

**AUDIT REPORT OF
PARKERSBURG, WEST VIRGINIA
A CLASS II MUNICIPALITY IN WOOD COUNTY
For the Fiscal Year Ended June 30, 2012**

**AUDIT REPORT OF
THE MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Home

PROPRIETARY FUND TYPES

MAJOR FUNDS

Memorial Bridge
Parking Garage

NONMAJOR FUNDS

Special Revenue Funds

Asset Forfeiture and Reimbursement
Historical Preservation
Police Special Projects
Neighborhood Stabilization
County Rehab
Tax Increment Financing District
Farmers Market
Medical FSA
Community Development
Employees Benefits

Proprietary Fund

Parks and Recreation

Debt Service Fund

Riverfront Park

Permanent Funds

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

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FIDUCIARY FUND TYPES

Agency Fund

Tree commission

Pension Funds

Policemen's Pension and Relief

Firemen's Pension and Relief

COMPONENT UNIT

Discretely Presented

Utility Board

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Page(s)</u>
Introductory Section	
Municipal Officials.....	1
Financial Section	
Independent Auditor's Report.....	2-4
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.....	5-6
Statement of Activities.....	7-8
<i>Fund Financial Statements:</i>	
Balance Sheet - Governmental Funds.....	9
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets.....	10
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	11-12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - General Fund.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) - Coal Severance Tax Fund.....	15
Statement of Net Assets - Proprietary Funds.....	16-17
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds.....	18
Statement of Cash Flows - Proprietary Funds.....	19-20
Statement of Fiduciary Net Assets - Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	22
<i>Notes to the Financial Statements.....</i>	23-48
Required Supplementary Information	
Schedules of Funding Progress- Policemen's and Firemen's Pension and Relief Funds.....	49
Schedules of Employer Contributions- Policemen's and Firemen's Pension and Relief Funds.....	50

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
TABLE OF CONTENTS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Page(s)

Supplementary Information

Schedule of Rate Covenant Compliance	51
--------------------------------------------	----

Combining and Individual Fund Statements:

Combining Balance Sheet - Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	53 - 54
Combining Balance Sheet - Nonmajor Special Revenue Funds	55
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	56
Balance Sheet - Nonmajor Debt Service Fund	57
Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Fund	58
Combining Balance Sheet - Nonmajor Permanent Funds	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds	60
Combining Statement of Net Assets - Nonmajor Proprietary Fund	61 - 62
Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor - Proprietary Fund	63
Statement of Cash Flows - Nonmajor - Proprietary Fund	64
Combining Statement of Fiduciary Net Assets - Pension Trust Funds	65
Combining Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	66
Combining Statement of Fiduciary Net Assets - Agency Funds	67

Accompanying Information

Single Audit Reporting Package

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	68 - 70
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	71 - 72
Schedule of Expenditures of Federal Awards	73 - 74
Notes to the Schedule of Expenditures of Federal Awards	75
Schedule of Findings and Questioned Costs	76 - 81
Summary Schedule of Prior Audit Findings	82
Summary Schedule of Prior Audit Findings - Single Audit	83

INTRODUCTORY SECTION

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2012

OFFICE	NAME	TERM
<u>Elective</u>		
Mayor:	Robert Newell	01-01-09 / 12-31-12
Council Members:	Tom Joyce	01-01-09 / 12-31-12
	David Bradley Kimes	01-01-09 / 12-31-12
	Sharon H. Lynch	01-01-09 / 12-31-12
	W. James Reed	01-01-09 / 12-31-12
	Mike Reynolds	01-01-09 / 12-31-12
	John W. Rockhold III	01-01-09 / 12-31-12
	John R. Sandy	01-01-09 / 12-31-12
	Sharyn Tallman	01-01-09 / 12-31-12
	Nancy M. Wilcox	01-01-09 / 12-31-12
<u>Appointive</u>		
Finance Director:	Angie Smith	
City Clerk:	Connie Shaffer	
Municipal Attorney:	Joseph Santer	

FINANCIAL SECTION



State of West Virginia

Office of the State Auditor
Chief Inspector Division

1900 Kanawha Boulevard, East
State Capitol Complex, Building 1, Room W-100
Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Parkersburg
Parkersburg, West Virginia 26101

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 Municipality of Parkersburg, West Virginia (the Municipality), as of and for the year ended June 30, 2012, which collectively comprise the Municipality's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity'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 represents 100% of assets, net assets, and revenues of the aggregate discretely presented component units. Those 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 and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, 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 Municipality of Parkersburg, West Virginia, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2013, on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

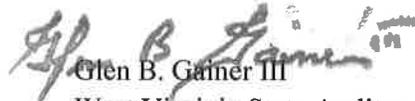
Accounting principles generally accepted in the United States of America require that the Schedules of Funding Progress and the Schedules of Employer Contributions for the Police and Fire Pension Relief Funds on pages 52-53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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 and the other auditors 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.

The Municipality has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Rate Covenant Compliance, and Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Rate Covenant Compliance and the Schedule of Expenditures of Federal Awards 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the report of the other auditors, the Schedule of Rate Covenant Compliance and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The introductory section listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,


Glen B. Gainer III
West Virginia State Auditor

January 30, 2013

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2012

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Utility</u> <u>Board</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 5,902,367	\$ 1,352,877	\$ 7,255,244	\$ 8,177,017
Investments	1,521,203	769,385	2,290,588	--
Receivables:				
Accounts	1,137,337	--	1,137,337	1,738,050
Accrued interest	23,761	--	23,761	--
Taxes	3,005,739	--	3,005,739	--
Bonds proceeds receivable	--	--	--	452,223
Loans	5,286,366	--	5,286,366	--
Grants	170,052	--	170,052	--
Contributions	31,904	--	31,904	--
Municipal fees	12,680	--	12,680	--
Internal balances	9,901	(9,901)	--	--
Inventory, at cost	--	--	--	227,412
Prepaid expenses	--	--	--	11,740
Total current assets	17,101,310	2,112,361	19,213,671	10,606,442
Noncurrent assets:				
Regular account	--	10,986	10,986	--
Reserve account	--	67,057	67,057	--
Restricted cash	--	2,519,278	2,519,278	--
Debt service	--	--	--	8,567,641
Capital maintenance and construction	--	--	--	3,917,154
Sanitary sewer overflow	--	--	--	1,480,218
Customer deposits	--	--	--	439,604
Capital assets:				
Nondepreciable:				
Land	728,223	1,251,225	1,979,448	2,072,870
Construction in progress	--	--	--	8,185,977
Depreciable:				
Buildings	--	3,100	3,100	51,559,350
Structures and improvements	13,259,595	7,292,218	20,551,813	--
Infrastructure	2,566,681	--	2,566,681	--
Machinery and equipment	9,958,602	1,059,869	11,018,471	102,366,064
Leasehold improvements	--	54,411	54,411	--
Less: accumulated depreciation	(16,180,709)	(6,069,253)	(22,249,962)	(63,546,669)
Other debits:				
Unamortized note issue costs	7,522	21,202	28,724	2,090,446
Total noncurrent assets	10,339,914	6,210,093	16,550,007	117,132,655
Total assets	\$ 27,441,224	\$ 8,322,454	\$ 35,763,678	\$ 127,739,097

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Utility Board
LIABILITIES				
Current liabilities payable				
from current assets:				
Accounts payable	\$ 571,407	\$ 30,739	\$ 602,146	\$ 751,757
Payroll payable	141,741	--	141,741	--
Other accrued expenses	3,544	--	3,544	82,190
Accrued interest payable	39,810	--	39,810	707,295
Compensated absences payable	--	4,736	4,736	183,823
Other post-employment benefits payable	7,559,229	159,881	7,719,110	2,387,891
Customer deposits	--	--	--	439,601
Due to:				
Primary government	--	--	--	17,310
Deferred revenues:				
Customer advances	--	--	--	574,639
Unearned revenue	5,906,513	--	5,906,513	--
Total current liabilities	14,222,244	195,356	14,417,600	5,144,506
Noncurrent liabilities due				
within one year:				
Bonds payable	--	50,000	50,000	3,770,361
Notes payable	79,000	--	79,000	--
Leases payable	482,566	81,266	563,832	--
Compensated absences payable	78,614	--	78,614	32,216
Noncurrent liabilities due in more than one year:				
Bonds payable	--	315,000	315,000	61,833,402
Notes payable	1,852,000	--	1,852,000	--
Leases payable	931,512	368,503	1,300,015	--
Net pension obligation payable	20,382,770	--	20,382,770	--
Compensated absences payable	582,009	9,215	591,224	--
Unamortized bond premiums	--	--	--	146,065
Total noncurrent liabilities	24,388,471	823,984	25,212,455	65,782,044
Total liabilities	38,610,715	1,019,340	39,630,055	70,926,550
NET ASSETS				
Invested in capital assets, net of related debt	\$ 6,987,314	\$ 2,776,801	\$ 9,764,115	\$ 36,270,915
Restricted for:				
Debt service	--	78,043	78,043	14,404,617
Repair and removal	--	2,519,278	2,519,278	--
Unrestricted	(18,156,805)	1,928,992	(16,227,813)	6,137,015
Total net assets	(11,169,491)	7,303,114	(3,866,377)	56,812,547
Total liabilities and net assets	\$ 27,441,224	\$ 8,322,454	\$ 35,763,678	\$ 127,739,097

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
Functions / Programs								
Primary government:								
Governmental activities:								
General government	\$ 4,656,787	\$ 7,767,026	\$ 1,030,268	\$ --	\$ 4,140,507	\$ 4,140,507	--	
Public safety	12,259,549	311,395	302,852	--	(11,645,302)	(11,645,302)	--	
Streets and transportation	6,883,479	--	--	114,006	(6,769,473)	(6,769,473)	--	
Health and sanitation	2,308,174	--	--	--	(2,308,174)	(2,308,174)	--	
Culture and recreation	234,525	--	--	120,500	(114,025)	(114,025)	--	
Insurance premiums	106,111	--	--	--	(106,111)	(106,111)	--	
Benefits paid	2,859,935	--	--	--	(2,859,935)	(2,859,935)	--	
Economic development	277,594	--	1,433,648	--	1,156,054	1,156,054	--	
Total governmental activities	29,586,154	8,078,421	2,766,768	234,506	(18,506,459)	(18,506,459)	--	
Business-type activities:								
Memorial bridge	876,496	1,854,095	--	--	--	977,599	--	
Parking garage	259,333	318,924	--	--	--	59,591	--	
Total nonmajor enterprise funds	271,245	125,874	--	--	--	(145,371)	--	
Total business-type activities	1,407,074	2,298,893	--	--	--	891,819	--	
Total primary government	\$ 30,993,228	\$ 10,377,314	\$ 2,766,768	\$ 234,506	(18,506,459)	(17,614,640)	--	
Component unit:								
Utility board	13,486,719	16,071,345	--	55,794	--	--	2,640,420	
Total component unit	\$ 13,486,719	\$ 16,071,345	\$ --	\$ 55,794	--	--	2,640,420	

