

WOODBINE MUNICIPAL LIGHT & POWER

FINANCIAL STATEMENTS

JUNE 30, 2009



WOODBINE MUNICIPAL LIGHT & POWER  
WOODBINE, IOWA  
JUNE 30, 2009

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WOODBINE MUNICIPAL LIGHT & POWER

OFFICIALS

JUNE 30, 2009

<u>NAME OF OFFICIAL</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Donald Kenkel	Trustee - Chairman	2011
Duane Mann	Trustee	2013
Charles H. Warner, Jr.	Trustee	2015
Christopher Waite	Superintendent	
Theresa Corrin	Office manager	

DEAN M. BROICH, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

2835 S. 132nd Street  
Omaha, Nebraska 68144  
(402) 829-0121  
FAX (402) 697-9096

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, a component unit of the City of Woodbine, Iowa, as of and for the fiscal years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of Woodbine Municipal Light & Power's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 accompanying financial statements present only the transactions of 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, Iowa, as of June 30, 2009 and 2008, and the changes in its financial position, or, where applicable, its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodbine Municipal Light & Power as of June 30, 2009 and 2008, and the results of its operations, changes in net assets, and cash flows for the fiscal 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 of America. Woodbine Municipal Light & Power has not presented management's discussion and analysis in these financial statements.

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

In accordance with *Government Auditing Standards*, I have also issued a report dated August 11, 2009, 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, grant agreements, 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 considered in assessing 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 information on pages 18 through 21 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 my 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  
August 11, 2009

WOODBINE MUNICIPAL LIGHT & POWER

STATEMENT OF NET ASSETS

JUNE 30, 2009 AND 2008

ASSETS

	<u>2009</u>	<u>2008</u>
Current assets:		
Cash	\$ 34,440	\$ 45,426
Receivables	139,169	127,496
Inventories	41,645	40,102
Certificate of deposit	847,426	109,561
Unbilled usage	34,093	32,888
Accrued interest receivable	6,620	6,208
Prepaid insurance	15,463	12,578
Total current assets	<u>1,118,856</u>	<u>374,259</u>
Noncurrent assets:		
Certificates of deposit	-	714,446
Customer deposits	9,501	9,280
Natural gas deposits	11,100	10,785
Total noncurrent assets	<u>20,601</u>	<u>734,511</u>
Capital assets	<u>780,862</u>	<u>805,290</u>
Total assets	<u>\$ 1,920,319</u>	<u>\$ 1,914,060</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable - trade	\$ 68,712	\$ 7,037
Accrued vacation and leave	24,817	21,189
Accrued interest payable	538	642
Current portion of bonds payable	40,000	35,000
Total current liabilities	<u>134,067</u>	<u>63,868</u>
Long-term liabilities:		
Natural gas and customer deposits payable	22,946	22,316
Bonds payable - long-term portion	120,000	160,000
Total liabilities	<u>277,013</u>	<u>246,184</u>
Net assets:		
Investment in capital assets, net of related debt	620,862	610,290
Net assets - restricted	-	-
Net assets - unrestricted	1,022,444	1,057,586
Total net assets	<u>1,643,306</u>	<u>1,667,876</u>
Total liabilities and net assets	<u>\$ 1,920,319</u>	<u>\$ 1,914,060</u>

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Current use charges	\$ 1,033,782	\$ 992,393
Miscellaneous and rentals	11,283	1,174
Total operating revenues	<u>1,045,065</u>	<u>993,567</u>
Operating expenses:		
Cost of power	693,873	593,475
Distribution expenses	114,230	114,926
Accounting and collection	78,389	66,027
Administrative	145,326	140,165
Depreciation	48,016	44,799
Total operating expenses	<u>1,079,834</u>	<u>959,392</u>
Operating income (loss)	<u>(34,769)</u>	<u>34,175</u>
Non-operating revenues (expenses):		
Sales of materials and equipment	4,053	1,998
Interest income	34,252	43,737
Penalties and late fees	4,820	5,659
Miscellaneous income	563	546
Interest expense	(7,821)	(9,151)
Total non-operating revenues (expenses)	<u>35,867</u>	<u>42,789</u>
Changes in net assets before transfers	1,098	76,964
Transfers from City	16,500	16,500
Transfers to City	<u>(42,168)</u>	<u>-</u>
Changes in net assets	(24,570)	93,464
Net assets, beginning of year	<u>1,667,876</u>	<u>1,574,412</u>
Net assets, end of year	<u>\$ 1,643,306</u>	<u>\$ 1,667,876</u>

