WOODBINE MUNICIPAL LIGHT & POWER

FINANCIAL STATEMENTS

JUNE 30, 2005

WOODBINE MUNICIPAL LIGHT & POWER
WOODBINE, IOWA
JUNE 30, 2005

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WOODBINE MUNICIPAL LIGHT & POWER
OFFICIALS
JUNE 30, 2005

NAME OF OFFICIAL	TITLE	TERM EXPIRES
Donald Kenkel	Trustee - Chairman	2005
Charles H. Warner, Jr.	Trustee	2009
Duane Mann	Trustee	2007
Rory Weis	Superintendent	
Theresa Corrin	Office manager	

DEAN M. BROICH, P.C.
CERTIFIED PUBLIC ACCOUNTANT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Woodbine Municipal Light & Power
Woodbine, Iowa

I have audited the accompanying financial statements of Woodbine Municipal Light & Power, Woodbine, Iowa, as of and for the years ended June 30, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of Woodbine Municipal Light & Power's, Woodbine, Iowa, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1A, the financial statements present only the Woodbine Municipal Light and Power fund and do not purport to, and do not, present fairly the financial position of the City of Woodbine, Woodbine, Iowa, as of June 30, 2005 and 2004, and the changes in its financial position and cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Woodbine Municipal Light & Power has not presented Management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodbine Municipal Light & Power, Woodbine, Iowa as of June 30, 2005 and 2004, and the changes in financial position and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated July 26, 2005, on my consideration of Woodbine Municipal Light & Power's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary schedules on pages 17 through 20 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Certified Public Accountant

Omaha, Nebraska
July 26, 2005

WOODBINE MUNICIPAL LIGHT & POWER
BALANCE SHEET
JUNE 30, 2005 AND 2004

ASSETS

	2005	2004
Current assets:		
Cash	$ 23,810	$ 74,422
Receivables	108,531	109,963
Inventories	39,559	45,888
Certificates of deposit	675,653	611,989
Unbilled usage	33,212	25,426
Accrued interest receivable	5,146	2,560
Prepaid insurance	14,147	15,034
Total current assets	900,058	885,282
Property and equipment - net	914,188	950,024
Restricted assets:		
Customer deposits	9,780	9,925
Deposits - Woodbine Natural Gas	10,602	10,661
Total restricted assets	20,382	20,586
Total assets	$ 1,834,628	$ 1,855,892

LIABILITIES AND RETAINED EARNINGS

Current liabilities:		
Accounts payable - trade	$ 8,791	$ 11,631
Accrued vacation and leave	18,778	20,188
Accrued interest payable	904	963
Current portion of long-term debt	-	12,922
Current portion of bonds payable	30,000	30,000
Total current liabilities	58,473	75,704
Other liabilities:		
Note payable - long-term portion	-	15,946
Bonds payable - long-term portion	270,000	300,000
Restricted deposits payable	21,101	20,636
Total liabilities	349,574	412,286
Retained earnings - unrestricted	1,485,054	1,443,606
Total liabilities and retained earnings	$ 1,834,628	$ 1,855,892

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Operating revenues:		
Current use charges	$ 803,804	$ 767,733
Miscellaneous and rentals	397	550
Total operating revenues	804,201	768,283
Operating expenses:		
Cost of power	415,179	385,644
Distribution expenses	105,613	86,450
Accounting and collection	73,642	80,737
Administrative	165,195	161,066
Depreciation	43,921	44,416
Total operating expenses	803,550	758,313
Operating income	651	9,970
Non-operating revenues:		
Sales of materials and equipment	2,334	2,383
Interest income	16,825	15,011
Miscellaneous income	100	500
Penalties	5,038	4,719
Total non-operating revenues	24,297	22,613
Income before operating transfers	24,948	32,583
Operating transfers from City	16,500	16,500
Net income	41,448	49,083
Retained earnings, beginning of year	1,443,606	1,394,523
Retained earnings, end of year	$ 1,485,054	$ 1,443,606

