

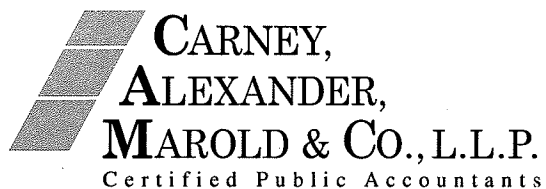
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**CITY OF PARKERSBURG  
PARKERSBURG, IOWA**

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

**JUNE 30, 2009**

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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<br>Changes in Balances - Budget and Actual (Cash Basis) - All<br>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 -<br>Nonmajor Governmental Funds  | 22      |
| Schedule of Indebtedness  | 23      |
| Bond and Note Maturities  | 24 - 25 |
| Schedule of Receipts by Source and Disbursements by Function -<br>All Governmental Funds  | 26      |
| Schedule of Expenditures of Federal Awards  | 27      |
| Internal Controls and Compliance:   |         |
| Independent Auditors' Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial Statements<br>Performed in Accordance with <i>Government Auditing Standards</i> | 28 - 29 |
| Independent Auditors' Report on Compliance with Requirements Applicable to<br>Each Major Program and on Internal Control over Compliance in Accordance<br>with OMB Circular A-133   | 30 - 31 |
| Schedule of Findings and Questioned Costs   | 32 - 36 |
| Audit Staff   | 37      |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

City Officials

| <u>Name</u>  | <u>Title</u>   | <u>Term Expires</u> |
|--|----------------|---------------------|
| Robert L. Haylock                                    | Mayor          | January, 2010       |
| Leon Thorne  | Mayor Pro tem  | January, 2012       |
| Klint C. Knock - on military<br>leave, June, 2009    | Council Member | January, 2012       |
| Harlan Schuck  | Council Member | January, 2010       |
| Nicole Maitland                                      | Council Member | January, 2010       |
| Jon Klinkenborg                                      | Council Member | January, 2012       |
| Perry Bernard - appointed<br>temporarily, June, 2009 | Council Member | January, 2012       |
| 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, 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, 2009, 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 component units, each major fund and the aggregate remaining fund information of the City of Parkersburg as of June 30, 2009, 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 12, 2010, 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 six years ended June 30, 2008 (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, including the Schedule of Expenditures of Federal Awards required by the U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, 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 12, 2010

## Basic Financial Statements

## **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, 2009. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2009 Financial Highlights**

- Revenues of the City's governmental activities increased 669% or approximately \$9,126,763, from fiscal 2008 to fiscal 2009. Property tax increased approximately \$123,452 (including TIF funds).
- Disbursements increased 534%, or approximately \$7,563,233, in fiscal 2009 from fiscal 2008. Public works and community and economic development disbursements increased \$45,477 and \$12,161 respectively.
- The City's total cash basis net assets increased by \$1,245,667 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased \$1,326,477 and the assets of the business type activities decreased by approximately \$80,810.

### **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.

#### *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 increased from a year ago, increasing from \$140,178 to \$1,466,655. The analysis that follows focuses on the changes in cash balances for governmental activities.

| Changes in Cash Basis Net Assets of Governmental Activities<br>(Expressed in Thousands) |                     |               |
|---|---------------------|---------------|
|   | Year ended June 30, |               |
|   | 2009                | 2008          |
| Receipts and transfers:   |                     |               |
| Program receipts:   |                     |               |
| Charges for service   | \$ 206              | \$ 204        |
| Operating grants, contributions and restricted interest                                 | 157                 | 165           |
| Capital grants, contributions and restricted interest                                   | 9,017               | 27            |
| General receipts:   |                     |               |
| Property tax  | 1,024               | 938           |
| Local option sales tax  | 122                 | 104           |
| Unrestricted interest on investments  | 17                  | 7             |
| Bond proceeds (net of \$13 discount)  | -                   | -             |
| Note proceeds   | -                   | 350           |
| Miscellaneous   | 185                 | 157           |
| Transfers, net  | (98)                | (83)          |
| Total receipts and transfers  | <u>10,630</u>       | <u>1,869</u>  |
| Disbursements:  |                     |               |
| Public safety   | 291                 | 315           |
| Public works  | 321                 | 275           |
| Health and social services  | 1                   | 11            |
| Culture and recreation  | 180                 | 179           |
| Community and economic development  | 193                 | 243           |
| General government  | 255                 | 261           |
| Debt service  | 241                 | 254           |
| Capital projects  | 7,822               | 203           |
| Total disbursements   | <u>9,304</u>        | <u>1,741</u>  |
| Increase in cash basis net assets   | 1,326               | 128           |
| Cash basis net assets beginning of year   | <u>140</u>          | <u>12</u>     |
| Cash basis net assets end of year   | <u>\$ 1,466</u>     | <u>\$ 140</u> |

The City's total receipts for governmental activities increased by 569% or \$8,761,000. The total cost of all programs and services increased by \$7,563,000, or 534%, with all capital improvement projects completed. The increase in receipts was primarily due to an increase in FEMA funding, capital grants, contributions, and/or restricted interest from factors affected by the Parkersburg tornado. There was also an increase in TIF revenue, and a slight increase in property taxes collected in 2009.

The City increased property tax rates for 2009 by an average of .039 percent. This raised the City's property tax receipts by \$86,000 in 2009. Based on decreases in the total assessed valuation due to the tornado, total property tax receipts are budgeted to decrease in fiscal year 2010 and 2011.

The cost of all governmental activities this year was \$9,303,946 compared to \$1,740,713 last year.

