Manning Municipal Light Plant
Independent Auditor's Report
Basic Financial Statements
Supplementary and Other Information
Schedule of Findings

December 31, 2014 and 2013

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Manning Municipal Light Plant

Officials

Name	Title	Term Expires
Janet McLaughlin	Trustee	December 31, 2020
Jerry Rasmussen	Trustee	December 31, 2016
Rick Lohrmann	Trustee	December 31, 2019
Kirk Huehn	Trustee	December 31, 2018
Lynn Stein	Trustee	December 31, 2017
Kent Hilsabeck	Manager	Indefinite
Greg Sextro	Attorney	Indefinite

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April 2, 2015

Independent Auditor's Report

To the Board of Trustees
Manning Municipal Light Plant
Manning, IA 51455

Report on the Financial Statements

I have audited the accompanying basic financial statements of the Manning Municipal Light Plant (a municipal utility) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles as described in Note 1. This includes determining the accrual basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Member of American Institute of Certified Public Accountants,
Iowa Society of CPA's and AICPA Private Companies Practice Section

April 2, 2015
Manning Municipal Light Plant
Independent Auditor's Report

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utility's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Manning Municipal Light Plant as of December 31, 2014 and 2013 and the respective changes in financial position and cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Basis of Accounting

As described in Note 1, these financial statements were prepared in conformity with U.S. generally accepted accounting principles. The financial statements of Manning Municipal Light Plant are intended to present the financial position and results of operations and cash flows of only that portion of the financial reporting entity of the City of Manning, Iowa, that is attributable to the transactions of the Manning Municipal Light Plant.

Other Matters

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Manning Municipal Light Plant's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis and the budgetary comparison information on pages 8 through 12 and 35 through 36 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

April 2, 2015
Manning Municipal Light Plant
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* I have also issued my report dated April 2, 2015 on my consideration of the Light Plant's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of 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* in considering Manning Municipal Light Plant's internal control over financial reporting and compliance.

Mayfleet Associates, CPA, P.C.

Manning Municipal Light Plant
Management's Discussion and Analysis

Manning Municipal Light Plant provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the year ended December 31, 2014. I encourage readers to consider this information in conjunction with the Utility's financial statements, which follow.

2014 Financial Highlights

Operating revenue of the Utility's activities increased by 0.14%, or approximately $4,500, from calendar years 2013 to 2014.

Operating expenses increased by 0.22%, or approximately $7,100, from calendar years 2013 to 2014.

The Utility's fund net position of business type activities increased by 0.4%, or approximately $24,700, from calendar years 2013 to 2014.

Using This Annual Report

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

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

Financial Statements consist of a Statement of Net Position - Proprietary Funds, and a Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds and a Statement of Cash Flows - Proprietary Funds. These provide information about the activities of Manning Municipal Light Plant as a whole and present an overall view of the Utility's finances.

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

Other Information further explains and supports the financial statements with a comparison of the Utility's budget for the year.

Supplementary Information provides comparative financial data with the prior year and statistical data.

REPORTING THE UTILITY'S FINANCIAL ACTIVITIES

Basic Financial Statements

One of the most important questions asked about the Utility's finances is, "Is the Light Plant as a whole better or worse off as a result of the year's activities?" The Statements of Net Position and the Statements of Revenues, Expenses, Changes in Fund Net Position report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statements of Net Position present all the Utility's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the Utility's net position may serve as a useful indicator of whether the financial position of the Utility is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Fund Net Position present information showing how the Utility's net position changed during the past two years. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expense are reported in this statement for some items that will not result in cash flows until future periods.

The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Fund Net Position report the following activity:

- Business type activities include the electric utility. This activity is financed primarily by user charges.

Fund Financial Statements

The Utility has one fund:

Proprietary funds account for the Utility's Enterprise Fund. This fund reports services for which the Utility charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Fund Net Position. The Enterprise Fund includes the electric utility which is considered the major fund of the Utility. The Utility is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

BASIC FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for business type activities.

