

**CITY OF PARKERSBURG, WEST VIRGINIA
A MUNICIPALITY IN WOOD COUNTY**

**INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2011
RFP #11-212 Wood County

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**CITY OF PARKERSBURG, WEST VIRGINIA
MUNICIPAL OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2011**

Office	Name	Term
	Elective	
Mayor	Robert Newell	01/01/09 – 12/31/12
Council Members:	Nancy M. Wilcox	01/01/09 – 12/31/12
	Sharon H. Lynch	01/01/09 – 12/31/12
	David Bradley Kimes	01/01/09 – 12/31/12
	John R. Sandy	01/01/09 – 12/31/12
	Sharyn Tallman	01/01/09 – 12/31/12
	Mike Reynolds	01/01/09 – 12/31/12
	Tom Joyce	01/01/09 – 12/31/12
	John W. Rockhold III	01/01/09 – 12/31/12
	W. James Reed	01/01/09 – 12/31/12
	Appointed	
Finance Director	Doug Life	
City Clerk	Connie Shaffer	
Municipal Attorney	Joseph Santer	

CITY OF PARKERSBURG, WEST VIRGINIA
INDEX OF FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

GOVERNMENTAL FUND TYPES

General Fund

Special Revenue Funds

Coal Severance Fund
Community Development Block Grant
Home Fund
Asset Forfeiture and Reimbursement Fund
Historical Preservation Fund
Tax Increment Financing District
Riskwatch Fund
Unemployment Fund
Police Special Projects Fund
Riverfront Park
Employee Benefits Fund
Workers Compensation Fund
Medical FSA
County Rehab
Neighborhood Stabilization
Farmers Market

Capital Projects Funds

Capital Reserve Fund

PERMANENT FUNDS

Charles L. Hurst Fund
Caroline D. Jackson Fund
Julia and Ben Nathan Fund
RJA Boreman Fund
Solomon Prager Fund

CITY OF PARKERSBURG, WEST VIRGINIA
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FOR THE YEAR ENDED JUNE 30, 2011

PROPRIETARY FUND TYPES

Enterprise Funds

Parks and Recreation Fund
Memorial Bridge Fund
Parking Garage Fund

FIDUCIARY FUND TYPES

Agency Funds

Tree Commission

Pension Funds

Policemen's Pension and Relief Fund
Fireman's Pension and Relief Fund

COMPONENT UNIT

Discretely Presented Component Unit

Utility Board

Fiduciary Fund Types

Utility Board Pension Fund



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Council
City of Parkersburg
Parkersburg, West Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Parkersburg, West Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Parkersburg, West Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Parkersburg Utility Board, which is a discretely presented component unit. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Parkersburg Utility Board, is based on the report of the other auditors.

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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Parkersburg, West Virginia, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Coal Severance Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the year ended June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2012, on our consideration of the City of Parkersburg, West Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress – Policemen's Pension and Relief Fund, the Fireman's Pension and Relief Fund and the Utility Board on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Parkersburg, West Virginia's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as

required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

T. Detrick + Bartlett, PHA

February 25, 2012

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		Component Unit	
	<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>	<u>Utility Board</u>
Assets				
Cash	\$ 4,619,157	\$ 846,416	\$ 5,465,573	\$ 7,681,234
Investments	502,927	667,300	1,170,227	-0-
Receivables	9,601,958	15,000	9,616,958	1,597,091
Bond proceeds receivable	-0-	-0-	-0-	574,095
Inventory	-0-	-0-	-0-	213,633
Prepaid expenses	-0-	-0-	-0-	694
Restricted assets	-0-	2,085,685	2,085,685	14,358,994
Capital assets, net	10,533,152	3,663,766	14,196,918	96,740,868
Unamortized bond discount and issue costs	7,992	24,735	32,727	2,349,075
Total assets	<u>25,265,186</u>	<u>7,302,902</u>	<u>32,568,088</u>	<u>123,515,684</u>
Liabilities				
Accounts payable	697,130	23,329	720,459	1,424,684
Due to primary government	-0-	-0-	-0-	10,998
Accrued compensation	109,279	4,734	114,013	-0-
Accrued compensated absences	-0-	-0-	-0-	184,728
Customer deposits	3,500	-0-	3,500	415,103
Accrued interest payable	40,615	-0-	40,615	747,768
Other current liabilities	-0-	2,375	2,375	61,795
Accrued other post-employment benefits	5,510,757	116,581	5,627,338	1,709,815
Due to other governmental units	133,247	-0-	133,247	-0-
Deferred revenue	549,131	-0-	549,131	-0-
Customer advances for construction	-0-	-0-	-0-	442,792
Unamortized bond premiums	-0-	-0-	-0-	160,384
Other noncurrent liabilities	-0-	-0-	-0-	5,291
Long-term liabilities				
Due within one year	636,928	124,453	761,381	3,539,077
Due in more than one year	<u>23,062,036</u>	<u>823,033</u>	<u>23,885,069</u>	<u>60,694,666</u>
Total liabilities	<u>30,742,623</u>	<u>1,094,505</u>	<u>31,837,128</u>	<u>69,397,101</u>
Net Assets				
Invested in capital assets, net of related debt	6,871,093	2,928,909	9,800,002	33,972,936
Restricted	-0-	2,085,685	2,085,685	14,358,994
Unrestricted	<u>(12,348,530)</u>	<u>1,193,803</u>	<u>(11,154,727)</u>	<u>5,786,653</u>
Total Net Assets	<u>\$ (5,477,437)</u>	<u>\$ 6,208,397</u>	<u>\$ 730,960</u>	<u>\$ 54,118,583</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		Total	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business Type Activities		Utility Board
Primary Government								
Governmental Activities								
General government	\$ 5,331,255	\$ 181,765	\$ 224,588	\$ 41,229	\$(4,883,673)	\$ -0-	\$(4,883,673)	\$ -0-
Public safety	13,676,238	2,872,412	443,256	-0-	(10,360,570)	-0-	(10,360,570)	-0-
Highways and streets	5,298,544	-0-	-0-	292,586	(5,005,958)	-0-	(5,005,958)	-0-
Health and sanitation	2,269,000	2,519,710	-0-	-0-	250,710	-0-	250,710	-0-
Culture and recreation	576,689	-0-	-0-	84,395	(492,294)	-0-	(492,294)	-0-
Social services	4,750	-0-	-0-	-0-	(4,750)	-0-	(4,750)	-0-
Insurance and benefits paid	3,262,563	-0-	3,332,532	-0-	69,969	-0-	69,969	-0-
Community development	<u>1,211,210</u>	<u>176,347</u>	<u>1,624,921</u>	<u>-0-</u>	<u>590,058</u>	<u>-0-</u>	<u>590,058</u>	<u>-0-</u>
Total governmental activities	<u>31,630,249</u>	<u>5,750,234</u>	<u>5,625,297</u>	<u>418,210</u>	<u>(19,836,508)</u>	<u>-0-</u>	<u>(19,836,508)</u>	<u>-0-</u>
Business-Type Activities								
Parks and recreation	276,548	127,888	-0-	-0-	-0-	(148,660)	(148,660)	-0-
Memorial Bridge	995,336	1,781,027	-0-	-0-	-0-	785,691	785,691	-0-
Parking garage	<u>268,698</u>	<u>311,272</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>42,574</u>	<u>42,574</u>	<u>-0-</u>
Total business-type activities	<u>1,540,582</u>	<u>2,220,187</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>679,605</u>	<u>679,605</u>	<u>-0-</u>
Total primary government	\$ <u>33,170,831</u>	\$ <u>7,970,421</u>	\$ <u>5,625,297</u>	\$ <u>418,210</u>	<u>(19,836,508)</u>	<u>679,605</u>	<u>(19,156,903)</u>	<u>-0-</u>
Component Unit								
Utility board	\$ <u>13,805,870</u>	\$ <u>15,553,838</u>	\$ <u>-0-</u>	\$ <u>65,690</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,813,658</u>

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		<i>Primary Government</i>		<i>Component Unit</i>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	<u>Utility Board</u>
General Revenues								
Taxes and licenses					\$ 17,722,570	\$ -0-	\$ 17,722,570	\$ -0-
Investment income					79,321	8,901	88,222	126,631
Video lottery and gaming income					240,504	-0-	240,504	-0-
Miscellaneous					<u>312,741</u>	<u>-0-</u>	<u>312,741</u>	<u>-0-</u>
Total general revenues					<u>18,355,136</u>	<u>8,901</u>	<u>18,364,037</u>	<u>126,631</u>
Change in net assets					(1,481,372)	688,506	(792,866)	1,940,289
Operating transfers					<u>(254,689)</u>	<u>254,689</u>	<u>-0-</u>	<u>-0-</u>
Net change in net assets					(1,736,061)	943,195	(792,866)	1,940,289
Net assets – beginning					<u>(3,741,376)</u>	<u>5,265,202</u>	<u>1,523,826</u>	<u>52,178,294</u>
Net assets – ending					\$ <u>(5,477,437)</u>	\$ <u>6,208,397</u>	\$ <u>730,960</u>	\$ <u>54,118,583</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

CITY OF PARKERSBURG, WEST VIRGINIA
 FUND BALANCE SHEETS
 GOVERNMENTAL FUNDS
 JUNE 30, 2011

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Community</u> <u>Development</u> <u>Fund</u>	<u>Home</u> <u>Fund</u>	<u>Employee</u> <u>Benefits</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS							
Cash	\$ 1,932,873	\$ 164,727	\$ 161,196	\$ 151,252	\$ 196,897	\$ 2,012,212	\$ 4,619,157
Investments	199,044	-0-	-0-	-0-	-0-	303,883	502,927
Receivables, net of allowances:							
Taxes	3,210,137	-0-	-0-	-0-	-0-	-0-	3,210,137
Accounts	1,192,480	-0-	527	-0-	-0-	-0-	1,193,007
Loans	-0-	-0-	1,235,194	3,620,668	-0-	12,812	4,868,674
Grants	172,016	-0-	-0-	35,800	-0-	72,431	280,247
Contributions	-0-	-0-	-0-	-0-	-0-	6,489	6,489
Interest	-0-	-0-	-0-	-0-	-0-	55	55
Other	43,349	-0-	-0-	-0-	-0-	-0-	43,349
Due from other funds	(127,979)	-0-	(6,924)	-0-	-0-	134,903	-0-
TOTAL ASSETS	\$ 6,621,920	\$ 164,727	\$ 1,389,993	\$ 3,807,720	\$ 196,897	\$ 2,542,785	\$ 14,724,042

**CITY OF PARKERSBURG, WEST VIRGINIA
FUND BALANCE SHEETS
GOVERNMENTAL FUNDS (CONT'D)
JUNE 30, 2011**

	<u>General</u>	<u>Coal</u>	<u>Community</u>	<u>Home</u>	<u>Employee</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Severance</u>	<u>Development</u>	<u>Fund</u>	<u>Benefits</u>	<u>Governmental</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>			<u>Funds</u>	<u>Funds</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 551,837	\$ 1,866	\$ 9,059	\$ 35,800	\$ -0-	\$ 98,568	\$ 697,130
Accrued compensation	109,279	-0-	-0-	-0-	-0-	-0-	109,279
Customer deposit	-0-	-0-	-0-	3,500	-0-	-0-	3,500
Accrued interest payable	-0-	-0-	-0-	-0-	-0-	40,615	40,615
Accrued other post employment benefits	5,510,757	-0-	-0-	-0-	-0-	-0-	5,510,757
Due to other governmental units	34,958	-0-	-0-	-0-	-0-	-0-	34,958
Deferred revenue	<u>955,398</u>	<u>-0-</u>	<u>1,229,189</u>	<u>3,617,908</u>	<u>-0-</u>	<u>12,245</u>	<u>5,814,740</u>
Total liabilities	<u>7,162,229</u>	<u>1,866</u>	<u>1,238,248</u>	<u>3,657,208</u>	<u>-0-</u>	<u>151,428</u>	<u>12,210,979</u>
Fund Balances							
Designated	-0-	-0-	-0-	-0-	-0-	208,590	208,590
Assigned	-0-	162,861	151,745	-0-	-0-	2,216,867	2,531,473
Unassigned	(540,309)	<u>-0-</u>	<u>-0-</u>	<u>150,512</u>	<u>196,897</u>	(34,100)	(227,000)
Total fund balance	<u>(540,309)</u>	<u>162,861</u>	<u>151,745</u>	<u>150,512</u>	<u>196,897</u>	<u>2,391,357</u>	<u>2,513,063</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>6,621,920</u>	\$ <u>164,727</u>	\$ <u>1,389,993</u>	\$ <u>3,807,720</u>	\$ <u>196,897</u>	\$ <u>2,542,785</u>	\$ <u>14,724,042</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
RECONCILIATION OF FUND BALANCE SHEETS OF
GOVERNMENTAL FUNDS TO STATEMENT
OF NET ASSETS
JUNE 30, 2011**

Fund balance, fund level statement June 30, 2011 \$ 2,513,063

The total fund balance of the City of Parkersburg's governmental funds differ from net assets of the governmental activities reported on the Statement of Net Assets as follows:

Some liabilities are not due and payable in the current period and therefore, are not reported in the fund level statements:

Accrued compensated absences	(639,087)
Obligations under capital lease	(1,655,059)
Net pension obligation payable	(19,397,818)
Notes payable	(2,007,000)
Additional due to other governmental units	(98,289)

Capital assets, that are used in governmental activities and are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Assets includes those assets and their associated accumulated depreciation.	10,533,152
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Some expenses are paid in advance and are amortized or expensed in the period they are incurred for and are not reported as assets in the fund level statements:

Unamortized bond discounts and issue costs	7,992
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Some revenues are reported as deferred in the governmental funds:

Deferred revenue	<u>5,265,609</u>
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Net assets of governmental activities	\$ <u>(5,477,437)</u>
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The accompanying independent auditor's report and notes are integral parts of this statement.

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Community</u> <u>Development</u> <u>Fund</u>	<u>Home</u> <u>Fund</u>	<u>Employee</u> <u>Benefits</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues							
Taxes and special assessments	\$ 17,331,098	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,221	\$ 17,332,319
Licenses and permits	196,858	-0-	-0-	-0-	-0-	-0-	196,858
Charges for services	5,290,373	-0-	131,456	436,501	-0-	176,347	6,034,677
Fines and forfeits	262,319	-0-	-0-	-0-	-0-	21,195	283,514
Investment income	23,526	622	4,563	335	-0-	50,275	79,321
Donations and contributions	224,588	-0-	-0-	-0-	3,074,218	269,659	3,568,465
Intergovernmental:							
Federal	885,854	-0-	925,379	254,819	-0-	313,255	2,379,307
State	93,734	166,059	-0-	-0-	-0-	2,001	261,794
Video lottery and gaming income	240,504	-0-	-0-	-0-	-0-	-0-	240,504
Miscellaneous	236,769	-0-	3,030	4,856	-0-	208	244,863
Total revenues	<u>24,785,623</u>	<u>166,681</u>	<u>1,064,428</u>	<u>696,511</u>	<u>3,074,218</u>	<u>834,161</u>	<u>30,621,622</u>
Expenditures							
General government	5,392,435	-0-	-0-	263,071	-0-	90	5,655,596
Public safety	12,799,253	-0-	175,615	-0-	-0-	11,336	12,986,204
Highways and streets	5,087,899	80,278	-0-	-0-	-0-	10,000	5,178,177
Health and sanitation	2,325,003	-0-	-0-	-0-	-0-	-0-	2,325,003
Culture and recreation	538,968	-0-	-0-	-0-	-0-	30,000	568,968
Insurance and benefits paid	-0-	-0-	-0-	-0-	2,977,505	285,058	3,262,563
Community development	-0-	-0-	509,220	262,296	-0-	512,529	1,284,045
Total expenditures	<u>26,143,558</u>	<u>80,278</u>	<u>684,835</u>	<u>525,367</u>	<u>2,977,505</u>	<u>849,013</u>	<u>31,260,556</u>

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONT'D)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u> <u>Fund</u>	<u>Coal</u> <u>Severance</u> <u>Fund</u>	<u>Community</u> <u>Development</u> <u>Fund</u>	<u>Home</u> <u>Fund</u>	<u>Employee</u> <u>Benefits</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
(Deficiency) excess of revenues (under) over expenditures	\$ (<u>1,357,935</u>)	\$ <u>86,403</u>	\$ <u>379,593</u>	\$ <u>171,144</u>	\$ <u>96,713</u>	\$ (<u>14,852</u>)	\$ (<u>638,934</u>)
Other Financing Sources (Uses)							
Proceeds from debt service	593,304	-0-	-0-	-0-	-0-	-0-	593,304
Operating transfers in	476,907	-0-	-0-	-0-	-0-	171,651	648,558
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>(296,363)</u>	<u>(36,922)</u>	<u>-0-</u>	<u>(569,962)</u>	<u>(903,247)</u>
Total other financing sources (uses)	<u>1,070,211</u>	<u>-0-</u>	<u>(296,363)</u>	<u>(36,922)</u>	<u>-0-</u>	<u>(398,311)</u>	<u>338,615</u>
Net change in fund balances	(<u>287,724</u>)	86,403	83,230	134,222	96,713	(<u>413,163</u>)	(<u>300,319</u>)
Fund balances at beginning of year	(<u>252,585</u>)	<u>76,458</u>	<u>68,515</u>	<u>16,290</u>	<u>100,184</u>	<u>2,804,520</u>	<u>2,813,382</u>
Fund balances at end of year	\$ (<u>540,309</u>)	\$ <u>162,861</u>	\$ <u>151,745</u>	\$ <u>150,512</u>	\$ <u>196,897</u>	\$ <u>2,391,357</u>	\$ <u>2,513,063</u>

The accompanying notes are an integral part of the combining financial statements.