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

|   | Year ended June 30, |               |
|---|---------------------|---------------|
|   | 2009                | 2008          |
| Receipts and transfers:                 |                     |               |
| Program receipts:                       |                     |               |
| Charges for service                     |                     |               |
| Water                                   | \$ 134              | \$ 151        |
| Sewer                                   | 52                  | 65            |
| Transfers, net                          | 98                  | 83            |
| Total receipts and transfers            | <u>284</u>          | <u>299</u>    |
| Disbursements:                          |                     |               |
| Water                                   | 167                 | 170           |
| Sewer                                   | 86                  | 97            |
| Debt Service                            | 112                 | 100           |
| Total disbursements                     | <u>365</u>          | <u>367</u>    |
| Increase in cash basis net assets       | (81)                | (68)          |
| Cash basis net assets beginning of year | <u>176</u>          | <u>244</u>    |
| Cash basis net assets end of year       | <u>\$ 95</u>        | <u>\$ 176</u> |

Total business type activities receipts for the fiscal year were \$284,000 compared to \$299,000 last year. The cash balance decreased by \$81,000 from the prior year. Total disbursements for the fiscal year decreased to \$365,000 compared to \$367,000 last year.

### Individual Major Governmental Fund Analysis

As the City of Parkersburg completed the year, its governmental funds reported a combined fund balance of \$1,466,655, an increase of \$1,326,477 from last year's total of \$140,178. 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 increased \$1,110,473 from the prior year to \$1,190,150.
- The Road Use Tax Fund cash balance decreased by \$33,839 to a negative balance of \$53,978 during the fiscal year. Reduced spending should improve this deficit.
- The TIF fund cash balance increased by \$257,080 to \$249,782.

### Individual Major Business Type Fund Analysis

- The Water Fund cash balance decreased by \$32,697 to (\$16,348).
- The Sewer Fund cash balance decreased by \$48,113 to \$111,214 due primarily to some over spending to finish capital improvements.

### Budgetary Highlights

The City did amend its budget during the year.

## Debt Administration

At June 30, 2009, the City had approximately \$2,696,000 in bonds and other long-term debt, compared to approximately \$3,290,000 last year, as shown below.

|  | Outstanding Debt at Year-End<br>(Expressed in Thousands) |          |
|--|--|----------|
|  | Year ended June 30,<br>2009                              | 2008     |
| General obligation bonds - sanitary sewer notes    | \$ -   | \$ 60    |
| General obligation bonds - corporate purpose notes | 185  | 220      |
| General obligation bonds - corporate purpose bonds | 1,085  | 1,145    |
| General obligation bonds - corporate purpose bonds | 600  | 635      |
| Sewer revenue bonds                                | 764  | 818      |
| Notes payable                                      | 62   | 62       |
| Notes payable - short term                         | -  | 350      |
| Total  | \$ 2,696   | \$ 3,290 |

Debt decreased as a result of short term loan.

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 \$2,695,798 is below its constitutional debt limit of \$4,391,023.

## 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 2010 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. New businesses have started in Parkersburg since the tornado.

Fuel costs and operating costs continue to fluctuate. The May 25, 2008 tornado has affected every aspect of city government spending. We are working with FEMA and the State of Iowa to manage all the recovery issues which include many new capital projects.

These indicators and the Parkersburg tornado in May, 2008, were once again taken into account when adopting the budget for fiscal year 2010. Amounts available for appropriation in the operating budget are \$1,825,182 which is slightly lower than the final 2009 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 by the close of 2009. The City of Parkersburg continues to operate in the most efficient way possible. The 2008 tornado put the city into a survival mode. Parkersburg's future economic well-being is more optimistic than in the prior year because of our citizens' rebuilding effort and spirit of community which prevails.