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, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,019,956	\$ 989,842
Cash payments to suppliers	(772,325)	(761,883)
Cash payments to employees	(198,092)	(159,942)
Other revenues	11,283	1,174
Net cash provided by operating activities	<u>60,822</u>	<u>69,191</u>
Cash flows from noncapital financing activities:		
Transfers from City	16,500	16,500
Transfers to City	(42,168)	-
Non-operating revenues - net	9,436	8,203
Net cash provided (used) by noncapital financing activities	<u>(16,232)</u>	<u>24,703</u>
Cash flows from capital and financing activities:		
Repayment of principal - bonds	(35,000)	(35,000)
Interest expense on debt	(7,821)	(9,151)
Net cash used by capital and financing activities	<u>(42,821)</u>	<u>(44,151)</u>
Cash flows from investing activities:		
Purchases of investments and certificates of deposit	(450,000)	(316,607)
Proceeds from investments and certificates of deposit	426,581	247,587
Purchases of equipment	(23,588)	(21,920)
Interest on investments	34,252	43,737
Net cash used by investing activities	<u>(12,755)</u>	<u>(47,203)</u>
Net increase (decrease) in cash	(10,986)	2,540
Cash, beginning of year	45,426	42,886
Cash, end of year	<u>\$ 34,440</u>	<u>\$ 45,426</u>

SCHEDULE OF NET CASH FROM OPERATING ACTIVITIES

Reconciliation of operating income (loss)		
to net cash provided by operating activities:		
Operating income (loss)	\$ (34,769)	\$ 34,175
Adjustments to reconcile operating income		
to net cash provided by operating activities:		
Depreciation	48,016	44,799
Changes in assets and liabilities:		
Receivables	(11,673)	2,191
Accrued interest receivable	(412)	236
Inventories	(1,543)	2,773
Unbilled usage	(1,205)	(3,133)
Prepaid insurance	(2,885)	(417)
Deposits	(536)	(1,845)
Accounts payable	61,675	(3,692)
Accrued vacation and leave	3,628	(7,770)
Accrued interest payable	(104)	(96)
Customer deposits	630	1,970
Net cash provided by operating activities	<u>\$ 60,822</u>	<u>\$ 69,191</u>

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, 2009 AND 2008

	2009		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	\$ 1,030,000	\$ 1,020,472	\$ (9,528)
Other operating revenue	1,200	11,283	10,083
Total operating revenues	<u>1,031,200</u>	<u>1,031,755</u>	<u>555</u>
Operating expenses:			
Cost of power	677,787	693,873	16,086
Distribution expenses	158,888	93,476	(65,412)
Accounting and collections	73,975	64,147	(9,828)
Administration expenses	176,400	118,921	(57,479)
Total operating expenses	<u>1,087,050</u>	<u>970,417</u>	<u>(116,633)</u>
Operating income (loss)	<u>(55,850)</u>	<u>61,338</u>	<u>117,188</u>
Non-operating revenues (expenses):			
Charges for services	17,000	16,500	(500)
Transfers to City	-	(42,168)	(42,168)
Sale of materials	2,000	4,053	2,053
Penalties and late fees	5,000	5,383	383
Interest income	40,850	33,840	(7,010)
Interest expense	(9,000)	(7,925)	1,075
Total non-operating revenues (expenses)	<u>55,850</u>	<u>9,683</u>	<u>(46,167)</u>
Net income - accrual basis	<u>-</u>	<u>71,021</u>	<u>71,021</u>
Adjustments to cash method for budget purposes:			
Bond principal payment	-	(35,000)	(35,000)
Net proceeds from investments	-	(23,419)	(23,419)
Purchases of equipment	-	(23,588)	(23,588)
Total adjustments	<u>-</u>	<u>(82,007)</u>	<u>(82,007)</u>
Net decrease in cash	<u>\$ -</u>	<u>\$ (10,986)</u>	<u>\$ (10,986)</u>