**CITY OF PARKERSBURG, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances – total governmental funds \$ (300,319)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures while governmental activities
report depreciation expense to allocate those expenditures over the life of the assets.
This is the amount by which depreciation exceeded capital outlays in the current period. (96,640)

Some expenses reported in the Statement of Activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds:

Decrease in compensated absences	25,082
Increase in net pension obligation payable	(1,214,359)
Repayment of obligation under capital lease	672,985
Proceeds from obligation under capital lease	(593,304)
Decrease in notes payable	73,000
Increase in due to other governmental unit	(42,419)

Some expenses are paid in advance and are amortized or expensed in the period they are
incurred for and are expensed on the governmental fund statements.

Decrease in unamortized discounts	(470)
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Some revenues are reported as deferred in the governmental funds:

Change in deferred revenue	(<u>259,617</u>)
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Change in Net Assets of Governmental Activities	\$ (<u>1,736,061</u>)
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The accompanying independent auditor's report and notes are integral parts of this statement.

CITY OF PARKERSBURG, WEST VIRGINIA
FUND BALANCE SHEETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business Type Activities			Total	Component Unit
	Primary Government				Utility Board
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
ASSETS					
Current Assets					
Cash	\$ 81,521	\$ 672,275	\$ 92,620	\$ 846,416	\$ 7,681,234
Investments	-0-	485,646	181,654	667,300	-0-
Accounts receivables, net	15,000	-0-	-0-	15,000	1,597,091
Bond proceeds receivable	-0-	-0-	-0-	-0-	574,095
Inventory	-0-	-0-	-0-	-0-	213,633
Prepaid expenses	-0-	-0-	-0-	-0-	694
Total current assets	<u>96,521</u>	<u>1,157,921</u>	<u>274,274</u>	<u>1,528,716</u>	<u>10,066,747</u>
Noncurrent Assets					
Restricted assets	-0-	2,012,649	73,036	2,085,685	14,358,994
Capital Assets					
Land	-0-	260,000	991,225	1,251,225	2,050,061
Building	3,100	-0-	-0-	3,100	51,304,312
Structures and improvements	378,000	6,500,000	414,218	7,292,218	-0-
Leasehold improvements	54,411	-0-	-0-	54,411	-0-
Machinery and equipment	261,122	724,438	60,214	1,045,774	99,169,086
Construction in progress	-0-	-0-	-0-	-0-	4,183,283
Less: Accumulated depreciation	<u>(660,288)</u>	<u>(4,967,428)</u>	<u>(355,246)</u>	<u>(5,982,962)</u>	<u>(59,965,874)</u>
Net capital assets	<u>36,345</u>	<u>2,517,010</u>	<u>1,110,411</u>	<u>3,663,766</u>	<u>96,740,868</u>
Other Assets					
Unamortized bond discount and issue costs	-0-	-0-	24,735	24,735	2,349,075
TOTAL ASSETS	<u>\$ 132,866</u>	<u>\$ 5,687,580</u>	<u>\$ 1,482,456</u>	<u>\$ 7,302,902</u>	<u>\$ 123,515,684</u>

	Business Type Activities			Total	Component Unit
	Primary Government				Utility Board
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
LIABILITIES AND NET ASSETS					
Current Liabilities (payable from current assets)					
Current portion obligation under capital lease	\$ 36,139	\$ 43,314	\$ -0-	\$ 79,453	\$ -0-
Accounts payable	17,738	1,543	4,048	23,329	1,424,684
Due to primary government	-0-	-0-	-0-	-0-	10,998
Accrued compensation	-0-	3,609	1,125	4,734	-0-
Compensated absences	-0-	-0-	-0-	-0-	184,728
Other current liabilities	10	1,849	516	2,375	61,795
Total current liabilities (payable from current assets)	<u>53,887</u>	<u>50,315</u>	<u>5,689</u>	<u>109,891</u>	<u>1,682,205</u>
Current Liabilities (payable from restricted assets)					
Revenue bonds payable	-0-	-0-	45,000	45,000	3,539,077
Customer deposits	-0-	-0-	-0-	-0-	415,103
Accrued interest payable	-0-	-0-	-0-	-0-	747,768
Total current liabilities (payable from restricted assets)	<u>-0-</u>	<u>-0-</u>	<u>45,000</u>	<u>45,000</u>	<u>4,701,948</u>
Long-Term Liabilities (net of current portion)					
Revenue bonds payable	-0-	-0-	365,000	365,000	60,669,778
Customer advances for construction	-0-	-0-	-0-	-0-	442,792
Accrued compensated absences	-0-	2,016	6,236	8,252	24,888
Obligation under capital lease	204,583	245,198	-0-	449,781	-0-
Accrued other post employment benefits	-0-	40,184	76,397	116,581	1,709,815
Unamortized bond premiums	-0-	-0-	-0-	-0-	160,384
Other noncurrent liabilities	-0-	-0-	-0-	-0-	5,291
Total long-term liabilities	<u>204,583</u>	<u>287,398</u>	<u>447,633</u>	<u>939,614</u>	<u>63,012,948</u>
Total liabilities	<u>258,470</u>	<u>337,713</u>	<u>498,322</u>	<u>1,094,505</u>	<u>69,397,101</u>
Net Assets					
Invested in capital assets, net of related debt	-0-	2,228,498	700,411	2,928,909	33,972,936
Restricted	-0-	2,012,649	73,036	2,085,685	14,358,994
Unrestricted	(125,604)	1,108,720	210,687	1,193,803	5,786,653
Total net assets	<u>(125,604)</u>	<u>5,349,867</u>	<u>984,134</u>	<u>6,208,397</u>	<u>54,118,583</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>132,866</u>	\$ <u>5,687,580</u>	\$ <u>1,482,456</u>	\$ <u>7,302,902</u>	\$ <u>123,515,684</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business Type Activities			Total	<i>Component Unit</i>
	<i>Primary Government</i>				
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		<u>Utility Board</u>
Operating Revenues					
Charges for services	\$ 112,902	\$ 1,781,027	\$ 137,822	\$ 2,031,751	\$ 15,553,838
Rental fees	-0-	-0-	173,245	173,245	-0-
Miscellaneous	<u>14,986</u>	<u>-0-</u>	<u>205</u>	<u>15,191</u>	<u>-0-</u>
Total operating revenues	<u>127,888</u>	<u>1,781,027</u>	<u>311,272</u>	<u>2,220,187</u>	<u>15,553,838</u>
Operating Expenses					
Personal services	-0-	366,422	177,025	543,447	4,083,341
Contractual services	165,127	261,403	35,086	461,616	40,845
Administrative and general	-0-	-0-	-0-	-0-	623,941
Materials and supplies	32,747	5,303	14,673	52,723	520,187
Utilities	54,955	19,132	534	74,621	872,444
Depreciation	11,715	126,987	14,291	152,993	3,776,792
Maintenance	<u>1,385</u>	<u>203,362</u>	<u>630</u>	<u>205,377</u>	<u>1,477,586</u>
Total operating expenses	<u>265,929</u>	<u>982,609</u>	<u>242,239</u>	<u>1,490,777</u>	<u>11,395,136</u>
Operating (loss) income	<u>(138,041)</u>	<u>798,418</u>	<u>69,033</u>	<u>729,410</u>	<u>4,158,702</u>
Nonoperating Revenues (Expenses)					
Investment income	-0-	8,423	478	8,901	126,631
Interest and fiscal charges	(10,619)	(12,727)	(22,926)	(46,272)	(2,152,105)
Amortization of bond discount and issue costs	<u>-0-</u>	<u>-0-</u>	<u>(3,533)</u>	<u>(3,533)</u>	<u>(258,629)</u>
Total nonoperating revenues (expenses)	<u>(10,619)</u>	<u>(4,304)</u>	<u>(25,981)</u>	<u>(40,904)</u>	<u>(2,284,103)</u>
Change in net assets before capital contributions and operating transfers	(148,660)	794,114	43,052	688,506	1,874,599
Operating transfers in	254,689	-0-	-0-	254,689	-0-
Capital contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>65,690</u>
Change in net assets	106,029	794,114	43,052	943,195	1,940,289
Total net assets – beginning	<u>(231,633)</u>	<u>4,555,753</u>	<u>941,082</u>	<u>5,265,202</u>	<u>52,178,294</u>
Total net assets – ending	<u>\$(125,604)</u>	<u>\$ 5,349,867</u>	<u>\$ 984,134</u>	<u>\$ 6,208,397</u>	<u>\$ 54,118,583</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business Type Activities			Total	<i>Component Unit</i>
	<i>Primary Government</i>				Utility Board
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
Cash Flows From Operating Activities					
Receipts from customers	\$ 112,888	\$ 1,781,027	\$ 311,272	\$ 2,205,187	\$ 15,568,729
Payments to suppliers	(261,325)	(564,340)	(41,179)	(866,844)	(3,505,937)
Payments to employees	-0-	(350,932)	(147,602)	(498,534)	(3,562,323)
Net cash (used in) provided by operating activities	<u>(148,437)</u>	<u>865,755</u>	<u>122,491</u>	<u>839,809</u>	<u>8,500,469</u>
Cash Flows From Noncapital Financing Activities					
Customer deposits	-0-	-0-	-0-	-0-	16,748
Net cash provided by noncapital financing activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>16,748</u>
Cash Flows From Capital and Related Financing Activities					
(Increase) decrease in restricted assets	-0-	(188,252)	1,257	(186,995)	-0-
Proceeds from revenue bonds	-0-	-0-	-0-	-0-	621,212
Operating transfers in (out)	254,689	-0-	-0-	254,689	-0-
Customer advances for construction	-0-	-0-	-0-	-0-	(23,450)
Repayment of revenue bonds	-0-	-0-	(45,000)	(45,000)	(3,436,978)
Repayment of obligation under capital lease	(34,693)	(41,581)	-0-	(76,274)	-0-
Acquisition of capital assets	-0-	-0-	-0-	-0-	(3,494,791)
Interest expense	(10,619)	(12,727)	(22,926)	(46,272)	(2,201,367)
Net cash provided by (used in) capital and related financing activities	<u>209,377</u>	<u>(242,560)</u>	<u>(66,669)</u>	<u>(99,852)</u>	<u>(8,535,374)</u>
Cash Flows From Investing Activities					
(Increase) decrease in investments	-0-	(427,160)	(326)	(427,486)	-0-
Interest income	-0-	8,423	478	8,901	126,631
Net cash (used in) provided by investing activities	<u>-0-</u>	<u>(418,737)</u>	<u>152</u>	<u>(418,585)</u>	<u>126,631</u>
Net increase in cash	60,940	204,458	55,974	321,372	108,474
Cash at beginning of year	<u>20,581</u>	<u>467,817</u>	<u>36,646</u>	<u>525,044</u>	<u>21,931,754</u>
Cash at end of year	<u>\$ 81,521</u>	<u>\$ 672,275</u>	<u>\$ 92,620</u>	<u>\$ 846,416</u>	<u>\$ 22,040,228</u>

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

	Business Type Activities			Total	<i>Component Unit</i>
	<i>Primary Government</i>				Utility Board
	<u>Parks and Recreation</u>	<u>Memorial Bridge</u>	<u>Parking Garage</u>		
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities					
Operating (loss) income	\$(138,041)	\$ 798,418	\$ 69,033	\$ 729,410	\$ 4,158,702
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:					
Depreciation	11,715	126,987	14,291	152,993	3,776,792
(Increase) decrease in:					
Accounts receivable	(15,000)	-0-	-0-	(15,000)	14,891
Inventories	-0-	-0-	-0-	-0-	442
Prepaid expenses	-0-	-0-	-0-	-0-	59,303
Due from other funds	-0-	-0-	5,531	5,531	-0-
Increase (decrease) in:					
Accounts payable	(7,121)	(76,989)	3,697	(80,413)	(33,470)
Due to primary government	-0-	-0-	-0-	-0-	8,099
Accrued payroll	-0-	171	(42)	129	-0-
Accrued compensated absences	-0-	(182)	586	404	(6,487)
Accrued other post employment benefits	-0-	15,501	28,879	44,380	667,058
Other current liabilities	-0-	1,849	516	2,365	(139,553)
Other noncurrent liabilities	10	-0-	-0-	10	(5,308)
Net cash (used in) provided by operating activities	<u>\$(148,437)</u>	<u>\$ 865,755</u>	<u>\$ 122,491</u>	<u>\$ 839,809</u>	<u>\$ 8,500,469</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP</u>	<u>Budget</u>
					<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Taxes (including interest and penalties)						
General property taxes	\$ 5,217,735	\$ 5,221,235	\$ 5,338,814	\$ 73,900	\$ 5,412,714	\$ 117,579
Other taxes – business and public service	<u>10,528,939</u>	<u>10,572,939</u>	<u>12,034,834</u>	(89,114)	<u>11,945,720</u>	<u>1,461,895</u>
Total taxes	15,746,674	15,794,174	17,373,648	(15,214)	17,358,434	1,579,474
Licenses and permits	195,003	195,003	196,858	-0-	196,858	1,855
Charges for services	4,968,050	5,153,650	5,126,726	163,647	5,290,373	(26,924)
Fines and forfeitures	220,649	220,649	262,319	-0-	262,319	41,670
Interest	24,488	24,488	23,526	-0-	23,526	(962)
Donations	275,000	332,000	224,188	400	224,588	(107,812)
Intergovernmental:						
Federal	27,500	1,437,207	762,840	123,014	885,854	(674,367)
State	60,000	177,657	157,438	(63,704)	93,734	(20,219)
Gaming income	218,096	218,096	240,504	-0-	240,504	22,408
Miscellaneous	<u>66,629</u>	<u>77,740</u>	<u>226,104</u>	<u>1,761</u>	<u>227,865</u>	<u>148,364</u>
Total revenues	<u>21,802,089</u>	<u>23,630,664</u>	<u>24,594,151</u>	<u>209,904</u>	<u>24,804,055</u>	<u>963,487</u>
Expenditures						
General government	4,393,259	5,651,459	4,762,292	568,874	5,331,166	889,167
Public safety	10,783,641	11,369,910	11,117,262	2,372,025	13,489,287	252,648
Highways and streets	4,963,794	4,957,170	4,813,257	395,009	5,208,266	143,913
Health and sanitation	2,271,185	2,332,963	2,162,742	106,258	2,269,000	170,221
Culture and recreation	525,068	525,068	538,968	7,721	546,689	(13,900)
Social services	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,750</u>	<u>4,750</u>	<u>-0-</u>
Total expenditures	<u>22,936,947</u>	<u>24,836,570</u>	<u>23,394,521</u>	<u>3,454,637</u>	<u>26,849,158</u>	<u>1,442,049</u>
Excess (deficiency) of revenues over (under) expenditures	(1,134,858)	(1,205,906)	1,199,630	(3,244,733)	(2,045,103)	2,405,536
Other Financing Sources (Uses)						
Operating transfers in	<u>434,858</u>	<u>704,664</u>	<u>486,211</u>	<u>110,282</u>	<u>596,493</u>	(218,453)
Total other financing sources (uses)	<u>434,858</u>	<u>704,664</u>	<u>486,211</u>	<u>110,282</u>	<u>596,493</u>	(218,453)
Net change in fund balance	(700,000)	(501,242)	1,685,841	(3,134,451)	(1,448,610)	2,187,083
Fund balance at beginning of year	<u>700,000</u>	<u>501,242</u>	<u>2,042,308</u>	<u>(12,078,897)</u>	<u>(10,036,589)</u>	<u>1,541,066</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>3,728,149</u>	\$ <u>(15,213,348)</u>	\$ <u>(11,485,199)</u>	\$ <u>3,728,149</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - BUDGETARY BASIS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Explanation of Differences:

- (1) The City budgets for capital expenditures as a current period expenditure rather than a capital expenditure on the accrual basis of accounting.
- (2) The City does not budget for accrued compensated absences payable in more than one year as is required by the accrual basis of accounting.
- (3) The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because of the cumulative effect of transactions such as those described above.

