



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

July 2, 2010

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Auditor of State David A. Vaudt today released an audit report on the City of Guttenberg, Iowa, for the years ended June 30, 2009 and 2008.

The City's receipts totaled \$16,222,702 for the year ended June 30, 2009, a 9% increase over the prior year. The receipts included \$907,105 in property and other city tax, \$11,253,264 from charges for service, \$609,089 from operating grants, contributions and restricted interest, \$823,593 from capital grants, contributions and restricted interest, \$56,770 from tax increment financing, \$146,485 from local option sales tax, \$135,318 from unrestricted interest on investments, \$2,160,892 from bond and note proceeds and \$130,186 from other general receipts.

Receipts totaled \$14,904,794 for the year ended June 30, 2008, a 35% increase over the prior year. The receipts included \$830,027 in property and other city tax, \$10,224,613 from charges for service, \$689,766 from operating grants, contributions and restricted interest, \$732,190 from capital grants, contributions and restricted interest, \$75,733 from tax increment financing, \$147,450 from local option sales tax, \$138,127 from unrestricted interest on investments, \$1,977,250 from bond and note proceeds and \$89,638 from other general receipts.

Disbursements for the year ended June 30, 2009 totaled \$16,507,973, a 28% increase over the prior year, and included \$1,662,019 for capital projects, \$555,886 for public safety and \$379,655 for debt service. Disbursements for business type activities totaled \$11,121,689.

Disbursements for the year ended June 30, 2008 totaled \$12,885,150, a 21% increase over the prior year and included \$869,179 for capital projects, \$620,516 for public safety and \$398,985 for public works. Disbursements for business type activities totaled \$9,790,761.

For the years ended June 30, 2009 and 2008, the significant increase in receipts and disbursements is primarily due to debt proceeds and watershed improvement grants received and disbursed for the Riverfront and Marina Development construction, improvements and extensions to the City sewer system and construction and renovation at the Guttenberg Memorial Hospital.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/index.html>.

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CITY OF GUTTENBERG

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2009 AND 2008

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City of Guttenberg

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
(Before January 2008)		
James Solomon	Mayor	Jan 2010
William Wolfe	Council Member	Jan 2008
Rex Svoboda	Council Member	Jan 2008
James Kolker	Council Member	Jan 2010
J.J. Rochford	Council Member	Jan 2010
David Schlueter	Council Member	Jan 2010
Mary Eulberg	Hospital Board of Trustees, Chairman	Jan 2012
Penny Hansel	Hospital Board of Trustees, Vice Chairman	Jan 2012
James Kuempel	Hospital Board of Trustees, Secretary/Treasurer	Jan 2010
Doug Reimer	Hospital Board of Trustees	Jan 2010
Jim Whalen	Hospital Board of Trustees	Jan 2012
Kim Gau	Hospital Administrator	Indefinite
Barry Dykhuizen	Manager/City Clerk/Treasurer	Indefinite
Julie Zittergruen	Deputy Clerk	Indefinite
Michael Schuster	Attorney	Indefinite
(After January 2008)		
James Solomon	Mayor	Jan 2010
James Kolker	Council Member	Jan 2010
J.J. Rochford	Council Member	Jan 2010
David Schlueter	Council Member	Jan 2010
Howard Hubbell	Council Member	Jan 2012
Rex Svoboda	Council Member	Jan 2012
Mary Eulberg	Hospital Board of Trustees, Chairman	Jan 2012
Penny Hansel	Hospital Board of Trustees, Vice Chairman	Jan 2012
James Kuempel	Hospital Board of Trustees, Secretary/Treasurer	Jan 2010
Doug Reimer	Hospital Board of Trustees	Jan 2010
Jim Whalen	Hospital Board of Trustees	Jan 2012
Kim Gau	Hospital Administrator	Indefinite
Barry Dykhuizen	Manager/City Clerk/Treasurer	Indefinite
Julie Zittergruen	Deputy Clerk	Indefinite
Michael Schuster	Attorney	Indefinite



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Guttenberg, Iowa, as of and for the years ended June 30, 2009 and June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Guttenberg'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 Guttenberg Municipal Hospital, a major Proprietary Fund, for the years ended June 30, 2009 and June 30, 2008, which represents 94% and 102%, respectively, of the cash basis net assets and 78% and 80%, respectively, of the operating receipts of the business type activities of the City of Guttenberg. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Guttenberg Municipal Hospital, is based solely upon the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Guttenberg as of June 30, 2009 and June 30, 2008, and the respective changes in cash basis financial position for the years then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2010 on our consideration of the City of Guttenberg's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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.

Management's Discussion and Analysis for the year ended June 30, 2009 and budgetary comparison information on pages 8 through 14 and 38 through 42 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it. Management declined to present Management's Discussion and Analysis for the year ended June 30, 2008

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Guttenberg's basic financial statements. Other auditors previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 14, 2010

City of Guttenberg

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Guttenberg provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the years ended June 30, 2009. The beginning balances for the year ended June 30, 2008 were restated, so comparative information to the financial statements for the year ended June 30, 2007 is not available. Accordingly, Management's Discussion and Analysis for the year ended June 30, 2008 has not been presented. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 2%, or approximately \$94,000, from fiscal year 2008 to fiscal year 2009. Property tax increased approximately \$77,000 and capital grants, contributions and restricted interest increased approximately \$92,000 while bond and loan note proceeds decreased approximately \$35,000.
- Disbursements of the City's governmental activities increased 23.8%, or approximately \$681,000, in fiscal year 2009 from fiscal year 2008. Debt service and capital projects disbursements increased approximately \$69,000 and \$793,000, respectively. Public safety disbursements decreased approximately \$64,000.
- The City's total cash basis net assets decreased 4.7%, or approximately \$285,000, from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities decreased approximately \$472,000 and the assets of the business type activities increased approximately \$187,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

Other Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains five Enterprise Funds to provide separate information for the Guttenberg Municipal Hospital and Electric Funds, considered to be major funds of the City, and the Water, Sanitary Sewer and Storm Sewer Funds, considered to be nonmajor funds of the City. The Internal Service Fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

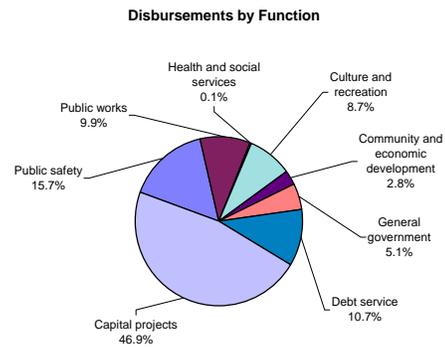
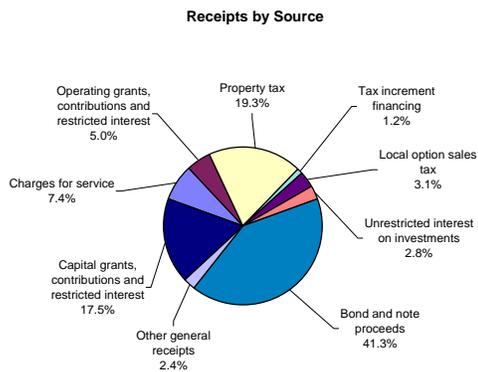
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$2.516 million to approximately \$2.044 million. The analysis that follows focuses on the changes in cash basis net assets of governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities (Expressed in thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 346	360
Operating grants, contributions and restricted interest	233	284
Capital grants, contributions and restricted interest	824	732
General receipts:		
Property tax	907	830
Tax increment financing	57	76
Local option sales tax	146	147
Unrestricted interest on investments	130	130
Bond and note proceeds	1,942	1,977
Other general receipts	112	67
Total receipts	<u>4,697</u>	<u>4,603</u>
Disbursements:		
Public safety	556	620
Public works	350	399
Health and social services	5	6
Culture and recreation	308	328
Community and economic development	99	112
General government	182	216
Debt service	379	310
Capital projects	1,662	869
Total disbursements	<u>3,541</u>	<u>2,860</u>
Change in cash basis net assets before transfers and notes refunded	1,156	1,743
Notes refunded	(1,845)	(234)
Transfers, net	217	227
Change in cash basis net assets	<u>(472)</u>	<u>1,736</u>
Cash basis net assets beginning of year, as restated	<u>2,516</u>	<u>780</u>
Cash basis net assets end of year	<u>\$ 2,044</u>	<u>2,516</u>



The City's total receipts for governmental activities increased 2%, or approximately \$94,000. The total cost of all programs and services increased approximately \$681,000, or 23.8%, with no new programs added this year. The increase in receipts was primarily due to capital grants and contributions. The increase in disbursements was primarily due to capital projects for the Guttenberg Riverfront Development and Marina and the Wastewater Treatment Plant Outfall projects.

The City increased property tax rates for fiscal year 2009 an average of 6.7%. This increase raised the City's property tax receipts approximately \$77,000 for fiscal year 2009. Based on a slight increase in the property tax rates, property tax receipts are budgeted to increase an additional \$28,000 next year.

The cost of all governmental activities this year was approximately \$3.541 million compared to approximately \$2.860 million last year. However, as shown in the Statement of Activities and Net Assets on pages 16-17, the amount taxpayers ultimately financed for these activities was only \$2.139 million because some of the cost was paid by those directly benefited from the programs (\$346,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (\$1,056,000). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, increased in fiscal year 2009 from approximately \$1,376,000 to approximately \$1,402,000, primarily due to receiving grant proceeds to complete the Wastewater Treatment Plant Outfall project. The City paid for the remaining "public benefit" portion of governmental activities (\$2,139,000) with taxes (some of which could only be used for certain programs) and other receipts, such as interest and general receipts.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service:		
Guttenberg Municipal Hospital	\$ 8,453	7,810
Electric	1,811	1,577
Water	320	269
Sewer	306	204
Storm sewer	18	4
Operating grants, contributions and restricted interest	376	406
Bond and note proceeds	218	-
Other general receipts	24	32
Total receipts	<u>11,526</u>	<u>10,302</u>
Disbursements:		
Guttenberg Municipal Hospital	8,937	7,691
Electric	1,489	1,419
Water	264	210
Sewer	431	471
Storm sewer	1	-
Total disbursements	<u>11,122</u>	<u>9,791</u>
Change in cash basis net assets before transfers	404	511
Transfers, net	<u>(217)</u>	<u>(227)</u>
Change in cash basis net assets	187	284
Cash basis net assets beginning of year	<u>3,544</u>	<u>3,260</u>
Cash basis net assets end of year	<u>\$ 3,731</u>	<u>3,544</u>