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, 2009 AND 2008

	2008		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	\$ 920,700	\$ 989,842	\$ 69,142
Other operating revenue	1,000	1,174	174
Total operating revenues	<u>921,700</u>	<u>991,016</u>	<u>69,316</u>
Operating expenses:			
Cost of power	568,150	593,475	25,325
Distribution expenses	138,645	113,461	(25,184)
Accounting and collections	81,623	66,799	(14,824)
Administration expenses	179,482	148,090	(31,392)
Total operating expenses (expenses)	<u>967,900</u>	<u>921,825</u>	<u>(46,075)</u>
Operating income (loss)	<u>(46,200)</u>	<u>69,191</u>	<u>115,391</u>
Non-operating revenues (expenses):			
Charges for services	17,000	16,500	(500)
Sale of materials	2,000	1,998	(2)
Penalties and late fees	6,200	6,205	5
Interest income	30,000	43,737	13,737
Interest expense	(9,000)	(9,151)	(151)
Total non-operating revenues (expenses)	<u>46,200</u>	<u>59,289</u>	<u>13,089</u>
Net income - accrual basis	<u>-</u>	<u>128,480</u>	<u>128,480</u>
Adjustments to cash method for budget purposes:			
Bond principal payment	-	(35,000)	(35,000)
Net proceeds from investments	-	(69,020)	(69,020)
Purchases of equipment	-	(21,920)	(21,920)
Total adjustments	<u>-</u>	<u>(125,940)</u>	<u>(125,940)</u>
Net increase in cash	<u>\$ -</u>	<u>\$ 2,540</u>	<u>\$ 2,540</u>

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

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009

1. Summary of Significant Accounting Policies

Woodbine Municipal Light & Power has operated as an independent entity since 1941 and is governed by a three member Board of Trustees appointed by the Mayor of Woodbine, Iowa. The Utility provides power and electricity to residential and commercial customers in Woodbine, Iowa and the surrounding community.

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, Iowa. 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.

Woodbine Municipal Light & Power applies all pronouncements of the Governmental Accounting Standards Board (GASB), as well as all Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

Operating revenues generally result from providing electric and power services, and maintaining 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  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

At June 30, 2009 and 2008, 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 and certificates are covered entirely 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 risk categorization disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

F. Inventories

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

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Utility considers all highly liquid debt instruments purchased with original 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. Woodbine Municipal Light & Power does not maintain a formal capitalization policy. Generally, costs for capital assets, new plant, distribution, or substation systems with estimated useful lives of five years or more are capitalized and depreciated over the estimated useful life. Repairs and replacements of existing systems and assets with estimated useful lives 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. Construction period interest, if any, is not capitalized.

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

1. Summary of Significant Accounting Policies - continued

I. Use of Estimates

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

J. Off Balance Sheet and Concentration of Credit Risk

The Utility's receivables are due from residential and commercial customers for providing electric and power charges. None of the receivables are collateralized. The Utility's cash and investments are currently maintained in local depository institutions. 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 accrued; however, sick leave is not paid upon termination, retirement or death.

L. Reclassifications

Certain amounts in the June 30, 2008 financial statements have been reclassified to conform to the June 30, 2009 presentation. Such reclassifications had no effect on changes in net assets as previously reported.