## 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 Clerk, 608 Hwy 57, Parkersburg, Iowa.

**CITY OF PARKERSBURG  
PARKERSBURG, IOWA**

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2009

|   |               |                     | Program Receipts   |  |
|---|---------------|---------------------|--|--|
|   | Disbursements | Charges for Service | Operating Grants, Contributions, and Restricted Interest | Capital Grants, Contributions, and Restricted Interest |
| Primary Government:                     |               |                     |  |  |
| Functions/Programs:                     |               |                     |  |  |
| Governmental activities:                |               |                     |  |  |
| Public safety                           | \$ 291,403    | \$ 67,305           | \$ -   | \$ 31,012  |
| Public works                            | 321,554       | 98,681              | 156,730  | -  |
| Health and social services              | 1,229         | -                   | -  | -  |
| Culture and recreation                  | 179,825       | 40,026              | -  | 26,472   |
| Community and economic development      | 192,952       | -                   | -  | -  |
| General government                      | 254,677       | -                   | -  | -  |
| Debt service                            | 240,767       | -                   | -  | -  |
| Capital projects                        | 7,821,539     | -                   | -  | 8,959,976  |
| Total governmental activities           | 9,303,946     | 206,012             | 156,730  | 9,017,460  |
| Business type activities:               |               |                     |  |  |
| Water                                   | 166,612       | 133,915             | -  | -  |
| Sewer                                   | 85,735        | 52,225              | -  | -  |
| Debt service                            | 112,263       | -                   | -  | -  |
| Total business type activities          | 364,610       | 186,140             | -  | -  |
| Total                                   | \$ 9,668,556  | \$ 392,152          | \$ 156,730   | \$ 9,017,460   |
| Component Unit:                         |               |                     |  |  |
| Parkersburg Economic Development        | \$ 254,697    | \$ -                | \$ 241,800   | \$ -   |
| 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:                             |               |                     |  |  |
| 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         |                             |              | Component<br>Unit |
|----------------------------|-----------------------------|--------------|-------------------|
| Governmental<br>Activities | Business Type<br>Activities | Total        |                   |
| \$ (193,086)               | \$ -                        | \$ (193,086) | \$ -              |
| (66,143)                   | -                           | (66,143)     | -                 |
| (1,229)                    | -                           | (1,229)      | -                 |
| (113,327)                  | -                           | (113,327)    | -                 |
| (192,952)                  | -                           | (192,952)    | -                 |
| (254,677)                  | -                           | (254,677)    | -                 |
| (240,767)                  | -                           | (240,767)    | -                 |
| 1,138,437                  | -                           | 1,138,437    | -                 |
| 76,256                     | -                           | 76,256       | -                 |
| -                          | (32,697)                    | (32,697)     | -                 |
| -                          | (33,510)                    | (33,510)     | -                 |
| -                          | (112,263)                   | (112,263)    | -                 |
| -                          | (178,470)                   | (178,470)    | -                 |
| 76,256                     | (178,470)                   | (102,214)    | -                 |
| -                          | -                           | -            | (12,897)          |
| 410,197                    | -                           | 410,197      | -                 |
| 422,459                    | -                           | 422,459      | -                 |
| 191,530                    | -                           | 191,530      | -                 |
| 122,075                    | -                           | 122,075      | -                 |
| -                          | -                           | -            | 20,000            |
| 16,564                     | -                           | 16,564       | 2,526             |
| 185,056                    | -                           | 185,056      | -                 |
| (97,660)                   | 97,660                      | -            | -                 |
| 1,250,221                  | 97,660                      | 1,347,881    | 22,526            |
| 1,326,477                  | (80,810)                    | 1,245,667    | 9,629             |
| 140,178                    | 175,676                     | 315,854      | 32,019            |
| \$ 1,466,655               | \$ 94,866                   | \$ 1,561,521 | \$ 41,648         |
| \$ (53,978)                | \$ -                        | \$ (53,978)  | \$ -              |
| 249,782                    | -                           | 249,782      | -                 |
| 740                        | -                           | 740          | -                 |
| 79,961                     | -                           | 79,961       | 41,648            |
| 1,190,150                  | 94,866                      | 1,285,016    | -                 |
| \$ 1,466,655               | \$ 94,866                   | \$ 1,561,521 | \$ 41,648         |

**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, 2009

|  |                     | Special Revenue    |                                   |
|--|---------------------|--------------------|-----------------------------------|
|  | General             | Road<br>Use<br>Tax | Urban<br>Renewal<br>Tax Increment |
| Receipts:  |                     |                    |                                   |
| Property tax   | \$ 394,099          | \$ -               | \$ -                              |
| Tax increment financing collections                        | -                   | -                  | 422,459                           |
| Other city tax   | 16,098              | -                  | -                                 |
| Licenses and permits                                       | 37,271              | -                  | -                                 |
| Use of money and property                                  | 16,564              | -                  | -                                 |
| Intergovernmental  | 8,214,336           | 156,730            | -                                 |
| Charges for service  | 206,012             | -                  | -                                 |
| Special assessments  | -                   | 7,181              | -                                 |
| Miscellaneous  | 943,728             | -                  | -                                 |
| Total receipts   | <u>9,828,108</u>    | <u>163,911</u>     | <u>422,459</u>                    |
| Disbursements:   |                     |                    |                                   |
| Operating:   |                     |                    |                                   |
| Public safety  | 291,403             | -                  | -                                 |
| Public works   | 123,804             | 197,750            | -                                 |
| Health and social services                                 | 1,229               | -                  | -                                 |
| Culture and recreation                                     | 179,825             | -                  | -                                 |
| Community and economic development                         | 69,573              | -                  | 123,379                           |
| General government   | 254,677             | -                  | -                                 |
| Capital projects   | 7,821,539           | -                  | -                                 |
| Debt service   | -                   | -                  | 42,000                            |
| Total disbursements  | <u>8,742,050</u>    | <u>197,750</u>     | <u>165,379</u>                    |
| Excess (deficiency) of receipts over (under) disbursements | <u>1,086,058</u>    | <u>(33,839)</u>    | <u>257,080</u>                    |
| Other financing sources (uses):                            |                     |                    |                                   |
| Operating transfers in                                     | 24,415              | -                  | -                                 |
| Operating transfers out                                    | -                   | -                  | -                                 |
| Total other financing sources (uses)                       | <u>24,415</u>       | <u>-</u>           | <u>-</u>                          |
| Net change in cash balances                                | 1,110,473           | (33,839)           | 257,080                           |
| Cash balances beginning of year                            | <u>79,677</u>       | <u>(20,139)</u>    | <u>(7,298)</u>                    |
| Cash balances end of year                                  | <u>\$ 1,190,150</u> | <u>\$ (53,978)</u> | <u>\$ 249,782</u>                 |
| Cash Basis Fund Balances                                   |                     |                    |                                   |
| Reserved:  |                     |                    |                                   |
| Debt Service   | \$ -                | \$ -               | \$ -                              |
| Unreserved:  |                     |                    |                                   |
| General fund   | 1,190,150           | -                  | -                                 |
| Special revenue funds                                      | -                   | (53,978)           | 249,782                           |
| Capital projects funds                                     | -                   | -                  | -                                 |
| Permanent funds  | -                   | -                  | -                                 |
| Total cash basis fund balances                             | <u>\$ 1,190,150</u> | <u>\$ (53,978)</u> | <u>\$ 249,782</u>                 |

See notes to financial statements.