Total business type activities receipts for the fiscal year were approximately \$11.526 million compared to approximately \$10.302 million last year. This significant increase was primarily due to the receipt of approximately \$218,000 of sewer revenue bond proceeds and an increase in electric, water and sewer rates. The cash balance increased approximately \$187,000 over the prior year. Total disbursements for the fiscal year increased 13.6% to approximately \$11.122 million. The hospital has been engaged in preparation for a major construction and renovation project while the City is using sewer revenue bond proceeds for a portion of the costs of the Wastewater Treatment Plant Outfall project.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Guttenberg completed the year, its governmental funds reported a combined fund balance of \$2,028,022, a decrease of more than \$473,000 below last year's total of \$2,501,301. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$63,348 from the prior year to \$337,959. Total receipts decreased \$34,670, or 3%, while total disbursements decreased \$113,209, or 9.3%. The City reduced payroll expenses through elimination or vacancy of several full-time positions during the year.
- The Special Revenue, Revolving Loan Fund cash balance increased \$32,472 to \$352,136 during the fiscal year. This increase was attributable to the collection of amounts previously loaned through the Guttenberg Economic and Industrial Development Committee. There were no disbursements as no new loans have been approved or disbursed over the last 3 years.
- The Capital Projects Fund cash balance decreased \$774,528 from the prior year to \$505,507. Total receipts decreased \$249,754, or 35%, while total disbursements increased \$453,413, or 52%. Various construction projects are in progress regarding Guttenberg Riverfront Development and Marina. Capital grant revenues and loan anticipation project note proceeds from the prior year are being spent as the projects proceed.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The cash balance of the Enterprise, Guttenberg Municipal Hospital Fund decreased \$89,877 to \$3,513,569. Total operating receipts increased \$612,961, or 7.5%, while total operating disbursements increased \$375,902, or 5.3%, primarily due to an increase in capital projects disbursements as the Hospital has begun a major construction and renovation project.
- The Enterprise, Electric Fund cash balance increased \$184,413 to \$203,043, primarily due to user rate increases over the past two years.

BUDGETARY HIGHLIGHTS

Over the course of the year ended June 30, 2009, the City amended its budget one time. The amendment was approved on May 26, 2009 and resulted in an increase in capital project disbursements related to the Guttenberg Riverfront Development and Marina and the Watershed Improvement Review Board Fund, public safety disbursements increased to finance a fire truck and public works disbursements increased to refinance previous debt. The City secured permanent funding for the Marina project and a fire truck through the issuance of \$1,625,000 of general obligation bonds. Additionally, previously issued debt was refunded through the issuance of general obligation bonds. Loan anticipation project notes of \$1,500,000 issued in the prior year were repaid.

The City's receipts were \$1,126,882 less than budgeted. This was primarily due to the City receiving less in state and federal grant reimbursements than anticipated for capital projects due to delays in the progress of projects.

The City's disbursements were \$3,342,786 less than budgeted. Actual disbursements for the capital projects, public works and community and economic development functions were \$2,186,190, \$418,317 and \$310,325, respectively, less than the amended budget. Capital projects actual disbursements were less than budgeted due to not progressing as much on projects relating to the Guttenberg Riverfront Development and Marina and Wastewater Treatment Plant Outfall projects. The City budgeted for economic development revolving loans of \$300,000. However, no new loans have been approved or disbursed.

The City did not exceed the amounts budgeted by function for the year ended June 30, 2009.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$4,981,296 in bonds and other long-term debt outstanding, including \$196,491 in sewer revenue bonds and \$1,619,477 in hospital revenue bonds, compared to \$5,041,831 last year, as shown below.

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2009	2008
General obligation bonds	\$ 3,070	1,215
General obligation notes	95	573
Loan anticipation project notes	-	1,500
Sewer revenue bonds	196	-
Hospital revenue bonds	1,619	1,753
Total	<u>\$ 4,980</u>	<u>5,041</u>

Debt decreased as a result of regular principal payments made during the fiscal year.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation bonds and notes of approximately \$3,165,000 and TIF interfund loan of \$205,000 total approximately \$3,370,000, which is significantly below the City's constitutional debt limit of approximately \$5,400,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Guttenberg's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The City's total assessed valuations have increased slightly. Also, funding from the State has decreased due to the State's budget constraints.

These indicators were taken into account when adopting the budget for fiscal year 2010 which includes the budget for the Guttenberg Municipal Hospital. Budgeted receipts are \$14,704,615 for fiscal year 2010, a decrease of 2.4% under the final fiscal year 2009 budget. Budgeted disbursements are expected to decrease \$2,072,962 to \$15,818,530, a decrease of 11.6% under the final fiscal year 2009 budget. The City has added no major new programs or initiatives to the fiscal year 2010 budget.

If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$1,114,000 by the close of fiscal year 2010.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Barry Dykhuizen, City Manager, P.O. Box 580, Guttenberg, Iowa 52052.

Basic Financial Statements

City of Guttenberg

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2009

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 555,886	27,129	53,063	-
Public works	349,486	195,834	164,861	-
Health and social services	5,000	55	-	-
Culture and recreation	307,535	91,871	14,849	-
Community and economic development	99,304	660	-	-
General government	182,399	30,310	-	-
Debt service	379,655	-	-	-
Capital projects	1,662,019	-	-	823,593
Total governmental activities	3,541,284	345,859	232,773	823,593
Business type activities:				
Guttenberg Municipal Hospital	8,936,792	8,452,735	376,316	-
Electric	1,489,101	1,810,697	-	-
Water	263,590	320,183	-	-
Sewer	430,699	306,014	-	-
Storm sewer	1,507	17,776	-	-
Total business type activities	11,121,689	10,907,405	376,316	-
Total	\$ 14,662,973	11,253,264	609,089	823,593
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Hotel and motel tax				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds				
Notes refunded				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Nonexpendable:				
Permanent fund				
Expendable:				
Revolving loan				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(475,694)	-	(475,694)
11,209	-	11,209
(4,945)	-	(4,945)
(200,815)	-	(200,815)
(98,644)	-	(98,644)
(152,089)	-	(152,089)
(379,655)	-	(379,655)
(838,426)	-	(838,426)
(2,139,059)	-	(2,139,059)
-	(107,741)	(107,741)
-	321,596	321,596
-	56,593	56,593
-	(124,685)	(124,685)
-	16,269	16,269
-	162,032	162,032
(2,139,059)	162,032	(1,977,027)
701,659	-	701,659
205,446	-	205,446
56,770	-	56,770
23,628	-	23,628
146,485	-	146,485
129,738	5,580	135,318
1,942,401	218,491	2,160,892
(1,845,000)	-	(1,845,000)
88,465	18,093	106,558
217,325	(217,325)	-
1,666,917	24,839	1,691,756
(472,142)	186,871	(285,271)
2,516,364	3,543,815	6,060,179
\$ 2,044,222	3,730,686	5,774,908
\$ 81,299	-	81,299
352,136	-	352,136
505,507	6,682	512,189
101,485	20,000	121,485
652,019	-	652,019
351,776	3,704,004	4,055,780
\$ 2,044,222	3,730,686	5,774,908

City of Guttenberg

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2008

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 620,516	43,338	55,819	32,720
Public works	398,985	203,944	170,232	-
Health and social service	6,319	-	-	-
Culture and recreation	327,656	73,300	56,491	-
Community and economic development	111,689	6,200	180	-
General government	215,758	33,628	-	-
Debt service	310,049	-	-	-
Capital projects	869,179	-	947	699,470
Total governmental activities	2,860,151	360,410	283,669	732,190
Business type activities:				
Guttenberg Municipal Hospital	7,690,893	7,809,993	406,097	-
Electric	1,419,045	1,577,310	-	-
Water	209,800	268,706	-	-
Sewer	470,987	204,238	-	-
Storm sewer	36	3,956	-	-
Total business type activities	9,790,761	9,864,203	406,097	-
Total	\$ 12,650,912	10,224,613	689,766	732,190
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Hotel and motel tax				
Local option sales tax				
Unrestricted interest on investments				
Bond proceeds				
Loan anticipation project note proceeds				
Loan anticipation project notes refunded				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year, as restated				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Nonexpendable:				
Permanent fund				
Expendable:				
Revolving loan				
Capital projects				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

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

Governmental Activities	Business Type Activities	Total
(488,639)	-	(488,639)
(24,809)	-	(24,809)
(6,319)	-	(6,319)
(197,865)	-	(197,865)
(105,309)	-	(105,309)
(182,130)	-	(182,130)
(310,049)	-	(310,049)
(168,762)	-	(168,762)
(1,483,882)	-	(1,483,882)
-	525,197	525,197
-	158,265	158,265
-	58,906	58,906
-	(266,749)	(266,749)
-	3,920	3,920
-	479,539	479,539
(1,483,882)	479,539	(1,004,343)

705,925	-	705,925
124,102	-	124,102
75,733	-	75,733
19,374	-	19,374
147,450	-	147,450
130,268	7,859	138,127
440,870	-	440,870
1,536,380	-	1,536,380
(234,238)	-	(234,238)
46,429	23,835	70,264
227,365	(227,365)	-
3,219,658	(195,671)	3,023,987
1,735,776	283,868	2,019,644
780,588	3,259,947	4,040,535
\$ 2,516,364	3,543,815	6,060,179

\$ 80,924	-	80,924
319,664	-	319,664
1,280,035	870	1,280,905
32,942	20,000	52,942
515,161	-	515,161
287,638	3,522,945	3,810,583
\$ 2,516,364	3,543,815	6,060,179

City of Guttenberg

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

As of and for the year ended June 30, 2009

	Special Revenue				Total
	General	Revolving Loan	Capital Projects	Nonmajor	
Receipts:					
Property tax	\$ 514,960	-	-	378,277	893,237
Tax increment financing	-	-	-	56,770	56,770
Other city tax	31,672	-	-	152,309	183,981
Licenses and permits	23,661	-	-	-	23,661
Use of money and property	50,994	3,186	-	79,094	133,274
Intergovernmental	64,738	-	440,963	550,665	1,056,366
Charges for service	244,994	-	-	180	245,174
Special assessments	-	-	-	15,716	15,716
Miscellaneous	43,238	29,286	9,700	61,451	143,675
Total receipts	974,257	32,472	450,663	1,294,462	2,751,854
Disbursements:					
Operating:					
Public safety	449,527	-	-	106,920	556,447
Public works	167,665	-	-	182,047	349,712
Health and social services	4,704	-	-	296	5,000
Culture and recreation	290,557	-	-	17,362	307,919
Community and economic development	33,508	-	-	65,796	99,304
General government	155,309	-	-	27,286	182,595
Debt service	-	-	40,733	338,922	379,655
Capital projects	-	-	1,281,859	380,160	1,662,019
Total disbursements	1,101,270	-	1,322,592	1,118,789	3,542,651
Excess (deficiency) of receipts over (under) disbursements	(127,013)	32,472	(871,929)	175,673	(790,797)
Other financing sources (uses):					
Bond proceeds (net of \$27,599 discount)	125,000	-	1,472,401	-	1,597,401
Bond proceeds (net of \$10,000 discount)	-	-	-	345,000	345,000
Notes refunded	(125,000)	-	(1,375,000)	(345,000)	(1,845,000)
Sale of capital assets	2,791	-	-	-	2,791
Operating transfers in	187,570	-	-	196,684	384,254
Operating transfers out	-	-	-	(166,929)	(166,929)
Total other financing sources (uses)	190,361	-	97,401	29,755	317,517
Net change in cash balances	63,348	32,472	(774,528)	205,428	(473,280)
Cash balances beginning of period	274,611	319,664	1,280,035	626,992	2,501,302
Cash balances end of period	\$ 337,959	352,136	505,507	832,420	2,028,022
Cash Basis Fund Balances					
Reserved for debt service	\$ -	-	-	101,485	101,485
Unreserved:					
General fund	337,959	-	-	-	337,959
Special revenue funds	-	352,136	-	649,636	1,001,772
Capital projects fund	-	-	505,507	-	505,507
Permanent fund	-	-	-	81,299	81,299
Total cash basis fund balances	\$ 337,959	352,136	505,507	832,420	2,028,022

See notes to financial statements.