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2012

Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			Component
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Unit
							Utility
General revenues:							
Ad valorem property taxes	\$ 4,760,811	\$ --	\$ --	\$ 4,760,811	\$ --	\$ --	--
Business & occupation tax	10,112,162	--	--	10,112,162	--	--	--
Alcoholic beverages tax	300,466	--	--	300,466	--	--	--
Hotel occupancy tax	149,099	--	--	149,099	--	--	--
Animal tax	10,807	--	--	10,807	--	--	--
Gas and oil severance tax	31,112	--	--	31,112	--	--	--
Amusement tax	355	--	--	355	--	--	--
Other taxes	236,605	--	--	236,605	--	--	--
Coal severance tax	166,852	--	--	166,852	--	--	--
Unrestricted investment earnings	46,167	--	--	46,167	18,729	64,896	53,544
Reimbursement	362,129	--	--	362,129	--	362,129	--
Gain on sale of capital assets	312,532	--	--	312,532	--	312,532	--
Miscellaneous	269,415	--	--	269,415	--	269,415	--
Transfers	(184,169)	--	--	(184,169)	184,169	--	--
Total general revenues and transfers	16,574,343			16,574,343	202,898	16,777,241	53,544
Change in net assets	(1,932,116)			(1,932,116)	1,094,717	(837,399)	2,693,964
Net assets - beginning, as restated (Note III.J.)	(9,237,375)			(9,237,375)	6,208,397	(3,028,978)	54,118,583
Net assets - ending	(11,169,491)			(11,169,491)	7,303,114	(3,866,377)	56,812,547

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Home Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current:					
Cash and cash equivalents	\$ 5,035,482	\$ 173,624	\$ 19,858	\$ 673,403	\$ 5,902,367
Investments	1,336,168	--	--	185,035	1,521,203
Receivables:					
Taxes	3,005,739	--	--	--	3,005,739
Accounts	1,136,337	--	--	1,000	1,137,337
Grants	170,052	--	--	--	170,052
Loans	--	--	4,120,121	1,166,245	5,286,366
Accrued interest	23,761	--	--	--	23,761
Contributions	31,904	--	--	--	31,904
Other	12,680	--	--	--	12,680
Due from:					
Other funds	43,616	--	--	26,354	69,970
Total assets	\$ <u>10,795,739</u>	\$ <u>173,624</u>	\$ <u>4,139,979</u>	\$ <u>2,052,037</u>	\$ <u>17,161,379</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	541,843	2,521	2,612	24,431	571,407
Payroll payable	141,741	--	--	--	141,741
Other accrued expenses	--	--	3,544	--	3,544
Other post-employment benefits pay:	7,559,229	--	--	--	7,559,229
Leases payable	--	--	--	285	285
Interest payable	--	--	--	39,525	39,525
Due to:					
Other funds	--	--	2,485	57,584	60,069
Deferred revenues:					
Unearned revenue	536,206	--	4,128,873	1,241,434	5,906,513
Taxes	361,428	--	--	--	361,428
Total liabilities	<u>9,140,447</u>	<u>2,521</u>	<u>4,137,514</u>	<u>1,363,259</u>	<u>14,643,741</u>
Fund balances:					
Restricted	--	--	2,465	326,385	328,850
Committed	--	171,103	--	--	171,103
Assigned	2,614,796	--	--	458,556	3,073,352
Unassigned	(959,504)	--	--	(96,163)	(1,055,667)
Total fund balances	<u>1,655,292</u>	<u>171,103</u>	<u>2,465</u>	<u>688,778</u>	<u>2,517,638</u>
Total liabilities and fund balances	\$ <u>10,795,739</u>	\$ <u>173,624</u>	\$ <u>4,139,979</u>	\$ <u>2,052,037</u>	\$ <u>17,161,379</u>

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances on the governmental fund's balance sheet	\$	2,517,638
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds (Note III.C.).		10,332,392
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note III.B.).		361,428
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 note issue costs		7,522
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note III.G.).		
Leases payable		(1,414,078)
Notes payable		(1,931,000)
Net pension obligation		(20,382,770)
Compensated absences		<u>(660,623)</u>
Net assets of governmental activities	\$	<u><u>(11,169,491)</u></u>

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Home Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 4,946,810	\$ --	\$ --	\$ 1,704	\$ 4,948,514
Business & occupation tax	10,112,162	--	--	--	10,112,162
Alcoholic beverages tax	300,466	--	--	--	300,466
Hotel occupancy tax	149,099	--	--	--	149,099
Animal tax	10,807	--	--	--	10,807
Gas and oil severance tax	31,112	--	--	--	31,112
Amusement tax	355	--	--	--	355
Other taxes	236,605	--	--	--	236,605
Coal severance tax	--	166,852	--	--	166,852
Licenses and permits	207,207	--	--	--	207,207
Intergovernmental:					
Federal	412,348	--	185,382	1,248,266	1,845,996
State	126,162	--	--	--	126,162
Charges for services	7,522,852	--	36,853	114	7,559,819
Fines and forfeits	275,862	--	--	35,533	311,395
Interest and investment earnings	29,978	283	679	15,227	46,167
Reimbursements	362,063	--	--	66	362,129
Contributions and donations	174,229	--	--	854,887	1,029,116
Miscellaneous	269,415	--	--	--	269,415
Total revenues	<u>25,167,532</u>	<u>167,135</u>	<u>222,914</u>	<u>2,155,797</u>	<u>27,713,378</u>
EXPENDITURES					
Current:					
General government	4,309,492	--	370,961	2,061	4,682,514
Public safety	11,273,491	--	--	27,422	11,300,913
Streets and transportation	5,289,810	158,893	--	1,348,656	6,797,359
Health and sanitation	2,367,161	--	--	--	2,367,161
Culture and recreation	219,000	--	--	9,300	228,300
Benefits paid	--	--	--	2,859,935	2,859,935
Insurance premiums	--	--	--	11,032	11,032
Use of capital leases	553,159	--	--	--	553,159
Economic development	--	--	--	277,124	277,124
Debt service:					
Principal	--	--	--	76,000	76,000
Interest	--	--	--	95,079	95,079
Total expenditures	<u>24,012,113</u>	<u>158,893</u>	<u>370,961</u>	<u>4,706,609</u>	<u>29,248,576</u>
Excess (deficiency) of revenues over expenditures	<u>1,155,419</u>	<u>8,242</u>	<u>(148,047)</u>	<u>(2,550,812)</u>	<u>(1,535,198)</u>

See accompanying notes to the financial statements. 11

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	General	Coal Severance Tax	Home Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 11,932	\$ --	\$ --	\$ 2,380,121	\$ 2,392,053
Transfers (out)	(2,404,035)	--	--	(172,187)	(2,576,222)
Proceeds from the sale of assets	2,532	--	--	310,000	312,532
Capital leases	553,159	--	--	--	553,159
Total other financing sources (uses)	(1,836,412)	--	--	2,517,934	681,522
Net change in fund balances	(680,993)	8,242	(148,047)	(32,878)	(853,676)
Fund balances - beginning, as restated (Note III.J.)	2,336,285	162,861	150,512	721,656	3,371,314
Fund balances - ending	\$ 1,655,292	\$ 171,103	\$ 2,465	\$ 688,778	\$ 2,517,638

MUNICIPALITY 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 Fiscal Year Ended June 30, 2012

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

Net change in fund balances - total governmental funds	\$ (853,676)
Capital outlays are reported as an expenditure in the governmental funds, but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year (Note III.C.).	726,958
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note III.C.).	(927,718)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (Note III.B.).	(187,703)
The issuance of long-term debt (e.g., notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note III.G.).	
Proceeds from capital leases	(553,159)
Principal repayments for capital leases	794,140
Principal repayments for note	76,000
Change in compensated absences	(21,536)
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)
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 (Note III.G.).	<u>(984,952)</u>
Change in net assets of governmental activities	<u>\$ (1,932,116)</u>

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	Modified Accrual Basis	Budget Basis	Amounts Budget Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Ad valorem property taxes	\$ 5,078,080	\$ 5,136,080	\$ 4,946,810	\$ 361,428	\$ 5,308,238	\$ 172,158
Business & occupation tax	9,200,000	9,597,769	10,112,162	43,300	10,155,462	557,693
Alcoholic beverages tax	240,000	240,000	300,466	--	300,466	60,466
Hotel occupancy tax	136,648	142,648	149,099	--	149,099	6,451
Animal tax	10,000	10,000	10,807	--	10,807	807
Gas and oil severance tax	25,000	25,000	31,112	--	31,112	6,112
Amusement tax	100	100	355	--	355	255
Other taxes	213,000	213,000	236,605	--	236,605	23,605
Licenses and permits	159,000	159,000	207,207	--	207,207	48,207
Intergovernmental:						
Federal	643,100	1,158,486	412,348	--	412,348	(746,138)
State	104,963	110,963	126,162	--	126,162	15,199
Charges for services	7,118,000	7,268,000	7,522,852	423,394	7,946,246	678,246
Fines and forfeits	253,000	253,000	275,862	--	275,862	22,862
Interest earnings	22,000	22,000	29,978	--	29,978	7,978
Reimbursements	326,000	326,000	362,063	--	362,063	36,063
Contributions and donations	27,237	289,387	174,229	--	174,229	(115,158)
Miscellaneous	128,500	192,011	269,415	--	269,415	77,404
Total revenues	23,684,628	25,143,444	25,167,532	828,122	25,995,654	852,210
EXPENDITURES						
Current:						
General government	4,922,088	5,720,554	4,309,492	933,757	5,243,249	477,305
Public safety	10,899,785	11,430,855	11,273,491	(554,044)	10,719,447	711,408
Streets and transportation	4,967,783	5,404,566	5,289,810	(55,196)	5,234,614	169,952
Health and sanitation	2,366,146	2,467,599	2,367,161	31,046	2,398,207	69,392
Culture and recreation	528,826	534,826	219,000	--	219,000	315,826
Use of capital leases	--	--	553,159	(553,159)	--	--
Total expenditures	23,684,628	25,558,400	24,012,113	(197,596)	23,814,517	1,743,883
Excess (deficiency) of revenues over expenditures	--	(414,956)	1,155,419	1,025,718	2,181,137	2,596,093
OTHER FINANCING SOURCES (USES)						
Transfers in	--	--	11,932	--	11,932	11,932
Transfers (out)	--	--	(2,404,035)	2,404,035	--	--
Proceeds from the sale of assets	--	--	2,532	--	2,532	2,532
Capital leases	--	--	553,159	(553,159)	--	--
Total other financing sources (uses)	--	--	(1,836,412)	1,850,876	14,464	14,464
Net change in fund balance	--	(414,956)	(680,993)	2,876,594	2,195,601	2,610,557
Fund balance - beginning	--	414,956	2,336,285	(2,876,594)	(540,309)	(955,265)
Fund balance - ending	\$ --	\$ --	\$ 1,655,292	\$ --	\$ 1,655,292	\$ 1,655,292