2. Deposits and Investments

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 by the Board of Trustees, 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 and certificates at June 30, 2009 and 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 Utility had no investments meeting the risk categorization disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

3. Property and Equipment

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

	June 30, 2009			
	Balance 06/30/08	Additions	Retirements & Disposals	Balance 06/30/09
<u>Property and Equipment</u>				
Land	\$ 15,250	\$ -	\$ -	\$ 15,250
Buildings and plant	171,494	-	-	171,494
Distribution system	1,384,231	13,262	-	1,397,493
Equipment	256,699	10,326	-	267,025
Totals	<u>\$1,827,674</u>	<u>\$ 23,588</u>	<u>\$ -</u>	<u>\$ 1,851,262</u>

	June 30, 2009			
	Balance 06/30/08	Depreciation	Retirements & Disposals	Balance 06/30/09
<u>Accumulated Depreciation</u>				
Buildings and plant	\$ 129,653	\$ 1,808	\$ -	\$ 131,461
Distribution system	740,513	32,975	-	773,488
Equipment	152,218	13,233	-	165,451
Totals	<u>\$1,022,384</u>	<u>\$ 48,016</u>	<u>\$ -</u>	<u>\$ 1,070,400</u>

	June 30, 2008			
	Balance 06/30/07	Additions	Retirements & Disposals	Balance 06/30/08
<u>Property and Equipment</u>				
Land	\$ 15,250	\$ -	\$ -	\$ 15,250
Buildings and plant	171,494	-	-	171,494
Distribution system	1,384,231	-	-	1,384,231
Equipment	234,779	21,920	-	256,699
Totals	<u>\$1,805,754</u>	<u>\$ 21,920</u>	<u>\$ -</u>	<u>\$ 1,827,674</u>

	June 30, 2008			
	Balance 06/30/07	Depreciation	Retirements & Disposals	Balance 06/30/08
<u>Accumulated Depreciation</u>				
Buildings and plant	\$ 127,845	\$ 1,808	\$ -	\$ 129,653
Distribution system	707,531	32,982	-	740,513
Equipment	142,209	10,009	-	152,218
Totals	<u>\$ 977,585</u>	<u>\$ 44,799</u>	<u>\$ -</u>	<u>\$ 1,022,384</u>

Depreciation is provided on the straight-line basis. Buildings, plant and distribution systems are depreciated over 40 years, whereas equipment is generally depreciated over 5 - 10 years.

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

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 were required to contribute 4.10% of their annual covered salary and Woodbine Municipal Light & Power is required to contribute 6.35% of annual covered payroll through June 30, 2009. Contribution rates and requirements are established by state statute. Woodbine Municipal Light & Power's required contribution to IPERS for the years ended June 30, 2009 and 2008 amounted to \$11,855 and \$10,159, 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 and hearing. Accordingly, budget to actual comparisons are presented on a "non-GAAP budgetary – cash basis" in the accompanying financial statements. The adjustments necessary to reconcile the differences between the cash and accrual accounting methods are as follows:

	<u>2009</u>	<u>2008</u>
Changes in cash – budgetary basis	\$ (10,986)	\$ 2,540
Depreciation expense	(48,016)	(44,799)
Net increase in investments	23,419	69,020
Payment of bond principal	35,000	35,000
Purchases of equipment	23,588	21,920
Increase (decrease) in:		
Accounts receivable	11,673	(2,191)
Inventory	1,543	(2,773)
Unbilled usage	1,205	3,133
Accrued interest receivable	412	(236)
Prepaid insurance	2,885	417
Customer deposits	536	1,845
(Increase) decrease in:		
Accounts payable	(61,675)	3,692
Accrued expenses	(3,524)	7,866
Customer deposits	(630)	(1,970)
Changes in net assets – accrual basis	<u>\$ (24,570)</u>	<u>\$ 93,464</u>

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

6. Bonds payable

Woodbine Municipal Light and Power issued electric revenue bonds on February 1, 2003 in the original amount of \$360,000.00 in conjunction with an upgrade of a substation transformer. The bonds are scheduled to mature on June 1, 2013. Interest on the bonds ranged from 2.35% to 4.25%, and is due semi-annually. There were no additions for June 30, 2009 and 2008, respectively. Principal payments are due June 1 of each year, and amounted to \$35,000 and \$35,000 for June 30, 2009 and 2008, respectively.