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 795,068	$ 742,213
Cash payments to suppliers and employees	(756,257)	(782,865)
Other revenues	397	465
Net cash provided (used) by operating activities	39,208	(40,187)
Cash flows from noncapital financing activities:		
Operating transfers from City	16,500	16,500
Non-operating revenues - net	7,472	11,583
Net cash provided from noncapital financing activities	23,972	28,083
Cash flows from capital financing activities:		
Repayment of principal - bank note	(28,868)	(12,222)
Repayment of principal - bonds	(30,000)	(22,573)
Net cash used by capital financing activities	(58,868)	(34,795)
Cash flows from investing activities:		
Purchases of investments and certificates of deposit	(651,106)	(476,737)
Purchases of equipment	(8,086)	(35,962)
Proceeds from investments and certificates of deposit	587,443	107,481
Interest on investments	16,825	19,730
Net cash used by investing activities	(54,924)	(385,488)
Net decrease in cash	(50,612)	(432,387)
Cash, beginning of year	74,422	506,809
Cash, end of year	$ 23,810	$ 74,422

SCHEDULE OF NET CASH FROM OPERATING ACTIVITIES

Reconciliation of net income to net cash provided by operating activities:		
Net income from operations	$ 651	$ 9,970
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,921	44,416
Changes in assets and liabilities:		
Receivables	1,432	(22,615)
Accrued interest receivable	(2,586)	(2,238)
Inventories	6,329	(387)
Unbilled usage	(7,786)	3,037
Prepaid insurance	887	(1,019)
Deposits	204	(3,789)
Accounts payable	(2,840)	(76,162)
Accrued vacation and leave	(1,528)	3,096
Accrued interest payable	59	963
Restricted deposits	465	4,541
Net cash provided (used) by operating activities	$ 39,208	$ (40,187)

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005		
	Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 806,000	$ 794,610	$ (11,390)
Other operating revenue	1,000	397	(603)
Total operating revenues	807,000	795,007	(11,993)
Operating expenses:			
Cost of power	451,600	418,019	(33,581)
Distribution expenses	115,999	99,284	(16,715)
Accounting & collections	86,040	73,701	(12,339)
Administration	192,561	165,718	(26,843)
Total operating expenses	846,200	756,722	(89,478)
Operating loss	(39,200)	38,285	77,485
Non-operating revenues:			
Charges for services	17,000	16,500	(500)
Sale of materials	2,200	2,434	234
Interest income	20,000	19,277	(723)
Total non-operating revenues	39,200	38,211	(989)
Net income	$ -	$ 76,496	$ 76,496

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2004		
	Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 770,000	$ 671,993	$ (98,007)
Other operating revenue	1,000	550	(450)
Total operating revenues	771,000	672,543	(98,457)
Operating expenses:			
Cost of power	399,500	461,806	62,306
Distribution expenses	109,346	86,837	(22,509)
Accounting & collections	101,665	80,737	(20,928)
Administration	198,989	158,026	(40,963)
Total operating expenses	809,500	787,406	(22,094)
Operating loss	(38,500)	(114,863)	(76,363)
Non-operating revenues:			
Charges for services	17,000	16,500	(500)
Sale of materials	2,000	2,883	883
Interest income	20,000	17,577	(2,423)
Total non-operating revenues	39,000	36,960	(2,040)
Net income (loss)	$ 500	$ (77,903)	$ (78,403)

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

1. Summary of Significant Accounting Policies

Woodbine Municipal Light & Power has operated as an independent entity since 1941. It is governed by a Board of Trustees that are appointed by the Mayor of Woodbine, Iowa. It provides electricity and power to the City of Woodbine and the surrounding area.

A. Reporting Entity

Criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those offices and activities over which the Board of Trustees exercises oversight responsibility are included in these financial statements. Manifestations of oversight responsibility over an entity include: (1) financial interdependence, (2) selection of governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters.

Woodbine Municipal Light & Power has been identified as a component unit of the City of Woodbine. Woodbine Municipal Light & Power provides billing and collection services for water, sewer, gas and landfill charges for the City of Woodbine. However, these amounts have been eliminated for financial statements purposes. These financial statements do not reflect any activity or transactions of the City of Woodbine and do not present consolidated information.