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
COAL SEVERANCE FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget to</u>	<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>GAAP</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Basis)</u>	<u>Difference</u>	<u>GAAP</u>	<u>Budget</u>
					<u>Basis</u>	<u>Favorable</u>
						<u>(Unfavorable)</u>
Revenues						
Interest	\$ -0	\$ -0-	\$ 622	\$ -0-	\$ 622	\$ 622
Intergovernmental:						
State	<u>60,000</u>	<u>60,000</u>	<u>166,059</u>	<u>-0-</u>	<u>166,059</u>	<u>106,059</u>
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>166,681</u>	<u>-0-</u>	<u>166,681</u>	<u>106,681</u>
Expenditures						
Highways and streets	<u>60,000</u>	<u>143,656</u>	<u>80,278</u>	<u>-0-</u>	<u>80,278</u>	<u>63,378</u>
Total expenditures	<u>60,000</u>	<u>143,656</u>	<u>80,278</u>	<u>-0-</u>	<u>80,278</u>	<u>63,378</u>
Net change in fund balance	-0-	(83,656)	86,403	-0-	86,403	43,303
Fund balance at beginning of year	<u>-0-</u>	<u>83,656</u>	<u>76,458</u>	<u>-0-</u>	<u>76,458</u>	<u>(7,198)</u>
Fund balance at end of year	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>162,861</u>	\$ <u>-0-</u>	\$ <u>162,861</u>	\$ <u>36,105</u>

Explanation of Differences

The amount reported as "fund balance" on the budgetary basis of accounting derives from the basis of accounting used in preparing the City's budget. This amount differs from the fund balance as which would be derived from using the accrual basis of accounting.

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
 FIDUCIARY RESONSIBILITIES
 STATEMENT OF NET ASSETS
 JUNE 30, 2011**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Tree Commission Fund</u>	<u>Total</u>	<i>Component Unit</i> <u>Utility Board</u>
Assets					
Cash	\$ 86,382	\$ 1,039,661	\$ 10,378	\$ 1,136,421	\$ 233,514
Investments	9,316,940	8,058,567	-0-	17,375,507	1,328,436
Receivables:					
Contributions	5,696	-0-	-0-	5,696	-0-
Accrued interest	<u>41,040</u>	<u>39,636</u>	<u>-0-</u>	<u>80,676</u>	<u>7,934</u>
Total assets	<u>9,450,058</u>	<u>9,137,864</u>	<u>10,378</u>	<u>18,598,300</u>	<u>1,569,884</u>
Liabilities					
Accounts payable	<u>-0-</u>	<u>250,000</u>	<u>2,962</u>	<u>252,962</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>250,000</u>	<u>2,962</u>	<u>252,962</u>	<u>-0-</u>
Net Assets					
Held in trust	\$ <u>9,450,058</u>	\$ <u>8,887,864</u>	\$ <u>7,416</u>	\$ <u>18,345,338</u>	\$ <u>1,569,884</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
FIDUCIARY RESPONSIBILITIES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>	<u>Tree Commission Fund</u>	<u>Total</u>	<i>Component Unit</i> <u>Utility Board</u>
Additions:					
Contributions:					
Employer	\$ 776,208	\$ 1,711,656	\$ -0-	\$ 2,487,864	\$ -0-
Employee	203,965	188,751	-0-	392,716	-0-
Insurance premium tax allocation	592,888	865,060	-0-	1,457,948	-0-
Other	<u>-0-</u>	<u>-0-</u>	<u>8,499</u>	<u>8,499</u>	<u>-0-</u>
Total contributions	<u>1,573,061</u>	<u>2,765,467</u>	<u>8,499</u>	<u>4,347,027</u>	<u>-0-</u>
Investment income:					
Net change in fair value of assets	1,027,200	355,509	-0-	1,382,709	(17,826)
Interest and dividends	<u>240,109</u>	<u>251,157</u>	<u>-0-</u>	<u>491,266</u>	<u>47,283</u>
Total investment income	<u>1,267,309</u>	<u>606,666</u>	<u>-0-</u>	<u>1,873,975</u>	<u>29,457</u>
Grant income	-0-	-0-	-0-	-0-	-0-
Miscellaneous	<u>220</u>	<u>-0-</u>	<u>-0-</u>	<u>220</u>	<u>-0-</u>
Total additions	<u>2,840,590</u>	<u>3,372,133</u>	<u>8,499</u>	<u>6,221,222</u>	<u>29,457</u>
Deductions:					
General and administrative	81,737	65,144	14,680	161,561	2,700
Benefit payments	<u>1,838,276</u>	<u>2,255,941</u>	<u>-0-</u>	<u>4,094,217</u>	<u>174,726</u>
Total deductions	<u>1,920,013</u>	<u>2,321,085</u>	<u>14,680</u>	<u>4,255,778</u>	<u>177,426</u>
Net increase (decrease)	920,577	1,051,048	(6,181)	1,965,444	(147,969)
Net assets – beginning of year	<u>8,529,481</u>	<u>7,836,816</u>	<u>13,597</u>	<u>16,379,894</u>	<u>1,717,853</u>
Net assets – end of year	\$ <u>9,450,058</u>	\$ <u>8,887,864</u>	\$ <u>7,416</u>	\$ <u>18,345,338</u>	\$ <u>1,569,884</u>

The accompanying independent auditor's report and notes are integral parts of this statement.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Significant Accounting Policies

The City of Parkersburg, West Virginia complies with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The remainder of the Notes are organized to provide explanations, including required disclosures, of the City's financial activities for the fiscal year ended June 30, 2011.

In February 2009, Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for periods that begin after June 15, 2010. The objective of GASB 54 is to enhance the usefulness of fund balance information by 1) clarifying existing governmental fund type definitions and 2) providing clearer fund balance classifications that can be more consistently applied. The City of Parkersburg, West Virginia implemented GASB 54 for the year ended June 30, 2011.

The City of Parkersburg, West Virginia is a municipal corporation governed by an elected mayor and ten member council. The accompanying financial statements present the government and its component unit as required by accounting principles generally accepted in the United States of America (GAAP).

The accompanying financial statements present the government and its component unit as required by accounting principles generally accepted in the United States of America. In determining whether to include a governmental department, agency, commission, or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and, (3) the right to buy, sell, or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and (2) the ability to impose will or, (3) the providing of specific financial benefit or imposition of specific financial burden. Another fact to consider in this evaluation is whether an entity is fiscally dependent on the Municipality.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Discretely Presented Component Unit

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component unit is discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement 39). The discretely presented component unit is presented on the government wide statements.

The Parkersburg Utility Board serves all the citizens of the City of Parkersburg and is governed by a five member board comprised of the mayor and four citizens appointed by council. The rates for user charges and debt issuance authorizations are approved by the government's elected council.

Complete financial statements for this individual component unit may be obtained at the entity's administrative offices at the following address:

Parkersburg Utility Board
125 19th Street
Parkersburg, West Virginia 26101

Basic Financial Statements – Government Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks, public works and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The functions are also supported by general government revenues (taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

A summary of the significant accounting policies of the City of Parkersburg, West Virginia, is presented below.

(a) Reporting Entity

The City's financial statements include the operations of all organizations for which the City Council exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

(b) Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of internal activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants whose purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the governmental-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the nonmajor governmental funds are included as supplementary information.

(c) Measurement Focus and Financial Statement Presentation – Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Property taxes, franchise taxes, interest, and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues, such as business, occupation and utility taxes, are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria is met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for governmental activities, where the focus of attention is on the providing of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public through service charges or user fees. Fiduciary funds are used to account for assets held by the City in a trustee or agency capacity. The fund types used by the City of Parkersburg are described as follows:

Governmental Fund Types

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

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for capital purposes.

Capital Project Funds: Capital project funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary trust funds.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Proprietary Fund Types

Enterprise Funds: Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City of Parkersburg reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Fund* is a special revenue fund.

The *Community Development Block Grant Fund and the HOME Fund*, special revenue funds, account for the accumulation and disbursement of federal entitlement funds, which are used to benefit low to moderate income families.

The *Employee Benefits Fund*, special revenue fund, accounts for employee health benefits.

The government reports the following major proprietary funds:

The *Parks and Recreation Fund* accounts for the operations of the municipal recreation facilities available to all citizens.

The *Memorial Bridge Fund* accounts for the operations of the municipal toll bridge.

The *Parking Garage Fund* accounts for the operations of the municipal parking facilities available to all citizens.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Additionally, the government reports the following fund types:

The *Pension Trust Funds* account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

The *Agency Funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City of Parkersburg, West Virginia holds for others in an agency capacity.

The *Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, for the benefit of the government and its citizenry.

(d) Fund Financial Statements

The accounts of the City are organized into funds, each of which is considered to be a separate accounting entity. The major fund categories for the fund financial statements are:

Governmental Fund Types

Governmental funds are accounted for using the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

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

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Capital Project Funds: Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by Proprietary Funds.

Proprietary Fund Types

Proprietary funds are accounted for using the economic resources measurement focus; the accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet.

Enterprise Funds: Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary funds account for assets held by the City in a trustee or agency capacity. Fiduciary funds are accounted for in essentially the same manner as proprietary funds.

(e) Cash

Cash on hand and deposits with banking institutions either in checking or savings accounts are presented as cash and cash equivalent in the accompanying financial statements, including the statement of cash flows.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Municipal Pension Funds are governed as to type of investments by West Virginia Code §8-22-22. Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of (1) Direct and general obligations of the state and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchases such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolio's and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total assets of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed fifty percent of the total portfolio.

(f) Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Trade Receivables

All trade receivables are shown net of an allowance for uncollectibles. Uncollectible accounts were estimated based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable.

Loans receivable in the Community Development Department are reflected at gross and the unearned portion of those loans are deferred. The government periodically analyzes delinquent accounts and uses the direct write-off method.

The following allowance for uncollectibles have been established as of June 30, 2011:

	<u>General Fund</u>
Accounts receivable	\$ 1,656,745
Allowance for uncollectibles	(464,265)
	<u>\$ 1,192,480</u>

Discretely Presented Component Unit

	<u>Parkersburg Utility Board</u>
Accounts receivable	\$ 2,289,151
Allowance for uncollectibles	(692,060)
	<u>\$ 1,597,091</u>

(g) Inventory

Discretely Presented Component Unit

Inventories are valued at cost based on the first-in, first-out method of inventory valuation.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2011**

(h) Capital Assets

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. The City of Parkersburg records the purchase of capital assets used in governmental fund type operations as expenditures in the governmental funds fund level financial statements. The government-wide financial statements of the City of Parkersburg are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net assets. Capital assets are defined by the government as assets with an initial individual cost of \$10,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Structure and improvements	40 – 50 years
Streets	20 years
Machinery and equipment	10 – 15 years
Vehicles	10 – 15 years
Office and computer equipment	10 years

All proprietary funds and trust funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the balance sheets. The reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increase (revenues) and decreases (expenses) in net total assets.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Depreciation of all exhaustible capital assets used by the proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Buildings	40 years
Structure and improvements	40 – 50 years
Machinery and equipment	10 – 15 years
Vehicles	10 – 15 years
Office and computer equipment	10 years

Discretely Presented Component Unit

Land	None
Construction in progress	None
Buildings and systems	10 – 50 years
Equipment	5 – 25 years

(i) Basis of Accounting

Fund Financial Statements

Modified Accrual Basis of Accounting

The City used the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means that amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: business & occupation tax, hotel/motel tax, wine tax, liquor tax, property taxes, fire service fees, intergovernmental revenues, and investment income.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Accrual Basis of Accounting

The accrual basis of accounting is used in proprietary fund types and the pension trust funds. The accrual basis of accounting recognized revenues when earned. Expenses are recorded when incurred. Plan member contributions to the pension trust funds are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds (when appropriate) and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

(j) Budgets and Budgetary Accounting

All municipalities within West Virginia, are required by statute to prepare annual budgets (levy estimates) on prescribed forms for the General and Coal Severance Funds and submit these for approval to the State Auditor. These budgets are prepared in accordance with the following procedures:

1. The governing body of the municipality is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the municipality and to prepare the levy estimate (budget) for the fiscal year commencing July 1.
2. The budget is then forthwith submitted to the State Auditor for approval.
3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

Revisions are authorized only with the prior written approval of the State Auditors office. The budgeted amounts reflected in the accompanying financial statements are such approved amounts.

- A) Unused appropriations for all of the above annually budgeted funds lapse at year end.
- B) The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

(k) Commitments – Fund Financial Statements

Commitments accounting is used for the General Fund and special revenue funds.

Commitments are recorded when purchase orders are issued but are not considered expenditures until liabilities for payments are incurred. Commitments are reported as a reservation of fund balance on the balance sheet. Commitments do not lapse at the close of the fiscal year but are carried forward as reserved fund balance until liquidated.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

(l) Amortization

Debt discount and expense on bonds is amortized on the straight-line method from the date of issuance to the date of maturity. Amortization of debt discount and issue costs for fiscal year ended June 30, 2011 was \$3,533.

Discretely presented component unit

Debt discount and expense on bonds is amortized on the straight-line method from the date of issuance to the date of maturity. Amortization of debt discount and issue costs for the fiscal year ended June 30, 2011 was \$258,629.

(m) Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated and sick leave balances. Sick leave balances pertain to employees that were hired prior to 1980 and are limited to 60 hours. All vacation and allowable sick pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements.

Discretely presented component unit

It is the Utility Board's current policy to permit employees to accumulate earned or unused vacation benefits. Vested or accumulated vacation and previously accumulated sick leave is recorded as an expense and a liability in proprietary funds as the benefits accrue to employees.

(n) Pension Plans

The City provides separate defined benefit pension plans for uniformed police and fire department personnel. It is the City's policy to fund the normal cost and amortization of the unfunded prior service cost.

All eligible employees of the City are covered under the West Virginia Public Employee Retirement System due to the City's electing to be a participating public employer.

Discretely presented component unit

The Utility Board maintains a defined benefit pension plan that was discontinued when the Utility Board became a participating member of the West Virginia Public Employee Retirement System. The plan is administered only for those employees that qualified for the plan and no current employee may contribute or receive benefits of the plan.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

(o) Equity Classification

Effective July 1, 2010, the City adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which establishes new standards for accounting and financial reporting that are intended to improve the clarity and consistency of the fund balance information provided to financial report users. The classifications are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which the amounts in those funds can be spent. Fund balances are reported in the following categories:

Government-wide net assets are divided into three components:

- a. Invested in capital assets, net of related debt – Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- b. Restricted net assets – Consists of net assets that are restricted by the City's creditors (for example through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributions.
- c. Unrestricted net assets – All other net assets are reported in this category.