	Balance 06/30/08	Proceeds	Principal Paid	Balance 06/30/09
Electric revenue bonds	\$ 195,000	\$ -	\$ 35,000	\$ 160,000
	06/30/07	Proceeds	Paid	06/30/08
Electric revenue bonds	\$ 230,000	\$ -	\$ 35,000	\$ 195,000

Debt service requirements of the electric revenue bonds payable are as follows:

	Rate	Principal	Interest
2010	3.75%	\$ 40,000	\$ 6,460
2011	4.00%	40,000	4,960
2012	4.15%	40,000	3,360
2013	4.25%	40,000	1,700
		\$ 160,000	\$ 16,480

7. Net Assets

Net assets generally consist of the following three categories:

Net assets invested in capital assets, net of related debt - are capital assets, net of accumulated depreciation, reduced by related outstanding notes, bonds, or other debt.

Restricted net assets – are net assets which result when constraints or restrictions are placed on the use of net assets. The restrictions are generally imposed by external lending sources or by law.

Unrestricted net assets - are those assets not meeting the definitions of the two preceding categories. Reservations of unrestricted net assets may be imposed by management; however, reservations do not restrict net assets in any manner.

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, if any, have not exceeded commercial insurance coverage in any of the past three fiscal years.

WOODBINE MUNICIPAL LIGHT & POWER  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
JUNE 30, 2009

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. There is an agreement which guarantees Woodbine Municipal Light & Power 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 Woodbine Municipal Light & Power'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 Woodbine Municipal Light & Power to MBMECA amounted to \$52,770 and \$55,425 for the fiscal year ended June 30, 2009 and 2008, respectively.

DEAN M. BROICH, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

2835 S. 132nd Street  
Omaha, Nebraska 68144  
(402) 829-0121  
FAX (402) 697-9096

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, a component unit of the City of Woodbine, Iowa, as of and for the fiscal year ended June 30, 2009, and have issued my report thereon dated August 11, 2009. My report expressed an unqualified opinion on the financial statements, which were prepared by me in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Woodbine Municipal Light & Power's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodbine Municipal Light & Power's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Woodbine Municipal Light & Power's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Woodbine Municipal Light & Power's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Woodbine Municipal Light & Power's financial statements that is more than inconsequential will not be prevented or detected by Woodbine Municipal Light & Power's internal control.

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

Internal Control Over Financial Reporting - continued

My 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 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, the lack of segregation of duties discussed in the Schedule of Findings continues to be a material weakness. Therefore, prior year reportable conditions have not been resolved.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that were reported to management of Woodbine Municipal Light and Power in a separate letter dated October 8, 2009.

Comments involving statutory and other legal matters about Woodbine Municipal Light and Power's operations for the fiscal year ended June 30, 2009 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.

Woodbine Municipal Light and Power's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on Woodbine Municipal Light and Power's responses, I did not audit the Woodbine Municipal Light and Power's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the Board of Trustees, management and employees, and other parties to which the Woodbine Municipal Light and Power may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the 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  
August 11, 2009

WOODBINE MUNICIPAL LIGHT & POWER  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF OPERATING EXPENSES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Distribution expenses:		
Wages	\$ 58,576	\$ 56,713
FICA	4,432	4,136
IPERS	3,414	3,206
Contract labor	2,042	5,016
Equipment	371	1,460
Insurance	19,345	16,915
Maintenance materials	16,167	13,200
Miscellaneous	983	859
Street lights	775	960
Supplies	308	657
Tool purchases	1,135	1,472
Training	1,074	1,561
Truck expenses	5,455	7,533
Uniforms	153	1,238
Total distribution expenses	<u>\$ 114,230</u>	<u>\$ 114,926</u>
Accounting and collection expenses:		
Wages	\$ 53,640	\$ 47,311
FICA	4,009	3,476
IPERS	3,328	2,808
Contract labor	-	120
Equipment	-	469
Insurance	11,313	8,793
Miscellaneous	1,447	1,034
Supplies	4,342	2,016
Training	310	-
Total accounting and collection expenses	<u>\$ 78,389</u>	<u>\$ 66,027</u>

