WOODBINE MUNICIPAL LIGHT & POWER

FINANCIAL STATEMENTS

JUNE 30, 2006

WOODBINE MUNICIPAL LIGHT & POWER
WOODBINE, IOWA
JUNE 30, 2006

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WOODBINE MUNICIPAL LIGHT & POWER
OFFICIALS
JUNE 30, 2006

NAME OF OFFICIAL	TITLE	TERM EXPIRES
Donald Kenkel	Trustee - Chairman	2011
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, 2006 and 2005, 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, 2006 and 2005, and the changes in its financial position, or, where applicable, its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not required to be part of the basic financial statements, but is necessary to supplement the basic financial statements according to accounting principles generally accepted in the United States. Woodbine Municipal Light & Power has not presented Management's discussion and analysis in these 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, 2006 and 2005, 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 August 8, 2006, 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, contracts and other matters The purpose of that report is to describe the scope of my 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 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.

Dee M Brooch
Certified Public Accountant

Omaha, Nebraska
August 8, 2006

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF NET ASSETS
JUNE 30, 2006 AND 2005

ASSETS

	2006	2005
Current assets:		
Cash	$ 16,763	$ 23,810
Receivables	129,866	108,531
Inventories	44,347	39,559
Certificates of deposit	717,503	675,653
Unbilled usage	29,238	33,212
Accrued interest receivable	11,370	5,146
Prepaid insurance	12,946	14,147
Total current assets	962,033	900,058
Noncurrent assets:		
Customer deposits	9,485	9,780
Natural gas deposits	10,779	10,602
Total noncurrent assets	20,264	20,382
Capital assets	870,804	914,188
Total assets	$ 1,853,101	$ 1,834,628

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable - trade	$ 10,153	$ 8,791
Accrued vacation and leave	23,358	18,778
Accrued interest payable	826	904
Current portion of bonds payable	30,000	30,000
Total current liabilities	64,337	58,473
Long-Term Liabilities:		
Natural gas and customer deposits payable	21,819	21,101
Bonds payable - long-term portion	235,000	270,000
Total liabilities	321,156	349,574
Net Assets:		
Investment in capital assets net of related debt	605,804	614,188
Net assets - unrestricted	926,141	870,866
Total liabilities and net assets	$ 1,853,101	$ 1,834,628

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Operating revenues:		
Current use charges	$ 838,959	$ 803,804
Miscellaneous and rentals	1,605	397
Total operating revenues	840,564	804,201
Operating expenses:		
Cost of power	465,655	415,179
Distribution expenses	99,848	105,613
Accounting and collection	58,799	61,332
Administrative	169,965	165,195
Depreciation	43,384	43,921
Total operating expenses	837,651	791,240
Operating income	2,913	12,961
Non-operating revenues (expenses):		
Sales of materials and equipment	2,793	2,334
Interest income	30,345	16,825
Penalties and late fees	6,011	5,038
Miscellaneous income	125	100
Interest expense	(11,796)	(12,310)
Total non-operating revenues	27,478	11,987
Changes in net assets before transfers	30,391	24,948
Transfers from City	16,500	16,500
Changes in net assets	46,891	41,448
Net assets, beginning of year	1,485,054	1,443,606
Net assets, end of year	$ 1,531,945	$ 1,485,054

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, 2006 AND 2005

	2006	2005
Cash flows from operating activities:		
Cash received from customers	$ 815,492	$ 795,068
Cash payments to suppliers	(621,996)	(576,982)
Cash payments to employees	(169,276)	(166,965)
Other revenues	1,605	397
Net cash provided by operating activities	25,825	51,518
Cash flows from noncapital financing activities:		
Transfers from City	16,500	16,500
Non-operating revenues - net	8,929	7,472
Net cash provided from noncapital financing activities	25,429	23,972
Cash flows from capital and financing activities:		
Repayment of principal - bank note	-	(28,868)
Repayment of principal - bonds	(35,000)	(30,000)
Interest expense on debt	(11,796)	(12,310)
Net cash used by capital financing activities	(46,796)	(71,178)
Cash flows from investing activities:		
Purchases of investments and certificates of deposit	(552,944)	(651,106)
Purchases of equipment	-	(8,086)
Proceeds from investments and certificates of deposit	511,094	587,443
Interest on investments	30,345	16,825
Net cash used by investing activities	(11,505)	(54,924)
Net decrease in cash	(7,047)	(50,612)
Cash, beginning of year	23,810	74,422
Cash, end of year	$ 16,763	$ 23,810