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

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because of the City's code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by the City's council.
- d. Assigned – Amounts that are designed by the City's council for a particular purpose but are not spendable until there is a majority vote approval by the City's council.
- e. Unassigned – All amounts not included in other spendable classifications.

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

(p) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

(r) Restricted Assets

Certain proceeds of the revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets because their use is limited by applicable bond covenants.

1. Reserve accounts are used to report resources set aside to make up potential future deficiencies in bond sinking funds.
2. Depreciation funds are used to report resources set aside to meet unexpected contingencies or fund asset renewals and replacements.
3. Customer deposit accounts are used to report the segregation of returnable cash deposits from customers of the service upon initial receipt of the service.

(s) Operating and Nonoperating Revenue

The City reports all revenues produced by the system as operating revenues including fees, penalties and basic charges for services. All other revenues are reported as nonoperating revenue including contributions, grants, and interest income.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported on the government-wide statement of net assets. The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The individual elements of those reconciliations are included with the statements.

3. Deposits and Investments

The City reporting entity considers highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Exceptions include the City of Parkersburg, West Virginia's Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund which classify only cash as cash equivalents in order to appropriately report investment activity.

Deposits

It is the City's policy for deposits to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The City's deposits are categorized to give an indication of the level of risk assumed by the City at June 30, 2011. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

Category 3 - Uncollateralized.

<u>Non-Polled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
General Fund	\$ 2,754,265	\$ 293,582	\$ 2,460,683	\$ -0-	\$ 1,932,873
Special Revenue Funds	2,348,686	223,578	2,125,108	-0-	2,053,408
Capital Project Funds	601,521	48,783	552,738	-0-	601,521
Permanent Funds	31,355	2,511	28,844	-0-	31,355
Enterprise Funds	<u>3,171,120</u>	<u>342,203</u>	<u>2,828,917</u>	<u>-0-</u>	<u>3,107,574</u>
	<u>\$ 8,906,947</u>	<u>\$ 910,657</u>	<u>\$ 7,996,290</u>	<u>\$ -0-</u>	<u>\$ 7,726,731</u>
Fiduciary Funds	<u>\$ 1,238,414</u>	<u>\$ 89,343</u>	<u>\$ 1,149,071</u>	<u>\$ -0-</u>	<u>\$ 1,136,421</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Discretely Presented Component Units

<u>Non-Pooled Deposits</u>	<u>Bank Balance</u>	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Carrying Amount</u>
Parkersburg Utility Board	\$ <u>14,565,205</u>	\$ <u>8,161,939</u>	\$ <u>6,403,266</u>	\$ <u>560</u>	\$ <u>13,635,082</u>

Investments

Investment pools are under the custody of the City. Investing is performed in accordance with investment policies complying with State Statutes and the City Charter. Pooled funds may be invested in the State Investment Pool or the Municipal Bond Commission for investment purposes, or invested in the following classes of securities: Commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and reverse repurchase agreements. The pension trust fund is also authorized to invest in corporate bonds rated AA or better by Standard & Poor's Corporation or AA or better by Moody's Bond Rating.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the state of West Virginia; obligations of the federal national mortgage association; indebtedness secured by first lien deed of trusts for property situated within this state if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded as in the top two or three highest rating grades; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Municipal Pension Funds are governed as to type of investments by West Virginia Code §8-22-22. Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of (1) Direct and general obligations of the state and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchases such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolio's and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total assets of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed fifty percent of the total portfolio.

The City's investments are categorized to give an indication of the level of risk assumed by the City at June 30, 2011. The categories are described as follows:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

<u>Type of Investments</u>	<u>Category</u>			<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
	<u>1</u>	<u>2</u>	<u>2</u>			
Corporate Stocks and Bonds	\$ <u>118,574</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ 118,574	\$ 86,111	\$ <u>32,463</u>
West Virginia Consolidated Fund				803,144	803,144	
West Virginia Bond Commission				<u>73,036</u>	<u>73,036</u>	
Total investments				994,754	\$ <u>962,291</u>	
Total deposits				<u>7,726,731</u>		
Total deposits and investments				\$ <u>8,721,485</u>		

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Cash and investments are reported on the financial statements as follows:

Cash	\$ 5,465,573
Investments	1,170,227
Restricted assets	<u>2,085,685</u>
	\$ <u>8,721,485</u>

Fiduciary Funds

<u>Type of Investments</u>	<u>Category</u>			<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
	<u>1</u>	<u>2</u>	<u>3</u>			
Money market	\$ 698,309	\$ -0-	\$ -0-	\$ 698,039	\$ 698,039	\$ -0-
Municipal obligations	20,243	-0-	-0-	20,243	20,000	243
Corporate bonds	4,220,569	-0-	-0-	4,220,569	4,054,019	166,550
Corporate stocks	8,149,018	-0-	-0-	8,149,018	7,037,026	1,111,992
U.S. Treasury obligations	<u>4,287,638</u>	<u>-0-</u>	<u>-0-</u>	<u>4,287,638</u>	<u>4,157,509</u>	<u>130,129</u>
	\$ <u>17,375,507</u>	\$ -0-	\$ -0-	\$ <u>17,375,507</u>	\$ <u>15,966,593</u>	\$ <u>1,408,914</u>

Credit Risk

State law limits investments. It is the government's policy that no investments be purchased which do not conform to the State of West Virginia Code. As of June 30, 2011, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Corporate Stocks	\$ <u>118,574</u>	N/A	N/A

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Fiduciary Funds

<u>Type of Investments</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Money market	\$ 698,039	N/A	N/A
Municipal obligations	20,243	AAA	AAA
Corporate bonds	4,220,569	A-AAA	A1-AAA
Corporate stocks	8,149,018	N/A	N/A
U.S. Treasury obligations	<u>4,287,638</u>	AAA	AAA
	<u>\$ 17,375,507</u>		

Interest Rate Risk

As of June 30, 2011, the City had the following cash and investments and maturities exposed to interest rate risk.

Fiduciary Funds

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
Municipal obligations	\$ 20,243	\$ -0-	\$ 20,243	\$ -0-	\$ -0-
Corporate bonds	4,220,569	524,429	2,393,693	1,245,150	57,297
U.S. Treasury obligations	<u>4,287,638</u>	<u>404,604</u>	<u>1,770,021</u>	<u>915,906</u>	<u>1,197,107</u>
	<u>\$ 8,528,450</u>	<u>\$ 929,033</u>	<u>\$ 4,183,957</u>	<u>\$ 2,161,056</u>	<u>\$ 1,254,404</u>

Discretely Presented Component Unit

<u>Type of Investments</u>	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Investments	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ -0-	\$ -0-
West Virginia Bond Commission				8,405,146	<u>8,405,146</u>
Total investments				\$ <u>8,405,146</u>	\$ <u>8,405,146</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Cash and investments are reported on the financial statements as follows:

Cash and equivalents	\$ 7,681,234
Restricted:	
Debt service	8,405,146
Capital maintenance	3,926,109
Sanitary sewer overflow	1,612,069
Customer deposits	<u>415,670</u>
	\$ <u>22,040,228</u>

Fiduciary Funds

<u>Type of Investments</u>	<u>Category</u>			<u>Market</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>	
Sweep Option	\$ 233,514	\$ -0-	\$ -0-	\$ 233,514	\$ 233,514
US Treasury Obligations	713,170	-0-	-0-	713,170	724,665
Government Backed CMO					
Securities	165,132	-0-	-0-	165,132	165,743
Certificates of Deposit	<u>450,134</u>	<u>-0-</u>	<u>-0-</u>	<u>450,134</u>	<u>435,180</u>
	\$ <u>1,561,950</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,561,950</u>	\$ <u>1,559,102</u>

Credit Risk

State law limits investments. It is the Board's policy that no investment be purchased which does not conform to the State of West Virginia Code. As of June 30, 2011, the Board's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Fiduciary Funds

<u>Type of Investments</u>	<u>Fair</u>	<u>Standard &</u>	<u>Moody's</u>
	<u>Value</u>	<u>Poor's and</u>	<u>Investment</u>
		<u>Fitch</u>	<u>Services</u>
US Treasury Obligations	\$ <u>713,170</u>	AAA	AAA

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Interest Rate Risk

As of June 30, 2011 the Board had the following investments and maturities exposed to interest rate risk.

Fiduciary Funds

<u>Type of Investment</u>	<u>Fair Value</u>	<u>MATURITIES</u>			
		<u>Less than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More than 10</u>
US Treasury Obligations	\$ 713,170	\$ -0-	\$ 49,883	\$ 123,330	\$ 539,957
Government Backed CMO Securities	165,132	-0-	-0-	-0-	165,132
Certificates of Deposit	<u>450,134</u>	<u>106,488</u>	<u>262,231</u>	<u>81,415</u>	<u>-0-</u>
	\$ <u>1,328,436</u>	\$ <u>106,488</u>	\$ <u>312,114</u>	\$ <u>204,745</u>	\$ <u>705,089</u>

4. Property Taxes

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a county may distraint for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and become delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent annum is added from the date they become delinquent until paid.

All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

The levy rates levied by the City of Parkersburg, West Virginia, per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2011 were as follows:

<u>Class of Property</u>	<u>Assessed Valuations</u> <u>For Tax Purposes Expense</u>	<u>Current</u>	<u>Excess</u>
Class II	\$ 395,985,526	25.00¢	11.04¢
Class IV	541,970,407	50.00¢	22.08¢

5. Capital Assets and Capital Assets Net of Depreciation

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Governmental Activities				
Nondepreciable capital assets				
Land	\$ <u>771,027</u>	\$ <u>-0-</u>	\$ <u>42,804</u>	\$ <u>728,223</u>
Depreciable capital assets				
Buildings	13,259,595	-0-	-0-	13,259,595
Streets	2,348,780	-0-	-0-	2,348,780
Machinery and equipment	<u>9,246,568</u>	<u>782,464</u>	<u>221,993</u>	<u>9,807,039</u>
Totals at historical cost	<u>24,854,943</u>	<u>782,464</u>	<u>221,993</u>	<u>25,415,414</u>
Less: Accumulated depreciation				
Buildings	7,011,131	219,422	-0-	7,230,553
Streets	1,013,611	113,439	-0-	1,127,050
Machinery and equipment	<u>6,928,632</u>	<u>546,243</u>	<u>221,993</u>	<u>7,252,882</u>
Total accumulated depreciation	<u>14,953,374</u>	<u>879,104</u>	<u>221,993</u>	<u>15,610,485</u>
Total depreciable capital assets, net	<u>9,901,569</u>	<u>(96,640)</u>	<u>-0-</u>	<u>9,804,929</u>
Governmental activities capital assets, net	\$ <u>10,672,596</u>	\$ <u>(96,640)</u>	\$ <u>(42,804)</u>	\$ <u>10,533,152</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
Business-Type Activities				
<i>Parks and Recreation</i>				
Depreciable capital assets				
Buildings	\$ 3,100	\$ -0-	\$ -0-	\$ 3,100
Structures and improvements	378,000	-0-	-0-	378,000
Leasehold improvements	54,411	-0-	-0-	54,411
Machinery and equipment	<u>261,122</u>	<u>-0-</u>	<u>-0-</u>	<u>261,122</u>
Totals at historical cost	<u>696,633</u>	<u>-0-</u>	<u>-0-</u>	<u>696,633</u>
Less: Accumulated depreciation				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	346,200	7,950	-0-	354,150
Leasehold improvements	38,151	3,765	-0-	41,916
Machinery and equipment	<u>261,122</u>	<u>-0-</u>	<u>-0-</u>	<u>261,122</u>
Total accumulated depreciation	<u>648,573</u>	<u>11,715</u>	<u>-0-</u>	<u>660,288</u>
 Total depreciable capital assets, net	 <u>48,060</u>	 <u>(11,715)</u>	 <u>-0-</u>	 <u>36,345</u>
 Parks and recreation capital assets, net	 \$ <u>48,060</u>	 \$ <u>(11,715)</u>	 \$ <u>-0-</u>	 \$ <u>36,345</u>
	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>
<i>Memorial Bridge</i>				
Nondepreciable capital assets				
Land	\$ 260,000	\$ -0-	\$ -0-	\$ 260,000
Depreciable capital assets				
Structures and improvements	6,500,000	-0-	-0-	6,500,000
Machinery and equipment	<u>724,438</u>	<u>-0-</u>	<u>-0-</u>	<u>724,438</u>
Totals at historical cost	<u>7,224,438</u>	<u>-0-</u>	<u>-0-</u>	<u>7,224,438</u>
Less: Accumulated depreciation				
Structures and improvements	4,509,375	81,250	-0-	4,590,625
Machinery and equipment	<u>331,066</u>	<u>45,737</u>	<u>-0-</u>	<u>376,803</u>
Total accumulated depreciation	<u>4,840,441</u>	<u>126,987</u>	<u>-0-</u>	<u>4,967,428</u>
 Total depreciable capital assets, net	 <u>2,383,997</u>	 <u>(126,987)</u>	 <u>-0-</u>	 <u>2,257,010</u>
 Memorial Bridge capital assets, net	 \$ <u>2,643,997</u>	 \$ <u>(126,987)</u>	 \$ <u>-0-</u>	 \$ <u>2,517,010</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<i>Parking Fund</i>				
Nondepreciable capital assets				
Land	\$ <u>991,225</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>991,225</u>
Depreciable capital assets				
Structures and improvements	414,218	-0-	-0-	414,218
Machinery and equipment	<u>60,214</u>	<u>-0-</u>	<u>-0-</u>	<u>60,214</u>
Totals at historical cost	<u>474,432</u>	<u>-0-</u>	<u>-0-</u>	<u>474,432</u>
Less: Accumulated depreciation				
Structures and improvements	321,572	10,355	-0-	331,927
Machinery and equipment	<u>19,383</u>	<u>3,936</u>	<u>-0-</u>	<u>23,319</u>
Total accumulated depreciation	<u>340,955</u>	<u>14,291</u>	<u>-0-</u>	<u>355,246</u>
Total depreciable capital assets, net	<u>133,477</u>	<u>(14,291)</u>	<u>-0-</u>	<u>119,186</u>
Parking fund capital assets, net	\$ <u>1,124,702</u>	\$ <u>(14,291)</u>	\$ <u>-0-</u>	\$ <u>1,110,411</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Total Business-Type Activities				
Nondepreciable capital assets				
Land	\$ <u>1,251,225</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,251,225</u>
Depreciable capital assets				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	7,292,218	-0-	-0-	7,292,218
Leasehold improvements	54,411	-0-	-0-	54,411
Machinery and equipment	<u>1,045,774</u>	<u>-0-</u>	<u>-0-</u>	<u>1,045,774</u>
Totals at historical cost	<u>8,395,503</u>	<u>-0-</u>	<u>-0-</u>	<u>8,395,503</u>
Less: Accumulated depreciation				
Buildings	3,100	-0-	-0-	3,100
Structures and improvements	5,177,147	99,555	-0-	5,276,702
Leasehold improvements	38,151	3,765	-0-	41,916
Machinery and equipment	<u>611,571</u>	<u>49,673</u>	<u>-0-</u>	<u>661,244</u>
Total accumulated depreciation	<u>5,829,969</u>	<u>152,993</u>	<u>-0-</u>	<u>5,982,962</u>
Total depreciable capital assets, net	<u>2,565,534</u>	<u>(152,993)</u>	<u>-0-</u>	<u>2,412,541</u>
Business-type activities capital assets, net	\$ <u>3,816,759</u>	\$ <u>(152,993)</u>	\$ <u>-0-</u>	\$ <u>3,663,766</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Depreciation expense was charged to governmental activities as follows:

General government	\$ 103,337
Public safety	367,784
Highways and streets	278,333
Health and Sanitation	117,179
Culture and recreation	7,721
Social services	<u>4,750</u>
 Total depreciation expense	 \$ <u>879,104</u>