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes:						
Coal severance tax	\$ 150,000	\$ 150,000	\$ 166,852	\$ --	\$ 166,852	\$ 16,852
Interest earnings	--	--	283	--	283	283
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>167,135</u>	<u>--</u>	<u>167,135</u>	<u>17,135</u>
EXPENDITURES						
Current:						
Streets and transportation	<u>150,000</u>	<u>312,829</u>	<u>158,893</u>	<u>(655)</u>	<u>158,238</u>	<u>154,591</u>
Total expenditures	<u>150,000</u>	<u>312,829</u>	<u>158,893</u>	<u>(655)</u>	<u>158,238</u>	<u>154,591</u>
Net change in fund balance	--	(162,829)	8,242	655	8,897	171,726
Fund balance - beginning	<u>--</u>	<u>162,829</u>	<u>162,861</u>	<u>1,866</u>	<u>164,727</u>	<u>1,898</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 171,103</u>	<u>\$ 2,521</u>	<u>\$ 173,624</u>	<u>\$ 173,624</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

	Business-type Activities - Enterprise Funds			Totals
	Memorial Bridge	Parking Garage	Nonmajor Enterprise Funds	
ASSETS				
Current:				
Cash and cash equivalents	\$ 1,062,794	\$ 113,191	\$ 176,892	\$ 1,352,877
Investments	587,537	181,848	--	769,385
Total current assets	<u>1,650,331</u>	<u>295,039</u>	<u>176,892</u>	<u>2,122,262</u>
Noncurrent assets:				
Restricted assets:				
Regular account	--	10,986	--	10,986
Reserve account	--	67,057	--	67,057
Restricted cash	2,519,278	--	--	2,519,278
Total restricted assets	<u>2,519,278</u>	<u>78,043</u>	<u>--</u>	<u>2,597,321</u>
Capital assets:				
Nondepreciable:				
Land	260,000	991,225	--	1,251,225
Depreciable:				
Buildings	--	--	3,100	3,100
Structures and improvements	6,500,000	414,218	378,000	7,292,218
Machinery and equipment	724,438	74,309	261,122	1,059,869
Leasehold improvements	--	--	54,411	54,411
Less: accumulated depreciation	<u>(5,026,301)</u>	<u>(370,949)</u>	<u>(672,003)</u>	<u>(6,069,253)</u>
Total capital assets (net of accumulated depreciation)	<u>2,458,137</u>	<u>1,108,803</u>	<u>24,630</u>	<u>3,591,570</u>
Other debits:				
Unamortized bond issue costs	--	21,202	--	21,202
Total other debits	<u>--</u>	<u>21,202</u>	<u>--</u>	<u>21,202</u>
Total noncurrent assets	<u>4,977,415</u>	<u>1,208,048</u>	<u>24,630</u>	<u>6,210,093</u>
Total assets	<u>\$ 6,627,746</u>	<u>\$ 1,503,087</u>	<u>\$ 201,522</u>	<u>\$ 8,332,355</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

	Business-type Activities - Enterprise Funds			Nonmajor Enterprise Funds	Totals
	Memorial Bridge	Parking Garage			
LIABILITIES					
Current liabilities payable from current assets:					
Accounts payable	\$ 6,888	\$ 2,651	\$ 21,200	\$	30,739
Other post-employment benefits payable	52,526	107,355	--		159,881
Compensated absences payable	3,611	1,125	--		4,736
Due to:					
Other funds	7,033	2,647	221		9,901
Bonds payable	--	50,000	--		50,000
Leases payable	45,118	--	36,148		81,266
	115,176	163,778	57,569		336,523
Total current liabilities payable from current assets					
Noncurrent liabilities					
Bonds payable	--	315,000	--		315,000
Leases payable	200,077	--	168,426		368,503
Compensated absences payable	2,372	6,843	--		9,215
	202,449	321,843	168,426		692,718
Total noncurrent liabilities					
Total liabilities	317,625	485,621	225,995		1,029,241
NET ASSETS					
Invested in capital assets, net of related debt	2,212,942	743,803	(179,944)		2,776,801
Restricted for debt service	--	78,043	--		78,043
Restricted for repair and removal	2,519,278	--	--		2,519,278
Unrestricted	1,577,901	195,620	155,471		1,928,992
	6,310,121	1,017,466	(24,473)		7,303,114
Total net assets					
Total liabilities and net assets	\$ 6,627,746	\$ 1,503,087	\$ 201,522	\$	8,332,355

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		Nonmajor Enterprise Funds	Totals
	Memorial Bridge	Parking Garage		
Operating revenues:				
Sales and services to customers	\$ 1,854,095	\$ 154,042	\$ 125,874	\$ 2,134,011
Rental fees	--	164,788	--	164,788
Miscellaneous	--	94	--	94
Total revenues	1,854,095	318,924	125,874	2,298,893
Operating expenses:				
Personal services	357,927	164,100	--	522,027
Contractual services	191,200	13,226	164,571	368,997
Administrative and general	1,537	5,634	84	7,255
Liability insurance	106,250	17,678	2,720	126,648
Materials and supplies	17,438	18,304	33,584	69,326
Utilities	23,873	655	49,398	73,926
Depreciation	58,873	15,703	11,715	86,291
Maintenance	108,404	--	--	108,404
Amortization	--	3,533	--	3,533
Total operating expenses	865,502	238,833	262,072	1,366,407
Operating income (loss)	988,593	80,091	(136,198)	932,486
Nonoperating revenues (expenses):				
Interest revenue	8,520	9,961	--	18,481
Investment earnings	--	248	--	248
Interest and fiscal charges	(10,994)	(20,500)	(9,173)	(40,667)
Total nonoperating revenues (expenses)	(2,474)	(10,291)	(9,173)	(21,938)
Income (loss) before operating transfers and contributions	986,119	69,800	(145,371)	910,548
Transfers in	--	--	246,502	246,502
Transfers(out)	(25,865)	(36,468)	--	(62,333)
Change in net assets	960,254	33,332	101,131	1,094,717
Net assets at beginning of year	5,349,867	984,134	(125,604)	6,208,397
Net assets at end of year	\$ 6,310,121	\$ 1,017,466	\$ (24,473)	\$ 7,303,114

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds			Totals
	Memorial Bridge	Parking Garage	Nonmajor Proprietary Funds	
Cash flows from operating activities:				
Cash received from customers	\$ 1,854,095	\$ 318,924	\$ 140,874	\$ 2,313,893
Cash received for interfund services	7,033	2,647	221	9,901
Cash paid for goods and services	(445,206)	(57,410)	(82,334)	(584,950)
Cash paid to employees	(345,227)	(132,535)	(164,571)	(642,333)
Net cash provided (used) by operating activities	<u>1,070,695</u>	<u>131,626</u>	<u>(105,810)</u>	<u>1,096,511</u>
Cash flows from noncapital financing activities:				
Transfers in	--	--	246,502	246,502
Transfers (out)	(25,865)	(36,468)	--	(62,333)
Net cash provided (used) by noncapital financing activities	<u>(25,865)</u>	<u>(36,468)</u>	<u>246,502</u>	<u>184,169</u>
Cash flows from capital and related financing activities:				
Capital contributions	--	--	--	--
Purchases of capital assets	--	(14,095)	--	(14,095)
Principal paid on capital debt	(43,317)	(45,000)	(36,148)	(124,465)
Interest paid on capital debt	(10,994)	(20,500)	(9,173)	(40,667)
Net cash provided (used) by capital and related financing activities	<u>(54,311)</u>	<u>(79,595)</u>	<u>(45,321)</u>	<u>(179,227)</u>
Cash flows from investing activities:				
Interest received	8,520	10,209	--	18,729
Net cash provided (used) by investing activities	<u>8,520</u>	<u>10,209</u>	<u>--</u>	<u>18,729</u>
Net increase (decrease) in cash and cash equivalents	999,039	25,772	95,371	1,120,182
Cash and cash equivalents, July 1, (including \$2,085,685 in restricted accounts)	<u>3,170,570</u>	<u>347,310</u>	<u>81,521</u>	<u>3,599,401</u>
Cash and cash equivalents, June 30, (including \$2,597,321 in restricted accounts)	<u>\$ 4,169,609</u>	<u>\$ 373,082</u>	<u>\$ 176,892</u>	<u>\$ 4,719,583</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Funds		Nonmajor Proprietary Funds	Totals
	Memorial Bridge	Parking Garage		
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 988,593	\$ 80,091	\$ (136,198)	\$ 932,486
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	58,873	15,703	11,715	86,291
Amortization	--	3,533	--	3,533
Decrease (increase) in accounts receivable	--	--	15,000	15,000
Decrease (increase) in due from other funds	--	2,647	--	2,647
Decrease (increase) in due from other governments	7,033	--	221	7,254
Increase (decrease) in compensated absences	358	607	--	965
Increase (decrease) in accounts payable	5,345	(1,397)	3,452	7,400
Increase (decrease) in other accrued expenses	(1,849)	(516)	--	(2,365)
Increase (decrease) in other post-employment	12,342	30,958	--	43,300
Net cash provided by operations	<u>\$ 1,070,695</u>	<u>\$ 131,626</u>	<u>\$ (105,810)</u>	<u>\$ 1,096,511</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Non-pooled cash	\$ 903,325	\$ 4,946
Total cash	<u>903,325</u>	<u>4,946</u>
Investments, at fair value:		
Commercial paper	875,485	--
Federal government securities	4,553,868	--
Common stock	3,433,839	--
Managed bond funds	1,976,910	--
Managed stock funds	4,581,589	--
Corporate bonds	<u>2,308,242</u>	<u>--</u>
Total investments	<u>17,729,933</u>	<u>--</u>
Receivables:		
Interest	<u>78,691</u>	<u>--</u>
Total receivables	<u>78,691</u>	<u>--</u>
Total assets	<u>\$ 18,711,949</u>	<u>\$ 4,946</u>
LIABILITIES		
Refunds payable and other	<u>--</u>	<u>4,946</u>
Total liabilities	<u>--</u>	<u>4,946</u>
NET ASSETS		
Net assets held in trust for pension benefits	<u>\$ 18,711,949</u>	<u>\$ --</u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2012

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 2,662,011
Plan members	410,704
Insurance premium surtax	<u>1,228,303</u>
Total contributions	<u>4,301,018</u>
Investment income:	
Net increase (decrease) in fair value of investments	(341,206)
Interest and dividends	770,633
Miscellaneous	<u>696</u>
Net investment income	<u>430,123</u>
Total additions	<u>4,731,141</u>
DEDUCTIONS	
Benefits	4,356,786
Administrative expenses	<u>328</u>
Total deductions	<u>4,357,114</u>
Change in net assets	374,027
Net assets held in trust for pension benefits:	
Beginning of year	<u>18,337,922</u>
End of year	<u>\$ 18,711,949</u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Parkersburg, West Virginia (the Municipality), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The Municipality of Parkersburg is a municipal corporation governed by an elected mayor and nine-member council. The accompanying financial statements present the government and its component unit as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the Municipality, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component unit as required by the accounting principles generally accepted in the United States. 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 factor to consider in this evaluation is whether an entity is fiscally dependent on the Municipality.