| Debt<br>Service | Other<br>Nonmajor<br>Governmental<br>Funds | Total               |
|-----------------|--|---------------------|
| \$ 186,188      | \$ -                                       | \$ 580,287          |
| -               | -  | 422,459             |
| 5,342           | 122,075                                    | 143,515             |
| -               | -  | 37,271              |
| -               | -  | 16,564              |
| -               | -  | 8,371,066           |
| -               | -  | 206,012             |
| -               | -  | 7,181               |
| -               | -  | 943,728             |
| <u>191,530</u>  | <u>122,075</u>                             | <u>10,728,083</u>   |
| -               | -  | 291,403             |
| -               | -  | 321,554             |
| -               | -  | 1,229               |
| -               | -  | 179,825             |
| -               | -  | 192,952             |
| -               | -  | 254,677             |
| -               | -  | 7,821,539           |
| <u>198,767</u>  | <u>-</u>                                   | <u>240,767</u>      |
| <u>198,767</u>  | <u>-</u>                                   | <u>9,303,946</u>    |
| <u>(7,237)</u>  | <u>122,075</u>                             | <u>1,424,137</u>    |
| -               | -  | 24,415              |
| -               | (122,075)                                  | (122,075)           |
| -               | (122,075)                                  | (97,660)            |
| (7,237)         | -  | 1,326,477           |
| <u>7,977</u>    | <u>79,961</u>                              | <u>140,178</u>      |
| <u>\$ 740</u>   | <u>\$ 79,961</u>                           | <u>\$ 1,466,655</u> |
| \$ 740          | \$ -                                       | \$ 740              |
| -               | -  | 1,190,150           |
| -               | (17,064)                                   | 178,740             |
| -               | 38,552                                     | 38,552              |
| -               | 58,473                                     | 58,473              |
| <u>\$ 740</u>   | <u>\$ 79,961</u>                           | <u>\$ 1,466,655</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, 2009

|  | Enterprise Funds |             |            |
|--|------------------|-------------|------------|
|  | Sewer<br>Rental  | Water       | Total      |
| Operating receipts:  |                  |             |            |
| Charges for service  |                  |             |            |
| Sale of water  | \$ -             | \$ 133,915  | \$ 133,915 |
| Sewer rental fees  | 52,225           | -           | 52,225     |
| Total operating receipts                                   | 52,225           | 133,915     | 186,140    |
| Operating disbursements:                                   |                  |             |            |
| Business type activities:                                  |                  |             |            |
| Water  | -                | 166,612     | 166,612    |
| Sewer  | 85,735           | -           | 85,735     |
| Debt Service   | 112,263          | -           | 112,263    |
| Total operating disbursements                              | 197,998          | 166,612     | 364,610    |
| Excess (deficiency) of receipts over (under) disbursements | (145,773)        | (32,697)    | (178,470)  |
| Other financing sources:                                   |                  |             |            |
| Operating transfers in                                     | 97,660           | -           | 97,660     |
| Total other financing sources                              | 97,660           | -           | 97,660     |
| Net change in cash balances                                | (48,113)         | (32,697)    | (80,810)   |
| Cash balances beginning year                               | 159,327          | 16,349      | 175,676    |
| Cash balances end of year                                  | \$ 111,214       | \$ (16,348) | \$ 94,866  |
| Cash Basis Fund Balances                                   |                  |             |            |
| Unreserved   | \$ 111,214       | \$ (16,348) | \$ 94,866  |
| Total cash basis fund balances                             | \$ 111,214       | \$ (16,348) | \$ 94,866  |

See notes to financial statements.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2009

(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, 2009

(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, 2009

(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, 2009, disbursements exceeded the amounts budgeted in the public safety, general government and debt service functions.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 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, 2009

(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, 2009 were certificates of deposit only.

(3) Bonds and Notes Payable

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

| Year<br>Ending<br>June 30, | General Obligation Bonds        |           |                            |            |                            |            |                             |            |
|----------------------------|---------------------------------|-----------|----------------------------|------------|----------------------------|------------|-----------------------------|------------|
|                            | Corporate Purpose<br>Loan Notes |           | Corporate<br>Purpose Bonds |            | Corporate<br>Purpose Bonds |            | General Obligation<br>Total |            |
|                            | Principal                       | Interest  | Principal                  | Interest   | Principal                  | Interest   | Principal                   | Interest   |
| 2010                       | \$ 35,000                       | \$ 6,055  | \$ 65,000                  | \$ 47,292  | \$ 55,000                  | \$ 25,025  | \$ 155,000                  | \$ 78,372  |
| 2011                       | 35,000                          | 5,058     | 65,000                     | 44,758     | 60,000                     | 22,852     | 160,000                     | 72,668     |
| 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      |
| Total                      | \$ 185,000                      | \$ 19,288 | \$1,085,000                | \$ 401,288 | \$ 600,000                 | \$ 134,355 | \$1,870,000                 | \$ 554,931 |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2009

(3) Bonds and Notes Payable (continued)

| Year<br>Ending<br>June 30, | Sewer<br>Revenue Bonds |                   | Notes Payable    |                 | Total General Obligation<br>Sewer Revenue Bonds<br>and Notes Payable |                   |
|----------------------------|------------------------|-------------------|------------------|-----------------|--|-------------------|
|                            | Principal              | Interest          | Principal        | Interest        | Principal  | Interest          |
| 2010                       | \$ 56,000              | \$ 24,490         | \$ 14,523        | \$ 2,501        | \$ 225,523   | \$ 105,363        |
| 2011                       | 58,000                 | 22,671            | 15,111           | 1,913           | 233,111  | 97,252            |
| 2012                       | 60,000                 | 20,812            | 15,724           | 1,300           | 235,724  | 88,710            |
| 2013                       | 64,000                 | 18,866            | 16,390           | 664             | 250,390  | 79,910            |
| 2014                       | 66,000                 | 16,835            | -                | -               | 241,000  | 70,505            |
| 2015                       | 69,000                 | 14,720            | -                | -               | 214,000  | 61,368            |
| 2016                       | 72,000                 | 12,521            | -                | -               | 222,000  | 53,078            |
| 2017                       | 75,000                 | 10,195            | -                | -               | 230,000  | 44,338            |
| 2018                       | 79,000                 | 7,826             | -                | -               | 239,000  | 35,263            |
| 2019                       | 81,000                 | 5,330             | -                | -               | 166,000  | 25,728            |
| 2020                       | 84,000                 | 2,707             | -                | -               | 179,000  | 19,322            |
| 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                      | <u>\$ 764,000</u>      | <u>\$ 156,973</u> | <u>\$ 61,748</u> | <u>\$ 6,378</u> | <u>\$2,695,748</u>   | <u>\$ 718,282</u> |

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, 2009

(4) Pension and Retirement Benefits (continued)

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% 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, 2009, 2008 and 2007 were \$26,131, \$21,007 and \$19,233 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, 2009.

