</u>	<u>-</u>	<u>235,980</u>
-	-	-	-	-
<u>(94,141)</u>	<u>-</u>	<u>(38,552)</u>	<u>-</u>	<u>(273,597)</u>
<u>(94,141)</u>	<u>-</u>	<u>(38,552)</u>	<u>-</u>	<u>(273,597)</u>
-	-	(37,617)	-	(37,617)
-	52,000	37,617	58,473	148,090
<u>\$ -</u>	<u>\$ 52,000</u>	<u>\$ -</u>	<u>\$ 58,473</u>	<u>\$ 110,473</u>
\$ -	\$ -	\$ -	\$ 58,473	\$ 58,473
-	52,000	-	-	52,000
-	-	-	-	-
<u>\$ -</u>	<u>\$ 52,000</u>	<u>\$ -</u>	<u>\$ 58,473</u>	<u>\$ 110,473</u>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Indebtedness

Year ended June 30, 2011

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Bonds:			
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%	\$ 757,000
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>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 115,000</u>	<u>\$ 5,058</u>	<u>\$ -</u>
<u>\$ 1,020,000</u>	<u>\$ -</u>	<u>\$ 65,000</u>	<u>\$ 955,000</u>	<u>\$ 44,758</u>	<u>\$ -</u>
<u>\$ 545,000</u>	<u>\$ -</u>	<u>\$ 60,000</u>	<u>\$ 485,000</u>	<u>\$ 22,853</u>	<u>\$ -</u>
<u>\$ 347,000</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 317,000</u>	<u>\$ 14,678</u>	<u>\$ -</u>
<u>\$ 86,000</u>	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 79,000</u>	<u>\$ 3,638</u>	<u>\$ -</u>
<u>\$ 47,225</u>	<u>\$ -</u>	<u>\$ 15,111</u>	<u>\$ 32,114</u>	<u>\$ 1,913</u>	<u>\$ -</u>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2011

General Obligation Bonds		
Corporate Purpose Loan Notes, Series 2003		
Issued December 1, 2003		
Year Ending June 30,	Interest Rates	Amount
2012	3.30%	\$ 35,000
2013	3.45%	40,000
2014	3.55%	40,000
		<u>\$ 115,000</u>

General Obligation Bonds		
Corporate Purpose Bonds, Series 2006		
Issued May 1, 2006		
Year Ending June 30,	Interest Rates	Amount
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>\$ 955,000</u>

General Obligation Bonds		
Corporate Purpose Bonds, Series 2006		
Issued May 1, 2006		
Year Ending June 30,	Interest Rates	Amount
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>\$ 485,000</u>

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2011

Sewer Revenue Bonds

Series 2000 A			Series 2000 B			
<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>	<u>Total</u>
2012	4.23%	\$ 31,000	2012	4.23%	\$ 7,000	\$ 38,000
2013	4.23%	32,000	2013	4.23%	8,000	40,000
2014	4.23%	33,000	2014	4.23%	8,000	41,000
2015	4.23%	34,000	2015	4.23%	8,000	42,000
2016	4.23%	35,000	2016	4.23%	9,000	44,000
2017	4.23%	36,000	2017	4.23%	9,000	45,000
2018	4.23%	37,000	2018	4.23%	10,000	47,000
2019	4.23%	39,000	2019	4.23%	10,000	49,000
2020	4.23%	40,000	2020	4.23%	10,000	50,000
		<u>\$ 317,000</u>			<u>\$ 79,000</u>	<u>\$ 396,000</u>

Notes Payable		
Issued June 29, 2007		
<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Amount</u>
2012	4.05%	\$ 15,724
2013	4.05%	16,390
		<u>\$ 32,114</u>

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 Nine Years

	2011	2010	2009	2008
<b>Receipts:</b>				
Property tax	\$ 529,648	\$ 589,154	\$ 580,287	\$ 564,080
Tax increment financing collections	508,214	495,988	422,459	353,214
Other city tax	112,006	145,478	143,515	124,241
Licenses and permits	9,267	10,145	37,271	11,851
Use of money and property	3,111	9,055	16,564	7,101
Intergovernmental	786,652	2,024,492	8,371,066	244,062
Charges for service	256,935	224,287	206,012	204,089
Special assessments	15,714	6,601	7,181	34,715
Miscellaneous	269,761	88,518	943,728	57,967
<b>Total</b>	<b>\$ 2,491,308</b>	<b>\$ 3,593,718</b>	<b>\$ 10,728,083</b>	<b>\$ 1,601,320</b>
<b>Disbursements:</b>				
Operating:				
Public safety	\$ 240,536	\$ 233,191	\$ 291,403	\$ 314,598
Public works	306,397	298,763	321,554	275,097
Health and social services	1,265	1,635	1,229	11,385
Culture and recreation	295,696	202,909	179,825	178,518
Community and economic development	442,980	564,942	192,952	242,516
General government	325,627	306,324	254,677	261,254
Debt service	214,570	215,135	240,767	254,078
Capital projects	579,662	2,716,927	7,821,539	203,267
<b>Total</b>	<b>\$ 2,406,733</b>	<b>\$ 4,539,826</b>	<b>\$ 9,303,946</b>	<b>\$ 1,740,713</b>