Discretely Presented Component Unit

Capital asset activity for the year ended June 30, 2011, was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u> <u>Net</u>	<u>Ending</u> <u>Balance</u>
Nondepreciable Capital Assets					
Land	\$ 2,022,554	\$ 35,717	\$ -0-	\$ (8,210)	\$ 2,050,061
Construction in progress	<u>866,482</u>	<u>-0-</u>	<u>-0-</u>	<u>3,316,801</u>	<u>4,183,283</u>
Total nondepreciable capital assets	<u>2,889,036</u>	<u>35,717</u>	<u>-0-</u>	<u>3,308,591</u>	<u>6,233,344</u>
 Depreciable Capital Assets					
Buildings and systems	51,303,063	79,099	21,009	(56,841)	51,304,312
Equipment	<u>99,318,308</u>	<u>4,281,383</u>	<u>1,178,855</u>	<u>(3,251,750)</u>	<u>99,169,086</u>
Total depreciable capital assets at historical costs	<u>150,621,371</u>	<u>4,360,482</u>	<u>1,199,864</u>	<u>(3,308,591)</u>	<u>150,473,398</u>
 Less: Accumulated Depreciation					
Buildings and systems	14,260,515	1,080,499	165,109	154,399	15,330,304
Equipment	<u>43,128,431</u>	<u>2,696,293</u>	<u>1,034,755</u>	<u>(154,399)</u>	<u>44,635,570</u>
Total accumulated depreciation	<u>57,388,946</u>	<u>3,776,792</u>	<u>1,199,864</u>	<u>-0-</u>	<u>59,965,874</u>
 Depreciable capital assets, net	<u>93,232,425</u>	<u>583,690</u>	<u>-0-</u>	<u>(3,308,591)</u>	<u>90,507,524</u>
 Capital assets, net	\$ <u>96,121,461</u>	\$ <u>619,407</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>96,740,868</u>

Depreciation expense for the year ended June 30, 2011 was \$3,776,792.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

6. Long-Term Debt

Long-term liability activity for Governmental Activities for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
Notes Payable						
US Dept. of HUD	\$ <u>2,080,000</u>	\$ <u>-0-</u>	\$ <u>73,000</u>	\$ <u>2,007,000</u>	\$ <u>73,000</u>	\$ <u>1,934,000</u>
Other Long-Term Debt						
Compensated absences	664,169	-0-	25,082	639,087	-0-	639,087
Obligation under capital lease	1,734,740	593,304	672,985	1,655,059	563,928	1,091,131
Net pension obligation payable	<u>18,226,459</u>	<u>1,171,359</u>	<u>-0-</u>	<u>19,397,818</u>	<u>-0-</u>	<u>19,397,818</u>
Total other long-term debt	<u>20,625,368</u>	<u>1,764,663</u>	<u>698,067</u>	<u>21,691,964</u>	<u>563,928</u>	<u>21,128,036</u>
Governmental activities long-term liabilities	\$ <u>22,705,368</u>	\$ <u>1,764,663</u>	\$ <u>771,067</u>	\$ <u>23,698,964</u>	\$ <u>636,928</u>	\$ <u>23,062,036</u>

Notes Payable:

United States Department of Housing and Urban Development – Series 2011A

This note was authorized to provide for the Point Park Public Improvements Project. The note was issued in the amount of \$2,150,000 and bears a variable rate of interest throughout the repayment of the loan. The loan is secured by future entitlement funds from the Community Development Block Grant and annual toll revenues. Interest only payments are to be made by the first of February of each year the loan is outstanding while payments of principal and interest are to be made by the first of August of each year the loan is outstanding.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

The outstanding debt maturities of this note are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 1, 2011	\$ 76,000	\$ 48,738	\$ 124,738
February 1, 2012	-0-	47,431	47,431
August 1, 2012	79,000	47,431	126,431
February 1, 2013	-0-	45,922	45,922
August 1, 2013	83,000	45,922	128,922
February 1, 2014	-0-	44,262	44,262
August 1, 2014	86,000	44,262	130,262
February 1, 2015	-0-	42,482	42,482
August 1, 2015	90,000	42,482	132,482
February 1, 2016	-0-	40,533	40,533
August 1, 2016	94,000	40,533	134,533
February 1, 2017	-0-	38,427	38,427
August 1, 2017	98,000	38,427	136,427
February 1, 2018	-0-	36,193	36,193
August 1, 2018	102,000	36,193	138,193
February 1, 2019	-0-	33,837	33,837
August 1, 2019	107,000	33,837	140,837
February 1, 2020	-0-	31,231	31,231
August 1, 2020	111,000	31,231	142,231
February 1, 2021	-0-	28,478	28,478
August 1, 2021	116,000	28,478	144,478
February 1, 2022	-0-	25,550	25,550
August 1, 2022	121,000	25,550	146,550
February 1, 2023	-0-	22,446	22,446
August 1, 2023	126,000	22,446	148,446
February 1, 2024	-0-	19,176	19,176
August 1, 2024	132,000	19,176	151,176

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
February 1, 2025	\$ -0-	\$ 15,711	\$ 15,711
August 1, 2025	137,000	15,711	152,711
February 1, 2026	-0-	12,081	12,081
August 1, 2026	143,000	12,081	155,081
February 1, 2027	-0-	8,262	8,262
August 1, 2027	150,000	8,262	158,262
February 1, 2028	-0-	4,227	4,227
August 1, 2028	<u>156,000</u>	<u>4,227</u>	<u>160,227</u>
	\$ <u>2,007,000</u>	\$ <u>1,041,236</u>	\$ <u>3,048,236</u>

Future debt maturities based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 76,000	\$ 96,169	\$ 172,169
2013	79,000	93,353	172,353
2014	83,000	90,184	173,184
2015	86,000	86,744	172,744
2016	90,000	83,015	173,015
2017 – 2021	512,000	348,387	860,387
2022 – 2026	632,000	206,325	838,325
2027 – 2029	<u>449,000</u>	<u>37,059</u>	<u>486,059</u>
	\$ <u>2,007,000</u>	\$ <u>1,041,236</u>	\$ <u>3,048,236</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Obligation Under Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of machinery and equipment for various departments. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The following is a schedule of future minimum lease payments required under the capital leases and the present value of the net minimum lease payments at June 30, 2011:

Fiscal Year Ending June 30,

2012	\$ 609,310
2013	363,070
2014	268,154
2015	268,154
2016	215,415
2017	<u>49,425</u>
Total minimum lease payments	1,773,528
Less: Amount representing interest	<u>118,469</u>
Present value of minimum lease payments	1,655,059
Less: Current maturities	<u>563,928</u>
 Non-current maturities	 \$ <u>1,091,131</u>

Long-term liability activity for Business-Type Activities for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>	<u>Amounts Due After One Year</u>
Bonds Payable						
2003A Parking Revenue Bonds	\$ <u>455,000</u>	\$ <u>-0-</u>	\$ <u>45,000</u>	\$ <u>410,000</u>	\$ <u>45,000</u>	\$ <u>365,000</u>
Other Long-Term Debt						
Obligation under capital lease	605,508	-0-	76,274	529,234	79,453	449,781
Accrued compensated absences	<u>7,848</u>	404	<u>-0-</u>	<u>8,252</u>	<u>-0-</u>	<u>8,252</u>
Total other long-term debt	<u>613,356</u>	<u>404</u>	<u>76,274</u>	<u>537,486</u>	<u>79,453</u>	<u>458,033</u>
Total long-term debt	\$ <u>1,068,356</u>	\$ <u>404</u>	\$ <u>121,274</u>	\$ <u>947,486</u>	\$ <u>124,453</u>	\$ <u>823,033</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

2003A Parking Revenue Bonds

The provisions of the Parking Fund revenue bond covenant require that assets be accumulated in a reserve account for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one tenth of one twelve of the highest debt service payments in any given year. The balance in the sinking fund account at June 30, 2011 was \$73,036.

The following is a schedule of future debt retirement based on current financing arrangements:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 45,000	\$ 20,500	\$ 65,500
2013	50,000	18,250	68,250
2014	50,000	15,750	65,750
2015	50,000	13,250	63,250
2016	55,000	10,750	65,750
2017 – 2018	<u>160,000</u>	<u>13,000</u>	<u>173,000</u>
 Total	 \$ <u>410,000</u>	 \$ <u>91,500</u>	 \$ <u>501,500</u>

The debt service coverage factor for the Parking Fund has been calculated as follows for the year ended June 30, 2011:

Operating revenues	\$ 311,272
Operating expenses	<u>242,239</u>
Operating income	69,033
Add: Depreciation expense	14,291
Add: Change in Accrued Other Post Employee Benefits	<u>28,879</u>
 Amount available for debt service	 \$ <u>112,203</u>
 Maximum annual debt service	 \$ <u>68,250</u>
 Calculated debt service coverage factor	 1.64
 Required debt service coverage factor	 1.15

Based on this calculation, it appears that the Parking Fund was in compliance with the provisions set forth in its bond ordinance as of June 30, 2011.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED JUNE 30, 2011**

Obligation Under Capital Leases

The City has entered into lease agreements to finance the repairs and maintenance of various structures and to purchase software. These lease agreements qualify as capital leases for accounting purposes, and therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The following is a schedule of future minimum lease payments required under the capital leases and the present value of the net minimum lease payments at June 30, 2011:

Fiscal Year Ending June 30,

2012	\$ 99,620
2013	99,620
2014	99,620
2015	99,620
2016	99,620
2017	<u>99,622</u>
Total minimum lease payments	597,722
Less: Amount representing interest	<u>68,488</u>
Present value of minimum lease payments	529,234
Less: Current maturities	<u>79,453</u>
 Non-current maturities	 \$ <u>449,781</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Discretely Presented Component Unit

The following is a summary of long-term liability activity for the Utility Board for the year ended June 30, 2011:

Business Type Activities

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>	<u>Amounts</u> <u>Due After</u> <u>One Year</u>
Bonds and notes payable						
2003A Combined Revenue Bonds	\$ 3,039,594	\$ -0-	\$ 177,487	\$ 2,862,107	\$ 182,873	\$ 2,679,234
2003B Combined Revenue Bonds	2,538,541	-0-	129,526	2,409,015	136,003	2,273,012
2003D Combined Revenue Bonds	713,748	-0-	40,783	672,965	42,020	630,945
2003E Combined Revenue Bonds	3,303,374	-0-	198,426	3,104,948	202,425	2,902,523
2005A Combined Revenue Bonds	29,885,000	-0-	1,365,000	28,520,000	1,410,000	27,110,000
2006C Combined Revenue Bonds	14,725,000	-0-	1,080,000	13,645,000	1,120,000	12,525,000
2006D Combined Revenue Bonds	8,325,000	-0-	300,000	8,025,000	300,000	7,725,000
2006E Combined Revenue Bonds	3,920,269	-0-	145,756	3,774,513	145,756	3,628,757
2011A Combined Revenue Bonds	<u>-0-</u>	<u>1,195,307</u>	<u>-0-</u>	<u>1,195,307</u>	<u>-0-</u>	<u>1,195,307</u>
Total bonds and notes payable	<u>66,450,526</u>	<u>1,195,307</u>	<u>3,436,978</u>	<u>64,208,855</u>	<u>3,539,077</u>	<u>60,669,778</u>
Other long-term obligations						
Accrued compensated absences	216,103	17,318	23,805	209,616	184,728	24,888
Accrued post employment benefit liability	1,042,757	667,058	-0-	1,709,815	-0-	1,709,815
Customer advances for construction	<u>520,417</u>	<u>5,582</u>	<u>83,207</u>	<u>442,792</u>	<u>-0-</u>	<u>442,792</u>
Total other long-term obligations	<u>1,779,277</u>	<u>689,958</u>	<u>107,012</u>	<u>2,362,223</u>	<u>184,728</u>	<u>2,177,495</u>
Total long-term debt	<u>\$ 68,229,803</u>	<u>\$ 1,885,265</u>	<u>\$ 3,543,990</u>	<u>\$ 66,571,078</u>	<u>\$ 3,723,805</u>	<u>\$ 62,847,273</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

2003A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,000,000 and is payable in quarterly installments of \$66,673 including interest of 3.0%. The issue matures June 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 266,691	\$ 182,873	\$ 83,818
2013	266,691	188,421	78,270
2014	266,691	194,137	72,554
2015	266,691	200,027	66,664
2016	266,691	206,096	60,595
2017 – 2021	1,333,457	1,128,154	205,303
2022 – 2024	<u>800,074</u>	<u>762,399</u>	<u>37,675</u>
	\$ <u>3,466,986</u>	\$ <u>2,862,107</u>	\$ <u>604,879</u>

2003B Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$3,250,000 and is payable in annual installments of \$253,656 including interest of 5.0%. The issue matures October 2023 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 253,054	\$ 136,003	\$ 117,051
2013	252,884	142,803	110,081
2014	252,705	149,943	102,762
2015	252,517	157,440	95,077
2016	252,321	165,312	87,009
2017 – 2021	1,258,290	959,128	299,162
2022 – 2024	<u>751,900</u>	<u>698,386</u>	<u>53,514</u>
	\$ <u>3,273,671</u>	\$ <u>2,409,015</u>	\$ <u>864,656</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

2003D Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$926,000 and is payable in quarterly installments of \$15,435 including interest of 3.0%. The issue matures September 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 61,740	\$ 42,020	\$ 19,720
2013	61,739	43,295	18,444
2014	61,739	44,608	17,131
2015	61,739	45,962	15,777
2016	61,739	47,356	14,383
2017 – 2021	308,695	259,223	49,472
2022 – 2025	<u>200,652</u>	<u>190,501</u>	<u>10,151</u>
	\$ <u>818,043</u>	\$ <u>672,965</u>	\$ <u>145,078</u>

2003E Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,326,705 and is payable in quarterly installments of \$65,756 including interest of 2.0%. The issue matures December 2024 and is secured by a first lien on the gross revenues of the Waterworks and Sewerage systems on a parity with the other Series 2003 bonds.

Future debt maturity retirement based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 263,012	\$ 202,425	\$ 60,587
2013	263,012	206,504	56,508
2014	263,012	210,665	52,347
2015	263,012	214,910	48,102
2016	263,012	219,241	43,771
2017 – 2021	1,315,062	1,164,279	150,783
2022 – 2025	<u>920,543</u>	<u>886,924</u>	<u>33,619</u>
	\$ <u>3,550,665</u>	\$ <u>3,104,948</u>	\$ <u>445,717</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

2005A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$34,950,000 and is payable in varying installment dates and amounts including coupon interest rates from 3.0% to 5.0%. The issue matures August 2025 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

The outstanding bonds of this issue and its maturity dates and coupon rates are as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
August 1, 2011	\$ 1,410,000	4.00%
August 1, 2012	1,465,000	4.00%
August 1, 2013	1,525,000	4.00%
August 1, 2014	1,585,000	4.00%
August 1, 2015	1,650,000	4.00%
August 1, 2016	1,715,000	4.00%
August 1, 2017	1,785,000	4.00%
August 1, 2018	1,855,000	4.00%
August 1, 2019	1,930,000	5.00%
August 1, 2020	2,025,000	4.50%
August 1, 2021	2,120,000	4.50%
August 1, 2022	2,215,000	4.50%
August 1, 2023	2,315,000	4.25%
August 1, 2024	2,410,000	4.25%
August 1, 2025	<u>2,515,000</u>	4.25%
	\$ <u>28,520,000</u>	

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 2,591,800	\$ 1,410,000	\$ 1,181,800
2013	2,589,300	1,465,000	1,124,300
2014	2,589,500	1,525,000	1,064,500
2015	2,587,300	1,585,000	1,002,300
2016	2,587,600	1,650,000	937,600
2017 – 2021	12,898,588	9,310,000	3,588,588
2022 – 2026	<u>12,857,663</u>	<u>11,575,000</u>	<u>1,282,663</u>
	\$ <u>38,701,751</u>	\$ <u>28,520,000</u>	\$ <u>10,181,751</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

2006C Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$17,425,000 and is payable in varying installment dates and amounts from 3.7% to 5.00%. The issue matures September 2020 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

The outstanding bonds of this issue and its maturity dates and coupon rates are as follows:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>
September 1, 2011	\$ 1,120,000	3.85%
September 1, 2012	1,160,000	3.90%
September 1, 2013	1,205,000	5.00%
September 1, 2014	1,265,000	5.00%
September 1, 2015	1,330,000	5.00%
September 1, 2016	1,395,000	4.00%
September 1, 2017	1,455,000	4.00%
September 1, 2018	1,510,000	4.00%
September 1, 2019	1,570,000	4.10%
September 1, 2020	<u>1,635,000</u>	4.10%
	\$ <u>13,645,000</u>	