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

(6) Related Party Transactions

The City had no business transactions between the City and City officials during the year ended June 30, 2009.

(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, 2009.

(8) Construction Commitments

During the year ended June 30, 2009, the City approved construction projects totaling \$6,006,324. At June 30, 2009, \$4,916,790 of these projects had been completed and had been paid. The remaining contract balances are to be completed and paid after June 30, 2009.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2009

(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.

(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 \$20,000 which is from the City of Parkersburg. Likewise, in the financial statements of the City, disbursements of \$20,000 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          | \$ 7,826                |
| Intergovernmental                  | 40,203                  |
| Miscellaneous                      | 216,297                 |
| Total                              | <u>264,326</u>          |
| Disbursements:                     |                         |
| Operating:                         |                         |
| Community and economic development | <u>254,697</u>          |
| Total                              | <u>254,697</u>          |
| Net change in cash balances        | 9,629                   |
| Cash balances beginning of year    | <u>32,019</u>           |
| Cash balances end of year          | <u><u>\$ 41,648</u></u> |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Notes to Financial Statements  
June 30, 2009

(11) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

| Transfer to:                                |                   | Transfer from:                             |                   |
|---|-------------------|--|-------------------|
| General                                     | \$ 24,415         | Special Revenue:<br>Local Option Sales Tax | \$ 24,415         |
| Proprietary:<br>Enterprise:<br>Sewer Rental | <u>97,660</u>     | Special Revenue:<br>Local Option Sales Tax | <u>97,660</u>     |
| Total                                       | <u>\$ 122,075</u> |  | <u>\$ 122,075</u> |

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

(12) Deficit Fund Balance

The Special Revenue, CDBG Grant fund had a deficit balance of \$17,064 at June 30, 2009. 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 \$53,978 at June 30, 2009. The City is investigating ways to eliminate this deficit.

The Enterprise, Water fund had a deficit balance of \$16,348 at June 30, 2009. 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, 2009

|   | Governmental<br>Funds<br>Actual | Proprietary<br>Funds<br>Actual | Less<br>Funds not<br>Required to be<br>Budgeted |
|---|---------------------------------|--------------------------------|---|
| Receipts:   |                                 |                                |   |
| Property tax  | \$ 580,287                      | \$ -                           | \$ -  |
| Tax increment financing collections   | 422,459                         | -                              | -   |
| Other city tax  | 143,515                         | -                              | -   |
| Licenses and permits  | 37,271                          | -                              | -   |
| Use of money and property   | 16,564                          | -                              | -   |
| Intergovernmental   | 8,371,066                       | -                              | -   |
| Charges for service   | 206,012                         | 186,140                        | -   |
| Special assessments   | 7,181                           | -                              | -   |
| Miscellaneous   | 943,728                         | -                              | -   |
| Total receipts  | <u>10,728,083</u>               | <u>186,140</u>                 | <u>-</u>  |
| Disbursements:  |                                 |                                |   |
| Public safety   | 291,403                         | -                              | -   |
| Public works  | 321,554                         | -                              | -   |
| Health and social services  | 1,229                           | -                              | -   |
| Culture and recreation  | 179,825                         | -                              | -   |
| Community and economic development  | 192,952                         | -                              | -   |
| General government  | 254,677                         | -                              | -   |
| Debt service  | 240,767                         | -                              | -   |
| Capital projects  | 7,821,539                       | -                              | -   |
| Business type activities  | -                               | 364,610                        | -   |
| Total disbursements   | <u>9,303,946</u>                | <u>364,610</u>                 | <u>-</u>  |
| Deficiency of receipts under disbursements  | 1,424,137                       | (178,470)                      | -   |
| Other financing sources, net  | <u>(97,660)</u>                 | <u>97,660</u>                  | <u>-</u>  |
| Deficiency of receipts and other financing sources<br>over disbursements and other financing uses | 1,326,477                       | (80,810)                       | -   |
| Balances beginning of year  | <u>140,178</u>                  | <u>178,676</u>                 | <u>58,473</u>                                   |
| Balances end of year  | <u><u>\$ 1,466,655</u></u>      | <u><u>\$ 97,866</u></u>        | <u><u>\$ 58,473</u></u>                         |

See accompanying independent auditor's report.