WOODBINE MUNICIPAL LIGHT & POWER  
SUPPLEMENTARY INFORMATION  
SCHEDULES OF OPERATING EXPENSES - CONTINUED  
FOR THE FISCAL YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Administrative expenses:		
Wages	\$ 47,248	\$ 52,318
FICA	3,756	5,218
IPERS	3,118	4,145
Advertising and legal publications	4,256	5,023
Assessments	1,438	1,621
Audit and accounting	4,800	4,250
Bad debt expense	178	1,705
Community development and contributions	8,050	12,947
Contract labor	4,316	4,536
Dues	2,529	2,684
Equipment	10,927	7,779
Insurance	21,392	19,785
Legal and engineering	8,484	450
Maintenance materials	1,383	526
Meeting expenses	8,967	4,685
Miscellaneous	976	2,503
Postage	4,451	1,663
Supplies	1,522	1,198
Telephone	1,657	1,696
Training	821	304
Truck expenses	1,457	1,529
Trustee fees	3,600	3,600
Total administrative expenses	<u>\$ 145,326</u>	<u>\$ 140,165</u>

WOODBINE MUNICIPAL LIGHT & POWER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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 communicated to the Board of Trustees and management the importance of trying to obtain the maximum segregation of duties and the need to make improvements to the control structure where warranted and feasible. Because of this weakness, I communicated to Board of Trustees the importance of their administrative review of financial transactions and reports.

Response – Management and the Board of Trustees are aware of the reasons for 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 and will continue to perform administrative reviews of the transactions and reporting.

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, 2009, 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, 2009.
- (2) Certified Budget – For the year ended June 30, 2009, amounts budgeted for expenditures exceeded actual disbursements, as required by the Code of Iowa.
- (3) Questionable Disbursements - I noted no disbursements that, I believe, 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 disbursements of Utility money for travel expenses of spouses and non-employees of the Utility's officials or employees. All expenses related to spouses and non-employee travel were reimbursed to Woodbine Municipal Light and Power.

WOODBINE MUNICIPAL LIGHT & POWER  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

- (5) Business Transactions – No business transactions were noted between Woodbine Municipal Light & Power and the Utility’s Officials, employees, or related parties which would require disclosure.
- (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.
- (9) Revenue Bonds – I noted no violations or instances of noncompliance with the provisions of the electric revenue bonds payable.

**DEAN M. BROICH, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**

2835 S. 132nd Street  
Omaha, Nebraska 68144

(402) 829-0121  
FAX (402) 697-9096

October 8, 2009

To the Board of Trustees and Management  
Woodbine Municipal Light & Power

I have audited the financial statements of the Woodbine Municipal Light & Power, a component unit of the City of Woodbine, Iowa, for the fiscal year ended June 30, 2009. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMC Circular 133, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated November 5, 2007. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Woodbine Municipal Light & Power are described in Note 1 to the financial statements. It appeared that there were no new accounting policies adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2009. I noted no transactions entered into by Woodbine Municipal Light & Power during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. I recommend that the Utilities policies be reviewed, at least annually, updated as deemed appropriate, and that they be approved, dated, signed and retained in the Utility's permanent files.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Woodbine Municipal Light & Power's financial statements was:

Management's estimates of accrued vacation and leave are based on actual hours accumulated and calculated using wage rates in effect as of the fiscal year end. The actual amounts owed may actually end up being more or less than the estimated amounts accrued in the financial statement. I have evaluated the key factors and assumptions which have been consistently applied in determining that the amounts accrued are reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

The completion of my audit was delayed primarily in order to obtain an understanding with the City regarding a resolution of wages and compensation paid on behalf of the City Water Fund, which is not under the control or supervision of Woodbine Municipal Light & Power. There is a separate Utility sub-committee of the City of Woodbine, and that sub-committee is charged with the governance and oversight of the Water Fund.

In addition, reconciliations originally provided to me were not complete and prepared accurately. There were instances where there was a general lack of understanding of the general ledger and the reconciling processes for certain accounts. Additional time was incurred in order to assist the office manager with preparing various reconciliations in order to ascertain the completeness and the accuracy of the financial statements. It may be beneficial to consider providing some accounting training and education for the Supervisor and Office Manager. It may be an opportunity to employ some additional controls to verify that the information presented in your monthly internal financial reporting is accurate and complete. I believe that it would also benefit them in gaining a better understanding of the financial statements and the underlying general ledger.