B. Fund Accounting

The Utility, for financial statement purposes, includes the funds and operations applicable to Electric and Power services only. All financial activity is accounted for in a single enterprise fund. The intent of the governing body is that all acquisitions, operations and maintenance of facilities and services to the general public on a continuing basis be financed or recovered primarily by user charges.

C. Measurement Focus and Basis of Accounting

Woodbine Municipal Light & Power maintains its accounting records on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Operating revenues generally result from providing services and producing and delivering those services in connection with ongoing operations. Receipts and disbursements not meeting this definition are reported as non-operating income and expenses.

Woodbine Municipal Light & Power applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

At June 30, 2005 and 2004, management considered accounts receivable to be fully collectible and, therefore, these financial statements do not contain an allowance for doubtful accounts.

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget. The budget of the Utility is submitted with that of the City of Woodbine following required public notice and hearing. Budgetary information is presented on the cash basis, which is in conformity with the budgetary requirements for the Code of Iowa.

E. Deposits and Certificates of Deposit

Deposits and investments are stated at cost, which approximates market. Interest on deposits and investments is accrued in the financial statements. The Utility's deposits are 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. Accordingly, Woodbine Municipal Light and Power had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

F. Inventories

Inventories consist of materials and supplies, are recorded on the (FIFO) first in, first-out basis and are valued at the lower of cost or market.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Utility considers all highly liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents. Restricted deposit accounts are not considered cash equivalents.

H. Compensated Absences

Utility employees accumulate vacation and personal leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are recognized and accrued when earned. Sick leave is also accumulated, but is not paid upon termination, retirement or death. Sick leave benefits are not accrued; however they are recognized when used.

I. Use of Estimates

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

1. Summary of Significant Accounting Policies - continued

J. Off Balance Sheet and Concentration of Credit Risk

The Utility's receivables are due from customers for Electric and Power charges for the City of Woodbine, Iowa and the surrounding community. None of the receivables are collateralized. In addition, the Utility's cash and investments are maintained primarily in two banks. To date, these concentrations of credit risk have not had an effect on the results of operations of the Utility.

K. Reclassifications

Certain amounts in the June 30, 2004 financial statements have been reclassified to conform to the June 30, 2005 presentation. Such reclassifications had no effect on net income as previously reported.

2. Deposits and Certificates of Deposit

The Utility is authorized to invest public funds in interest bearing accounts at any bank, savings and loan association or credit union in the State of Iowa which is approved by the State Treasurer and properly declared as a depository by the Board of Trustees; obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved and secured pursuant to Chapter 453; Iowa Public Agency Investment Trust and certain other investments with prior approval by the Board of Trustees.

Deposits and investments are stated at cost, which approximates market. Interest on deposits and investments is accrued in the financial statements. The Utility's deposits at June 30, 2005 and 2004 were entirely covered by federal depository insurance or by a multiple financial institution collateral pool 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 Utility had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

3. Property and Equipment

Property and equipment are stated at historical cost. Depreciation is provided using the straight-line method over the estimated economic useful lives of the respective assets.

	June 30, 2005			
	Life	Cost or Basis	Accumulated Depreciation	Net Book Value
Property and Equipment				
Land		$ 15,250	$ -	$ 15,250
Building and plant	40 yrs.	171,494	124,173	47,321
Distribution and substation	40 yrs.	1,382,402	639,612	742,790
Equipment	5 - 10 yrs.	60,754	60,754	-
Automotive equipment	10 - 20 yrs.	175,854	67,027	108,827
Totals		$ 1,805,754	$ 891,566	$ 914,188