| Net                 | Budgeted Amounts  |                   | Final to<br>Net<br>Variance |
|---------------------|-------------------|-------------------|-----------------------------|
|                     | Original          | Final             |                             |
| \$ 580,287          | \$ 580,866        | \$ 580,866        | \$ (579)                    |
| 422,459             | 425,000           | 425,000           | (2,541)                     |
| 143,515             | 116,465           | 116,465           | 27,050                      |
| 37,271              | 4,050             | 4,050             | 33,221                      |
| 16,564              | 12,500            | 12,500            | 4,064                       |
| 8,371,066           | 161,321           | 161,321           | 8,209,745                   |
| 392,152             | 453,606           | 453,606           | (61,454)                    |
| 7,181               | 6,500             | 6,500             | 681                         |
| 943,728             | 24,600            | 24,600            | 919,128                     |
| <u>10,914,223</u>   | <u>1,784,908</u>  | <u>1,784,908</u>  | <u>9,129,315</u>            |
| 291,403             | 248,981           | 288,981           | (2,422)                     |
| 321,554             | 334,338           | 334,338           | 12,784                      |
| 1,229               | 4,926             | 4,926             | 3,697                       |
| 179,825             | 189,400           | 189,400           | 9,575                       |
| 192,952             | 276,855           | 390,855           | 197,903                     |
| 254,677             | 247,616           | 247,616           | (7,061)                     |
| 240,767             | 197,866           | 197,866           | (42,901)                    |
| 7,821,539           | -                 | 8,846,000         | 1,024,461                   |
| 364,610             | 382,199           | 382,199           | 17,589                      |
| <u>9,668,556</u>    | <u>1,882,181</u>  | <u>10,882,181</u> | <u>1,213,625</u>            |
| 1,245,667           | (97,273)          | (9,097,273)       | 10,342,940                  |
| <u>-</u>            | <u>-</u>          | <u>9,000,000</u>  | <u>(9,000,000)</u>          |
| 1,245,667           | (97,273)          | (97,273)          | 1,342,940                   |
| 260,381             | 260,381           | 260,381           | -                           |
| <u>\$ 1,506,048</u> | <u>\$ 163,108</u> | <u>\$ 163,108</u> | <u>\$ 1,342,940</u>         |

**CITY OF PARKERSBURG  
PARKERSBURG, IOWA**

**Notes to Required Supplementary Information - Budgetary Reporting**

**June 30, 2009**

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 \$9,000,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the public safety, 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, 2009

|  | Special Revenue                 |                           |
|--|---------------------------------|---------------------------|
|  | CDBG<br>Rehabilitation<br>Grant | Local Option<br>Sales Tax |
| Receipts:  |                                 |                           |
| Property tax   | \$ -                            | \$ -                      |
| Tax increment financing collections                        | -                               | -                         |
| Other city tax   | -                               | 122,075                   |
| Licenses and permits                                       | -                               | -                         |
| Use of money and property                                  | -                               | -                         |
| Intergovernmental  | -                               | -                         |
| Charges for service  | -                               | -                         |
| Miscellaneous  | -                               | -                         |
| Total receipts   | -                               | 122,075                   |
| Disbursements:   |                                 |                           |
| Operating:   |                                 |                           |
| Public safety  | -                               | -                         |
| Public works   | -                               | -                         |
| Health and social services                                 | -                               | -                         |
| Culture and recreation                                     | -                               | -                         |
| Community and economic development                         | -                               | -                         |
| General government   | -                               | -                         |
| Debt service   | -                               | -                         |
| Total disbursements  | -                               | -                         |
| Excess (deficiency) of receipts over (under) disbursements | -                               | 122,075                   |
| Other financing sources (uses):                            |                                 |                           |
| Operating transfers in                                     | -                               | -                         |
| Operating transfers out                                    | -                               | (122,075)                 |
| Total other financing sources (uses)                       | -                               | (122,075)                 |
| Net change in cash balances                                | -                               | -                         |
| Cash balances beginning of year                            | (17,064)                        | -                         |
| Cash balances end of year                                  | \$ (17,064)                     | \$ -                      |

See accompanying independent auditors' report.



CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Indebtedness

Year ended June 30, 2009

| <u>Obligation</u>                               | <u>Date of<br/>Issue</u> | <u>Interest<br/>Rates</u> | <u>Amount<br/>Originally<br/>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                               |
| First State Bank - short term                   | June 17, 2008            | 7.00%                     | \$ 350,000                              |

See accompanying independent auditor's report.

| <u>Balance<br/>Beginning<br/>of Year</u> | <u>Issued<br/>During<br/>Year</u> | <u>Redeemed<br/>During<br/>Year</u> | <u>Balance<br/>End<br/>of Year</u> | <u>Interest<br/>Paid</u> | <u>Interest<br/>Due and<br/>Unpaid</u> |
|--|-----------------------------------|-------------------------------------|------------------------------------|--------------------------|--|
| <u>\$ 60,000</u>                         | <u>\$ -</u>                       | <u>\$ 60,000</u>                    | <u>\$ -</u>                        | <u>\$ 2,850</u>          | <u>\$ -</u>                            |
| <u>\$ 220,000</u>                        | <u>\$ -</u>                       | <u>\$ 35,000</u>                    | <u>\$ 185,000</u>                  | <u>\$ 7,000</u>          | <u>\$ -</u>                            |
| <u>\$ 1,145,000</u>                      | <u>\$ -</u>                       | <u>\$ 60,000</u>                    | <u>\$ 1,085,000</u>                | <u>\$ 49,572</u>         | <u>\$ -</u>                            |
| <u>\$ 635,000</u>                        | <u>\$ -</u>                       | <u>\$ 35,000</u>                    | <u>\$ 600,000</u>                  | <u>\$ 26,408</u>         | <u>\$ -</u>                            |
| <u>\$ 718,000</u>                        | <u>\$ -</u>                       | <u>\$ 47,000</u>                    | <u>\$ 671,000</u>                  | <u>\$ 18,920</u>         | <u>\$ -</u>                            |
| <u>\$ 100,000</u>                        | <u>\$ -</u>                       | <u>\$ 7,000</u>                     | <u>\$ 93,000</u>                   | <u>\$ 4,280</u>          | <u>\$ -</u>                            |
| <u>\$ 61,748</u>                         | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ 61,748</u>                   | <u>\$ -</u>              | <u>\$ -</u>                            |
| <u>\$ 350,000</u>                        | <u>\$ -</u>                       | <u>\$ 350,000</u>                   | <u>\$ -</u>                        | <u>\$ 14,163</u>         | <u>\$ -</u>                            |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2009