City of Guttenberg

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

As of and for the year ended June 30, 2008

	Special Revenue		Capital Projects	Nonmajor	Total
	General	Revolving Loan			
Receipts:					
Property tax	\$ 503,628	-	-	313,849	817,477
Tax increment financing	-	-	-	75,733	75,733
Other city tax	27,147	-	-	152,227	179,374
Licenses and permits	35,746	-	-	-	35,746
Use of money and property	47,813	3,505	-	78,950	130,268
Intergovernmental	69,542	-	674,417	202,952	946,911
Charges for service	241,107	-	-	180	241,287
Special assessments	-	-	-	17,751	17,751
Miscellaneous	83,944	34,166	26,000	33,935	178,045
Total receipts	1,008,927	37,671	700,417	875,577	2,622,592
Disbursements:					
Operating:					
Public safety	498,963	-	-	120,807	619,770
Public works	191,144	-	-	207,566	398,710
Health and social services	5,961	-	-	358	6,319
Culture and recreation	296,622	-	-	30,573	327,195
Community and economic development	24,323	-	-	87,366	111,689
General government	190,720	-	-	24,787	215,507
Debt service	7,044	-	-	303,005	310,049
Capital projects	-	-	869,179	-	869,179
Total disbursements	1,214,777	-	869,179	774,462	2,858,418
Excess (deficiency) of receipts over (under) disbursements	(205,850)	37,671	(168,762)	101,115	(235,826)
Other financing sources (uses):					
Bond proceeds (net of \$9,130 discount)	319,282	-	121,588	-	440,870
Loan anticipation project note proceeds (net of \$14,500 discount)	125,000	-	1,360,500	-	1,485,500
Loan anticipation project note proceeds	50,880	-	-	-	50,880
Loan anticipation project notes refunded	(234,238)	-	-	-	(234,238)
Sale of capital assets	2,958	-	-	-	2,958
Operating transfers in	176,660	-	-	212,204	388,864
Operating transfers out	(33,446)	-	-	(128,053)	(161,499)
Total other financing sources (uses)	407,096	-	1,482,088	84,151	1,973,335
Net change in cash balances	201,246	37,671	1,313,326	185,266	1,737,509
Cash balances beginning of year, as restated	73,365	281,993	(33,291)	441,726	763,793
Cash balances end of year	\$ 274,611	319,664	1,280,035	626,992	2,501,302
Cash Basis Fund Balances					
Reserved for debt service	\$ -	-	-	32,942	32,942
Unreserved:					
General fund	274,611	-	-	-	274,611
Special revenue funds	-	319,664	-	513,126	832,790
Capital projects fund	-	-	1,280,035	-	1,280,035
Permanent fund	-	-	-	80,924	80,924
Total cash basis fund balances	\$ 274,611	319,664	1,280,035	626,992	2,501,302

See notes to financial statements.

City of Guttenberg

Reconciliation of the Statement of Cash Receipts,
Disbursements and Changes in Cash Balances to the
Statement of Activities and Net Assets

As of and for the year ended June 30, 2009

Total governmental funds cash balances (page 20) \$ 2,028,022

***Amounts reported for governmental activities in the Statement of
Activities and Net Assets are different because:***

An Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the assets of the Internal Service Fund are included in governmental activities in the Statement of Activities and Net Assets

16,200

Cash basis net assets of governmental activities (page 17) \$ 2,044,222

Net change in cash balances (page 20) \$ (473,280)

***Amounts reported for governmental activities in the Statement of
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the change in net assets of the Internal Service Fund is reported in governmental activities in the Statement of Activities and Net Assets

1,138

Change in cash basis net assets of governmental activities (page 17) \$ (472,142)

See notes to financial statements.

City of Guttenberg

Reconciliation of the Statement of Cash Receipts,
Disbursements and Changes in Cash Balances to the
Statement of Activities and Net Assets

As of and for the year ended June 30, 2008

Total governmental funds cash balances (page 21) \$ 2,501,302

***Amounts reported for governmental activities in the Statement of
Activities and Net Assets are different because:***

An Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the assets of the Internal Service Fund are included in governmental activities in the Statement of Activities and Net Assets

15,062

Cash basis net assets of governmental activities (page 19)

\$ 2,516,364

Net change in cash balances (page 21)

\$ 1,737,509

***Amounts reported for governmental activities in the Statement of
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of costs of payroll withholdings to individual funds. A portion of the change in net assets of the Internal Service Fund is reported in governmental activities in the Statement of Activities and Net Assets

(1,733)

Change in cash basis net assets of governmental activities (page 19)

\$ 1,735,776

See notes to financial statements.

Exhibit G

City of Guttenberg

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

As of and for the year ended June 30, 2009

	Enterprise				Internal
	Guttenberg				Service
	Municipal	Electric	Nonmajor	Total	Payroll
Operating receipts:					
Charges for service	\$ 8,452,735	1,810,697	643,973	10,907,405	362,434
Miscellaneous	376,316	-	-	376,316	-
Total operating receipts	<u>8,829,051</u>	<u>1,810,697</u>	<u>643,973</u>	<u>11,283,721</u>	<u>362,434</u>
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	95,108
Public works	-	-	-	-	38,340
Culture and recreation	-	-	-	-	65,185
General government	-	-	-	-	33,318
Business type activities	7,452,330	1,463,222	495,126	9,410,678	128,359
Total operating disbursements	<u>7,452,330</u>	<u>1,463,222</u>	<u>495,126</u>	<u>9,410,678</u>	<u>360,310</u>
Excess of operating receipts over operating disbursements	<u>1,376,721</u>	<u>347,475</u>	<u>148,847</u>	<u>1,873,043</u>	<u>2,124</u>
Non-operating receipts (disbursements):					
Interest on investments	-	4,782	798	5,580	-
Revenue bond proceeds	-	-	218,491	218,491	-
Debt service	(198,725)	-	(24,848)	(223,573)	-
Capital projects	(1,285,737)	(26,274)	(176,184)	(1,488,195)	-
Miscellaneous	17,864	-	-	17,864	-
Total non-operating receipts (disbursements)	<u>(1,466,598)</u>	<u>(21,492)</u>	<u>18,257</u>	<u>(1,469,833)</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(89,877)</u>	<u>325,983</u>	<u>167,104</u>	<u>403,210</u>	<u>2,124</u>
Operating transfers:					
Operating transfers in	-	30,000	-	30,000	-
Operating transfers out	-	(171,570)	(75,755)	(247,325)	-
Total operating transfers	<u>-</u>	<u>(141,570)</u>	<u>(75,755)</u>	<u>(217,325)</u>	<u>-</u>
Net change in cash balances	(89,877)	184,413	91,349	185,885	2,124
Cash balances beginning of year	<u>3,603,446</u>	<u>18,630</u>	<u>(86,240)</u>	<u>3,535,836</u>	<u>23,041</u>
Cash balances end of year	<u>\$ 3,513,569</u>	<u>203,043</u>	<u>5,109</u>	<u>3,721,721</u>	<u>25,165</u>
Cash Basis Fund Balances					
Reserved for:					
Capital improvements	\$ 6,682	-	-	6,682	-
Debt service	-	-	20,000	20,000	-
Unreserved	<u>3,506,887</u>	<u>203,043</u>	<u>(14,891)</u>	<u>3,695,039</u>	<u>25,165</u>
Total cash basis fund balances	<u>\$ 3,513,569</u>	<u>203,043</u>	<u>5,109</u>	<u>3,721,721</u>	<u>25,165</u>

See notes to financial statements.

City of Guttenberg

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

As of and for the year ended June 30, 2008

	Enterprise				Internal
	Guttenberg				Service
	Hospital	Electric	Nonmajor	Total	Payroll
Operating receipts:					
Charges for service	\$ 7,809,993	1,577,310	476,900	9,864,203	362,167
Miscellaneous	406,097	-	-	406,097	-
Total operating receipts	8,216,090	1,577,310	476,900	10,270,300	362,167
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	102,698
Public works	-	-	-	-	37,825
Culture and recreation	-	-	-	-	63,456
General government	-	-	-	-	34,508
Business type activities	7,076,428	1,418,559	424,788	8,919,775	126,331
Total operating disbursements	7,076,428	1,418,559	424,788	8,919,775	364,818
Excess (deficiency) of operating receipts over (under) operating disbursements	1,139,662	158,751	52,112	1,350,525	(2,651)
Non-operating receipts (disbursements):					
Interest on investments	-	6,630	1,229	7,859	-
Debt service	(197,724)	-	-	(197,724)	-
Capital projects	(416,741)	-	(255,603)	(672,344)	-
Miscellaneous	23,835	-	-	23,835	-
Total non-operating receipts (disbursements)	(590,630)	6,630	(254,374)	(838,374)	-
Excess (deficiency) of receipts over (under) disbursements	549,032	165,381	(202,262)	512,151	(2,651)
Operating transfers:					
Operating transfers in	-	10,470	-	10,470	-
Operating transfers out	-	(168,160)	(69,675)	(237,835)	-
Total operating transfers	-	(157,690)	(69,675)	(227,365)	-
Net change in cash balances	549,032	7,691	(271,937)	284,786	(2,651)
Cash balances beginning of year, as restated	3,054,414	10,939	185,697	3,251,050	25,692
Cash balances end of year	\$ 3,603,446	18,630	(86,240)	3,535,836	23,041
Cash Basis Fund Balances					
Reserved for:					
Capital improvements	\$ 870	-	-	870	-
Debt service	-	-	20,000	20,000	-
Unreserved	3,602,576	18,630	(106,240)	3,514,966	23,041
Total cash basis fund balances	\$ 3,603,446	18,630	(86,240)	3,535,836	23,041

See notes to financial statements.