Discretely Presented Component Unit

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

The *Parkersburg Utility Board* serves all the citizens of the Municipality 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 bond issuance authorizations are approved by the government's elected council.

Complete financial statements for the Parkersburg Utility Board can be obtained at the entity's administrative offices.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental 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 the legally separate component unit for which the primary government is financially accountable.

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 who 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. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-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, Basis of Accounting, and Financial Statement Presentation

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 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 and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and 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.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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

The government 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 Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

The *HOME fund*, a special revenue fund, accounts for the accumulation and disbursement of federal entitlement funds, which are used to benefit low to moderate income families.

The government reports the following major proprietary funds:

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.

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 Municipality 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.

The Municipality of Parkersburg, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Memorial Bridge fund, the Parking Garage fund, and the Parks and Recreation fund are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The Municipality of Parkersburg, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Municipality reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note III.A.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 mortgage association; indebtedness secured by first lien deeds of trust 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 in the top three ratings, at the time of acquisition; 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 five 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 purchase such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolios 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 five percent of the total pension fund assets; and (2) at no time can the nonreal estate equity portion of the portfolio exceed seventy-five percent of the total portfolio.

2. Receivables and Payables

Interfund Transactions

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."

Trade Receivables

All trade receivables are shown at their gross value.

Loans receivable in the Community Development and HOME funds 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.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Property Tax Receivable

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 becomes delinquent on October first; the second installment is payable on the first day 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 the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are 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 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the Municipality per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2012 were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy	TIF District
Class I	\$ --	12.50 cents	--	--
Class II	\$ 397,918,486	25.00 cents	11.036 cents	--
Class IV	\$ 533,414,911	50.00 cents	22.072 cents	50.00 cents

The Municipality of Parkersburg, West Virginia held a special election on February 9, 2010. The Municipality was authorized to lay an excess levy to provide approximately \$1,696,255 annually during the next two fiscal years ended June 30, 2011 through June 30, 2012 for the purpose of operation of the mass transit (bus) system in the City of Parkersburg.

3. Restricted Assets

Certain proceeds of the Parking Garage enterprise fund revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "restricted cash" account is used to report resources set aside to for bridge maintenance and future bridge removal.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

4. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund level proprietary funds. 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 market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Structures and improvements	40-50
System infrastructure	20
Machinery and equipment	10-15
Office and computer equipment	10

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

When a permanent full time employee retires, the employee may elect to have any accrued sick leave converted to insurance benefits based on the formula of three days sick leave for one month single coverage insurance premium or five days sick leave for one month family coverage insurance premium.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Fund Balances

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the City Council for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The City Council is the government's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the Municipality.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund, except that other post-employment benefits are not accrued for budgeting purposes. All annual appropriations lapse at fiscal year end.

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. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

General Fund:

<u>Amount</u>	<u>Description</u>
\$ 798,466	General Government Expenditure Increase
531,070	Public Safety Expenditure Increase
436,783	Streets and Transportation Expenditure Increase
101,453	Health and Sanitation Expenditure Increase
6,000	Culture and Recreation Expenditure Increase

Coal Severance Fund:

<u>Amount</u>	<u>Description</u>
\$ 162,829	Streets and Transportation Expenditure Increase

B. Deficit Fund Equity/Net Assets

The Riverfront Park fund (debt service fund) had a deficit fund balance of \$33,647 as of June 30, 2012. The deficit is due to accounting for debt servicing.

The Parks and Recreation fund had a deficit net assets of \$24,473 as of June 30, 2012. The deficit occurred due to factors such as lease obligations and large accumulated depreciation.

The Neighborhood Stabilization fund had a deficit net assets of \$23,087 as of June 30, 2012. The deficit occurred due to factors such as reported accrual liabilities.

The Community Development fund had a deficit net assets of \$39,429 as of June 30, 2012. The deficit occurred due to factors such as deferred revenues.

The Governmental Activities had a deficit net asset of \$11,169,491 as of June 30, 2012. The deficit is due to primarily recording the net pension obligation.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

Primary Government	Fair Value
Certificate of deposits	\$ 609,682
State Investment Management Board pool	1,554,541
Common Stock	126,365
Municipal Bond Commission	78,043
Total	\$ 2,368,631

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Policemen's Pension and Relief			
U.S. Treasury Bills	\$ 2,170,841	AAA	AAA
Money Market	344,841	N/A	N/A
Corporate Bonds	1,966,682	A-AAA	A1-AAA
Common Stock	4,513,935	N/A	N/A
Total	\$ 8,996,299		

Interest Rate Risk

	0-3 years	4-7 years	7-10 years
U.S. Treasury Bills	\$ 1,753,507	\$ --	\$ 417,334
Common Stock	4,513,935	--	--
Money Market	344,841	--	--
Corporate Bonds	1,068,042	898,640	--
Total	\$ 7,680,325	\$ 898,640	\$ 417,334

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Firemen's Pension and Relief			
U.S. Treasury Bills	\$ 2,383,027	AAA	AAA
Municipal Bonds	10,228	N/A	N/A
Money Market	530,644	N/A	N/A
Mutual Funds	67,654	N/A	N/A
Corporate Bonds	2,308,242	A-AAA	A1-AAA
Common Stock	3,433,839	N/A	N/A
Total	\$ 8,733,634		

Interest Rate Risk

	0-3 years	4-7 years	7-10 years	Over 10 years
U.S. Treasury Bills	\$ 518,463	\$ 624,981	\$ 197,040	\$ 1,042,543
Municipal Bond	10,228	--	--	--
Common Stock	3,433,839	--	--	--
Money Market	530,644	--	--	--
Mutual Funds	67,654	--	--	--
Corporate Bonds	824,330	914,517	305,781	263,614
Total	\$ 5,385,158	\$ 1,539,498	\$ 502,821	\$ 1,306,157

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Interest Rate Risk

The government does not have a policy for interest rate risk.

Credit Risk

State law limits investments as described in Note I.D.1. The government does not have a policy for credit risk in addition to state regulations. As of June 30, 2012, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Concentration of Credit Risk

The government does not have a policy for concentration of credit risk. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments.

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to be 100% secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. At year end, the primary government's and fiduciary funds' bank balances were \$9,774,522 and \$908,271, respectively. Balances were fully collateralized by the Municipality's financial institutions.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government's policy for custodial credit risk for investments is that no investments be purchased which do not conform to the State of West Virginia Code. At year end, the primary government's and fiduciary funds' investment balances were \$2,368,631 and \$17,729,933, respectively. Balances were fully collateralized by the Municipality's financial institutions.

A reconciliation of cash and investments as shown on the Statement of Net Assets of the primary government and Statement of Net Assets of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ 10,682,793
Investments - collateralized and secured	<u>20,098,564</u>
Total	<u>\$ 30,781,357</u>
Cash and cash equivalents	\$ 8,163,515
Cash and cash equivalents-restricted	2,519,278
Investments	<u>20,098,564</u>
Total	<u>\$ 30,781,357</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

B. Receivables

Receivables at year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate are as follows:

	General	Home Fund	Other and Nonmajor Funds	Fiduciary Funds	Total
Receivables:					
Accounts	\$ 1,136,337	\$ --	\$ 1,000	\$ --	\$ 1,137,337
Accrued interest	23,761	--	--	78,691	102,452
Taxes	3,005,739	--	--	--	3,005,739
Loans	--	4,120,121	1,166,245	--	5,286,366
Grants	170,052	--	--	--	170,052
Contributions	31,904	--	--	--	31,904
Municipal fees	12,680	--	--	--	12,680
Total					
Receivables	<u>\$ 4,380,473</u>	<u>\$ 4,120,121</u>	<u>\$ 1,167,245</u>	<u>\$ 78,691</u>	<u>\$ 9,746,530</u>

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental fund also defer revenue recognition in connections with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable (general fund)	\$ 536,206	\$ 361,428
Loans receivable (HOME fund)	4,128,873	--
Nonmajor special revenue funds	1,241,434	--
Total deferred/unearned revenue for governmental funds	<u>\$ 5,906,513</u>	<u>\$ 361,428</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 728,223	\$ --	\$ --	\$ 728,223
Total capital assets not being depreciated	<u>728,223</u>	<u>--</u>	<u>--</u>	<u>728,223</u>
Capital assets being depreciated:				
Buildings and improvements	13,259,595	--	--	13,259,595
Machinery and equipment	9,807,039	509,057	(357,494)	9,958,602
Infrastructure	2,348,780	217,901	--	2,566,681
Total accumulated depreciation	<u>(15,610,485)</u>	<u>(927,718)</u>	<u>357,494</u>	<u>(16,180,709)</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Total capital assets being depreciated, net	<u>9,804,929</u>	<u>(200,760)</u>	<u> --</u>	<u>9,604,169</u>
Governmental activities capital assets, net	<u>\$ 10,533,152</u>	<u>\$ (200,760)</u>	<u>\$ --</u>	<u>\$ 10,332,392</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	<u>\$ 1,251,225</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,251,225</u>
Total capital assets, not being depreciated	<u>1,251,225</u>	<u> --</u>	<u> --</u>	<u>1,251,225</u>
Capital assets being depreciated:				
Buildings	3,100	--	--	3,100
Structures and improvements	7,292,218	--	--	7,292,218
Leasehold improvements	54,411	--	--	54,411
Machinery and equipment	1,045,774	14,095	--	1,059,869
Less: accumulated depreciation	<u>(5,982,962)</u>	<u>(86,291)</u>	<u> --</u>	<u>(6,069,253)</u>
Total capital assets being depreciated, net	<u>2,412,541</u>	<u>(72,196)</u>	<u> --</u>	<u>2,340,345</u>
Business-type activities capital assets, net	<u>\$ 3,663,766</u>	<u>\$ (72,196)</u>	<u>\$ --</u>	<u>\$ 3,591,570</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 95,744
Public safety	251,853
Highways and streets, including depreciation of general infrastructure assets	445,802
Health and sanitation	128,094
Culture and recreation	4,732
Social services	<u>1,493</u>
Total depreciation expense-governmental activities	<u>\$ 927,718</u>
Business-type activities:	
Memorial bridge	\$ 58,873
Parking garage	15,703
Nonmajor enterprise funds	<u>11,715</u>
Total depreciation expense-business-type activities	<u>\$ 86,291</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2012, is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Parking garage	Payroll reimbursement	\$ 2,647
General	Home	Payroll reimbursement	2,485
General	Community development	Payroll reimbursement	30,927
General	Memorial bridge	Payroll reimbursement	7,033
General	Farmers market	Payroll reimbursement	303
General	Parks and recreation	Payroll reimbursement	221
Historical preservation	Neighborhood stabilization	Contractor expenses	26,354
	Total		<u>\$ 69,970</u>

Interfund transfers:

	Transfers In			
	General Fund	Nonmajor Governmental	Parks and Recreation	Total Transfers Out
Transfers out:				
General fund	\$ --	\$ 2,157,533	\$ 246,502	\$ 2,404,035
Nonmajor govern- mental funds	--	172,188	--	172,188
Parking garage	2,867	33,600		36,467
Memorial bridge	9,065	16,800	--	25,865
Total Transfers In	<u>\$ 11,932</u>	<u>\$ 2,380,121</u>	<u>\$ 246,502</u>	<u>\$ 2,638,555</u>