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,682,605	\$ 1,120,000	\$ 562,605
2013	1,678,425	1,160,000	518,425
2014	1,670,680	1,205,000	465,680
2015	1,668,930	1,265,000	403,930
2016	1,669,055	1,330,000	339,055
2017 -2021	<u>8,358,153</u>	<u>7,565,000</u>	<u>793,153</u>
	\$ <u>16,727,848</u>	\$ <u>13,645,000</u>	\$ <u>3,082,848</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

2006D Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$9,000,000. The issue requires quarterly installments of \$75,000 including interest of 0.0%. The issue matures March 2038 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 300,000	\$ 300,000	\$ -0-
2013	300,000	300,000	-0-
2014	300,000	300,000	-0-
2015	300,000	300,000	-0-
2016	300,000	300,000	-0-
2017 – 2021	1,500,000	1,500,000	-0-
2022 – 2026	1,500,000	1,500,000	-0-
2027 – 2031	1,500,000	1,500,000	-0-
2032 – 2036	1,500,000	1,500,000	-0-
2037 – 2038	<u>525,000</u>	<u>525,000</u>	<u>-0-</u>
	\$ <u>8,025,000</u>	\$ <u>8,025,000</u>	\$ <u>-0-</u>

2006E Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$4,372,600 with the Board drawing \$4,175,342 of these funds. The issues requires quarterly installments of \$36,439 including interest of 0.0%. The issue matures June 2037 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 145,756	\$ 145,756	\$ -0-
2013	145,756	145,756	-0-
2014	145,756	145,756	-0-
2015	145,756	145,756	-0-
2016	145,756	145,756	-0-
2017 – 2021	728,769	728,769	-0-
2022 – 2026	728,760	728,760	-0-
2027 – 2031	728,760	728,760	-0-
2032 – 2036	728,760	728,760	-0-
2037	<u>130,684</u>	<u>130,684</u>	<u>-0-</u>
	\$ <u>3,774,513</u>	\$ <u>3,774,513</u>	\$ <u>-0-</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

2011A Combined Waterworks and Sewerage System Revenue Bonds

This bond issue had an original issue amount of \$5,800,000 of which the Board has drawn \$1,195,307 as of June 30, 2011. with the intention of drawing the remaining amount in the next year. This issue is payable in quarterly installments of \$88,143 including interest of 2.005 with payments starting March 1, 2013. The issue matures December 2032 and is secured by a lien on the gross revenues of the Waterworks and Sewerage systems secondary to previously issued bonds.

Future debt maturity retirement based on current financing arrangements are as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -0-	\$ -0-	\$ -0-
2013	176,286	118,582	57,704
2014	352,571	240,741	111,830
2015	352,570	245,591	106,979
2016	352,571	250,541	102,030
2017 – 2021	1,762,857	1,330,498	432,359
2022 – 2026	1,762,856	1,470,060	292,796
2027 – 2031	1,762,856	1,624,263	138,593
2032 – 2033	<u>528,857</u>	<u>519,724</u>	<u>9,133</u>
	\$ <u>7,051,424</u>	\$ <u>5,800,000</u>	\$ <u>1,251,424</u>

Total future debt maturity for the Parkersburg Utility Board based on current financing arrangements is as follows:

<u>For the Year Ended June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 5,564,658	\$ 3,539,077	\$ 2,025,581
2013	5,734,093	3,770,361	1,963,732
2014	5,902,654	4,015,851	1,886,804
2015	5,898,515	4,159,686	1,738,829
2016	5,898,745	4,314,302	1,584,443
2017 – 2021	29,463,870	23,945,051	5,518,819
2022 – 2026	19,522,448	17,812,029	1,710,419
2027 – 2031	3,991,616	3,853,023	138,593
2032 – 2036	2,757,617	2,748,484	9,133
2037 – 2038	<u>655,684</u>	<u>655,684</u>	<u>-0-</u>
	\$ <u>85,389,900</u>	\$ <u>68,813,548</u>	\$ <u>16,576,353</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONTD)
FOR THE YEAR ENDED JUNE 30, 2011**

Debt Service Coverage Factor

The Debt Service Coverage Factor has been calculated as follows:

Operating revenues	\$ 15,553,838
Operating expenses	<u>11,395,136</u>
Operating income	4,158,702
Less: Administrative bond fees	(57,049)
Add: Depreciation expense	3,776,792
Interest income	<u>126,631</u>
Amount available for debt service and capital expenditures	\$ <u>8,005,076</u>
Maximum annual debt service	\$ <u>5,564,658</u>
Calculated debt service coverage factor	<u>1.44</u>
Required debt service coverage factor	<u>1.20</u>

The management of the Parkersburg Utility Board believes it was in compliance with the provisions set forth in the Bond Ordinance.

7. Employees Retirement System

West Virginia Public Employment Retirement System

The municipality maintains two separate employee contributing pension plans. These plans cover firemen and police officers. Substantially all other full-time civilian employees are covered by the West Virginia Public Employees Retirement System. The West Virginia Employees' Retirement System is funded through employer contributions of 12.50 of payroll and member contributions of 4.5% of payroll.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

The Municipality's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2011 is as follows:

Total wages	\$ 9,465,904
Total covered wages	\$ 4,179,435
Employer share 12.50%	\$ 522,429
Employee share 4.50%	\$ 188,075

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Public Employees' Retirement System (PERS)

Eligibility to participate	All Municipal full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
Municipality's contribution rate	12.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Public Employees' Retirement System (PERS)

Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2011	\$ 522,429	100%
2010	\$ 494,558	100%
2009	\$ 462,607	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, WV 25305.

Discretely Presented Component Unit

The Utility Board's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2011 is as follows:

Total Wages	\$ 3,332,900
Employer share 11.00%	\$ 416,613
Employee share 4.50%	\$ 149,981

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2011	\$ 416,613	100%
2010	\$ 359,782	100%
2009	\$ 322,911	100%

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Retiree Health Plan (RHP)

Plan Description:

The City of Parkersburg, West Virginia contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit post-employment health care plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia 25305-0710.

Authority Establishing the Plan and Fund Policy:

Chapter 5, Article 16D of the West Virginia State Code assigns the authority to establish and amend benefits and provisions to the RHBT. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Annual required contribution	\$ 2,881,474
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB cost	2,881,474
Contributions made	<u>757,987</u>
Increase (decrease) in net OPEB obligation	2,123,487
Net OPEB obligation (asset) beginning of year	<u>3,503,851</u>
Net OPEB obligation (asset) end of year	\$ <u>5,627,338</u>

The accompanying independent auditor's report is an integral part of these notes.

CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

Three-Year Trend Information

The City contributed the follow amounts:

<u>Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2011	\$ 2,881,474	26%	\$ 5,627,338
June 30, 2010	3,084,624	24%	3,503,851
June 30, 2009	1,227,822	42%	1,162,011

Discretely Presented Component Unit

The following table shows the components of the Parkersburg Utility Board's annual OPEB cost for the year, the amount actually contributed to the Plans, and changes in the Parkersburg Utility Board's net OPEB obligations, as well as the assumptions used to calculate the net OPEB obligation for the covered active and retired employees.

Annual required contribution	\$ 812,602
Adjustment to required contribution	<u>-0-</u>
Annual OPEB cost	812,602
Contributions made	<u>145,544</u>
Increase (decrease) in net OPEB obligation	667,058
Net OPEB obligation (asset) beginning of year	<u>1,042,757</u>
Net OPEB obligation (asset) end of year	\$ <u>1,709,815</u>

Three-Year Trend Information

The Utility Board contributed the following amounts:

<u>Year Ending</u>	<u>Annual OPEB Cost (ARC)</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2011	\$ 812,602	18%	\$ 1,709,815
June 30, 2010	830,620	16%	1,042,757
June 30, 2009	359,492	42%	340,931

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

8. Employee Retirement System and Plans

Plan Description, Contribution Information, and Funding Policies

The City of Parkersburg, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2008.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2008.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF, and FPRF's board.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active Employees	63	62	125
Retirees and Beneficiaries currently receiving benefits	<u>68</u>	<u>100</u>	<u>168</u>
Total	<u>131</u>	<u>162</u>	<u>293</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions:

	<u>PPRF</u>	<u>FPRF</u>
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the state premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years. However, municipalities may utilize an alternative contribution method, which allows the municipality to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method. In no event can the employer contribution be less than the normal costs as determined by the actuary.	
Plan Members	7% of covered payroll	7% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs, the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	There is a cost of living adjustment after two years of retirement. The adjustment is calculated on the first \$15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	
	<u>PPRF</u>	<u>FPRF</u>
Provisions for:		
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Annual Required Contributions and Significant Actuarial Assumptions

The following actuarial methods and assumptions were applicable:

	<u>Policemen's Pension & Relief Fund</u>	<u>Firemen's Pension & Relief Fund</u>
Valuation Date	7/1/2011	7/1/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % closed	Level % closed
Amortization Period	15 Years (Level Percentage)	15 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	4% per year	4% per year
Post Retirement Benefit Increases	None	None
Inflation	2.75%	2.75%
Cost of Living Adjustments	3 per annum	3 per annum

Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the PPRF and FPRF are shown in the trend information.
The annual required contributions were made by both the PPRF or FPRF.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Annual Pension Cost and Net Pension Obligation (NPO)

The Municipality's annual pension cost and net pension obligation for the Policemen's and Firemen's Pension and Relief funds are as follows:

	<u>PPRF</u>	<u>FPRF</u>
Annual required contribution	\$ 2,192,967	\$ 2,539,088
Interest on short-term	437,175	474,148
Adjustment to annual required contribution	(333,685)	(361,906)
Annual pension cost	<u>2,296,457</u>	<u>2,651,330</u>
Contributions made	<u>1,369,094</u>	<u>2,407,334</u>
Change in net pension obligation	927,363	243,996
Net pension obligation at the beginning of the year	<u>8,743,491</u>	<u>9,482,968</u>
 Net pension obligation at the end of the year	 \$ <u>9,670,854</u>	 \$ <u>9,726,964</u>

Trend Information

Policemen's Pension and Relief Fund (PPRF)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 2,296,457	59%	\$ 9,670,854
2010	\$ 2,315,491	56%	\$ 8,743,491
2009	\$ 2,334,765	53%	\$ 7,716,124

Firemen's Pension and Relief Fund (FPRF)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 2,651,330	91%	\$ 9,726,964
2010	\$ 2,952,569	77%	\$ 9,482,968
2009	\$ 2,951,706	74%	\$ 8,807,606

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Discretely Presented Component Unit

Plan Description, Contribution Information, and Fund Policies

The Parkersburg Utility Board elected to become a participating public employer under the West Virginia Public Employees Retirement System (PERS), a cost-sharing multi-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board. The Board's contribution to the West Virginia Public Employees Retirement System for the year ended June 30, 2011 was:

Total Wages	\$ 3,332,900
Employer share 12.50%	\$ 416,613
Employee share 4.50%	\$ 149,981

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

	<u>Public Employees' Retirement System (PERS)</u>
Eligibility to participate	All full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.50%
Board's contribution rate	12.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contribution service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2011	\$ 416,613	100%
2010	\$ 359,782	100%
2009	\$ 322,911	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, Building 5, Room 1000, 1900 Kanawha Boulevard East, Charleston, WV 25305.

9. Interfund Balances

Individual fund interfund receivable and payable balances at June 30, 2011 for fund financial:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 6,924	\$ 134,903
Special Revenue Funds		
Community Development Fund	-0-	6,924
Historical Preservation	41,424	-0-
Unemployment	134,903	-0-
Neighborhood Stabilization	<u>-0-</u>	<u>41,424</u>
	\$ <u>183,251</u>	\$ <u>183,251</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

10. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Accordia of West Virginia for (umbrella) insurance for these various risks.

The government is self-insured for losses and liabilities related to workers' compensation. In exchange for the payment of premiums, the government has transferred its risk related to health coverage for employees.

Discretely Presented Component Unit

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters.

The Board has obtained commercial insurance coverage for general liability, property damage, errors and omissions, and natural disasters. Such coverage is offered in exchange for a premium to a third-party insurance company. Any general liability or auto liability loss in excess of \$3,000,000, and public officials loss in excess of \$2,000,000, will be the responsibility of the Board. Real and personal property inventory is covered for replacement cost subject to a signed Statement of Values. Scheduled automotive and maintenance equipment is covered for actual cash value.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and in third-party insurer, the Entity has obtained health, life, and prescription drug coverage for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the Board has transferred its risks related to health, life, and prescription drug coverage.

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

The Entity is self-insured for losses and liabilities related to workers' compensation.

The Board has entered into various agreements for construction, as well as engineering and architectural services in connection with the maintenance, operation and expansion of its combined waterworks and sewerage system. Commitments for future payments by the Board under these construction and professional services contracts totaled approximately \$5,512,710 as of June 30, 2011.

The Board's sewerage system is subject to federal and state requirements governing the collection, treatment, and discharge of pollutants, including the requirements of the United States Environmental Protection Agency and the West Virginia Division of Environmental Protection. The Board currently holds all licenses and permits required for operation of the sewerage system. Pursuant to the National Pollutant Discharge Elimination System Water Pollution Control Permits granted to the Board to operate the sewerage system, the Board is subject to certain compliance measures required to eliminate sewerage system overflows by October 31, 2020. More stringent or additional environmental requirements may substantially increase the cost of sewerage services by requiring changes in the design or operation of existing facilities as well as changes in location, design, construction, and operation of any new facilities. There is no assurance that the sewerage system facilities in operation or contemplated will always remain in compliance with regulations currently in effect or will always be in compliance with future regulations. Failure to comply with such requirements could result in the imposition of civil and criminal penalties.

11. Lease

The City entered into a long-term lease agreement for an antenna tower owned by the City on November 14, 2007. The leasee prepaid \$529,000 for the 50 year lease that will expire in November of 2057. The lease is considered an operating lease and the amount received is considered deferred, and included in deferred revenue until the period in which it is earned. The amount to be recognized as earned is as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2012	\$ 10,580
2013	10,580
2014	10,580
2015	10,580
2016	10,580
Thereafter	<u>437,747</u>
Total	\$ <u>490,647</u>

The accompanying independent auditor's report is an integral part of these notes.

**CITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

12. Restricted

Certain enterprise fund assets are restricted for repayment of long-term debt. Reserved net assets include the excess of assets over certain liabilities restricted for the debt service on revenue bonds.

13. Jointly Governed Organizations

The City of Parkersburg, the Wood County Commission, and the Wood County Board of Education have joined in the establishment of a system of public recreation and have delegated the administration of the same to the Wood County Recreation Commission.

14. Deficit Net Assets/Fund Balances

It was determined during this examination that the Governmental Activities and the Parks and Recreation Fund had deficit net assets at June 30, 2011. The elimination of these deficit net assets is contingent on increased funding for these funds.

It was determined during this examination that the General Fund and Riverfront Park Fund had deficit fund balances at June 30, 2011. The elimination of these deficit fund balances is contingent on increased funding for these funds.

15. Subsequent Events

The City has considered all subsequent events through February 25, 2012, the date the financial statements were made available.

In preparing these financial statements, the Board has evaluated subsequent events and transactions for potential recognition or disclosure through November 17, 2011 the date the financial statements were available to be issued.

As of September 27, 2011, the Parkersburg Utility Board received a binding commitment from the West Virginia Department of Environmental Protection (WVDEP). WVDEP has committed an amount of \$5,731,700 at an interest rate of 0.00%, 0.5% annual administrative fee for a term of 20 years. If the bonds have not been issued prior to March 27, 2012, it is understood that the WVDEP reserves the right to discontinue processing the application and on that day, will have no further responsibilities or obligations hereunder. As of November 17, 2011, no funds have been drawn.