City of Guttenberg

Reconciliation of the Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2009

Total enterprise funds cash balances (page 24) \$ 3,721,721

***Amounts reported for business type activities in the Statement of
Activities and Net Assets are different because:***

An Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the assets of the Internal Service Fund are included in business type activities in the Statement of Activities and Net Assets

8,965

Cash basis net assets of business type activities (page 17)

\$ 3,730,686

Net change in cash balances (page 24)

\$ 185,885

***Amounts reported for business type activities in the Statement of
Activities and Net Assets are different because:***

The Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the change in net assets of the Internal Service Fund is reported in business type activities in the Statement of Activities and Net Assets

986

Change in cash basis net assets of business type activities (page 17)

\$ 186,871

See notes to financial statements.

City of Guttenberg

Reconciliation of the Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2008

Total enterprise funds cash balances (page 25) \$ 3,535,836

Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:

An Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the assets of the Internal Service Fund are included in business type activities in the Statement of Activities and Net Assets

7,979

Cash basis net assets of business type activities (page 19)

\$ 3,543,815

Net change in cash balances (page 25)

\$ 284,786

Amounts reported for business type activities in the Statement of Activities and Net Assets are different because:

The Internal Service Fund is used by management to charge the costs of payroll withholdings to individual funds. A portion of the change in net assets of the Internal Service Fund is reported in business type activities in the Statement of Activities and Net Assets

(918)

Change in cash basis net assets of business type activities (page 19)

\$ 283,868

See notes to financial statements.

City of Guttenberg

Notes to Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

The City of Guttenberg is a political subdivision of the State of Iowa located in Clayton County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides hospital services, electric, water and sewer utilities for its citizens.

A. Reporting Entity

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

Based on the foregoing criteria, the Guttenberg Municipal Hospital is considered to be part of the primary government and, therefore, the financial information for the Guttenberg Municipal Hospital is included in the City's financial statements. The financial activities of the Guttenberg Municipal Hospital are reported as an Enterprise Fund. Certain disclosures about the Guttenberg Municipal Hospital are not included in this report because the Guttenberg Municipal Hospital has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the Guttenberg Municipal Hospital.

These financial statements present the City of Guttenberg (the primary government), the Guttenberg Economic and Industrial Development Committee (GEIDC) and the Guttenberg Firefighters Association (component units). These component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These nonprofit organizations were formed under Chapter 504A of the Code of Iowa.

Blended Component Units

The GEIDC and Guttenberg Firefighters Association are legally separate from the City but are so intertwined with the City they are, in substance, part of the City. The GEIDC and Guttenberg Firefighters Association were organized under Chapter 504A of the Code of Iowa as non-profit corporations. The GEIDC and Firefighters Association collect donations which are to be used to purchase

items not included in the City's budget and to make donations to the City to help finance economic and industrial development and fire equipment. The financial transactions have been reported in the Special Revenue Funds of the City. The Guttenberg Firefighters Association became legally separate from the City in April 2009.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Clayton County Assessor's Conference Board, Clayton County Emergency Management Agency and the Clayton County Joint E911 Service Board, Clayton County Solid Waste Management Commission and Clayton County Communications Board.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

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

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

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

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

The Special Revenue, Revolving Loan Fund is used to account for the receipts from revolving loan proceeds collected from customers to help stimulate economic development in the area.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

The Guttenberg Municipal Hospital Fund is used to account for the operation and maintenance of the Guttenberg Municipal Hospital.

The Electric Fund accounts for the operation and maintenance of the City's electric system.

The City also reports the following proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted by function. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the public safety function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 and June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The Guttenberg Municipal Hospital includes the Community Foundation. Disclosures about the Foundation's investments are included in the Guttenberg Municipal Hospital's financial statements.

(3) Long Term Debt

General Obligation Bonds and Notes

Annual debt service requirements to maturity for general obligation bonds and notes at June 30, 2009 are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 315,000	102,188	28,780	4,075	343,780	106,263
2011	355,000	94,745	19,523	2,886	374,523	97,631
2012	370,000	85,530	6,986	2,116	376,986	87,646
2013	260,000	75,275	7,309	1,802	267,309	77,077
2014	275,000	66,558	7,641	1,473	282,641	68,031
2015-2019	845,000	207,737	25,089	2,292	870,089	210,029
2020-2024	650,000	84,555	-	-	650,000	84,555
Total	\$3,070,000	716,588	95,328	14,644	3,165,328	731,232

Annual debt service requirements to maturity for general obligation bonds and notes at June 30, 2008 are as follows:

Year Ending June 30,	General Obligation Bonds		General Obligation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 125,000	48,615	133,065	30,621	258,065	79,236
2010	130,000	43,958	138,780	23,633	268,780	67,591
2011	155,000	39,013	134,519	16,283	289,519	55,296
2012	155,000	32,998	126,986	9,016	281,986	42,014
2013	165,000	26,827	7,309	1,802	172,309	28,629
2014-2017	485,000	38,563	32,714	3,766	517,714	42,329
Total	\$1,215,000	229,974	573,373	85,121	1,788,373	315,095

Interfund Loans

During the year ended June 30, 2007, the Enterprise, Electric Fund loaned \$285,000 to the Special Revenue, Urban Renewal Tax Increment Fund. The outstanding balance at June 30, 2007 was \$235,000. The loan bears interest at 5% per annum. During the year ended June 30, 2008, no principal and interest payments were made. During the year ended June 30, 2009, principal and interest payments of \$5,990 and \$24,000, respectively, were made. The balance of the loan at June 30, 2009 was \$229,010.

Sewer Revenue Bonds

On September 10, 2008, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. (Trustee) for the issuance of \$600,000 of sewer revenue bonds with interest at 3% per annum. The bonds were issued pursuant to the provisions of Sections 384.24A and 384.83 of the Code of Iowa for the purpose of paying the cost of constructing improvements and extensions to the City's sewer system. Upon request, the Trustee will reimburse the City for costs as they are incurred. At June 30, 2009, the City had drawn \$218,491, including a \$6,000 initiation fee, of the \$600,000 authorized and made a principal payment of \$22,000 and an interest payment of \$2,848, leaving a principal balance of \$196,491 at June 30, 2009. Wells Fargo Bank Iowa, N.A. has the remaining balance of \$381,509 held in trust, which the City will request as the project progresses. A formal repayment schedule has not been adopted for the debt.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the \$600,000 of sewer revenue bonds issued on September 10, 2008 with interest at 3% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds are payable solely from sewer customer net receipts. Annual principal and interest payments on the bonds are expected to require less than 33% of net receipts. For the current year, principal and interest paid and total customer net receipts were \$24,848 and \$76,145, respectively.

The resolution providing for the issuance of the sewer revenue bonds includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) The rents, rates and other charges shall be at least sufficient to meet the operation and maintenance expenses of the sewer system and to produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue bonds.

Guttenberg Municipal Hospital Revenue Bonds:

A schedule of long-term debt obligations at June 30, 2009 and June 30, 2008 for the Guttenberg Municipal Hospital is as follows:

	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Hospital Revenue Bonds, 1998 Series A	\$ 1,025,750	1,114,234
Hospital Revenue Bonds, 1998 Series B	<u>593,727</u>	<u>639,224</u>
Total	<u>\$ 1,619,477</u>	<u>1,753,458</u>

The Hospital Revenue Bonds, 1998 Series A, require monthly payments of principal and interest, with current interest at the rate of 2.23% per annum. The interest rate is variable. The Hospital Revenue Bonds, 1998 Series B, require monthly payments of principal and interest with current interest at the rate of 4.02% per annum. The interest rate is variable. Both series of Hospital Revenue Bonds are collateralized by a pledge of the Hospital's net revenues.

Aggregate future payments of principal and interest on the long-term debt obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 144,731	38,253	182,984
2011	149,669	31,414	181,083
2012	153,041	28,042	181,083
2013	156,489	24,594	181,083
2014	160,015	21,069	181,084
2015-2019	834,801	49,635	884,436
2020	20,731	100	20,831
Total	<u>\$1,619,477</u>	<u>193,107</u>	<u>1,812,584</u>

(4) Pension and Retirement Benefits

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

Most regular plan members were required to contribute 3.90% of their annual covered salary and the City was required to contribute 6.05% of covered salary during the year ended June 30, 2008. Effective July 1, 2008, these rates changed to 4.10% and 6.35% for plan members and the City, respectively. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009 and 2008 were \$41,256 and 42,306, respectively, equal to the required contributions for each year. The Guttenberg Municipal Hospital's contributions to IPERS for the years ended June 30, 2009 and 2008 were \$205,178 and \$182,664, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2009 and 2008, primarily relating to the General Fund, is as follows:

Type of Benefit	June 30, 2009	June 30, 2008
Vacation	\$ 36,000	40,000
Compensatory time	<u>42,000</u>	<u>38,000</u>
Total	<u>\$ 78,000</u>	<u>78,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2009 and June 30, 2008, respectively.

(6) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Enterprise:	
	Electric	\$ 171,570
	Water	8,000
	Sewer	<u>8,000</u>
		<u>187,570</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	121,779
	Urban Renewal Tax Increment	15,150
	Enterprise:	
	Water	<u>59,755</u>
		<u>196,684</u>
Enterprise: Electric	Special Revenue: Urban Renewal Tax Increment	<u>30,000</u>
Total		<u>\$ 414,254</u>

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise:	
	Electric	\$ 168,160
	Water	3,000
	Sewer	<u>5,500</u>
		<u>176,660</u>
Debt Service	General	32,976
	Special Revenue:	
	Local Option Sales Tax	95,361
	Urban Renewal Tax Increment	22,692
	Enterprise:	
Water	<u>61,175</u>	
		<u>212,204</u>
Enterprise: Electric	General	470
	Special Revenue: Road Use Tax	<u>10,000</u>
		<u>10,470</u>
Total		<u>\$ 399,334</u>

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

(7) Leases

The Guttenberg Municipal Hospital leases certain equipment under non-cancellable long-term lease agreements. The leases have been recorded as operating leases. Total equipment rental expense for the operating leases for the years ended June 30, 2009 and 2008 was \$187,752 and \$186,762, respectively.