SCHEDULE OF NET CASH FROM OPERATING ACTIVITIES

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 2,913	$ 12,961
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	43,384	43,921
Changes in assets and liabilities:		
Receivables	(21,335)	1,432
Accrued interest receivable	(6,224)	(2,586)
Inventories	(4,788)	6,329
Unbilled usage	3,974	(7,786)
Prepaid insurance	1,201	887
Deposits	118	204
Accounts payable	1,362	(2,840)
Accrued vacation and leave	4,502	(1,528)
Accrued interest payable	-	59
Restricted deposits	718	465
Net cash provided by operating activities	$ 25,825	$ 51,518

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, 2006 AND 2005

	2006		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 801,000	$ 822,434	$ 21,434
Other operating revenue	1,000	1,605	605
Total operating revenues	802,000	824,039	22,039
Operating expenses:			
Cost of power	471,600	464,293	(7,307)
Distribution expenses	111,620	104,636	(6,984)
Accounting & collections	71,293	58,799	(12,494)
Administration	180,835	164,184	(16,651)
Total operating expenses	835,348	791,912	(43,436)
Operating income (loss)	(33,348)	32,127	65,475
Non-operating revenues:			
Charges for services	17,000	16,500	(500)
Sale of materials	2,200	2,918	718
Penalties and late fees	5,000	6,011	1,011
Interest income	20,000	24,121	4,121
Interest expense	(10,852)	(11,874)	(1,022)
Total non-operating revenues	33,348	37,676	4,328
Net income	$ -	$ 69,803	$ 69,803

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, 2006 AND 2005

	2005		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 797,000	$ 798,119	$ 1,119
Other operating revenue	1,000	397	(603)
Total operating revenues	798,000	798,516	516
Operating expenses:			
Cost of power	451,600	418,019	(33,581)
Distribution expenses	113,031	99,284	(13,747)
Accounting & collections	71,375	61,332	(10,043)
Administration	188,663	165,718	(22,945)
Total operating expenses	824,669	744,353	(80,316)
Operating income (loss)	(26,669)	54,163	80,832
Non-operating revenues:			
Charges for services	17,000	16,500	(500)
Sale of materials	2,200	2,434	234
Penalties and late fees	5,000	5,038	38
Interest income	15,000	14,239	(761)
Interest expense	(12,531)	(12,369)	162
Total non-operating revenues	26,669	25,842	(827)
Net income	$ -	$ 80,005	$ 80,005

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 and is governed by a Board of Trustees 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, 2006 and 2005, 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. Natural gas and customer deposit accounts are not considered cash equivalents.

H. Capital Assets

Capital assets consist of land, capital assets and accumulated depreciation. Costs for capital assets, new plant, distribution, or substation systems with an estimated useful life of five years or more are capitalized and depreciated over the estimated useful life. Repairs and maintenance of existing systems and capital assets with an estimated useful life of less than five years are expensed as incurred. Costs and accumulated depreciation on capital assets sold, retired or no longer in service are deducted from the respective asset and accumulated depreciation accounts, and any gain or loss is recognized at that time.

1. Summary of Significant Accounting Policies - continued

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.

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. 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.

L. Reclassifications

Certain amounts in the June 30, 2005 financial statements have been reclassified to conform to the June 30, 2006 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, 2006 and 2005 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, 2006			
	Life	Cost or Basis	Accumulated Depreciation	Net Book Value
Property and Equipment				
Land		$ 15,250	$ -	$ 15,250
Building and plant	40 yrs.	171,494	126,009	45,485
Distribution and substation	40 yrs.	1,384,231	674,549	709,682
Equipment	5 - 10 yrs.	58,925	58,925	-
Automotive equipment	10 - 20 yrs.	175,854	75,467	100,387
Totals		$ 1,805,754	$ 934,950	$ 870,804

	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.	1,384,231	641,441	742,790
Equipment	5 - 10 yrs.	58,925	58,925	-
Automotive equipment	10 - 20 yrs.	175,854	67,027	108,827
Totals		$ 1,805,754	$ 891,566	$ 914,188

For the fiscal year ended June 30, 2006, there were no capital assets acquired or retired from service. For the fiscal year ended June 30, 2005, costs of $ 8,086 were capitalized in conjunction with the construction of a retaining wall and the Utility disposed of a fully depreciated desktop computer.