| General Obligation Bonds                  |                   |                   |
|---|-------------------|-------------------|
| Corporate Purpose Loan Notes, Series 2003 |                   |                   |
| Issued December 1, 2003                   |                   |                   |
| Year<br>Ending<br>June 30,                | Interest<br>Rates | Amount            |
| 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>\$ 185,000</u> |

| General Obligation Bonds             |                   |                     |
|--------------------------------------|-------------------|---------------------|
| Corporate Purpose Bonds, Series 2006 |                   |                     |
| Issued May 1, 2006                   |                   |                     |
| Year<br>Ending<br>June 30,           | Interest<br>Rates | Amount              |
| 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>\$ 1,085,000</u> |

| General Obligation Bonds             |                   |                   |
|--------------------------------------|-------------------|-------------------|
| Corporate Purpose Bonds, Series 2006 |                   |                   |
| Issued May 1, 2006                   |                   |                   |
| Year<br>Ending<br>June 30,           | Interest<br>Rates | Amount            |
| 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>\$ 600,000</u> |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Bond and Note Maturities

Year ended June 30, 2009

| Sewer Revenue Bonds        |                   |                   |                            |                   |                  |                   |
|----------------------------|-------------------|-------------------|----------------------------|-------------------|------------------|-------------------|
| Series 2000 A              |                   |                   | Series 2000 B              |                   |                  |                   |
| Year<br>Ending<br>June 30, | Interest<br>Rates | Amount            | Year<br>Ending<br>June 30, | Interest<br>Rates | Amount           | Total             |
| 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            |
|                            |                   | <u>\$ 671,000</u> |                            |                   | <u>\$ 93,000</u> | <u>\$ 764,000</u> |

| Notes Payable              |                   |                  |
|----------------------------|-------------------|------------------|
| Issued June 29, 2007       |                   |                  |
| Year<br>Ending<br>June 30, | Interest<br>Rates | Amount           |
| 2010                       | 4.05%             | \$ 14,523        |
| 2011                       | 4.05%             | 15,111           |
| 2012                       | 4.05%             | 15,724           |
| 2013                       | 4.05%             | 16,390           |
|                            |                   | <u>\$ 61,748</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 Seven Years

|                                     | 2009                 | 2008                | 2007                | 2006                |
|-------------------------------------|----------------------|---------------------|---------------------|---------------------|
| Receipts:                           |                      |                     |                     |                     |
| Property tax                        | \$ 580,287           | \$ 564,080          | \$ 549,392          | \$ 419,154          |
| Tax increment financing collections | 422,459              | 353,214             | 337,820             | 319,977             |
| Other city tax                      | 143,515              | 124,241             | 117,175             | 105,552             |
| Licenses and permits                | 37,271               | 11,851              | 3,104               | 2,562               |
| Use of money and property           | 16,564               | 7,101               | 15,380              | 19,483              |
| Intergovernmental                   | 8,371,066            | 244,062             | 269,538             | 245,016             |
| Charges for service                 | 206,012              | 204,089             | 217,650             | 208,989             |
| Special assessments                 | 7,181                | 34,715              | 38,502              | -                   |
| Miscellaneous                       | 943,728              | 57,967              | 23,132              | 11,405              |
| Total                               | <u>\$ 10,728,083</u> | <u>\$ 1,601,320</u> | <u>\$ 1,571,693</u> | <u>\$ 1,332,138</u> |
| Disbursements:                      |                      |                     |                     |                     |
| Operating:                          |                      |                     |                     |                     |
| Public safety                       | \$ 291,403           | \$ 314,598          | \$ 195,431          | \$ 238,251          |
| Public works                        | 321,554              | 275,097             | 725,875             | 351,046             |
| Health and social services          | 1,229                | 11,385              | 2,102               | 5,332               |
| Culture and recreation              | 179,825              | 178,518             | 182,197             | 196,486             |
| Community and economic development  | 192,952              | 242,516             | 549,569             | 444,721             |
| General government                  | 254,677              | 261,254             | 204,187             | 221,612             |
| Debt service                        | 240,767              | 254,078             | 193,174             | 104,503             |
| Capital projects                    | 7,821,539            | 203,267             | 787,769             | -                   |
| Total                               | <u>\$ 9,303,946</u>  | <u>\$ 1,740,713</u> | <u>\$ 2,840,304</u> | <u>\$ 1,561,951</u> |

See accompanying independent auditor's report.

| 2005                | 2004                | 2003                |
|---------------------|---------------------|---------------------|
| \$ 421,344          | \$ 418,955          | \$ 436,913          |
| 179,965             | 171,733             | 176,951             |
| 105,208             | 91,216              | 86,632              |
| 2,419               | 3,682               | 2,747               |
| 8,845               | 11,709              | 16,888              |
| 406,221             | 271,635             | 222,626             |
| 186,558             | 195,070             | 169,131             |
| -                   | -                   | -                   |
| 26,103              | 32,199              | 28,323              |
| <u>\$ 1,336,663</u> | <u>\$ 1,196,199</u> | <u>\$ 1,140,211</u> |

|                     |                     |                     |
|---------------------|---------------------|---------------------|
| \$ 205,499          | \$ 236,808          | \$ 163,742          |
| 322,919             | 285,723             | 317,277             |
| 3,342               | 7,664               | 6,336               |
| 190,838             | 172,847             | 149,170             |
| 238,725             | 686,526             | 164,592             |
| 192,283             | 190,728             | 148,766             |
| 101,138             | 131,722             | 135,860             |
| -                   | -                   | -                   |
| <u>\$ 1,254,744</u> | <u>\$ 1,712,018</u> | <u>\$ 1,085,743</u> |