Minimum future lease payments for operating leases are as follows:

Year Ending June 30,	Amount
2010	\$ 187,752
2011	179,304
2012	11,880
2013	990
Total	\$ 379,926

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Guttenberg Municipal Hospital is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance purchased from independent third parties. The Hospital assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

Also, the Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

(9) Deficit Balances

At June 30, 2009, the Enterprise, Water Fund had a deficit balance of \$20,784. The Enterprise, Water Fund and Enterprise, Sewer Fund had deficit balances at June 30, 2008 of \$9,929 and \$80,231, respectively. The City has reviewed and adjusted utility rates to improve these fund balances.

(10) Restatement

The beginning cash basis net assets of the governmental and business type activities and the governmental and business type funds have been restated to correct the prior year fund balance distributions and include component units not previously reported. The detail of the restatement is as follows:

	Governmental Funds							Enterprise
	Governmental Activities	Business Type Activities	General	Debt Service	Capital Projects	Guttenberg	Guttenberg	Electric
						Firefighters Association	Economic and Industrial Development Committee	
Cash basis net assets June 30, 2007, as previously reported	\$ 739,722	3,171,556	100,988	40,514	3,308	-	-	(94,247)
To correct errors in prior year fund balance distributions	(105,186)	105,186	(27,623)	(40,964)	(36,599)	-	-	105,186
To correct errors in prior year Internal Service Fund balance distributions	16,795	(16,795)	-	-	-	-	-	-
To add component units not previously reported	129,257	-	-	-	-	33,507	95,750	-
Cash basis net assets July 1, 2007, as restated	\$ 780,588	3,259,947	73,365	(450)	(33,291)	33,507	95,750	10,939

(11) Construction Commitments

The City has entered into construction contracts totaling \$2,930,610 for the Riverfront Development and Marina and Wastewater Treatment Plant projects. As of June 30, 2009, \$2,304,044 has been paid on the contracts. The remaining \$626,566 will be paid as work on these projects progresses.

(12) Guttenberg Economic and Industrial Development Committee Loan Repayment

In July 1999, the City entered into an agreement with the Guttenberg Economic and Industrial Development Committee (GEIDC). Under the agreement, GEIDC will return the revolving loan funds of \$435,000 to the City. An initial payment of \$100,000 was received and the balance is scheduled to be received over a 13 year period with monthly payments of \$2,440, including 2% per annum interest. For the years ended June 30, 2009 and 2008, payments of \$29,286 and \$34,166 respectively, were received, leaving an unpaid balance of \$87,499 at June 30, 2009.

(13) Subsequent Events

On October 19, 2009, the City approved the issuance of \$20,000,000 of Hospital revenue bonds. The bonds were issued for the purpose of paying the costs of renovation and expansion at the Guttenberg Municipal Hospital. The bonds are to be repaid from hospital revenues. On November 4, 2009, \$6,845,000, Series 2009A Hospital Revenue Bonds and \$761,000, Series 2009B Hospital Revenue Bonds were issued. On November 6, 2009, Hospital Revenue Bond Anticipation Notes (Series 2009C) of \$7,600,000 were issued. A total of \$15,206,000 in Hospital Revenue Bonds/Notes were issued. The City does not anticipate any additional issuances.

Required Supplementary Information

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

Required Supplementary Information

Year ended June 30, 2009

	Governmental Funds Actual	Enterprise Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 893,237	-	-
Tax increment financing	56,770	-	-
Other city tax	183,981	-	-
Licenses and permits	23,661	-	-
Use of money and property	133,274	5,580	73,758
Intergovernmental	1,056,366	-	3,174
Charges for service	245,174	10,913,405	-
Special assessments	15,716	-	-
Miscellaneous	143,675	394,180	56,346
Total receipts	2,751,854	11,313,165	133,278
Disbursements:			
Public safety	556,447	-	56,595
Public works	349,712	-	-
Health and social services	5,000	-	-
Culture and recreation	307,919	-	-
Community and economic development	99,304	-	65,796
General government	182,595	-	-
Debt service	379,655	-	-
Capital projects	1,662,019	-	-
Business type activities	-	11,128,446	-
Total disbursements	3,542,651	11,128,446	122,391
Excess (deficiency) of receipts over (under) disbursements	(790,797)	184,719	10,887
Other financing sources (uses), net	317,517	1,166	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(473,280)	185,885	10,887
Balances beginning of year	2,501,302	3,535,836	126,132
Balances end of year	\$ 2,028,022	3,721,721	137,019

See accompanying independent auditor's report.

Total	City and Hospital Budgeted Amounts		Final to Total Variance
	Original	Final	
893,237	886,983	886,983	6,254
56,770	56,691	56,691	79
183,981	171,446	171,446	12,535
23,661	8,840	8,840	14,821
65,096	192,450	192,450	(127,354)
1,053,192	1,907,867	2,293,367	(1,240,175)
11,158,579	11,063,141	11,063,141	95,438
15,716	6,000	6,000	9,716
481,509	379,705	379,705	101,804
<u>13,931,741</u>	<u>14,673,123</u>	<u>15,058,623</u>	<u>(1,126,882)</u>
499,852	575,386	700,386	200,534
349,712	403,029	768,029	418,317
5,000	5,000	5,000	-
307,919	396,611	396,611	88,692
33,508	343,833	343,833	310,325
182,595	244,415	244,415	61,820
379,655	404,769	404,769	25,114
1,662,019	1,962,709	3,848,209	2,186,190
11,128,446	11,480,240	11,180,240	51,794
<u>14,548,706</u>	<u>15,815,992</u>	<u>17,891,492</u>	<u>3,342,786</u>
(616,965)	(1,142,869)	(2,832,869)	2,215,904
<u>318,683</u>	<u>1,460,606</u>	<u>3,040,606</u>	<u>(2,721,923)</u>
(298,282)	317,737	207,737	(506,019)
<u>5,911,006</u>	<u>4,886,472</u>	<u>4,886,472</u>	<u>1,024,534</u>
<u>5,612,724</u>	<u>5,204,209</u>	<u>5,094,209</u>	<u>518,515</u>

City of Guttenberg

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

Required Supplementary Information

Year ended June 30, 2008

	Governmental Funds Actual	Enterprise Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 817,477	-	-
Tax increment financing	75,733	-	-
Other city tax	179,374	-	-
Licenses and permits	35,746	-	-
Use of money and property	130,268	7,859	75,541
Intergovernmental	946,911	-	-
Charges for service	241,287	9,864,203	-
Special assessments	17,751	-	-
Miscellaneous	178,045	429,932	-
Total receipts	2,622,592	10,301,994	75,541
Disbursements:			
Public safety	619,770	-	-
Public works	398,710	-	-
Health and social services	6,319	-	-
Culture and recreation	327,195	-	-
Community and economic development	111,689	-	87,366
General government	215,507	-	-
Debt service	310,049	-	-
Capital projects	869,179	-	-
Business type activities	-	9,789,843	-
Total disbursements	2,858,418	9,789,843	87,366
Excess (deficiency) of receipts over (under) disbursements	(235,826)	512,151	(11,825)
Other financing sources (uses), net	1,973,335	(227,365)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,737,509	284,786	(11,825)
Balances beginning of year, as restated	763,793	3,251,050	95,750
Balances end of year	\$ 2,501,302	3,535,836	83,925

See accompanying independent auditor's report.

Total	City and Hospital Budgeted Amounts		Final to Total Variance
	Original	Final	
817,477	800,394	800,394	17,083
75,733	70,046	70,046	5,687
179,374	146,465	146,465	32,909
35,746	18,830	18,830	16,916
62,586	215,300	215,300	(152,714)
946,911	1,230,270	1,230,270	(283,359)
10,105,490	9,958,450	9,973,450	132,040
17,751	6,000	6,000	11,751
607,977	887,025	887,025	(279,048)
<u>12,849,045</u>	<u>13,332,780</u>	<u>13,347,780</u>	<u>(498,735)</u>
619,770	539,138	618,138	(1,632)
398,710	376,834	431,834	33,124
6,319	6,324	6,324	5
327,195	418,740	418,740	91,545
24,323	322,481	322,481	298,158
215,507	242,963	498,244	282,737
310,049	353,621	353,621	43,572
869,179	1,740,000	1,740,000	870,821
9,789,843	10,691,485	10,691,485	901,642
<u>12,560,895</u>	<u>14,691,586</u>	<u>15,080,867</u>	<u>2,519,972</u>
288,150	(1,358,806)	(1,733,087)	2,021,237
<u>1,745,970</u>	<u>1,418,000</u>	<u>3,117,588</u>	<u>(1,371,618)</u>
2,034,120	59,194	1,384,501	649,619
<u>3,919,093</u>	<u>4,251,327</u>	<u>4,251,327</u>	<u>(332,234)</u>
<u>5,953,213</u>	<u>4,310,521</u>	<u>5,635,828</u>	<u>317,385</u>

City of Guttenberg

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2009 and 2008

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2009, one budget amendment increased budgeted disbursements by \$2,075,500. During the year ended June 30, 2008, one budget amendment increased budgeted disbursements by \$389,289. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements did not exceed the amounts budgeted. During the year ended June 30, 2008, disbursements exceeded the amount budgeted in the public safety function.

Other Supplementary Information

City of Guttenberg

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

As of and for the year ended June 30, 2009

	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment	Library Building
Receipts:					
Property tax	\$ -	175,907	-	-	-
Tax increment financing	-	-	-	56,770	-
Other city tax	-	2,748	146,485	-	-
Use of money and property	-	1,137	1,905	963	-
Intergovernmental	164,861	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	15,716	-	-
Miscellaneous	-	-	-	-	-
Total receipts	164,861	179,792	164,106	57,733	-
Disbursements:					
Operating:					
Public safety	-	50,325	-	-	-
Public works	142,501	32,157	7,389	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	17,362	-	-	-
Community and economic development	-	-	-	-	-
General government	-	27,286	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	142,501	127,130	7,389	-	-
Excess (deficiency) of receipts over (under) disbursements	22,360	52,662	156,717	57,733	-
Other financing sources (uses):					
Bond proceeds (net of \$10,000 discount)	-	-	-	-	-
Bonds refunded	-	-	-	-	-
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	(121,779)	(45,150)	-
Total other financing sources (uses)	-	-	(121,779)	(45,150)	-
Net change in cash balances	22,360	52,662	34,938	12,583	-
Cash balances beginning of year	14,454	116,500	152,324	98,373	3,752
Cash balances end of year	\$ 36,814	169,162	187,262	110,956	3,752
Cash Basis Fund Balances					
Reserved for debt service	-	-	-	-	-
Unreserved:					
Special revenue funds	36,814	169,162	187,262	110,956	3,752
Permanent fund	-	-	-	-	-
Total cash basis fund balnces	\$ 36,814	169,162	187,262	110,956	3,752

See accompanying independent auditor's report.