4. 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 3.70% 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, 2006 and 2005 amounted to $ 9,189 and $9,013, respectively.

5. 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, 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:

	2006	2005
Changes in net assets – budgetary basis	$ 67,363	$ 46,812
(Increase) decrease in:		
Accounts receivable	(21,335)	1,432
Inventory	(4,788)	6,329
Unbilled usage	3,974	(7,786)
Accrued interest receivable	(6,224)	(2,586)
Prepaid insurance	1,201	887
Customer deposits	118	204
Increase (decrease) in:		
Accounts payable	1,362	(2,840)
Accrued expenses	4,502	(1,469)
Restricted deposits	718	465
Changes in net assets – accrual basis	$ 46,891	$ 41,448

6. 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. There were no additions and principal payments amounted to $ 35,000 and $ 30,000 for June 30, 2006 and 2005, respectively.

Debt service requirements of the bonds payable are as follows:

	Rate	Principal	Interest
2007	3.00%	$ 35,000	$ 9,908
2008	3.30%	35,000	8,857
2009	3.55%	35,000	7,703
2010	3.75%	40,000	6,460
2011	4.00%	40,000	4,960
2012 – 2013	4.15-4.25%	80,000	5,060
		$ 265,000	$ 42,948

7. 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.

8. 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. In addition, 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. Accordingly, the investment in the joint venture is not reflected as an asset in these financial statements. Payments by the Utility to MBMECA amounted to $ 44,339 and $40,021 for the fiscal year ended June 30, 2006 and 2005, respectively.

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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 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, 2006, and have issued my report thereon dated August 8, 2006. 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.

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, and therefore, prior year reportable conditions have not been considered as being resolved.

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 and contracts, 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, 2006 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.

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.

Dee M Broich
Certified Public Accountant

Omaha, Nebraska
August 8, 2006

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Distribution expenses:		
Wages	$ 52,220	$ 48,362
FICA	3,868	3,696
IPERS	2,834	2,615
Contract labor	-	239
Equipment	5,520	567
Insurance	17,648	20,140
Maintenance materials	9,079	19,008
Miscellaneous	436	29
Street lights	687	838
Supplies	657	775
Tool purchases	1,127	279
Training	1,577	1,280
Truck expenses	4,195	6,736
Uniforms	-	1,049
Total distribution expenses	$ 99,848	$ 105,613
Accounting & collection expenses:		
Wages	$ 41,918	$ 46,816
FICA	3,057	3,635
IPERS	2,298	2,699
Equipment	-	652
Insurance	7,811	3,657
Interest expense	-	1,158
Miscellaneous	647	158
Supplies	3,068	2,557
Total accounting & collection expenses	$ 58,799	$ 61,332

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY SCHEDULES
SCHEDULES OF OPERATING EXPENSES - CONTINUED
FOR THE FISCAL YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
Administrative expenses:		
Wages	$ 71,538	$ 68,187
FICA	5,673	5,550
IPERS	4,264	4,161
Advertising & legal publication	4,580	5,104
Assessments	1,266	1,557
Audit and accounting	4,250	4,250
Bad debt expense (recovery)	958	(51)
Contract labor	5,202	3,810
Donations	10,700	14,250
Dues	3,002	2,853
Equipment	4,984	4,762
Insurance	28,259	28,554
Legal & engineering	1,243	1,894
Maintenance materials	3,199	2,391
Meeting expenses	6,144	6,139
Miscellaneous	2,576	1,215
Postage	1,809	1,304
Supplies	508	857
Telephone	3,638	3,537
Training	498	-
Truck expenses	2,074	1,271
Trustee fees	3,600	3,600
Total administrative expenses	$ 169,965	$ 165,195

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

Part 1- Findings Related to the Financial Statements:

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.

Part II - Other Findings Related to Required Statutory Reporting:

The following comments about the Woodbine Municipal Light & Power's operations for the year ended June 30, 2006, 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, 2006.

(2) Certified Budget – For the year ended June 30, 2006, 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.