In addition, amounts recorded in the general ledger included expenses for spousal and non-employee travel. These matters were discussed with management and the Board of Trustees and it appears that there was proper reimbursement for the spousal and non-employee travel expenses. Accordingly, additional time was incurred in the audit. In the future it may be more prudent to have the employee pay the expenses personally and then turn in copies of the employee's travel expenses for Board approval and reimbursement. The general ledger would then reflect no expenditures for spousal and non-employee travel.

The delay in the issuance of the audit report was primarily due to the fact that the subsequent resolution of the Water Fund matters discussed above had not been resolved prior to the original anticipated report release date.

*Corrected and Uncorrected Misstatements*

Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The misstatements detected as a result of audit procedures and corrected by management were material to Woodbine Municipal Light & Power's financial statements taken as a whole. I have attached a copy of the ten adjusting entries that I proposed to management to correct the general ledger.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of my audit.

*Management Representations*

I requested certain representations from management that are included in the attached management representation letter dated August 11, 2009. If anyone has any questions or concerns regarding any of the representations made by management, please communicate that directly to me and I will be happy to discuss any concerns you may have.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Woodbine Municipal Light & Power's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

*Other Audit Findings and Issues*

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Woodbine Municipal Light & Power's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

This information is intended solely for the use of the Board of Trustees and the management of Woodbine Municipal Light & Power and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Dean M. Broich, President  
Certified Public Accountant

Attachments:

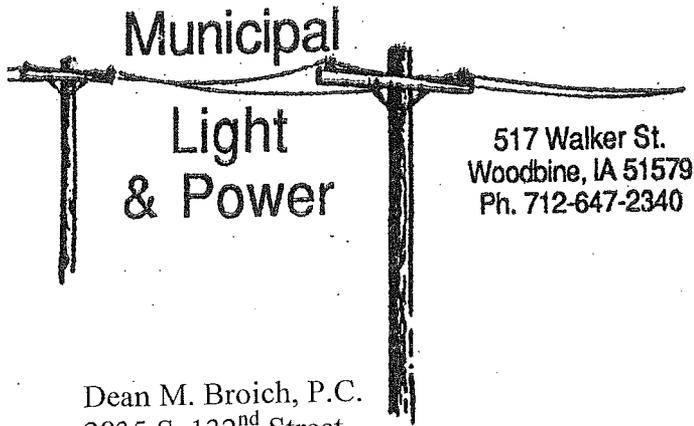
- Adjusting journal entries
- Management's representation letter