Special Revenue

Energy	Guttenberg Relief	Forfeiture	Watershed Improvement Review Board	Guttenberg Firefighters Association	Guttenberg Economic and Industrial Development Committee	Debt Service	Premanent Cemetary Perpetual Care	Total
-	-	-	-	-	-	202,370	-	378,277
-	-	-	-	-	-	-	-	56,770
-	-	-	-	-	-	3,076	-	152,309
-	-	-	671	1,433	72,325	660	-	79,094
-	-	-	382,630	3,174	-	-	-	550,665
180	-	-	-	-	-	-	-	180
-	-	-	-	-	-	-	-	15,716
-	55	-	-	56,346	-	4,675	375	61,451
180	55	-	383,301	60,953	72,325	210,781	375	1,294,462
-	-	-	-	56,595	-	-	-	106,920
-	-	-	-	-	-	-	-	182,047
-	296	-	-	-	-	-	-	296
-	-	-	-	-	-	-	-	17,362
-	-	-	-	-	65,796	-	-	65,796
-	-	-	-	-	-	-	-	27,286
-	-	-	-	-	-	338,922	-	338,922
-	-	-	380,160	-	-	-	-	380,160
-	296	-	380,160	56,595	65,796	338,922	-	1,118,789
180	(241)	-	3,141	4,358	6,529	(128,141)	375	175,673
-	-	-	-	-	-	345,000	-	345,000
-	-	-	-	-	-	(345,000)	-	(345,000)
-	-	-	-	-	-	196,684	-	196,684
-	-	-	-	-	-	-	-	(166,929)
-	-	-	-	-	-	196,684	-	29,755
180	(241)	-	3,141	4,358	6,529	68,543	375	205,428
769	386	436	-	42,207	83,925	32,942	80,924	626,992
949	145	436	3,141	46,565	90,454	101,485	81,299	832,420
-	-	-	-	-	-	101,485	-	101,485
949	145	436	3,141	46,565	90,454	-	-	649,636
-	-	-	-	-	-	-	81,299	81,299
949	145	436	3,141	46,565	90,454	101,485	81,299	832,420

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

As of and for the year ended June 30, 2008

	Special				
	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment	Library Building
Receipts:					
Property tax	\$ -	191,565	-	-	-
Tax increment financing	-	-	-	75,733	-
Other city tax	-	2,959	147,450	-	-
Use of money and property	-	538	1,072	526	-
Intergovernmental	170,232	-	-	-	-
Charges for services	-	-	-	-	-
Special assessments	-	-	17,751	-	-
Miscellaneous	-	-	-	-	-
Total receipts	170,232	195,062	166,273	76,259	-
Disbursements:					
Operating:					
Public safety	-	62,796	-	-	-
Public works	159,019	32,537	16,010	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	19,373	-	-	11,200
Community and economic development	-	-	-	-	-
General government	-	24,787	-	-	-
Debt service	-	-	-	-	-
Total disbursements	159,019	139,493	16,010	-	11,200
Excess (deficiency) of receipts over (under) disbursements	11,213	55,569	150,263	76,259	(11,200)
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers out	(10,000)	-	(95,361)	(22,692)	-
Total other financing sources (uses)	(10,000)	-	(95,361)	(22,692)	-
Net change in cash balances	1,213	55,569	54,902	53,567	(11,200)
Cash balances beginning of year, as restated	13,241	60,931	97,422	44,806	14,952
Cash balances end of year	\$ 14,454	116,500	152,324	98,373	3,752
Cash Basis Fund Balances					
Reserved for debt service	\$ -	-	-	-	-
Unreserved:					
Special revenue funds	14,454	116,500	152,324	98,373	3,752
Permanent fund	-	-	-	-	-
Total cash basis fund balances	\$ 14,454	116,500	152,324	98,373	3,752

See accompanying independent auditor's report.

Revenue							
Energy	Guttenberg Relief	Forfeiture	Guttenberg Firefighters Association	Guttenberg Economic and Industrial Development Committee	Debt Service	Permanent Cemetery Perpetual Care	Total
-	-	-	-	-	122,284	-	313,849
-	-	-	-	-	-	-	75,733
-	-	-	-	-	1,818	-	152,227
-	-	151	1,031	75,541	91	-	78,950
-	-	-	32,720	-	-	-	202,952
180	-	-	-	-	-	-	180
-	-	-	-	-	-	-	17,751
-	-	-	32,960	-	-	975	33,935
180	-	151	66,711	75,541	124,193	975	875,577
-	-	-	58,011	-	-	-	120,807
-	-	-	-	-	-	-	207,566
-	358	-	-	-	-	-	358
-	-	-	-	-	-	-	30,573
-	-	-	-	87,366	-	-	87,366
-	-	-	-	-	-	-	24,787
-	-	-	-	-	303,005	-	303,005
-	358	-	58,011	87,366	303,005	-	774,462
180	(358)	151	8,700	(11,825)	(178,812)	975	101,115
-	-	-	-	-	212,204	-	212,204
-	-	-	-	-	-	-	(128,053)
-	-	-	-	-	212,204	-	84,151
180	(358)	151	8,700	(11,825)	33,392	975	185,266
589	744	285	33,507	95,750	(450)	79,949	441,726
769	386	436	42,207	83,925	32,942	80,924	626,992
-	-	-	-	-	32,942	-	32,942
769	386	436	42,207	83,925	-	-	513,126
-	-	-	-	-	-	80,924	80,924
769	386	436	42,207	83,925	32,942	80,924	626,992

Schedule 3

City of Guttenberg

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

As of and for the year ended June 30, 2009

	Enterprise			
	Water	Sewer	Storm Sewer	Total
Operating receipts:				
Charges for service	\$ 320,183	306,014	17,776	643,973
Operating disbursements:				
Business type activities	263,750	229,869	1,507	495,126
Excess of operating receipts over operating disbursements	56,433	76,145	16,269	148,847
Non-operating receipts (disbursements):				
Interest on investments	467	220	111	798
Revenue bond proceeds	-	218,491	-	218,491
Debt service	-	(24,848)	-	(24,848)
Capital projects	-	(176,184)	-	(176,184)
Total non-operating receipts (disbursements)	467	17,679	111	18,257
Excess of receipts over disbursements	56,900	93,824	16,380	167,104
Operating transfers out	(67,755)	(8,000)	-	(75,755)
Net change in cash balances	(10,855)	85,824	16,380	91,349
Cash balances beginning of year	(9,929)	(80,231)	3,920	(86,240)
Cash balances end of year	\$ (20,784)	5,593	20,300	5,109
Cash Basis Fund Balances				
Reserved for capital improvements and debt service	\$ -	20,000	-	20,000
Unreserved	(20,784)	(14,407)	20,300	(14,891)
Total cash basis fund balances	\$ (20,784)	5,593	20,300	5,109

See accompanying independent auditor's report.

City of Guttenberg

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

As of and for the year ended June 30, 2008

	Enterprise			
	Water	Sewer	Storm Sewer	Total
Operating receipts:				
Charges for service	\$ 268,706	204,238	3,956	476,900
Operating disbursements:				
Business type activities	209,592	215,160	36	424,788
Excess (deficiency) of operating receipts over (under) operating disbursements	59,114	(10,922)	3,920	52,112
Non-operating receipts (disbursements):				
Interest on investments	376	853	-	1,229
Capital projects	-	(255,603)	-	(255,603)
Total non-operating receipts (disbursements)	376	(254,750)	-	(254,374)
Excess (deficiency) of receipts over (under) disbursements	59,490	(265,672)	3,920	(202,262)
Operating transfers out	(64,175)	(5,500)	-	(69,675)
Net change in cash balances	(4,685)	(271,172)	3,920	(271,937)
Cash balances beginning of year, as restated	(5,244)	190,941	-	185,697
Cash balances end of year	\$ (9,929)	(80,231)	3,920	(86,240)
Cash Basis Fund Balances				
Reserved for capital improvements and debt service	\$ -	20,000	-	20,000
Unreserved	(9,929)	(100,231)	3,920	(106,240)
Total cash basis fund balances	\$ (9,929)	(80,231)	3,920	(86,240)

See accompanying independent auditor's report.

City of Guttenberg
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
City:			
General obligation bonds:			
Water improvement and refunding	Nov 1, 2005	3.60 - 4.30%	\$ 475,000
General corporate purpose	Mar 15, 2006	3.75 - 4.30	490,000
General corporate purpose	Nov 15, 2007	3.60 - 4.10	450,000
General corporate purpose, series 2009A	May 15, 2009	1.35 - 4.40	1,625,000
Refunding bonds, series 2009B	Jun 1, 2009	1.35 - 1.90	355,000
Total			
General obligation notes:			
Urban renewal project	Jun 16, 1997	4.50%	\$ 105,000
General corporate purpose	Jul 1, 2000	5.00 - 5.75	1,070,000
Fire equipment	Jun 29, 2005	3.65	72,000
Police equipment	Oct 25, 2006	4.50	30,000
Total			
Loan anticipation project notes:			
General corporate purpose	May 22, 2008	2.75%	\$ 1,500,000
Revenue bonds:			
Sewer revenue bonds, Series 2008	Sep 10, 2008	3.00% *	\$ 600,000
Guttenberg Municipal Hospital:			
Hospital revenue bonds, series 1998A	Dec 21, 1998	Variable 2.23%	\$ 1,699,200
Hospital revenue bonds, series 1998B	Dec 21, 1998	Variable 4.02	949,700
Total			

* - The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
355,000	-	45,000	310,000	14,255
410,000	-	45,000	365,000	16,710
450,000	-	35,000	415,000	17,650
-	1,625,000	-	1,625,000	-
-	355,000	-	355,000	-
\$ 1,215,000	1,980,000	125,000	3,070,000	48,615
66,209	-	6,101	60,108	2,928
450,000	-	450,000	-	25,385
37,164	-	11,944	25,220	1,360
20,000	-	10,000	10,000	914
\$ 573,373	-	478,045	95,328	30,587
1,500,000	-	1,500,000	-	40,733
-	218,491	22,000	196,491	2,848
1,114,234	-	88,484	1,025,750	39,897
639,224	-	45,497	593,727	24,847
\$ 1,753,458	-	133,981	1,619,477	64,744