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	General Fund	Coal Severance	Home Fund	Nonmajor Funds	Total
Restricted:					
General government	\$ --	\$ --	\$ 2,465	\$ 223,554	\$ 226,019
Public safety	--	--	--	93,045	93,045
Culture and recreation	--	--	--	9,786	9,786
Committed:					
Other	--	171,103	--	--	171,103
Assigned:					
General government	2,614,796	--	--	382,834	2,997,630
Public safety	--	--	--	11,727	11,727
Culture and recreation	--	--	--	63,995	63,995
Unassigned	(959,504)	--	--	(96,163)	(1,055,667)
Total fund balances	<u>\$ 1,655,292</u>	<u>\$ 171,103</u>	<u>\$ 2,465</u>	<u>\$ 688,778</u>	<u>\$ 2,517,638</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

F. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of health and sanitation, streets and transportation, office and public safety equipment. 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 assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Memorial Bridge</u>	<u>Parks and Recreation</u>
Machinery, equipment and vehicles	\$ 1,414,078	\$ 245,195	\$ 204,574
Less: accumulated depreciation	<u>(205,255)</u>	<u>(30,152)</u>	<u>(21,140)</u>
Total	<u>\$ 1,208,823</u>	<u>\$ 215,043</u>	<u>\$ 183,434</u>

Assets acquired through capital leases for governmental activities were estimated since the history of these lease assets could not be converted upon implementation. The accumulated depreciation for these assets was also estimated. All new lease purchases during the fiscal year ended June 30, 2012 are stated at actual costs and actual depreciation.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>
2013	\$ 519,967	\$ 99,617
2014	457,300	99,617
2015	315,657	99,617
2016	138,662	99,617
2017	<u>61,876</u>	<u>99,617</u>
Total minimum lease payments	1,493,462	498,085
Less: amount representing interest	<u>(79,384)</u>	<u>(48,316)</u>
Present value of minimum lease payments	<u>\$ 1,414,078</u>	<u>\$ 449,769</u>

G. Long-term Debt

Notes Payable

The Municipality entered into a loan agreement with United States Department of Housing and Urban Development to finance the Point Park Public Improvements Project. On June 12, 2008, the Municipality borrowed \$2,150,000 bearing a variable interest rate.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Governmental Activities					
Purpose	Maturity Date	Interest Rates	Issued	Retired	Balance June 30, 2012
United States Dept. of Housing and Urban Development - Series 2008A	08/01/2028	Variable	\$ 2,150,000	\$ 219,000	\$ 1,931,000
Total			<u>\$ 2,150,000</u>	<u>\$ 219,000</u>	<u>\$ 1,931,000</u>

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2013	\$ 79,000	\$ 93,352
2014	83,000	90,183
2015	86,000	86,743
2016	90,000	83,015
2017	94,000	78,960
2018 - 2022	534,000	323,456
2023 - 2027	659,000	172,639
2028 - 2032	306,000	16,718
Total	<u>\$ 1,931,000</u>	<u>\$ 945,066</u>

Revenue Bonds

The Municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. The proceeds of these bonds were used for the construction and improvement of the Parking Garage system. Revenue Bonds outstanding at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	June 30, 2012
Business-type activities:					
Series 2003A Parking					
Revenue Bonds	06/01/2018	5.00%	\$ 670,000	\$ 305,000	\$ 365,000
Total revenue bonds			<u>\$ 670,000</u>	<u>\$ 305,000</u>	<u>\$ 365,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Business-type Activities	
	Principal	Interest
2013	\$ 50,000	\$ 18,250
2014	50,000	15,750
2015	50,000	13,250
2016	55,000	10,750
2017	60,000	8,000
2018	100,000	5,000
Totals	<u>\$ 365,000</u>	<u>\$ 71,000</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Utility Pledged Revenues

The Municipality has pledged future parking revenues, net of specified operating expenses, to repay \$670,000 in parking system revenue bonds issued in June 2003. Proceeds from the bonds provided financing for the construction and improvement of the Parking Garage system. The bonds are payable solely from customer net revenues and are payable through June 2018. Annual principal and interest payments on the bonds are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$436,000. Principal and interest paid for the current year and total customer net revenues were \$65,000 and \$130,285, respectively.

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 2,007,000	\$ --	\$ (76,000)	\$ 1,931,000	\$ 79,000
Total notes payable	2,007,000	--	(76,000)	1,931,000	79,000
Capital leases	1,655,059	553,159	(794,140)	1,414,078	482,566
Net pension obligation	19,397,818	984,952	--	20,382,770	--
Compensated absences	639,087	21,536	--	660,623	78,614
Governmental activities					
Long-term liabilities	\$ 23,698,964	\$ 1,559,647	\$ (870,140)	\$ 24,388,471	\$ 640,180

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 410,000	\$ --	\$ (45,000)	\$ 365,000	\$ 50,000
Total bonds payable	410,000	--	(45,000)	365,000	50,000
Capital leases	529,234	--	(79,465)	449,769	81,266
Compensated absences	8,252	5,699	--	13,951	4,736
Business-type activities					
Long-term liabilities	\$ 947,486	\$ 5,699	\$ (124,465)	\$ 828,720	\$ 136,002

H. Restricted Assets

The balances of the restricted asset accounts for the primary government are as follows:

	Business-type Activities
Revenue bond operations and maintenance account	\$ 78,043
Restricted cash	2,519,278
Total restricted assets	\$ 2,597,321

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2012, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

Plan	Amount
Policemen's Pension and Relief Fund	\$ 580,150
Firemen's Pension and Relief Fund	648,153
Total	\$ 1,228,303

State contributions are funded by allocations of the State's insurance premium tax.

J. Prior Period Adjustment

The following fund balances/net assets required restatement at the beginning of the year as follows:

	Government- Wide	General Fund	Capital Reserve	Unemployment	Workers Compensation
Fund balances/Net assets, as previously stated	\$ (5,477,437)	\$ (540,309)	\$ 639,790	\$ 677,508	\$ 701,045
Add:					
Cash	434,857	434,857	--	--	--
Accounts receivable	423,394	423,394	--	--	--
Capital reserve prior year ending fund balance	--	639,790	--	--	--
Unemployment prior year ending fund balance	--	677,508	--	--	--
Workers compensation prior year ending fund balance	--	701,045	--	--	--
Due to governmental units deferred	98,289				
Subtract:					
Reclass to general fund	--	--	(639,790)	(677,508)	(701,045)
Deferred revenues	(4,716,478)	--	--	--	--
Fund balances/Net assets, restated	\$ (9,237,375)	\$ 2,336,285	\$ --	\$ --	\$ --

IV. OTHER INFORMATION

A. Risk Management

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 Commercial Insurance for umbrella (general liability) 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.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

B. 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.

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

V:A.1. Plan Descriptions, Contribution Information, and Funding Policies

The Municipality 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, 2012.

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, 2012.

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. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and III.1.

Memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	62	56	118
Retirees and Beneficiaries Currently Receiving Benefits	71	100	171
Total	133	156	289

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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 in accordance with West Virginia State code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the City 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 as authorized by West Virginia State code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The Municipality contributes 107% of the prior year's contributions for both the police and fire pension plans.	
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	Cost of living adjustment after two years of retirement. Adjustment 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.	
Provisions for:	<u>PPRF</u>	<u>FPRF</u>
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

Annual Required Contributions and Significant Actuarial Assumptions

The actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Valuation Date	7/1/2011	7/1/2011
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percentage Closed	Level Percentage Closed
Amortization Period	29 Years (Level Percentage)	29 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.00%	7.00%
Projected Salary Increases	5.00%	5.00%

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Post Retirement Benefit Increases	3.00% on first \$15,000 of the Annual Benefit and the accumulated supplemental pension amounts for prior years.	3.00% on first \$15,000 of the Annual Benefit and the accumulated supplemental pension amounts for prior years.
Inflation	3.00%	3.00%
Cost of Living Adjustments	3.00%	3.00%

V.A.2. Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the PPRF and FPRF are shown in the trend information provided in V.A.4. The annual required contributions were not made by both the PPRF or FPRF. The net pension obligation is listed in V.A.4.

Reserves

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

V.A.3 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	\$ 2,221,292	\$ 2,446,422
Interest on short-term	483,543	486,348
Adjustment to annual required contribution	(380,066)	(382,271)
Annual pension cost	<u>2,324,769</u>	<u>2,550,499</u>
Contributions made	<u>1,410,690</u>	<u>2,479,626</u>
Increase in net pension obligation	914,079	70,873
Net pension obligation at beginning of the year	<u>9,670,854</u>	<u>9,726,964</u>
Net pension obligation at the end of the year	<u>\$ 10,584,933</u>	<u>\$ 9,797,837</u>

V.A.4. 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>
2012	\$ 2,324,769	61%	\$ 10,584,933
2011	\$ 2,296,457	59%	\$ 9,670,854
2010	\$ 2,315,491	56%	\$ 8,743,491
2009	\$ 2,334,765	53%	\$ 7,716,124

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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>
2012	\$ 2,550,499	97%	\$ 9,797,837
2011	\$ 2,651,330	91%	\$ 9,726,964
2010	\$ 2,952,569	77%	\$ 9,482,968
2009	\$ 2,951,706	74%	\$ 8,807,606

V.A.5. 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) (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>
7/1/12	\$9,450,058	\$ 43,367,511	\$ 33,917,453	21.79%	\$ 2,675,699	1268%

Firemen's Pension and Relief Fund (FPRF)

<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>
7/1/12	\$8,887,864	\$ 50,557,048	\$ 41,669,184	17.58%	\$ 2,320,931	1795%

The Schedule of Funding Progress included in the required supplementary information immediately following the notes indicates the actuarial value of the plan assets is increasing over time relative to the actuarial accrued liability for both pension plans.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

Pension Trust Funds Financial Statements

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ASSETS		
Non-pooled cash	\$ 37,772	\$ 865,553
Total cash	<u>37,772</u>	<u>865,553</u>
Investments, at fair value:		
Commercial paper	344,841	530,644
Federal government securities	2,170,841	2,383,027
Common stock	--	3,433,839
Managed bond funds	1,966,682	10,228
Managed stock funds	4,513,935	67,654
Corporate bonds	<u>--</u>	<u>2,308,242</u>
Total investments	<u>8,996,299</u>	<u>8,733,634</u>
Receivables:		
Interest receivable	<u>39,055</u>	<u>39,636</u>
Total receivables	<u>39,055</u>	<u>39,636</u>
Total assets	<u>\$ 9,073,126</u>	<u>\$ 9,638,823</u>
NET ASSETS		
Net assets held in trust for pension benefits	<u>\$ 9,073,126</u>	<u>\$ 9,638,823</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ADDITIONS		
Contributions:		
Employer	\$ 830,540	\$ 1,831,471
Plan members	210,735	199,969
Insurance premium surtax	580,150	648,153
	<u>1,621,425</u>	<u>2,679,593</u>
Total contributions		
Investment income:		
Net increase (decrease) in fair value of investments	(341,206)	--
Interest and dividends	245,565	525,068
Miscellaneous	596	100
	<u>(95,045)</u>	<u>525,168</u>
Net investment income		
Total additions	<u>1,526,380</u>	<u>3,204,761</u>
DEDUCTIONS		
Benefits	1,903,312	2,453,474
Administrative expenses	--	328
	<u>1,903,312</u>	<u>2,453,802</u>
Total deductions		
Change in net assets	(376,932)	750,959
Net assets held in trust for pension benefits:		
Beginning of year	<u>9,450,058</u>	<u>8,887,864</u>
End of year	<u>\$ 9,073,126</u>	<u>\$ 9,638,823</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

V.B.1 Plan Descriptions, Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The Municipality of Parkersburg, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general Municipality employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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	14.50%
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 contributing 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

V.B.2. Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2012	\$ 599,291	100%
2011	\$ 522,429	100%
2010	\$ 494,558	100%
2009	\$ 462,607	100%

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

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, 4101 MacCorkle Ave S.E., Charleston, WV 25304.