The accompanying independent auditor's report is an integral part of these notes

**CITY OF PARKERSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2011**

I Schedule of Funding Progress

Policemen's Pension and Relief Fund (PPRF)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % Covered Payroll (b - a)/c</u>
7/1/00	\$ 7,567,852	\$ 18,741,286	\$ 11,173,434	40.38%	\$ 2,008,711	556%
7/1/02	7,694,483	21,519,899	13,825,416	35.76%	2,120,604	652%
7/1/05	8,444,581	28,074,839	19,630,258	30.08%	2,534,859	774%
7/1/08	9,354,917	32,519,140	23,164,223	28.76%	2,636,808	878%
7/1/11	8,523,749	42,684,851	34,161,102	19.97%	2,799,921	1220%

Firemen's Pension and Relief Fund (FPRF)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % Covered Payroll (b - a)/c</u>
7/1/00	\$ 5,444,860	\$ 27,957,181	\$ 22,512,321	19.48%	\$ 2,011,912	1119%
7/1/02	5,475,588	29,087,830	23,612,242	18.82%	2,062,524	1145%
7/1/05	6,272,980	35,414,076	29,141,096	21.53%	2,351,463	1239%
7/1/08	7,093,361	37,944,969	30,851,608	18.69%	2,420,880	1274%
7/1/11	7,842,477	50,856,301	43,013,824	15.42%	2,686,338	1601%

Discretely Presented Component Unit

Utility Board

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % Covered Payroll (b - a)/c</u>
7/1/1998	498,676	2,306,589	1,807,913	21.62%	-0-	N/A
7/1/2001	641,553	2,283,736	1,642,183	28.09%	-0-	N/A
7/1/2004	985,011	2,120,288	1,135,277	46.46%	-0-	N/A
7/1/2007	1,515,809	1,926,855	411,046	78.67%	-0-	N/A
7/1/2010	1,717,854	1,671,458	(45,396)	102.78%	-0-	N/A

**CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING FUND BALANCE SHEETS –
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Special Revenue Funds</u>	<u>Nonmajor Permanent Funds</u>	<u>Capital Projects Fund</u>	<u>Total</u>
ASSETS				
Cash	\$ 1,379,336	\$ 31,355	\$ 601,521	\$ 2,012,212
Investments	88,434	177,180	38,269	303,883
Receivables (net of allowances for uncollectibles)				
Loans	12,812	-0-	-0-	12,812
Grants	72,431	-0-	-0-	72,431
Contributions	6,489	-0-	-0-	6,489
Interest	-0-	55	-0-	55
Due from other funds	<u>134,903</u>	<u>-0-</u>	<u>-0-</u>	<u>134,903</u>
TOTAL ASSETS	\$ <u>1,694,405</u>	\$ <u>208,590</u>	\$ <u>639,790</u>	\$ <u>2,542,785</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 98,568	\$ -0-	\$ -0-	\$ 98,568
Accrued interest payable	40,615	-0-	-0-	40,615
Deferred revenue	<u>12,245</u>	<u>-0-</u>	<u>-0-</u>	<u>12,245</u>
Total liabilities	<u>151,428</u>	<u>-0-</u>	<u>-0-</u>	<u>151,428</u>
Fund Balances				
Designated	-0-	208,590	-0-	208,590
Assigned	1,577,077	-0-	639,790	2,216,867
Unassigned	(34,100)	<u>-0-</u>	<u>-0-</u>	(34,100)
Total fund balances	<u>1,542,977</u>	<u>208,590</u>	<u>639,790</u>	<u>2,391,357</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>1,694,405</u>	\$ <u>208,590</u>	\$ <u>639,790</u>	\$ <u>2,542,785</u>

The accompanying notes are an integral part of the combining financial statements.

CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Special Revenue</u>	<u>Nonmajor Permanent</u>	<u>Capital Projects</u>	
	<u>Funds</u>	<u>Funds</u>	<u>Fund</u>	<u>Total</u>
Revenues				
Taxes and special assessments	\$ 1,221	\$ -0-	\$ -0-	\$ 1,221
Charges for services	-0-	-0-	176,347	176,347
Fines and forfeits	21,195	-0-	-0-	21,195
Investment income	13,382	35,616	1,277	50,275
Donations and contributions	269,659	-0-	-0-	269,659
Intergovernmental:				
Federal	313,255	-0-	-0-	313,255
State	2,001	-0-	-0-	2,001
Miscellaneous	<u>208</u>	<u>-0-</u>	<u>-0-</u>	<u>208</u>
Total revenues	<u>620,921</u>	<u>35,616</u>	<u>177,624</u>	<u>834,161</u>
Expenditures				
General government	-0-	-0-	90	90
Public safety	11,336	-0-	-0-	11,336
Highways and streets	-0-	-0-	10,000	10,000
Culture and recreation	-0-	-0-	30,000	30,000
Insurance and benefits paid	285,058	-0-	-0-	285,058
Community development	<u>512,529</u>	<u>-0-</u>	<u>-0-</u>	<u>512,529</u>
Total expenditures	<u>808,923</u>	<u>-0-</u>	<u>40,090</u>	<u>849,013</u>
(Deficiency) excess of revenues (under) over expenditures	(<u>188,002</u>)	<u>35,616</u>	<u>137,534</u>	(<u>14,852</u>)
Other Financing Sources (Uses)				
Operating transfers in	171,651	-0-	-0-	171,651
Operating transfers (out)	(<u>135,105</u>)	<u>-0-</u>	(<u>434,857</u>)	(<u>569,962</u>)
Total other financing sources (uses)	<u>36,546</u>	<u>-0-</u>	(<u>434,857</u>)	(<u>398,311</u>)
Net change in fund balance	(151,456)	35,616	(297,323)	(413,163)
Fund balance beginning of year	<u>1,694,433</u>	<u>172,974</u>	<u>937,113</u>	<u>2,804,520</u>
Fund balance end of year	\$ <u>1,542,977</u>	\$ <u>208,590</u>	\$ <u>639,790</u>	\$ <u>2,391,357</u>

The accompanying notes are an integral part of the combining financial statements.

**CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING FUND BALANCE SHEETS –
NONMAJOR GOVERNMENTAL FUNDS –
SPECIAL REVENUE FUNDS
JUNE 30, 2011**

	<u>Assets</u> <u>Forfeiture and</u> <u>Reimbursement</u> <u>Grant</u>	<u>Historical</u> <u>Preservation</u>	<u>Riskwatch</u>	<u>Unemployment</u>	<u>Police</u> <u>Special</u> <u>Projects</u>	<u>Neighborhood</u> <u>Stabilization</u>	<u>County</u> <u>Rehab</u>	<u>Riverfront</u> <u>Park</u>	<u>Workers</u> <u>Compensation</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u>	<u>Farmers</u> <u>Market</u>	<u>Medical</u> <u>FSA</u>	<u>Total</u>
ASSETS													
Cash	\$ 74,287	\$ 30,889	\$ -0-	\$ 546,689	\$ 20,228	\$ 38,109	\$ 29,177	\$ 12,448	\$ 622,527	\$ 42	\$ 734	\$ 4,206	\$ 1,379,336
Investments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	88,434	-0-	-0-	-0-	88,434
Receivables (net of allowances for uncollectibles)													
Loans	-0-	12,812	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,812
Grants	-0-	-0-	-0-	-0-	-0-	72,431	-0-	-0-	-0-	-0-	-0-	-0-	72,431
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	6,489	-0-	-0-	-0-	6,489
Due from/(to) other funds	<u>-0-</u>	<u>41,424</u>	<u>-0-</u>	<u>134,903</u>	<u>-0-</u>	<u>(41,424)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>134,903</u>
TOTAL ASSETS	\$ <u>74,287</u>	\$ <u>85,125</u>	\$ <u>-0-</u>	\$ <u>681,592</u>	\$ <u>20,228</u>	\$ <u>69,116</u>	\$ <u>29,177</u>	\$ <u>12,448</u>	\$ <u>717,450</u>	\$ <u>42</u>	\$ <u>734</u>	\$ <u>4,206</u>	\$ <u>1,694,405</u>
LIABILITIES AND FUND BALANCES													
Liabilities													
Accounts payable	\$ -0-	\$ 84	\$ -0-	\$ 4,084	\$ 2,500	\$ 69,070	\$ -0-	\$ 5,933	\$ 16,405	\$ -0-	\$ 271	\$ 221	\$ 98,568
Accrued interest payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	40,615	-0-	-0-	-0-	-0-	40,615
Deferred revenue	-0-	12,245	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	12,245
Total liabilities	<u>-0-</u>	<u>12,329</u>	<u>-0-</u>	<u>4,084</u>	<u>2,500</u>	<u>69,070</u>	<u>-0-</u>	<u>46,548</u>	<u>16,405</u>	<u>-0-</u>	<u>271</u>	<u>221</u>	<u>151,428</u>
Fund Balances													
Assigned	74,287	72,796	-0-	677,508	17,728	46	29,177	-0-	701,045	42	463	3,985	1,577,077
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-	-0-	(34,100)	-0-	-0-	-0-	-0-	(34,100)
Total fund balances	<u>74,287</u>	<u>72,796</u>	<u>-0-</u>	<u>677,508</u>	<u>17,728</u>	<u>46</u>	<u>29,177</u>	<u>(34,100)</u>	<u>701,045</u>	<u>42</u>	<u>463</u>	<u>3,985</u>	<u>1,542,977</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>74,287</u>	\$ <u>85,125</u>	\$ <u>-0-</u>	\$ <u>681,592</u>	\$ <u>20,228</u>	\$ <u>69,116</u>	\$ <u>29,177</u>	\$ <u>12,448</u>	\$ <u>717,450</u>	\$ <u>42</u>	\$ <u>734</u>	\$ <u>4,206</u>	\$ <u>1,694,405</u>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

CITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Assets</u> <u>Forfeiture and</u> <u>Reimbursement</u> <u>Grant</u>	<u>Historical</u> <u>Preservation</u>	<u>Riskwatch</u>	<u>Unemployment</u>	<u>Police</u> <u>Special</u> <u>Projects</u>	<u>Neighborhood</u> <u>Stabilization</u>	<u>County</u> <u>Rehab</u>	<u>Riverfront</u> <u>Park</u>	<u>Workers</u> <u>Compensation</u>	<u>Tax</u> <u>Increment</u> <u>Financing</u> <u>District</u>	<u>Farmers</u> <u>Market</u>	<u>Medical</u> <u>FSA</u>	<u>Total</u>
Revenues													
Taxes and special assessments	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,221	\$ -0-	\$ -0-	\$ 1,221
Fines and forfeits	21,195	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	21,195
Investment income	44	540	-0-	1,048	-0-	-0-	-0-	55	11,695	-0-	-0-	-0-	13,382
Donations and contributions	-0-	4,695	-0-	-0-	6,650	-0-	-0-	-0-	238,198	-0-	-0-	20,116	269,659
Intergovernmental:													
Federal	-0-	-0-	-0-	-0-	-0-	313,255	-0-	-0-	-0-	-0-	-0-	-0-	313,255
State	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	2,001	-0-	2,001
Miscellaneous	<u>166</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>42</u>	<u>-0-</u>	<u>-0-</u>	<u>208</u>
Total revenues	<u>21,405</u>	<u>5,235</u>	<u>-0-</u>	<u>1,048</u>	<u>6,650</u>	<u>313,255</u>	<u>-0-</u>	<u>55</u>	<u>249,893</u>	<u>1,263</u>	<u>2,001</u>	<u>20,116</u>	<u>620,921</u>
Expenditures													
Public safety	8,754	-0-	-0-	-0-	2,582	-0-	-0-	-0-	-0-	-0-	-0-	-0-	11,336
Insurance and benefits paid	-0-	-0-	-0-	11,300	-0-	-0-	-0-	-0-	256,849	-0-	-0-	16,909	285,058
Community development	-0-	9,061	8,362	-0-	-0-	313,209	2,500	176,638	-0-	1,221	1,538	-0-	512,529
Total expenditures	<u>8,754</u>	<u>9,061</u>	<u>8,362</u>	<u>11,300</u>	<u>2,582</u>	<u>313,209</u>	<u>2,500</u>	<u>176,638</u>	<u>256,849</u>	<u>1,221</u>	<u>1,538</u>	<u>16,909</u>	<u>808,923</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,651</u>	<u>(3,826)</u>	<u>(8,362)</u>	<u>(10,252)</u>	<u>4,068</u>	<u>46</u>	<u>(2,500)</u>	<u>(176,583)</u>	<u>(6,956)</u>	<u>42</u>	<u>463</u>	<u>3,207</u>	<u>(188,002)</u>
Other Financing Sources (Uses)													
Operating transfers in	-0-	-0-	-0-	-0-	-0-	-0-	-0-	171,651	-0-	-0-	-0-	-0-	171,651
Operating transfers (out)	<u>-0-</u>	<u>-0-</u>	<u>(202)</u>	<u>(134,903)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(135,105)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>-0-</u>	<u>(202)</u>	<u>(134,903)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>171,651</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>36,546</u>
Net change in fund balance	12,651	(3,826)	(8,564)	(145,155)	4,068	46	(2,500)	(4,932)	(6,956)	42	463	3,207	(151,456)
Fund balance beginning of year	<u>61,636</u>	<u>76,622</u>	<u>8,564</u>	<u>822,663</u>	<u>13,660</u>	<u>-0-</u>	<u>31,677</u>	<u>(29,168)</u>	<u>708,001</u>	<u>-0-</u>	<u>-0-</u>	<u>778</u>	<u>1,694,433</u>
Fund balance end of year	\$ <u>74,287</u>	\$ <u>72,796</u>	\$ <u>-0-</u>	\$ <u>677,508</u>	\$ <u>17,728</u>	\$ <u>46</u>	\$ <u>29,177</u>	\$ <u>(34,100)</u>	\$ <u>701,045</u>	\$ <u>42</u>	\$ <u>463</u>	\$ <u>3,985</u>	\$ <u>1,542,977</u>

The accompanying independent auditor's report and notes are an integral part of the combining financial statements.

CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING FUND BALANCE SHEETS –
 NONMAJOR GOVERNMENTAL FUNDS –
 PERMANENT FUNDS
 JUNE 30, 2011

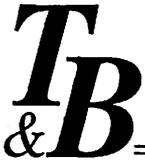
	<u>Charles Hurst Fund</u>	<u>Caroline Jackson Fund</u>	<u>Julia and Ben Nathan Fund</u>	<u>RJA Boreman Fund</u>	<u>Solomon Prager Fund</u>	<u>Total</u>
ASSETS						
Cash	\$ 13,182	\$ 6,452	\$ 9,514	\$ 57	\$ 2,150	\$ 31,355
Investments	-0-	118,574	-0-	58,606	-0-	177,180
Interest receivable	<u>-0-</u>	<u>55</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>55</u>
TOTAL ASSETS	\$ <u>13,182</u>	\$ <u>125,081</u>	\$ <u>9,514</u>	\$ <u>58,663</u>	\$ <u>2,150</u>	\$ <u>208,590</u>
LIABILITIES AND FUND BALANCES						
Fund Balances						
Designated	\$ <u>13,182</u>	\$ <u>125,081</u>	\$ <u>9,514</u>	\$ <u>58,663</u>	\$ <u>2,150</u>	\$ <u>208,590</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>13,182</u>	\$ <u>125,081</u>	\$ <u>9,514</u>	\$ <u>58,663</u>	\$ <u>2,150</u>	\$ <u>208,590</u>

The accompanying notes are an integral part of the combining financial statements.

**CITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS -
 PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Charles Hurst Fund</u>	<u>Caroline Jackson Fund</u>	<u>Julia and Ben Nathan Fund</u>	<u>RJA Boreman Fund</u>	<u>Solomon Prager Fund</u>	<u>Total</u>
Revenues						
Investment income	\$ <u>15</u>	\$ <u>35,494</u>	\$ <u>-0-</u>	\$ <u>105</u>	\$ <u>2</u>	\$ <u>35,616</u>
Total revenues	<u>15</u>	<u>35,494</u>	<u>-0-</u>	<u>105</u>	<u>2</u>	<u>35,616</u>
Expenditures						
Benefits paid	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	15	35,494	-0-	105	2	35,616
Fund balance beginning of year	<u>13,167</u>	<u>89,587</u>	<u>9,514</u>	<u>58,558</u>	<u>2,148</u>	<u>172,974</u>
Fund balance end of year	\$ <u>13,182</u>	\$ <u>125,081</u>	\$ <u>9,514</u>	\$ <u>58,663</u>	\$ <u>2,150</u>	\$ <u>208,590</u>

The accompanying notes are an integral part of the combining financial statements.