See accompanying independent auditor's report.

2007	2006	2005	2004	2003
\$ 549,392	\$ 419,154	\$ 421,344	\$ 418,955	\$ 436,913
337,820	319,977	179,965	171,733	176,951
117,175	105,552	105,208	91,216	86,632
3,104	2,562	2,419	3,682	2,747
15,380	19,483	8,845	11,709	16,888
269,538	245,016	406,221	271,635	222,626
217,650	208,989	186,558	195,070	169,131
38,502	-	-	-	-
23,132	11,405	26,103	32,199	28,323
<u>\$ 1,571,693</u>	<u>\$ 1,332,138</u>	<u>\$ 1,336,663</u>	<u>\$ 1,196,199</u>	<u>\$ 1,140,211</u>

\$ 195,431	\$ 238,251	\$ 205,499	\$ 236,808	\$ 163,742
725,875	351,046	322,919	285,723	317,277
2,102	5,332	3,342	7,664	6,336
182,197	196,486	190,838	172,847	149,170
549,569	444,721	238,725	686,526	164,592
204,187	221,612	192,283	190,728	148,766
193,174	104,503	101,138	131,722	135,860
787,769	-	-	-	-
<u>\$ 2,840,304</u>	<u>\$ 1,561,951</u>	<u>\$ 1,254,744</u>	<u>\$ 1,712,018</u>	<u>\$ 1,085,743</u>

## 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 *Government Auditing Standards*

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, the aggregate discretely component units, each major fund and the aggregate remaining fund information of the City of Parkersburg, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated March 21, 2012. 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 an 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 deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of City of Parkersburg's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency as described in Part II-A-1 of the accompanying Schedule of Findings and Questioned Costs. A significant deficiency in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## 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, 2010 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 IV of the accompanying Schedule of Findings and Questioned Costs.

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

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, Maxwell & Co., L.L.P.*

March 21, 2012

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part I: Findings Related to the Financial Statements:**

INSTANCES OF NON-COMPLIANCE:

None noted

INTERNAL CONTROL DEFICIENCIES:

I-A-11 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.

II-B-11 Library Funds - The Library funds are a part of the City's cash balances, are the responsibility of the City Clerk, and receipts and disbursements of these funds are included in the City's budget. Presently, Library personnel manage an account which has increased this year over \$200,000.

Recommendation - We realize Library personnel have been instrumental in raising funds for the Library expansion project, however all funds of the City should be maintained in accounts managed by the City Clerk, to insure all revenue and expenses be accounted for appropriately, and expenses approved by the Mayor and City Council as required on a timely basis.

Response - The Library money market account will be closed effective June 30, 2012, and all future library expenditures will be paid for from accounts managed by the City Clerk's Office. Funds received to be used for specific library purposes will continue to be recorded in Library accounts on the City's books. All library expenses will be approved by the Mayor and City Council as required on a timely basis.

Conclusion - Response accepted.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs  
Year ended June 30, 2011

**Part II: Other Findings Related to Statutory Reporting:**

II-A-11 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, 2011.

II-B-11 Certified Budget - Disbursements during the year ended June 30, 2011 exceeded the amounts budgeted in the 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-11 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-11 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-E-11 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-11 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, 2011

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

II-G-11 Business Transactions - We noted no business transactions between the City and City officials or employees.

II-H-11 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-11 Financial Condition - The Special Revenue, Road Use Tax fund had a deficit balance at June 30, 2011 of \$6,670.

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 2012 budget to help eliminate this deficit.

Conclusion - Response accepted.

Financial Condition - The Debt Service fund had a deficit balance at June 30, 2011 of \$2,854.

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

Response - The City has budgeted to eliminate this deficit.

Conclusion - Response accepted.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Audit Staff

This audit was performed by:

Dallas E. Voigts, CPA, Audit Partner

Monica M. Haag, CPA, In-charge

Janel Ruzicka

Heidi Smith