VI. RETIREMENT HEALTH PLAN (RHP)

VI.1. Plan Description

The Municipality contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. 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.

VI.2. Authority Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia Code assigns the authority to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$961 per month per active health policy. 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), and 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. The entity's contribution to RHBT for the year ended June 30, 2012 was \$262,524, which represents 11% of the required contribution this year.

VI.3. Trend Information

West Virginia Retiree Health Benefits Trust Fund (RHBT)

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>
2012	\$ 2,354,296	11%
2011	\$ 2,881,474	26%
2010	\$ 3,084,624	24%
2009	\$ 1,227,822	42%
2008	\$ 1,453,261	69%

REQUIRED SUPPLEMENTARY INFORMATION

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012

I. SCHEDULES OF FUNDING PROGRESS

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
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	28.77%	2,636,808	878%
7/1/10	8,523,749	42,684,851	34,161,102	19.97%	2,799,921	1220%
7/1/11	9,450,058	43,367,511	33,917,453	21.79%	2,675,699	1268%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
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	17.71%	2,351,463	1239%
7/1/08	7,093,361	37,944,969	30,851,608	18.69%	2,420,880	1274%
7/1/10	7,842,477	50,856,301	43,013,824	15.42%	2,686,338	1601%
7/1/11	8,887,864	50,557,048	41,669,184	17.58%	2,320,931	1795%

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2012

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS

Policemen's Pension and Relief Fund (PPRF)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
2012	\$ 2,324,769	61%
2011	2,296,457	59%
2010	2,315,491	56%
2009	2,334,765	53%

Firemen's Pension and Relief Fund (FPRF)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percent Contributed</u>
2012	\$ 2,550,499	97%
2011	2,651,330	91%
2010	2,952,569	77%
2009	2,951,706	74%

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF RATE COVENANT COMPLIANCE
For the Fiscal Year Ended June 30, 2012

I. The Municipality of Parkersburg, West Virginia is subject to rate covenant compliance associated with the issuance of the Series 2003A Bonds. Specifically, the Municipality must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

"...the City has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide net revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation of the System and leave a balance each year equal to at least one hundred then percent (110%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the net revenues of the System prior to or on parity with the Bonds..."

The following schedule summarizes the provisions for the fiscal year ended June 30, 2012.

Rate Covenant

<u>Net Gross</u>	<u>Maximum</u>		<u>Percentage</u>
<u>Revenues</u>	<u>Amount</u>	<u>Annual</u>	<u>Required</u>
<u> </u>	<u>Debt</u>	<u>Service</u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
\$ 130,285	\$ 65,750	198%	110%

As of June 30, 2012, the Municipality was in compliance with the provisions of the Series 2003A revenue bond covenant which require revenues to be 110% or above the amount of the highest principal payment plus interest due in any given year.

The provisions of the Series 2003A revenue bond covenant require that assets be accumulated in restricted accounts 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-twelfth of the highest debt service payment in any given year. The Municipality deposited \$67,057 in the revenue account to comply with the bond provisions.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Current:				
Cash and cash equivalents	\$ 634,439	\$ 5,878	\$ 33,086	\$ 673,403
Investments	--	--	185,035	185,035
Receivables:				
Accounts	1,000	--	--	1,000
Loans	1,166,245	--	--	1,166,245
Due from:				
Other funds	26,354	--	--	26,354
	<u>1,828,038</u>	<u>5,878</u>	<u>218,121</u>	<u>2,052,037</u>
Total assets	\$ <u>1,828,038</u>	\$ <u>5,878</u>	\$ <u>218,121</u>	\$ <u>2,052,037</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	24,431	--	--	24,431
Leases payable	285	--	--	285
Matured bond interest payable	--	39,525	--	39,525
Due to:				
Other funds	57,584	--	--	57,584
Deferred revenue:				
Unearned revenue	1,241,434	--	--	1,241,434
	<u>1,323,734</u>	<u>39,525</u>	<u>--</u>	<u>1,363,259</u>
Total liabilities	<u>1,323,734</u>	<u>39,525</u>	<u>--</u>	<u>1,363,259</u>
Fund balances:				
Restricted	108,264	--	218,121	326,385
Assigned	458,556	--	--	458,556
Unassigned	(62,516)	(33,647)	--	(96,163)
	<u>504,304</u>	<u>(33,647)</u>	<u>218,121</u>	<u>688,778</u>
Total fund balances	<u>504,304</u>	<u>(33,647)</u>	<u>218,121</u>	<u>688,778</u>
Total liabilities and fund balances	\$ <u>1,828,038</u>	\$ <u>5,878</u>	\$ <u>218,121</u>	\$ <u>2,052,037</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes:				
Ad valorem property taxes	\$ 1,704	\$ --	\$ --	\$ 1,704
Intergovernmental:				
Federal	1,248,266	--	--	1,248,266
Charges for services	114	--	--	114
Fines and forfeits	35,533	--	--	35,533
Interest earnings	3,622	13	11,592	15,227
Reimbursements	66	--	--	66
Contributions and donations	854,887	--	--	854,887
Total revenues	<u>2,144,192</u>	<u>13</u>	<u>11,592</u>	<u>2,155,797</u>
EXPENDITURES				
Current:				
General government	--	--	2,061	2,061
Public safety	27,422	--	--	27,422
Streets and transportation	1,348,656	--	--	1,348,656
Culture and recreation	9,300	--	--	9,300
Benefits paid	2,859,935	--	--	2,859,935
Insurance premiums	11,032	--	--	11,032
Economic development	276,455	669	--	277,124
Debt service:				
Principal	--	76,000	--	76,000
Interest	--	95,079	--	95,079
Total expenditures	<u>4,532,800</u>	<u>171,748</u>	<u>2,061</u>	<u>4,706,609</u>
Excess (deficiency) of revenues over expenditures	<u>(2,388,608)</u>	<u>(171,735)</u>	<u>9,531</u>	<u>(2,550,812)</u>

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2012**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,207,933	\$ 172,188	\$ --	\$ 2,380,121
Transfers (out)	(172,187)	--	--	(172,187)
Proceeds from the sale of assets	<u>310,000</u>	<u>--</u>	<u>--</u>	<u>310,000</u>
 Total other financing sources (uses)	 <u>2,345,746</u>	 <u>172,188</u>	 <u>--</u>	 <u>2,517,934</u>
 Net change in fund balance	 (42,862)	 453	 9,531	 (32,878)
 Fund balances - beginning	 <u>547,166</u>	 <u>(34,100)</u>	 <u>208,590</u>	 <u>721,656</u>
 Fund balances - ending	 <u>\$ 504,304</u>	 <u>\$ (33,647)</u>	 <u>\$ 218,121</u>	 <u>\$ 688,778</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2012

	Assets Forfeiture & Reimbursement Grant	Historical Preservation	Police Special Projects	Neighborhood Stabilization	County Rehab	Tax Increment Financing District	Farmers Market	Medical FSA	Community Development	Employees Benefits	Total Nonmajor Special Revenue Funds
ASSETS											
Current:											
Cash and cash equivalents	\$ 93,045	\$ 40,284	\$ 11,727	\$ 3,267	\$ 9,786	\$ 42	\$ 652	\$ 5,466	\$ 87,378	\$ 382,792	\$ 634,439
Receivables:											
Accounts	--	--	--	--	--	--	--	--	1,000	--	1,000
Loans	--	9,471	--	--	--	--	--	--	1,156,774	--	1,166,245
Due from:											
Other funds	--	26,354	--	--	--	--	--	--	--	--	26,354
Total assets	\$ 93,045	\$ 76,109	\$ 11,727	\$ 3,267	\$ 9,786	\$ 42	\$ 652	\$ 5,466	\$ 1,245,152	\$ 382,792	\$ 1,828,038

LIABILITIES AND FUND BALANCES

Liabilities:											
Accounts payable	--	--	--	--	--	--	218	33	24,180	--	24,431
Leases payable	--	--	--	--	--	--	--	--	285	--	285
Due to:											
Other funds	--	--	--	26,354	--	--	303	--	30,927	--	57,584
Deferred revenue:											
Unearned revenue	--	12,245	--	--	--	--	--	--	1,229,189	--	1,241,434
Total liabilities	--	12,245	--	26,354	--	--	521	33	1,284,581	--	1,323,734
Fund balances:											
Restricted	93,045	--	--	--	9,786	--	--	5,433	--	--	108,264
Assigned	--	63,864	11,727	--	--	42	131	--	--	382,792	458,556
Unassigned	--	--	--	(23,087)	--	--	--	--	(39,429)	--	(62,516)
Total fund balances	93,045	63,864	11,727	(23,087)	9,786	42	131	5,433	(39,429)	382,792	504,304
Total liabilities and fund balances	\$ 93,045	\$ 76,109	\$ 11,727	\$ 3,267	\$ 9,786	\$ 42	\$ 652	\$ 5,466	\$ 1,245,152	\$ 382,792	\$ 1,828,038