Tetrick & Bartlett, PLLC

*Certified Public Accountants
Consultants*

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • www.tetrickbartlett.com

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

The Honorable Mayor and Council
City of Parkersburg
Parkersburg, West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Parkersburg, West Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City of Parkersburg, West Virginia's basic financial statements and have issued our report thereon dated February 25, 2012. 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, West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Parkersburg, West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Parkersburg, West Virginia's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as items 11-1 through 11-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Parkersburg, West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 11-3 and 11-4.

The City of Parkersburg, West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Parkersburg, West Virginia's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, City Council, others within the entity, federal and state awarding agencies and pass-through entities, and the West Virginia State Auditor's Office Chief Inspector Division and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

Detrick . Boutwell, PHC

February 25, 2012



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

The Honorable Mayor and Council
City of Parkersburg
Parkersburg, West Virginia

Compliance

We have audited the City of Parkersburg, West Virginia's compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Parkersburg, West Virginia's major federal programs for the year ended June 30, 2011. The City of Parkersburg, West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Parkersburg, West Virginia's management. Our responsibility is to express an opinion on the City of Parkersburg, West Virginia'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 the City of Parkersburg, West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Parkersburg, West Virginia's compliance with those requirements.

In our opinion, the City of Parkersburg, West Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Parkersburg, West Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Parkersburg, West Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the City of Parkersburg, West Virginia's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-5 to be a material weakness.

The City of Parkersburg, West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Parkersburg, West Virginia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, federal and state awarding agencies and pass-through entities, and the West Virginia State Auditor's Office Chief Inspector Division and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record.

D. Struck • Bastiott, PHA

February 25, 2012

CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Parkersburg, West Virginia.
2. Two deficiencies relating to the audit of the financial statements are reported in the 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*. These deficiencies are reported as material weaknesses.
3. Two instances of noncompliance material to the financial statements of the City of Parkersburg, West Virginia which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. One deficiency in internal control over major federal award programs was disclosed during the audit and reported in the independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with *OMB Circular A-133*. This deficiency is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for the City of Parkersburg, West Virginia expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of *OMB Circular A-133* are reported in this schedule.
7. The programs tested as major programs were the United States Department of Housing and Urban Development, Office of Community Planning and Development, Home Investment Partnerships Program – CFDA Number 14.239, United States Department of Housing and Urban Development, Office of Community Planning and Development, Community Development Block Grants/Entitlement Grants – CFDA Number 14.218, United States Department of Housing and Urban Development, Office of Community Planning and Development, ARRA – Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.218 and United States Department of Housing and Urban Development, Office of Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.228.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The City of Parkersburg, West Virginia was not determined to be a low risk auditee.

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

B. Findings - Financial Statements Audit

11-1 Segregation of Duties

Criteria: Analysis of the internal control system indicated a lack of segregation of duties.

Condition: Responsibility for approving executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Cause: Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible.

Effect: Because of the lack of segregated duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: Responsibilities of approval, execution, recording and custody should be distributed among the accounting staff to the degree possible.

Entity's Response: We recognize that there is a need to segregate duties among the office staff and duties will be adjusted accordingly.

11-2 Grant Administration

Criteria: Analysis of the internal control system indicated that certain grants are not administrated properly.

Condition: The administration of certain grants takes place in several locations and are not being observed to insure compliance with all covenants, that all items entitled to be drawn upon are drawn upon, and that the amounts requested are actually received and received in a timely manner.

Cause: The administration of certain grants takes place in several locations.

Effect: Because the administration of certain grants takes place in several locations, items may not be drawn upon or funds requested may not be received or received in a timely manner.

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

Recommendation: Procedures should be implemented to insure that items entitled to be drawn upon are drawn upon, and amounts requested are actually received or received in a timely manner.

Entity's Response: We agree with the recommendation and will put procedures in place to insure proper administration of grants.

11-3 Expenditures in Excess of Levy Amount

Criteria: West Virginia Code §11-8-26 states in part that:

"...a local fiscal body shall not expend money or incur obligations

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for the current expenses..."

Condition: It was noted during this audit that the City of Parkersburg, West Virginia, expended funds in excess of the approved budget in the General Fund Culture and Recreation category, as follows:

	<u>Approved Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
Culture and Recreation	\$ <u>525,068</u>	\$ <u>538,968</u>	\$ <u>(13,900)</u>

Cause: The City failed to amend the budget for the General Fund Culture and Recreation category, to include additional expenditures.

Effect: Because of the City's failure to amend the General Fund's budget with the State Tax Commissioner, the General Fund is currently over expended in the Culture and Recreation category.

Recommendation: The City should amend its budget as necessary throughout the year with the State Tax Commissioner.

Entity's Response: The City will attempt to amend its budget with the State Tax Commissioner as necessary.

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

11-4 Unexpended Fund Balance – General Fund

Criteria: The West Virginia Code Section 6-9-3 states in part that:

"...All unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the account with an appropriation is closed."

In addition, a State Supreme Court decision stated that:

"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefore when levies are being laid for that year...Ireland v Board of Education 115 WV 614, 177 S.E. 452 (1934)."

Condition: It was determined during this audit that the City did not submit a budget revision for the General Fund to appropriate the actual unexpended fund balance from June 30, 2010.

Cause: Unknown.

Effect: The City is not in compliance with the above mentioned state code.

Recommendation: The City should amend its budget of the General Fund for the proper amount of unexpended fund balance from the end of the previous fiscal year.

Entity's Response: The City will amend its budget as necessary.

CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011

C. Findings and Questioned Costs - Major Federal Award Program Audit

United States Department of Housing and Urban Development, Office of Community Planning and Development, Home Investment Partnerships Program – CFDA Number 14.239 – Fiscal Year Ended June 30, 2011; United States Department of Housing and Urban Development, Office of Community Planning and Development, Community Development Block Grants/Entitlement Grants – CFDA Number 14.218 – Fiscal Year Ended June 30, 2011; United States Department of Housing and Urban Development, Office of Community Planning and Development, ARRA – Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.218 – Fiscal Year Ended June 30, 2011; and United States Department of Housing and Urban Development, Office of Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.228 – Fiscal Year Ended June 30, 2011.

11-5 Segregation of Duties

Criteria: Analysis of the internal control system indicated a lack of segregation of duties.

Condition: Responsibility for approving executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Cause: Responsibilities of approval, execution, recording and custody are not distributed among the office staff to the best degree possible.

Effect: Because of the lack of segregated duties, internal control elements do not reduce to a relatively low level the risk that irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: Responsibilities of approval, execution, recording and custody should be distributed among the accounting staff to the degree possible.

Entity's Response: We recognize that there is a need to segregate duties among the office staff and duties will be adjusted accordingly.

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Federal Expenditures</u>
United States Department of Justice			
<i>Bureau of Justice Assistance</i>			
Edward Byrne Memorial Justice Assistance Program Grant Program	16.738	2009-DJ-BX-0159	\$ 36,000
Edward Byrne Memorial Justice Assistance Program Grant Program	16.738	2010-DJ-BX-0372	27,000
<i>Office of Justice Programs/Wood County Commission</i>			
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments	16.804		73,523
<i>State of West Virginia Division of Criminal Justice Services</i>			
Edward Byrne Memorial Formula Grant Program	16.579	2008-DJ-BX-0002	105,974
<i>West Virginia Department of Transportation</i>			
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	SRTS-2009(148)D	<u>59,109</u>
Total United States Department of Justice			\$ <u>301,606</u>
United States Department of Housing and Urban Development			
<i>Office of Community Planning and Development</i>			
Home Investment Partnerships Program	14.239	M-09-DC540203	\$ 254,819
Community Development Block Grant Grants/Entitlement Grants	14.218	B-10-MC-54-0003	869,725
ARRA – Community Development Block Grant Grants/Entitlement Grants	14.218	B-10-MC-54-0003	55,654
<i>West Virginia Development Office</i>			
Emergency Shelter Grants Program	14.231	S-09-DC-54-001	19,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08SCBG0074N	<u>313,255</u>
Total United States Department of Housing and Urban Development			\$ <u>1,512,453</u>
United States Department of the Interior			
<i>National Park Service/West Virginia Development Office</i>			
National Park Service Land and Water Conservation Fund	15.196	09LWCF00000	\$ <u>84,395</u>
Total United States Department of the Interior			\$ <u>84,395</u>

**CITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

<u>Federal Grantor/Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Total Federal Expenditures</u>
United States Department of Transportation			
<i>Federal Highway Administration/West Virginia Department of Transportation Division of Highways</i>			
ARRA – Highway Planning and Construction	20.205	TEA-OH22(001)D	\$ <u>292,586</u>
Total United States Department of Transportation			\$ <u>292,586</u>
United States Environmental Protection Agency			
<i>Office of Solid Waste and Emergency Response</i>			
ARRA – Brownsfields Assessment and Cleanup Cooperative Agreements	66.818	BF-97398801	\$ <u>12,038</u>
Total United States Environmental Protection Agency			\$ <u>12,038</u>
United States Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-04138	\$ <u>135,000</u>
Total United States Department of Homeland Security			\$ <u>135,000</u>
United States Department of Energy			
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	DE-RW0000159	\$ <u>41,229</u>
Total United States Department of Energy			\$ <u>41,229</u>
Total Federal Expenditures			\$ <u>2,379,307</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City of Parkersburg, West Virginia's federal award programs and presents transactions that would be included in the financial statements of the City of Parkersburg presented on the accrual basis of accounting as contemplated by accounting principles generally accepted in the United States of America.

The accompanying independent auditor's report is an integral part of this schedule.

**CITY OF PARKERSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Financial Audit

10-1 Segregation of Duties

General Fund

Condition: Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Recommendation: Responsibilities of approval, execution, recording and custody should be distributed among the accounting staff to the degree possible.

Current Status: This finding still exists at June 30, 2011.

10-2 Grant Administration

Condition: The administration of certain grants takes place in several locations and are not being observed to insure compliance with all covenants, that all items entitled to be drawn upon are drawn upon, and that the amounts requested are actually received in a timely manner.

Recommendation: Procedures should be implemented to insure that items entitled to be drawn upon are drawn upon, and amounts requested are actually received or received in a timely manner.

Current Status: This finding still exists at June 30, 2011.

10-3 Deposits

Condition: Amounts received were not always deposited with financial institutions in a timely manner.

Recommendation: Deposits should be made in a timely manner.

Current Status: There was no such finding at June 30, 2011.

**CITY OF PARKERSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

10-4 Reconciliations

Condition: Account subsidiary ledgers are not always being reconciled to the main ledger on a regular and timely basis.

Recommendation: Account subsidiary ledgers and reconciliations should always be completed and compared to the main ledger on an appropriate basis but at least monthly.

Current Status: There was no such finding at June 30, 2011.

10-5 Direct Deposit Authorization

Condition: Direct deposit authorizations could not be located for certain employees.

Recommendation: The City should obtain and retain all authorizations for all employees with direct deposit for payroll.

Current Status: There was no such finding at June 30, 2011.

10-6 Timely Reporting of Grant Hours

Condition: Timesheets were not provided to the fiscal officer on a timely basis to allow grant funds to be drawn and reimbursed to the City timely.

Recommendation: The City should put procedures in place to insure that timesheets are provided to the fiscal officer quickly so that grant funds may be drawn upon in a timelier manner.

Current Status: There was no such finding at June 30, 2011.

10-7 Expenditures in Excess of Levy Amount

Condition: It was determined during this audit that the City of Parkersburg expended funds in excess of approved budget amounts.

Recommendation: The City should amend its budget as necessary throughout the year with the State Tax Commissioner.

Current Status: This finding still exists at June 30, 2011.

**CITY OF PARKERSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2011**

10-8 Unexpended Fund Balance

Condition: It was determined during this audit that the City did not submit a budget revision to appropriate the actual unexpended fund balance.

Recommendation: The City should amend its budget for the proper amount of unexpended fund balance from the end of the previous fiscal year.

Current Status: This finding still exists at June 30, 2011.

United States Department of Housing and Urban Development – Community Development Block Grants/Entitlement Grants – CFDA Number 14.218, The Home Program; Home Investment Partnerships Program – CFDA Number 14.239, and Community Development Block Grant Grants – Section 108 Loan Guarantees – CFDA Number 14.248 – Fiscal Year Ended June 30, 2010

10-9 Segregation of Duties

Condition: Responsibility for approving, executing, and recording transactions and custody of the resulting asset arising from the transaction is not assigned to separate individuals.

Recommendation: Responsibilities of approval, execution, recording and custody should be distributed among the accounting staff to the degree possible.

Current Status: This finding still exists at June 30, 2011.

10-10 Timely Reporting of Grant Hours

Condition: Timesheets were not provided to the fiscal officer on a timely basis to allow grant funds to be drawn and reimbursed to the City timely.

Recommendation: The City should put procedures in place to insure that timesheets are provided to the fiscal officer quickly so that grant funds may be drawn upon in a timelier manner.

Current Status: There was no such finding at June 30, 2011.

**CITY OF PARKERSBURG, WEST VIRGINIA
PARKERSBURG, WEST VIRGINIA**

February 25, 2012

CORRECTIVE ACTION PLAN

United States Department of Housing and Urban Development

City of Parkersburg, West Virginia respectfully submits the following corrective action plan for the year ended June 30, 2011.

Name and address of independent public accounting firm: Tetrick & Bartlett, PLLC,
P.O. Box 1916, Clarksburg, West Virginia 26302-1916.

Audit Period: July 1, 2010 – June 30, 2011

The findings from the June 30, 2011 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

B. Findings – Financial Statement Audit

Material Weaknesses

11-1 Segregation of Duties

Recommendation: Responsibilities of approval, executing, recording and custody should be distributed amount the accounting staff to the degree possible.

Action Taken: To the extent possible, the City has segregated its duties. Any further segregation of duties would not be economically feasible.

11-2 Grant Administration

Recommendation: Procedures should be implemented to insure that items entitled to be drawn upon are drawn upon, and amounts requested are actually received or received in a timely manner.

Action Taken: The City will implement procedures to insure that items entitled to be drawn upon are drawn upon, and amounts requested are actually received or received in a timely manner.

11-3 Expenditures in Excess of Levy Amounts

Recommendation: The City should amend its budget as necessary throughout the year with the State Tax Commissioner.

Action Taken: The City will implement procedures to assure that it amends its budget as necessary throughout the year with the State Tax Commissioner.

11-4 Unexpended Fund Balance – General Fund

Recommendation: The City should amend its budget of the General Fund for the proper amount of unexpended fund balance from the end of the previous fiscal year.

Action Taken: The City will implement procedures to assure that it amends its budget of the General Fund for the proper amount of unexpended fund balance from the end of the previous fiscal year.

C. Findings and Questioned Costs – Major Federal Award Program Audit

United States Department of Housing and Urban Development, Office of Community Planning and Development, Home Investment Partnerships Program – CFDA Number 14.239 – Year Ended June 30, 2011; United States Department of Housing and Urban Development, Office of Community Planning and Development, Community Development Block Grants/ Entitlement Grants – CFDA Number 14.218 – Year Ended June 30, 2011; United States Department of Housing and Urban Development, Office of Community Planning and Development, ARRA – Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.218 – Year Ended June 30, 2011; and United States Department of Housing and Urban Development, Office of Community Development Block Grant Grants/Entitlement Grants – CFDA Number 14.228 – Year Ended June 30, 2011.

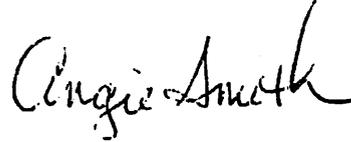
11-5 Segregation of Duties

Recommendation: Responsibilities of approval, executing, recording and custody be distributed amount the accounting staff to the degree possible.

Action Taken: To the extent possible, the City has segregated its duties. Any further segregation of duties would not be economically feasible.

If the United States Department of Housing and Urban Development (Oversight Agency) has any questions regarding this plan, please contact Angie Smith (Director of Finance) at 304-424-8566.

Very truly yours,

A handwritten signature in cursive script that reads "Angie Smith".

Angie Smith
Director of Finance