3. Property and Equipment - continued

	June 30, 2004			
	Life	Cost or Basis	Accumulated Depreciation	Net Book Value
Property and Equipment				
Land		$ 15,250	$ -	$ 15,250
Building and plant	40 yrs.	171,494	122,338	49,156
Distribution and substation	40 yrs.	1,376,144	608,349	767,795
Equipment	5 - 10 yrs.	60,754	60,200	554
Automotive equipment	10 - 20 yrs.	175,854	58,585	117,269
Totals		$ 1,799,496	$ 849,472	$ 950,024

4. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, Woodbine Municipal Light & Power annually adopts a budget on the cash basis of accounting, following required public notice. Accordingly, the budget to actual comparisons are presented on a "non-GAAP" budgetary basis in the accompanying financial statements. The adjustments necessary to reconcile the differences between the two accounting methods are as follows:

	2005	2004
Net income – budgetary basis	$ 82,896	$ 1,164
Depreciation expense	(46,812)	(46,569)
Increase (decrease) in:		
Accounts receivable	(1,432)	22,615
Inventory	(6,329)	387
Unbilled usage	7,786	(3037)
Accrued interest receivable	2,586	2,153
Prepaid insurance	(887)	1,019
Customer deposits	(204)	3,789
(Increase) decrease in:		
Accounts payable	2,840	76,162
Accrued expenses	1,469	(4,059)
Restricted deposits	(465)	(4,541)
Net income – accrual basis	$ 41,448	$ 49,083

5. Pension and Retirement Benefits

Woodbine Municipal Light & Power 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.

Plan members are required to contribute 3.75% of their annual covered salary and Woodbine Municipal Light & Power is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by State statute. Woodbine Municipal Light & Power's required contribution to IPERS for the years ended June 30, 2005 and 2004 amounted to $ 9,013 and $8,474, respectively.

6. Note payable

Note payable as of June 30, 2005 consisted of the following:

	2005	2004
Note payable – Bank, dated March 13, 2002, bearing interest at 6.25%, due in monthly principal and interest installments of $1,204.13. The note matures March 13, 2007, and is secured by a blanket security agreement on Utility assets dated March 13, 2002.	$ -	$ 28,868

7. Bonds payable

On February 1, 2003, Woodbine Municipal Light and Power issued electric revenue bonds in the amount of $360,000.00 in conjunction with the upgrade of a substation transformer. The rates of interest on the outstanding bonds range from 2.35% to 4.25% and interest is due semi-annually. The bonds are scheduled to mature on June 1, 2013.

Debt service requirements of the bonds payable are as follows:

	Principal	Interest
2006	$ 35,000	$ 10,853
2007	35,000	9,908
2008	35,000	8,858
2009	35,000	7,703
2010	40,000	6,460
2011 - 2013	120,000	10,020
	$ 300,000	$ 53,802

8. Risk Management

The Utility 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. Woodbine Municipal Light & Power 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.

9. Joint Ventures

Woodbine Municipal Light & Power is a participant in the Missouri Basin Electric Cooperative Association (MBMECA), a joint venture for the construction and maintenance of power lines from the Northwest Iowa Power Cooperative (NIPCO). NIPCO constructed the power lines, and there are no dedicated lines, but rather there is an agreement which guarantees the Utility the right to draw power over the lines at a raw power cost without transmission charges. The Utility shares the joint venture with twelve other municipalities and the percentage of ownership varies from year to year. The Utility cannot recover any investment from MBMECA unless authorized by MBMECA, or if MBMECA ceases operations. Accordingly, the investment is not reflected as an asset in these financial statements. The financial statements of the joint venture are kept on, and are audited on, a calendar year basis and, therefore, are not comparable to the Utility's June 30 fiscal year end. Payments by the Utility to MBMECA amounted to $ 40,021 and $39,546 for the fiscal year ended June 30, 2005 and 2004, respectively.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Woodbine Municipal Light & Power
Woodbine, Iowa

I have audited the financial statements of Woodbine Municipal Light & Power, of the City of Woodbine, Woodbine, Iowa, as of and for the year ended June 30, 2005, and have issued my report thereon dated July 26, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Woodbine Municipal Light & Power's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about Woodbine Municipal Light and Power's operations for the fiscal year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of Woodbine Municipal light and Power. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have not been resolved.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Woodbine Municipal Light & Power's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my

attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Woodbine Municipal Light & Power's, City of Woodbine, Woodbine, Iowa ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the supplementary information of Schedule of Findings.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe that segregation of duties is a material weakness. Prior year reportable conditions have not been resolved.