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2012

	Assets Forfeiture & Reimbursement Grant	Historical Preservation	Police Special Projects	Neighborhood Stabilization	County Rehab	Tax Increment Financing District	Farmers Market	Medical FSA	Community Development	Employees Benefits	Total Nonmajor Special Revenue Funds
REVENUES											
Taxes:											
Ad valorem property taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,704	\$ --	\$ --	\$ --	\$ --	\$ 1,704
Intergovernmental:											
Federal	--	--	--	91,781	--	--	--	--	1,156,485	--	1,248,266
Charges for services	--	--	--	--	--	--	114	--	--	--	114
Fines and forfeits	19,622	--	15,911	--	--	--	--	--	--	--	35,533
Interest and investment earnings	70	368	--	--	--	--	--	--	3,184	--	3,622
Reimbursements	66	--	--	--	--	--	--	--	--	--	66
Contributions and donations	--	--	4,510	--	--	--	--	12,480	--	837,897	854,887
Total revenues	19,758	368	20,421	91,781	--	1,704	114	12,480	1,159,669	837,897	2,144,192
EXPENDITURES											
Current:											
Public safety	1,000	--	26,422	--	--	--	--	--	--	--	27,422
Streets and transportation	--	--	--	--	--	--	--	--	1,348,656	--	1,348,656
Culture and recreation	--	9,300	--	--	--	--	--	--	--	--	9,300
Benefits paid	--	--	--	--	--	--	--	--	--	2,859,935	2,859,935
Insurance premiums	--	--	--	--	--	--	--	11,032	--	--	11,032
Economic development	--	--	--	254,914	19,391	1,704	446	--	--	--	276,455
Total expenditures	1,000	9,300	26,422	254,914	19,391	1,704	446	11,032	1,348,656	2,859,935	4,532,800
Excess (deficiency) of revenues over expenditures	18,758	(8,932)	(6,001)	(163,133)	(19,391)	--	(332)	1,448	(188,987)	(2,022,038)	(2,388,608)
OTHER FINANCING SOURCES (USES)											
Transfers in	--	--	--	--	--	--	--	--	--	2,207,933	2,207,933
Transfers (out)	--	--	--	--	--	--	--	--	(172,187)	--	(172,187)
Proceeds from the sale of assets	--	--	--	140,000	--	--	--	--	170,000	--	310,000
Total other financing sources (uses)	--	--	--	140,000	--	--	--	--	(2,187)	2,207,933	2,345,746
Net change in fund balance	18,758	(8,932)	(6,001)	(23,133)	(19,391)	--	(332)	1,448	(191,174)	185,895	(42,862)
Fund balances - beginning	74,287	72,796	17,728	46	29,177	42	463	3,985	151,745	196,897	547,166
Fund balances - ending	\$ 93,045	\$ 63,864	\$ 11,727	\$ (23,087)	\$ 9,786	\$ 42	\$ 131	\$ 5,433	\$ (39,429)	\$ 382,792	\$ 504,304

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2012**

	<u>Riverfront Park</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ <u>5,878</u>
Total assets	\$ <u><u>5,878</u></u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Interest payable	<u>39,525</u>
Total liabilities	<u>39,525</u>
FUND BALANCE	
Fund Balances:	
Reserved for:	
Unassigned	<u>(33,647)</u>
Total fund balance	<u>(33,647)</u>
Total liabilities and fund balance	\$ <u><u>5,878</u></u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2012

	<u>Riverfront Park</u>
REVENUES	
Interest and investment earnings	\$ <u>13</u>
Total revenues	<u>13</u>
EXPENDITURES	
Current:	
Economic development	669
Debt service:	
Principal	76,000
Interest	<u>95,079</u>
Total expenditures	<u>171,748</u>
Excess (deficiency) of revenues over expenditures	<u>(171,735)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>172,188</u>
Total other financing sources (uses)	<u>172,188</u>
Net change in fund balance	453
Fund balance - beginning	<u>(34,100)</u>
Fund balance - ending	<u>\$ (33,647)</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
June 30, 2012

	Charles Hurst Fund	Caroline Jackson Fund	Julia and Ben Nathan Fund	RJA Boreman Fund	Solomon Prager Fund	Nonmajor Permanent Funds
ASSETS						
Current:						
Cash and cash equivalents	\$ 13,189	\$ 8,173	\$ 9,514	\$ 57	\$ 2,153	\$ 33,086
Investments	--	126,365	--	58,670	--	185,035
Total assets	\$ 13,189	\$ 134,538	\$ 9,514	\$ 58,727	\$ 2,153	\$ 218,121
FUND BALANCES						
Restricted	13,189	134,538	9,514	58,727	2,153	218,121
Total fund balances	13,189	134,538	9,514	58,727	2,153	218,121
Total liabilities and fund balances	\$ 13,189	\$ 134,538	\$ 9,514	\$ 58,727	\$ 2,153	\$ 218,121

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR PERMANENT FUNDS
For the Fiscal Year Ended June 30, 2012

	Charles Hurst Fund	Caroline Jackson Fund	Julia and Ben Nathan Fund	RJA Boreman Fund	Solomon Prager Fund	Total Nonmajor Permanent Funds
REVENUES						
Interest and investment earnings	\$ 7	\$ 11,518	\$ --	\$ 67	\$ --	\$ 11,592
Total revenues	7	11,518	--	67	--	11,592
EXPENDITURES						
Current:						
General government	--	2,061	--	--	--	2,061
Total expenditures	--	2,061	--	--	--	2,061
Net change in fund balance	7	9,457	--	67	--	9,531
Fund balances - beginning	13,182	125,081	9,514	58,660	2,153	208,590
Fund balances - ending	\$ 13,189	\$ 134,538	\$ 9,514	\$ 58,727	\$ 2,153	\$ 218,121

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUND
June 30, 2012

	<u>Business-type Activities - Enterprise Fund Parks and Recreation</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ <u>176,892</u>
Total current assets	<u>176,892</u>
Noncurrent:	
Capital assets:	
Depreciable:	
Buildings	3,100
Structures and improvements	378,000
Machinery and equipment	261,122
Leasehold improvements	54,411
Less: accumulated depreciation	<u>(672,003)</u>
Total capital assets (net of accumulated depreciation)	<u>24,630</u>
Total noncurrent assets	<u>24,630</u>
Total assets	<u>\$ 201,522</u>
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	21,200
Due to:	
Other funds	221
Leases payable	<u>36,148</u>
Total current liabilities payable from current assets	<u>57,569</u>
Noncurrent liabilities	
Leases payable	<u>168,426</u>
Total noncurrent liabilities	<u>168,426</u>
Total liabilities	<u>225,995</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUND
June 30, 2012

	Business-type Activities - Enterprise Fund Parks and Recreation <hr style="border: 0.5px solid black;"/>
NET ASSETS	
Invested in capital assets, net of related debt	\$ (179,944)
Unrestricted	<hr style="border: 0.5px solid black;"/> 155,471
Total net assets	<hr style="border: 0.5px solid black;"/> (24,473)
Total liabilities and net assets	\$ <hr style="border: 0.5px solid black;"/> 201,522 <hr style="border: 0.5px solid black;"/>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Fund <u>Parks and Recreation</u>
Operating revenues:	
Sales and services to customers	\$ <u>125,874</u>
 Total revenues	 <u>125,874</u>
Operating expenses:	
Contractual services	164,571
Administrative and general	84
Liability insurance	2,720
Materials and supplies	33,584
Utilities	49,398
Depreciation	<u>11,715</u>
 Total operating expenses	 <u>262,072</u>
Operating income (loss)	<u>(136,198)</u>
Nonoperating revenues (expenses):	
Interest and fiscal charges	<u>(9,173)</u>
 Total nonoperating revenues (expenses)	 <u>(9,173)</u>
Income (loss) before operating transfers and contributions	<u>(145,371)</u>
Transfers in	<u>246,502</u>
Change in net assets	101,131
Net assets at beginning of year	<u>(125,604)</u>
Net assets at end of year	<u>\$ (24,473)</u>

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2012

	Business-type Activities - Enterprise Fund <u>Parks and Recreation</u>
Cash flows from operating activities:	
Cash received from customers	\$ 140,874
Cash received for interfund services	221
Cash paid for goods and services	(82,334)
Cash paid to employees	<u>(164,571)</u>
Net cash provided (used) by operating activities	<u>(105,810)</u>
Cash flows from noncapital financing activities:	
Transfers in	<u>246,502</u>
Net cash provided by noncapital financing activities	246,502
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(36,148)
Interest paid on capital debt	<u>(9,173)</u>
Net cash provided (used) by capital and related financing activities	<u>(45,321)</u>
Net increase (decrease) in cash and cash equivalents	(151,131)
Cash and cash equivalents, July 1,	<u>81,521</u>
Cash and cash equivalents, June 30,	<u>\$ (69,610)</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	(136,198)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	11,715
Decrease (increase) in accounts receivable	15,000
Decrease (increase) in due from other governments	221
Increase (decrease) in accounts payable	<u>3,452</u>
Net cash provided by operations	<u>\$ (105,810)</u>

See accompanying notes to the financial statements.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUNDS
June 30, 2012

	Pension Trust Funds		Totals
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	
ASSETS			
Non-pooled cash	\$ 37,772	\$ 865,553	\$ 903,325
Total cash	37,772	865,553	903,325
Investments, at fair value:			
Commercial paper	344,841	530,644	875,485
Federal government securities	2,170,841	2,383,027	4,553,868
Common stock	--	3,433,839	3,433,839
Managed bond funds	1,966,682	10,228	1,976,910
Managed stock funds	4,513,935	67,654	4,581,589
Corporate bonds	--	2,308,242	2,308,242
Total investments	8,996,299	8,733,634	17,729,933
Receivables:			
Interest receivable	39,055	39,636	78,691
Total receivables	39,055	39,636	78,691
Total assets	\$ 9,073,126	\$ 9,638,823	\$ 18,711,949
NET ASSETS			
Net assets held in trust for pension benefits	\$ 9,073,126	\$ 9,638,823	\$ 18,711,949

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUNDS

June 30, 2012

	Pension Trust Funds		Totals
	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund	
ADDITIONS			
Contributions:			
Employer	\$ 830,540	\$ 1,831,471	\$ 2,662,011
Plan members	210,735	199,969	410,704
Insurance premium surtax	580,150	648,153	1,228,303
	1,621,425	2,679,593	4,301,018
Investment income:			
Net increase (decrease) in fair value of investments	(341,206)	--	(341,206)
Interest and dividends	245,565	525,068	770,633
Miscellaneous	596	100	696
	(95,045)	525,168	430,123
Net investment income	(95,045)	525,168	430,123
Total additions	1,526,380	3,204,761	4,731,141
DEDUCTIONS			
Benefits	1,903,312	2,453,474	4,356,786
Total deductions	1,903,312	2,453,802	4,357,114
Change in net assets	(376,932)	750,959	374,027
Net assets held in trust for pension benefits:			
Beginning of year	9,450,058	8,887,864	18,337,922
End of year	\$ 9,073,126	\$ 9,638,823	\$ 18,711,949

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2012**

	<u>Tree Commission</u>
ASSETS	
Cash and cash equivalents	\$ <u>4,946</u>
Total assets	\$ <u><u>4,946</u></u>
LIABILITIES	
Refunds payable and others	<u>4,946</u>
Total liabilities	\$ <u><u>4,946</u></u>

ACCOMPANYING INFORMATION



State of West Virginia

Office of the State Auditor
Chief Inspector Division

1900 Kanawha Boulevard, East
State Capitol Complex, Building 1, Room W-100
Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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*

Honorable Mayor and Council
Municipality of Parkersburg
Parkersburg, West Virginia 26101

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 Municipality of Parkersburg, West Virginia (the Municipality), as of and for the year ended June 30, 2012, which collectively comprise the Municipality's basic financial statements and have issued our report thereon, dated January 30, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of Parkersburg Utility Board, as described in our report on the Municipality's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the Municipality is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Municipality'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 Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality'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 was not designed to 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 discussed below, 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 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 as items 2012-1 and 2012-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3.