City of Guttenberg
Schedule of Indebtedness
Year ended June 30, 2008

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
City:			
General obligation bonds:			
Water improvement and refunding	Nov 1, 2005	3.60 - 4.30%	\$ 475,000
General corporate purpose	Mar 15, 2006	3.75 - 4.30	490,000
General corporate purpose	Nov 15, 2007	3.60 - 4.10	450,000
Total			
General obligation notes:			
Urban renewal project	Jun 16, 1997	4.50%	\$ 105,000
General corporate purpose	Jul 1, 2000	5.00 - 5.75	1,070,000
Fire equipment	Jun 29, 2005	3.65	72,000
Police equipment	Jun 29, 2005	3.50	25,000
Police equipment	Oct 25, 2006	4.50	30,000
Total			
Loan anticipation project notes:			
General corporate purpose	Feb 15, 2007	4.45%	\$ 250,000
General corporate purpose	May 22, 2008	2.75	1,500,000
Total			
Guttenberg Municipal Hospital:			
Hospital revenue bonds, series 1998A	Dec 21, 1998	Variable 4.07%	\$ 1,699,200
Hospital revenue bonds, series 1998B	Dec 21, 1998	Variable 4.02	949,700
Total			

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
400,000	-	45,000	355,000	15,875
450,000	-	40,000	410,000	18,230
-	450,000	-	450,000	9,609
<u>\$ 850,000</u>	<u>450,000</u>	<u>85,000</u>	<u>1,215,000</u>	<u>43,714</u>
72,052	-	5,843	66,209	3,186
550,000	-	100,000	450,000	30,885
48,691	-	11,527	37,164	1,777
8,440	-	8,440	-	319
30,000	-	10,000	20,000	914
<u>\$ 709,183</u>	<u>-</u>	<u>135,810</u>	<u>573,373</u>	<u>37,081</u>
183,358	50,880	234,238	-	7,044
-	1,500,000	-	1,500,000	-
<u>\$ 183,358</u>	<u>1,550,880</u>	<u>234,238</u>	<u>1,500,000</u>	<u>7,044</u>
1,194,354	-	80,120	1,114,234	47,260
682,956	-	43,732	639,224	26,612
<u>\$ 1,877,310</u>	<u>-</u>	<u>123,852</u>	<u>1,753,458</u>	<u>73,872</u>

City of Guttenberg
Bond and Note Maturities

June 30, 2009

Year Ending June 30,	General Obligation Bonds					
	Water Improvement and Refunding		General Corporate Purpose		General Corporate Purpose	
	Issued Nov 1, 2005		Issued Mar 15, 2006		Issued Nov 15, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	3.80%	\$ 45,000	3.90%	\$ 45,000	3.70%	\$ 40,000
2011	3.90	50,000	3.95	50,000	3.80	55,000
2012	4.00	50,000	4.05	50,000	3.90	55,000
2013	4.10	55,000	4.10	50,000	3.95	60,000
2014	4.20	55,000	4.15	55,000	4.00	65,000
2015	4.30	55,000	4.20	55,000	4.05	70,000
2016	-	-	4.30	60,000	4.10	70,000
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
Total		<u>\$ 310,000</u>		<u>\$ 365,000</u>		<u>\$ 415,000</u>

Year Ending June 30,	General Obligation Notes					
	Urban Renewal Project		Fire Equipment		Police Equipment	
	Issued Jun 16, 1997		Issued Jun 29, 2005		Issued Oct 25, 2006	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2010	4.50%	\$ 6,396	3.65%	\$ 12,384	4.50%	\$ 10,000
2011	4.50	6,687	3.65	12,836	-	-
2012	4.50	6,986	-	-	-	-
2013	4.50	7,309	-	-	-	-
2014	4.50	7,641	-	-	-	-
2015	4.50	7,989	-	-	-	-
2016	4.50	8,351	-	-	-	-
2017	4.50	8,749	-	-	-	-
Total		<u>\$ 60,108</u>		<u>\$ 25,220</u>		<u>\$ 10,000</u>

See accompanying independent auditor's report.

General					Total
Corporate Purpose		Refunding Bonds			
Issued May 15, 2009		Issued Jun 1, 2009			
Interest Rates	Amount	Interest Rates	Amount		
1.35%	\$ 70,000	1.35%	\$ 115,000	315,000	
1.60	80,000	1.60	120,000	355,000	
1.90	95,000	1.90	120,000	370,000	
2.15	95,000		-	260,000	
2.45	100,000		-	275,000	
2.70	100,000		-	280,000	
2.95	105,000		-	235,000	
3.15	105,000		-	105,000	
3.40	110,000		-	110,000	
3.65	115,000		-	115,000	
3.85	120,000		-	120,000	
4.00	125,000		-	125,000	
4.15	130,000		-	130,000	
4.25	135,000		-	135,000	
4.40	140,000		-	140,000	
	<u>\$ 1,625,000</u>		<u>\$ 355,000</u>	<u>3,070,000</u>	

Hospital Revenue Bonds		
Revenue Bonds		
Issued Dec 21, 1998		
Total	Interest	
	Rates	Amount
28,780	2.23%	\$ 144,731
19,523	2.23	149,669
6,986	2.23	153,041
7,309	2.23	156,489
7,641	2.23	160,015
7,989	2.23	834,801
8,351	2.23	20,731
8,749		-
<u>95,328</u>		<u>\$ 1,619,477</u>

City of Guttenberg
Bond and Note Maturities

June 30, 2008

General Obligation Bonds						
Year Ending June 30,	Water Improvement and Refunding		General Corporate Purpose		General Corporate Purpose	
	Issued Nov 1, 2005		Issued Mar 15, 2006		Issued Nov 15, 2007	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	3.70%	\$ 45,000	3.85%	\$ 45,000	3.60%	\$ 35,000
2010	3.80	45,000	3.90	45,000	3.70	40,000
2011	3.90	50,000	3.95	50,000	3.80	55,000
2012	4.00	50,000	4.05	50,000	3.90	55,000
2013	4.10	55,000	4.10	50,000	3.95	60,000
2014	4.20	55,000	4.15	55,000	4.00	65,000
2015	4.30	55,000	4.20	55,000	4.05	70,000
2016		-	4.30	60,000	4.10	70,000
Total		<u>\$ 355,000</u>		<u>\$ 410,000</u>		<u>\$ 450,000</u>

General Obligation Notes						
Year Ending June 30,	Urban Renewal Project		General Corporate Purpose		Fire Equipment	
	Issued Jun 16, 1997		Issued Jul 1, 2000		Issued Jun 29, 2005	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2009	4.50%	\$ 6,117	5.55%	\$ 105,000	3.65%	\$ 11,948
2010	4.50	6,396	5.60	110,000	3.65	12,384
2011	4.50	6,687	5.65	115,000	3.65	12,832
2012	4.50	6,986	5.75	120,000		-
2013	4.50	7,309		-		-
2014	4.50	7,641		-		-
2015	4.50	7,989		-		-
2016	4.50	8,351		-		-
2017	4.50	8,733		-		-
Total		<u>\$ 66,209</u>		<u>\$ 450,000</u>		<u>\$ 37,164</u>

See accompanying independent auditor's report.

Total
125,000
130,000
155,000
155,000
165,000
175,000
180,000
130,000
1,215,000

Police Equipment Issued Oct 25, 2006			Hospital Revenue Bonds	
Interest Rates	Amount	Total	Revenue Bonds Issued Dec 21, 1998	
			Interest Rates	Amount
4.50%	\$ 10,000	133,065	4.07%	\$ 128,083
4.50	10,000	138,780	4.07	134,304
-	-	134,519	4.07	139,856
-	-	126,986	4.07	145,637
-	-	7,309	4.07	151,657
-	-	7,641	4.07	857,666
-	-	7,989	4.07	196,255
-	-	8,351	-	-
-	-	8,733	-	-
	\$ 20,000	573,373		\$ 1,753,458

Schedule 9

City of Guttenberg

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

For the Last Three Years

	June 30,		
	2009	2008	2007
Receipts:			
Property tax	\$ 893,237	817,477	810,788
Tax increment financing	56,770	75,733	73,141
Other city tax	183,981	179,374	178,067
Licenses and permits	23,661	35,746	8,443
Use of money and property	133,274	130,268	37,100
Intergovernmental	1,056,366	946,911	263,289
Charges for service	245,174	241,287	260,856
Special assessments	15,716	17,751	13,230
Miscellaneous	143,675	178,045	104,427
Total	\$ 2,751,854	2,622,592	1,749,341
Disbursements:			
Operating:			
Public safety	\$ 556,447	619,770	591,853
Public works	349,712	398,710	405,410
Health and social services	5,000	6,319	5,928
Culture and recreation	307,919	327,195	418,795
Community and economic development	99,304	111,689	22,139
General government	182,595	215,507	357,069
Debt service	379,655	310,049	284,636
Capital projects	1,662,019	869,179	-
Total	\$ 3,542,651	2,858,418	2,085,830

See accompanying independent auditor's report.



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

David A. Vaudt, CPA
Auditor of State

State Capitol Building
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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Guttenberg, Iowa, as of and for the years ended June 30, 2009 and 2008, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated June 14, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards 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 the Guttenberg Municipal Hospital, a major Proprietary Fund, as described in our report on the City of Guttenberg's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting and on compliance and other matters that are reported on separately by the other auditors.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items (B), (C), (E) and (G) are material weaknesses.

Compliance and Other Matters

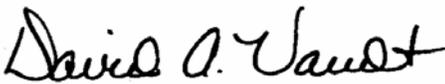
As part of obtaining reasonable assurance about whether the City of Guttenberg's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and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

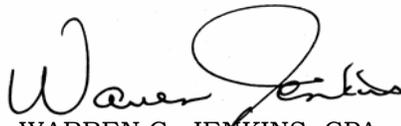
Comments involving statutory and other legal matters about the City's operations for the years ended June 30, 2009 and 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Guttenberg and other parties to whom the City of Guttenberg may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Guttenberg during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


DAVID A. VAUDT, CPA
Auditor of State


WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

June 14, 2010

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCIES:

- (A) Information System/Computer Controls – During our review of internal controls, the existing control activities in the City’s computer-based systems were evaluated in order to determine activities, from a control standpoint, were designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. The following weaknesses in the City’s computer based systems were noted:

The City does not have written policies for:

- Requiring password length be a minimum of eight characters.
- Requiring employees to maintain password privacy and confidentiality.
- Requirements for resetting passwords and restricting who can request a password be reset.
- Developing a disaster recovery plan.

Recommendation – The City should develop written policies and procedures regarding the use and operation of its computer system. These written policies and procedures should, at a minimum, address the conditions identified above.

Response – The City will develop policies related to improved password management and security.

The City will develop a written policy for a disaster recovery plan.

Conclusion – Response accepted.

- (B) Record of Investments – A detailed record of investment transactions was not maintained.

Recommendation – A detailed record of investment transactions by fund should be maintained. This record should include investment number, purchase date, redemption date, interest rate and amount of principal and interest received.