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

| Grantor/Program   | CFDA<br>Number | Agency<br>Pass-through<br>Number | Program<br>Expenditures    |
|---|----------------|----------------------------------|----------------------------|
| Direct:   |                |                                  |                            |
| U.S. Department of Agriculture:<br>Rural Business Enterprise Grant  | 10.769         |                                  | \$ 33,162                  |
| Total U.S. Department of Agriculture  |                |                                  | <u>33,162</u>              |
| Indirect:   |                |                                  |                            |
| U.S. Department of Homeland Security:<br>Iowa Department of Homeland Security<br>and Emergency Management:<br>Public Assistance Grants<br>(Presidentially Declared Disasters) | 97.036         | FEMA-1763-DR-IA                  | <u>7,135,487</u>           |
| Total U.S. Department of Homeland Security  |                |                                  | <u>7,135,487</u>           |
| Total Expenditures of Federal Awards  |                |                                  | <u><u>\$ 7,168,649</u></u> |

Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Parkersburg and is presented in conformity with an other comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditors' report.

## **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, 2009, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated March 12, 2010. 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 an other comprehensive basis of accounting 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 Part II of 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, 2009 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, Marold & Co., L.L.P.*

March 12, 2010

Independent Auditors' Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Honorable Mayor and  
Members of the City Council:

Compliance

We have audited the compliance of City of Parkersburg, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. City of Parkersburg's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its major federal program is the responsibility of City of Parkersburg's management. Our responsibility is to express an opinion on City of Parkersburg's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Parkersburg's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Parkersburg's compliance with those requirements.

In our opinion, City of Parkersburg complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of City of Parkersburg is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered City of Parkersburg's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Parkersburg's internal control over compliance.

A control deficiency in the City's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Carney, Alexander, Macold & Co., L.L.P.*

March 12, 2010

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

**Part I: Summary of the Independent Auditors' Results**

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies in internal control over major programs.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was CFDA Number 97.036 - Public Assistance Grants.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) City of Parkersburg did not qualify as a low-risk auditee.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

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

INSTANCES OF NON-COMPLIANCE:

None noted

SIGNIFICANT DEFICIENCIES:

I-A-09     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, 2009

**Part III: Findings and Questioned Costs for Federal Awards:**

INSTANCES OF NON-COMPLIANCE:

None noted

SIGNIFICANT DEFICIENCIES:

None noted

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Schedule of Findings and Questioned Costs  
Year ended June 30, 2009

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

- II-A-09    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, 2009.
- II-B-09    Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amounts budgeted in the Public Safety, 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-09    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-09    Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- II-E-09    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-09    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, 2009

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

II-G-09     Business Transactions - We noted no business transactions between the City and City officials or employees.

II-H-09     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-09     Financial Condition - The Special Revenue, CDBG Grant fund had a deficit balance at June 30, 2009 of \$17,064.

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.

Financial Condition - The Special Revenue, Road Use Tax fund had a deficit balance at June 30, 2009 of \$53,978.

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 2010 budget to help eliminate this deficit.

Conclusion - Response accepted.

Financial Condition - The Enterprise, Water fund had a deficit balance at June 30, 2009 of \$16,348.

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 2010 budget to help eliminate this deficit.

Conclusion - Response accepted.

CITY OF PARKERSBURG  
PARKERSBURG, IOWA

Audit Staff

This audit was performed by:

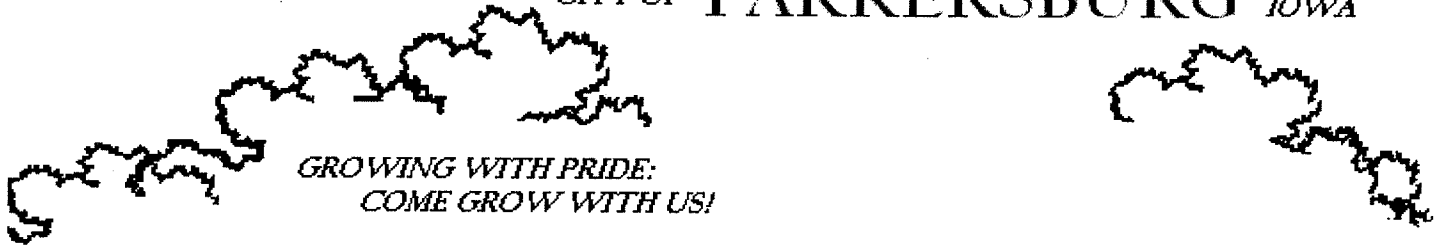
Dallas E. Voigts, CPA, Audit Partner

Monica M. Haag, CPA, In-charge

Thomas F. Thierman, CPA

Jason Kofoed, CPA

Laura Rohe



Summary Schedule of Prior Federal Audit Findings

Year ended June 30, 2009

| <u>Comment<br/>Reference</u> | <u>Comment Title</u> | <u>Status</u> | <u>If not corrected, provide<br/>planned corrective action<br/>or other explanation</u> |
|------------------------------|----------------------|---------------|---|
|------------------------------|----------------------|---------------|---|

There were no prior federal audit findings in the report for the year ended June 30, 2008.



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Corrective Action Plan for Federal Audit Findings

Year ended June 30, 2009

| <u>Number</u> | <u>Comment Title</u> | <u>Corrective Action Plan</u> | Contact Person<br>Title<br><u>Phone Number</u> | Anticipated<br>Date of<br><u>Completion</u> |
|---------------|----------------------|-------------------------------|--|---|
|---------------|----------------------|-------------------------------|--|---|

There were no federal audit findings required to be reported in accordance with OMB Circular A-133 for the year ended June 30, 2009.