Honorable Mayor and Council
Municipality of Parkersburg
Page 3

We noted certain matters that we reported to management of the Municipality in a separate letter dated January 30, 2013.

The Municipality'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 Municipality'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 awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink that reads "Glen B. Gainer III". The signature is stylized and cursive.

Glen B. Gainer III
West Virginia State Auditor

January 30, 2013



State of West Virginia

Office of the State Auditor
Chief Inspector Division

1900 Kanawha Boulevard, East
State Capitol Complex, Building 1, Room W-100
Charleston, West Virginia 25305

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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

INDEPENDENT AUDITORS REPORT

Honorable Mayor and Council
Municipality of Parkersburg
Parkersburg, West Virginia 26101

Compliance

We have audited the compliance of Municipality of Parkersburg, West Virginia (the Municipality), with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB*) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Municipality'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 Municipality's management. Our responsibility is to express an opinion on the Municipality's compliance based on our audit.

The Municipality of Parkersburg's basic financial statements include the operations of the Parkersburg Utility Board which received \$3,926,498 in federal awards which is not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Parkersburg Utility Board because the Board engaged other auditors to perform an audit in accordance with Circular A-133.

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 Municipality'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 Municipality's compliance with those requirements.

In our opinion, the Municipality complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of the Municipality 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 Municipality'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 Municipality's internal control over compliance.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

January 30, 2013

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U. S. Department of Housing and Urban Development			
<u>Program Title</u>			
Direct programs:			
<i>CDBG - Entitlement Grants Cluster</i>			
Community Development Block			
Grants/Entitlement Grants	14.218		\$ 2,420,677
ARRA-Community Development Block			
Grants/Entitlement Grants	14.253		<u>54,779</u>
<i>Community Development Block Grants - Entitlement Grants Cluster</i>			<u>2,475,456</u>
Community Development Block Grants - Section 108 Loan Guarantees	14.248		<u>173,901</u>
Home Investment Partnerships Program	14.239		<u>4,490,769</u>
Pass-through Programs From:			
<i>West Virginia Development Office</i>			
<u>Program Title</u>			
Emergency Solutions Grant Program	14.231	S-09-DC-54-001	<u>19,000</u>
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	08SCBG0074N	<u>339,663</u>
Total U. S. Department of Housing and Urban Development			<u>7,498,789</u>
U. S. Department of Justice			
Direct programs:			
<u>Program Title</u>			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804		<u>31,350</u>
Pass-through Programs From:			
<i>West Virginia Department of Criminal Justice Services</i>			
<u>Program Title</u>			
Edward Byrne Memorial Formula Grant Program	16.579	2008-DJ-BX-0002	<u>1,029</u>
Total U. S. Department of Justice			<u>\$ 32,379</u>

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U.S. Department of Transportation			
Pass-through Programs From:			
<i>West Virginia Department of Transportation</i>			
<u>Program Title</u>			
Highway Planning and Construction	20.205	TEA-OH22(001)E	<u>\$ 142,508</u>
Total U.S. Department of Transportation			<u>142,508</u>
U.S. Environmental Protection Agency			
Direct programs:			
<u>Program Title</u>			
Brownfield Assessment and Cleanup Cooperative Agreements	66.818		<u>62,951</u>
Total U.S. Environmental Protection Agency			<u>62,951</u>
U.S. Department of Energy			
Direct programs:			
<u>Program Title</u>			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBU)	81.128		<u>17,297</u>
Total U.S. Department of Energy			<u>17,297</u>
U.S. Department of the Interior			
Pass-through Programs From:			
<i>West Virginia Development Office</i>			
<u>Program Title</u>			
Outdoor Recreation-Acquisition, Development and Planning	15.916	09LWCF00000	<u>100,000</u>
Total U.S. Department of the Interior			<u>100,000</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 7,853,924</u></u>

The accompanying notes are an integral part of this schedule.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - LOANS OUTSTANDING

The Municipality had the following loan balances outstanding at June 30, 2012. These loan balances outstanding are also included as federal expenditures presented in this Schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
HOME Investment Partnerships Program	14.239	\$ 4,120,121
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,166,245

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
Material weaknesses identified?	Yes
Significant deficiency identified that is not considered to be a material weakness?	No
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal Control over Major Programs:

Material weaknesses identified?	No
Significant deficiency identified that is not considered to be a material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with § 510(a) of Circular A-133?	No

Identification of major programs:

CFDA Number(s)

Name of Federal Program

14.218 & 14.253	Community Development Block Grants- Entitlement Grants Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.239	HOME Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
Auditee qualify as a low-risk auditee?	No

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section II - Financial Statement Findings

Controls Over Financial Statement Preparation

2012-1

CONDITION:

We noted during our audit of the Municipality of Parkersburg that employees or management did not prepare adequate financial statements as of fiscal year June 30, 2012. Specifically, significant audit adjustments and/or prior period adjustments had to be made during the audit to correct material misstatements and misclassifications discovered in the financial statements as prepared by management.

CRITERIA:

Paragraph 18 of Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, states in part:

"Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control:

Controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls.

Controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements."

Furthermore, paragraph 19 states in part;

"Each of the following is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Controls Over Financial Statement Preparation

2012-1 (continued)

CAUSE:

The Municipality has inadequate policies and procedures related to controls for preparing financial statements that does not minimize the risk of a material misstatement and/or misclassifications.

EFFECT:

A significant potential exists for misstatements to occur in the financial statements without being detected by employees or management in a timely manner.

RECOMMENDATION:

The Municipality should develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles.

AUDITED AGENCY'S RESPONSE:

Municipal officials stated that they will develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles.

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Grant Administration
2012-2**

CONDITION:

The administration of certain grants takes place in several locations and are not being observed to ensure compliance with all requirements and that drawdown amounts are requested in a timely manner. Additionally, there are no controls to ensure grant requests are reserved in a timely fashion.

CRITERIA:

Proper internal controls dictate that each grant should be evaluated to determine which particular compliance requirements are applicable and to ensure the amount available to be received is actually drawn in a timely manner.

CAUSE:

The administration of certain grants takes place within each departmental function of the Municipality.

EFFECT:

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

RECOMMENDATION:

Officials should implement procedures to ensure that all grants are reported within the schedule of expenditures of federal awards, the compliance requirements applicable to each federal award are compiled with, and all available funds are drawn in a timely manner.

AUDITED AGENCY'S RESPONSE:

Officials stated that they agree with the recommendation and will put procedures in place to ensure proper administration of grants.

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Record of Traffic Cases
2012-3**

CONDITION:

It was determined during this examination that the court of the Municipality of Parkersburg failed to ensure that all traffic citations were properly adjudicated and the disposition of all traffic citations issued adequately recorded. Specifically, the dismissal of tickets were not presented to the municipal judge for proper adjudication.

CRITERIA:

West Virginia Code §17c-19-7(b) states that:

"Upon the deposit of the original or a copy of such traffic citation with a court having jurisdiction over the alleged offense or with its traffic violations bureau as aforesaid, said original or copy of such traffic citation may be disposed of only by trial in said court or other official action by a judge of said court, including forfeiture of the bail or by the deposit of sufficient bail with or payment of a fine to said traffic violations bureau by the person to whom such traffic citation has been issued by the traffic-enforcement officer."

West Virginia Code §17c-19-8 further states that:

"Every justice or judge of a court shall keep or cause to be kept a record of every traffic complaint, or other legal form of traffic charge deposited with or presented to said court or its traffic violations bureau, and shall keep a record of every official action by said court or its traffic violations bureau in reference thereto, including but not limited to a record of every conviction, forfeiture of bail, judgment of acquittal, and the amount of fine or forfeiture resulting from every said traffic complaint deposited with or presented to said court or traffic violations bureau."

CAUSE:

The Municipality failed to implement policies and procedures which would insure that all citations issued would be properly adjudicated.

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Record of Traffic Cases
2012-3 (continued)**

EFFECT:

Dismissal of traffic citations were not presented to the municipal judge in accordance with State Code. All cases were not properly adjudicated.

RECOMMENDATION:

The municipal officials of Parkersburg are directed to review these statutes and establish adequate procedures to insure compliance with the provisions set forth therein.

AUDITED AGENCY'S RESPONSE:

Officials stated that the court system will be evaluated and the necessary changes will be made.

MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2012

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
11-1	Segregation of Duties	Resolved
11-2	Grant Administration	Not Resolved
11-3	Expenditures in Excess of Levy Amount	Resolved
11-4	Unexpended Fund Balance	Resolved

**MUNICIPALITY OF PARKERSBURG, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - SINGLE AUDIT
For the Fiscal Year Ended June 30, 2012**

Status of Prior Year Audit Findings - Single Audit

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
11-5	Segregation of Duties	Resolved



State of West Virginia

Office of the State Auditor
Chief Inspector Division

1900 Kanawha Boulevard, East
State Capitol Complex, Building 1, Room W-100
Charleston, West Virginia 25305

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

Toll Free: 877-982-9148
Telephone: (304) 558-2540
FAX: (304) 205-6033
www.wvsao.gov

MANAGEMENT LETTER

Honorable Mayor and Council
Municipality of Parkersburg
Parkersburg, West Virginia 26101

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the Municipality of Parkersburg, West Virginia (the Municipality), as of and for the year ended June 30, 2012, and have issued our report thereon dated January 30, 2013.

Government Auditing Standards also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and reportable conditions in internal control, related to major federal financial assistance programs. We have issued the required report, dated January 30, 2013 for the year ended June 30, 2012.

We are also submitting for your consideration the following comments that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. We have already discussed many of these comments and suggestions with management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions, please do not hesitate to contact us.

Suggestions For Improving Operations

Allowance for Doubtful Accounts

The Municipality has failed to establish an account for allowance for doubtful accounts within the general fund. The amount reported as accounts receivables could be misstated on the financial statements, which includes amounts that are well past 90 days that are indeed truly uncollectible.

Recommendation

The municipal officials should maintain a contra-asset account which will account for doubtful accounts receivables based upon aging receivables to report a more reasonable amount for receivables. Management should also develop and implement procedures for determining doubtful account figures, and periodically reduce those amounts that are truly uncollectible.

Interest Rate Risk - Fire Pension

The Fire Pension portfolio held 15% of the investments maturing in 10 years or more. By allowing investments to mature past seven years creates an exposure to interest rate risk which could lead to potential loss for the plan.

Recommendation

The Municipal officials should develop and implement controls to ensure compliance with GASB 40 and effective monitoring of maturities and risk on pension investments.

Segregation of Duties

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from the transactions in the payroll direct deposit process were not assigned to different individuals.

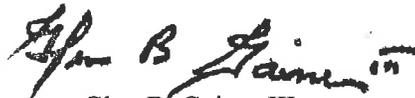
Recommendation

The Municipality should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent as being economically practicable.

These comments are intended for the Council members, management, grantor agencies and federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

In closing, on behalf of the audit staff, we appreciate the opportunity to present these comments and recommendations for your consideration. We would like to thank management for its hospitality, cooperation, positive attitude and openness to suggestion.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor

January 30, 2013