Response – The City will develop a record of investment transactions for each fund and include details of each investment.

Conclusion – Response accepted.

- (C) Mail Receipts – An initial listing of all cash and checks received through the mail is not prepared by the person opening the mail.

Recommendation – All incoming mail should be opened by an employee who is not authorized to make entries to the accounting records. This employee should prepare a listing of cash and checks received periodically on a test basis. The mail should then be forwarded to the accounting personnel for processing. Later, the same listing should be compared to the cash receipt records by an independent person.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

Response – The City will periodically compare this listing of cash and checks received in incoming mail to the cash receipts records as recommended.

Conclusion – Response accepted.

- (D) Guttenberg Firefighters Association – The Association was considered to be part of the City, its funds were considered public funds and its financial activity was included in the City’s budget to actual comparison during the year ended June 30, 2008. However, after the Association was established as a nonprofit organization in April 2009, the Association was not included in the City’s budget to actual comparison for the year ended June 30, 2009 since it was a legally separate organization. Proceeds raised by legally separate auxiliary organizations are typically from fundraisers and similar events. As a result, the proceeds may be maintained separate from the City’s accounts.

We identified disbursements (checks and debit card purchases) for which adequate supporting documentation was not maintained. Prenumbered receipts were not issued, nor were detailed ledgers maintained for all collections. Additionally, although a monthly reconciliation of the checking account is performed, the monthly reconciliation does not include all accounts under the control of the Association.

Recommendation – The Association should implement policies requiring adequate documentation be provided to support payments. Prenumbered receipts or a detailed ledger of collections should be maintained. The monthly reconciliation should include all accounts under the control of the Association, including checking, savings, certificates of deposit and mutual funds.

Response – The Association will establish policies as recommended. Monthly reconciliations will include checking, savings, certificates of deposit and mutual funds.

Conclusion – Response accepted.

- (E) Financial Reporting – Net proceeds from the issuance of \$355,000 of general obligation refunding bonds and subsequent repayment of the debt being refunded were not recorded in the City’s financial statements. An adjustment was subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all debt proceeds and repayments are identified and properly included in the financial statements.

Response – The City will work with the financial consultant and bond paying agents to assure future refunding bonds are attributed accordingly and will properly record in the financial statements.

Conclusion – Response accepted.

- (F) Timecards – Timecards are maintained for all employees, which are reviewed by the payroll clerk and approved by the City manager. However, evidence of the approval was not documented on the timecard.

A former Police Chief’s timecards documented work shifts in excess of 24 hours. The Police Chief was on-call during some of those hours and earned compensatory time at

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

the regular pay rate of one and one-half hour for each hour recorded in excess of 90 hours per pay period. The Police Chief used the compensatory time by taking time off work. Most City employees are paid at the rate of \$1.00 per hour for being on call per Article XIV, General Provisions, on-call pay, section 14.7 of the AFSCME 1127 union agreement. However, the Police Chief had an employment agreement which referred to certain parts of the union agreement but did not refer to the on-call pay section. Timecards reviewed with work shifts in excess of 12 hours are as follows:

Pay Period Ended	Total Hours per timecard	Length of shifts per timecard when in excess of 12 hours
3/22/2008	137.50	20.50
		20.25
4/5/2008	105.00	15.00
		19.00
		14.00
4/19/2008	163.50	36.00
		36.00
		52.00
		27.00
5/3/2008	127.25	54.75
		28.00
5/31/2008	90.00	16.00
6/28/2008	99.00	32.00
7/12/2008	133.75	25.50
		16.50
		16.00
7/26/2008	90.00	14.00
		17.25
9/20/2008	90.00	20.00
		15.00
		15.00
11/15/2008	90.00	36.00
12/13/2008	90.00	16.00
		30.00
2/7/2009	90.00	12.75

Recommendation – All timecards should be initialed or signed-off to document approval.

The City should ensure individual employment agreements are specific about how on-call hours are paid and if the position should be paid consistent with the City’s union agreement of \$1.00 per hour for on-call pay. Also, the City should determine if this position should be exempt from the Federal Fair Labor Standards Act for overtime pay.

Response – Timecards will be initialed upon review to provide recommended documentation.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

Since the situation occurred regarding “on-call” pay, the City’s legal counsel has advised the Police Chief position is FLSA exempt.

Conclusion – Response accepted.

- (G) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another. Generally, one person has control over each of the following areas:

	<u>Entity</u>
(1) Receipts - opening and listing mail receipts, collecting, depositing, posting and daily reconciling.	Guttenberg Firefighters Association and Guttenberg Economic and Industrial Development Committee
(2) Disbursements – purchasing, check signing, recording and reconciling.	Guttenberg Firefighters Association and Guttenberg Economic and Industrial Development Committee
(3) Bank reconciliations – preparing, reconciling and reviewing.	Guttenberg Firefighters Association and Guttenberg Economic and Industrial Development Committee

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, each entity should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Evidence of review of reconciliations should be indicated by initials of the independent reviewer and the date of the review.

Responses –

Guttenberg Firefighters Association – We acknowledge and will comply.

Guttenberg Economic and Industrial Development Committee – We realize a limited number of members/officers makes segregation of duties difficult. We understand the importance of internal controls. We will maximize our internal controls by using two signers for disbursements and reviewing monthly deposits and receipts. Monthly bank statements will be reviewed and compared to monthly bank reconciliations by another officer of the GEIDC and/or the City Manager.

Conclusions – Responses accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2009 did not exceed the amounts budgeted. Disbursements during the year ended June 30, 2008 exceeded the amount budgeted in the public safety function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Also, the City receives a copy of the Guttenberg Memorial Hospital budget from the Hospital. However, the Hospital’s budgeted financial activity is not included in the City’s budget submitted to the Iowa Department of Management.

Recommendation – The budget for the year ended June 30, 2008 should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Also, the City should include the Hospital’s budgeted financial activity in the City’s budget submitted to the Iowa Department of Management.

Response – Future budgets will be amended as stated in Chapter 384.18 of the Code of Iowa. Also, the City will work with the Guttenberg Municipal Hospital Administration and Hospital Board of Trustees to include the Hospital’s budgeted financial activity in the City’s budget submitted to the Iowa Department of Management.

Conclusion – Response accepted.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

For the year ended June 30, 2009:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
J.J. Rochford, Council member, owner of Community Insurance	Insurance	\$ 833
Julie Zittergruen, Deputy Clerk/ Assistant City Manager, brother owns Fassbinder Small Engines	Repair and maintenance	2,022

The transactions with J.J. Rochford and Julie Zittergruen do not represent conflicts of interest in accordance with Chapter 362.5(11) of the Code of Iowa because total transactions with each individual were less than \$2,500 during the fiscal year.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

For the year ended June 30, 2008:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
J.J. Rochford, Council member, owner of Community Insurance	Insurance	\$ 833
Julie Zittergruen, Deputy Clerk/ Assistant City Manager, brother owns Fassbinder Small Engines	Repair and maintenance	3,358
Carol Hartmann, City employee, Husband owns John's TV	Supplies	317

The transactions with J.J. Rochford and Carol Hartmann do not represent conflicts of interest in accordance with Chapter 362.5(11) of the Code of Iowa because total transactions with each individual were less than \$2,500 during the fiscal year. The transactions with Fassbinder Small Engines may represent a conflict of interest since the total transactions were greater than \$2,500.

Recommendation - The City should consult legal counsel to determine the disposition of the payments made to Fassbinder Small Engines during the year ended June 30, 2008.

Response - The City will consult legal counsel regarding payments to Fassbinder Small Engines during the year ended June 30, 2008.

Conclusion - Response accepted.

- (5) Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

- (6) Council Minutes - Except as noted below, no transactions were found that we believe should have been approved in the Council minutes but were not.

Minutes publication includes a listing of all claims allowed and a summary of all receipts, but does not include the reason for the claim as required by Chapter 372.13(6) of the Code of Iowa and an Attorney's General opinion dated April 12, 1978.

Recommendation - The minutes publication should include a listing of claims allowed and show the name of person or firm making the claim, the reason for the claim and the amount of the claim as required by Chapter 372.13(6) of the Code of Iowa and an Attorney's General opinion dated April 12, 1978.

Response - The City will publish minutes in accordance with Chapter 372.13(6) of the Code of Iowa.

Conclusion - Response accepted.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (8) Revenue Bonds – No instances of non-compliance with the provisions of the sewer revenue bonds were noted.
- (9) Financial Condition – The Enterprise, Water Fund had a deficit balance at June 30, 2009 of \$20,784. The Enterprise, Water Fund and Enterprise, Sewer Fund had deficit balances at June 30, 2008 of \$9,929 and \$80,231, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these funds to a sound financial position.

Response – The City has reviewed and adjusted utility rates to improve these fund balances.

Conclusion – Response accepted.

- (10) Electronic Checks – Chapter 554D.114 of the Code of Iowa allows cancelled checks to be retained in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check.

The Guttenberg Firefighters Association did not obtain an image of the back of each cancelled check as required.

Recommendation – The Guttenberg Firefighters Association should obtain and retain check images as required.

Responses – The Association will request the check images and retain them.

Conclusion – Response accepted.

- (11) Tax Increment Financing (TIF) – During the years ending June 30, 2009 and 2008, the City transferred \$15,150 and \$22,692, respectively, from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund to reimburse the Debt Service Fund for the TIF portion of the general obligation notes. However, the TIF portion of the general obligation note principal and interest due in the years ended June 30, 2009 and 2008 was \$9,029 and \$9,029, respectively. Therefore, the City transferred \$6,121 and \$13,663, respectively, more during the years ended June 30, 2009 and 2008 than was required from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund.

Recommendation – The City should only make transfers from the Special Revenue, Urban Renewal Tax Increment Fund to the Debt Service Fund for the TIF debt coming due in the fiscal year. Also, the City should transfer \$19,784 from the Debt Service Fund to the Special Revenue, Urban Renewal Tax Increment Fund to reimburse the Special Revenue, Urban Renewal Tax Increment Fund.

City of Guttenberg

Schedule of Findings

Years ended June 30, 2009 and 2008

Response – The transfer will be completed as recommended.

Conclusion – Response accepted.

- (12) Petition for Audit – Except as noted, all items included in the petition for audit have been resolved.

City of Guttenberg

Staff

This compilation was performed by:

K. David Voy, CPA, Manager
Darryl J. Brumm, CPA, Senior Auditor II
Gelu Sherpa, Staff Auditor
Kelly L. Hilton, Assistant Auditor
Rosemary E. Nielsen, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, stylized initial "A".

Andrew E. Nielsen, CPA
Deputy Auditor of State