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

I would like to acknowledge the many courtesies and assistance extended to me during the audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you.

Certified Public Accountant

Omaha, Nebraska
July 26, 2005

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Distribution expenses:		
Wages	$ 48,362	$ 45,693
FICA	3,696	3,468
IPERS	2,615	2,404
Contract labor	239	101
Equipment	567	1,776
Insurance	20,140	18,208
Maintenance materials	19,008	8,102
Miscellaneous	29	244
Street lights	838	622
Supplies	775	417
Tool purchases	279	181
Training	1,280	354
Truck expenses	6,736	4,794
Uniforms	1,049	86
Total distribution expenses	$ 105,613	$ 86,450
Accounting & collection expenses:		
Wages	$ 46,816	$ 40,713
FICA	3,635	3,024
IPERS	2,699	2,251
Equipment	652	2,025
Insurance	3,657	1,333
Interest expense	13,468	27,829
Miscellaneous	158	90
Supplies	2,557	3,472
Total accounting & collection expenses	$ 73,642	$ 80,737

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY SCHEDULES
SCHEDULES OF OPERATING EXPENSES - CONTINUED
FOR THE FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
Administrative expenses:		
Wages	$ 68,187	$ 66,376
FICA	5,550	5,096
IPERS	4,161	3,820
Advertising & legal publication	5,104	3,658
Assessments	1,557	1,396
Audit and accounting	4,250	3,700
Contract labor	3,810	6,790
Donations	14,250	5,600
Dues	2,853	3,361
Equipment	4,762	7,807
Insurance	28,554	26,521
Legal & engineering	1,894	4,773
Maintenance materials	2,391	3,312
Meeting expenses	6,139	6,792
Miscellaneous	1,164	1,388
Postage	1,304	1,898
Supplies	857	953
Telephone	3,537	2,942
Training	-	678
Truck expenses	1,271	2,405
Trustee fees	3,600	1,800
Total administrative expenses	$ 165,195	$ 161,066

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005

Instances of Non – Compliance:

No matters were noted.

Reportable Conditions:

(A) Segregation of Duties - An important aspect of any internal control structure is the segregation of duties among employees to prevent individual employees from handling tasks that are incompatible. I recognize that, because of limited staff, the Utility is not able to segregate all incompatible duties.

Recommendation – I reminded the Utility of the importance of obtaining the maximum segregation of duties and emphasized the need to make improvements to the control structure where feasible. Because of this weakness, I reminded the Utility of the importance of administrative review of financial transactions and reports.

Response – Management and the Board of Trustees are aware of the need to segregate incompatible duties where possible and of the need for administrative review. Management and the Board of Trustees will continue to make improvements where possible.

Conclusion - Response accepted.

Other Findings Related to Required Statutory Reporting:

The following comments about the Woodbine Municipal Light & Power's operations for the year ended June 30, 2005, are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of Woodbine Municipal Light & Power. Since my 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.

(1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Trustees. The maximum deposit amounts stated in the resolutions were not exceeded during the year ended June 30, 2005.

(2) Certified Budget – For the year ended June 30, 2005, budgeted expenditures exceeded actual disbursements as required under Chapter 384.20 of the Code of Iowa.

(3) Questionable Disbursements - I noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

(4) Travel Expenses – I noted no disbursements of Utility money for travel expenses of spouses of Utility officials or employees.

(5) Business Transactions - Business transactions noted between the Utility and Utility officials, related parties or employees were not material to the financial statements, appeared to be arms-length, properly approved, and in the normal course of business.

(6) Bond Coverages - Surety bond coverage of the Utility's officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.

(7) Board Minutes – No transactions were found that I believe should have been approved in the Board minutes but were not.

(8) Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Utility's investment policy.