10/6/2009 11:44AM

Entry #	Status	Account/Code	Description	Workpaper	Misstate	Debit	Credit	
AJE 1	Posted	53-00-1300 53-00-4010	UNBILLED USAGE COMMERCIAL ELECTRIC	✓		1,205.06	1,205.06	
ADJUST UNBILLED USAGE @ 6/30/09								
AJE 2	Posted	53-00-1410 53-00-4110	ACCRUED INTEREST RECEIVABLE INTEREST INCOME				412.07	412.07
ADJUST ACCRUED INTEREST RECEIVABLE @ 6/30/09								
AJE 3	Posted	53-00-1420 53-62-6070	PREPAID INSURANCE INSURANCE				2,885.39	2,885.39
ADJUST PP INSURANCE TO G-1 @ 6/30/09								
AJE 4	Posted	53-60-6040 53-00-1590	DEPRECIATION ACCUMULATED DEPRECIATION				48,015.82	48,015.82
RECORD ANNUAL DEPRECIATION PER F-1								
AJE 5	Posted	53-00-2100 53-61-6400	ACCRUED INTEREST PAYABLE INTERST EXPENSE				103.55	103.55
ADJUST ACCRUED INTEREST PAYABLE AT 6/30/09								
AJE 6	Posted	53-60-6010 53-61-6010 53-62-6010 53-00-2092	WAGES WAGES WAGES ACCRUED VACATION & LEAVE			641.56 1,238.67 1,748.29	3,628.52	
ADJUST ACCRUED VACATION & LEAVE @ 6/30/09								
AJE 7	Posted	53-00-1280 53-60-6080	INVENTORIES MAINTENANCE & MATERIALS			1,543.86	1,543.86	
ADJUST 6/30/09 INVENTORY TO C-1								
AJE 8	Posted	53-00-1010 53-00-2010	CHECKING ACCOUNTS PAYABLE		> Reverse <	68,113.83	68,113.83	
RECLASSIFY A/P @ 6/30/09								
AJE 9	Posted	53-62-6050 53-62-6200	DUES ASSESSMENTS		ix	2,329.00	2,329.00	
RECLASSIFY DUES CODING ERROR								
AJE 10	Posted	53-00-3900 53-62-6180 53-70-6010 53-70-6020 53-70-6030 53-71-6010 53-71-6020 53-71-6030	RETAINED EARNINGS CONTRACT LABOR WAGES FICA IPERS WAGES FICA IPERS		(✓)	42,168.80	2,237.50 29,213.77 2,234.82 1,855.05 5,813.77 444.76 369.13	
RECLASSIFY WATER FUND EXPENSES PAID BY WMLP								
<b>TOTALS</b>						170,405.90	170,405.90	

*DMF*  
*10/6/09*

✓ JE expected - SALY - mostly cash to accrual adjustments.  
 ✓ A/P JE expected with the exception of the power cost addition was a significant change from prior years.  
 ix coding error - reclassified for F/S comparability and consistency.  
 (✓) See required communications letter - WATER FUND COSTS.  
 AJE 5



Chris Waite  
Superintendent

Trustees:  
Donald Kenkel  
Duane Mann  
Charles Warner, Jr.

*PSC  
JWB  
8/11/09*

Dean M. Broich, P.C.  
2835 S. 132<sup>nd</sup> Street  
Omaha, NE 68144

We are providing this letter in connection with your audit of the financial statements of Woodbine Municipal Light & Power as of June 30, 2009 and for the fiscal year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of Woodbine Municipal Light & Power and the respective revenues, expenses and changes in net assets, and cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and, if applicable, all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all –
  - a. Financial records and related data.
  - b. Minutes of the meetings of the Board of Trustees of Woodbine Municipal Light & Power and summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe the effects of any uncorrected financial statement misstatements, if any, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

Dean M. Broich, P.C.

7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
9. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective actions taken to address significant findings and recommendations.
10. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for inclusion in your audit reports.
11. Woodbine Municipal Light and Power has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
12. The following, if any, have been properly recorded or disclosed in the financial statements:
  - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which Woodbine Municipal Light & Power is contingently liable.
  - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
13. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
14. There are no –
  - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

PSC  
 JWB  
 8/11/00

VI 2/3

Dean M. Broich, P.C.

14. continued

POC  
Date  
8/11/09

- b. We are not aware of any pending or threatened litigation, claims or assessments or unasserted claims and assessments that are required to be accrued or disclosed in the financial statements in accordance with Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*, and we have not consulted a lawyer concerning litigation, claims or assessments.
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Statement No. 5.
  - d. Reservations or designations of fund equity not properly authorized and approved.
15. As part of your audit, you prepared the draft financial statements and related notes. We have designated a competent management-level individual to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
  16. Woodbine Municipal Light & Power has satisfactory title to all owned assets and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
  17. Woodbine Municipal Light & Power has complied with all aspects of contractual agreements that would have a material effect on effect on the financial statements in the event of noncompliance.
  18. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
  19. The financial statements properly classify all funds and activities.
  20. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
  21. Deposits and investments are properly classified as to risk, and investments are properly valued.
  22. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
  23. Required supplementary information is measured and presented within prescribed guidelines.

No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or schedules.

Signed: Chris A. Waite  
 Title: Superintendent  
 Date: 8-11-09

Signed: Theresa M. Corvin  
 Title: Office Manager  
 Date: 08-11-09