Statements of Net Position
December 31, 2014 and 2013

Business Type Activities - Enterprise Fund

	Year Ended 2014	Year Ended 2013
Current assets	$ 2,641,479	$ 2,593,460
Capital assets	6,359,103	6,645,508
Other assets	1,278,025	1,232,242
Total assets	$ 10,278,607	$ 10,471,210
Current liabilities	$ 445,496	$ 487,861
Non-current liabilities	3,700,000	3,875,000
Total liabilities	$ 4,145,496	$ 4,362,861
Net position:		
Net investment in capital assets	$ 2,484,103	$ 2,507,359
Restricted	422,437	361,428
Unrestricted	3,226,571	3,212,223
Total net position	$ 6,133,111	$ 6,081,010

Current assets constitute 26% of total assets and exceed current liabilities by approximately six to one, a healthy working capital ratio.

Capital assets represent the cost of infrastructure, buildings and equipment, construction work in process, are reported net of accumulated depreciation, and constitute 62% of total assets.

Other assets constitute 12% of total assets and consist of 1) deferred patronage from WIMECA, 2) the long term portion of notes receivable from the MMCTSU Utility, 3) the RFL note receivable, and 4) deferred underwriter discount fees.

Current liabilities decreased by 14%, mostly due to construction payables in the prior year.

Non current liabilities decreased by 1%, due mostly to customer deposit refunds.

Unrestricted net position represents net surplus for operations and net position not restricted by loan covenants, enabling legislation or constitutional provisions. Net position increased by 0.4% for the year ended December 31, 2014.

Changes in Net Position
For the Year Ended December 31, 2014 and 2013

Business Type Activities - Enterprise Fund

	Year Ended 2014	Year Ended 2013
Revenues:		
Charges for services	$ 2,849,082	$ 2,825,651
Miscellaneous income	863	1,774
Interest income	12,697	17,967
Rental income	170,849	170,849
Member charge refunds		-0-
Revolving loan fund	30,000	30,000
WIMECA dividends	149,533	162,245
Total revenues	3,213,024	3,208,486
Operating expenses:		
Production	2,351,091	2,332,633
Distribution	270,475	303,390
Accounting and collection	73,107	79,544
Administrative and general	204,231	214,238
Total operating expenses	2,898,904	2,929,805
Revenues over operating expenses	314,120	278,681
Other expenses:		
Amortization	3,894	3,894
Depreciation - comm. Infrastructure	59,076	59,076
Interest expense	138,207	140,551
Call premium on bond retirement		-0-
Community contributions	88,181	47,821
Total other expenses	289,358	251,342
Increase in net position	24,762	27,339
Net position, beginning of year	6,108,349	6,081,010
Net position, end of year	$ 6,133,111	$ 6,108,349

Total revenue increased by 0.14% or $4,538 from the prior year with major changes as follows: 1) operating revenue increased approximately $23,000, or 1 percent, and 2) nonoperating revenue such as the WIMECA dividends decreased by approximately $18,500.

Operating expenses decreased by 1% or approximately $31,000. Whereas nonoperating expenses increased by approximately $38,100 primarily due to the fire station contribution. Total expense increased by 0.22% or $7,115.

Capital Assets

The Utility's capital assets include land, buildings and improvements, equipment, vehicles, electric lines, other infrastructure and construction work in process. Changes in capital assets for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Capital assets, beginning of year	$ 11,995,574	$ 7,652,866
Additions	84,630	4,342,708
Retirements	23,619	-0-
Capital assets, end of year	$ 12,056,585	$ 11,995,574
Less: accumulated depreciation	5,697,482	5,350,066
Net capital assets	$ 6,359,103	$ 6,645,508

Distribution improvements and extensions included new infrastructure to the City's new fire station. The Utility continues to monitor and improve energy efficiency for all City buildings and street lighting. Depreciation charged against revenue was $371,037.

Long-Term Debt

At December 31, 2014, the Utility had $3,875,000 in long-term debt outstanding for business type activities. For the year ended December 31, 2014, the Utility retired $175,000 of principal and expensed $138,207 of interest.

Future Financial Statement Impact

The Utility will continue to maximize the diesel generation plant and other energy efficiency activities throughout the City. Distribution extensions are expected to provide new infrastructure to the Char-Mac Subdivision and lots. The board of trustees approved a slight electric rate increase, effective January 1, 2015. In the prior year, the board of trustees pledged a $100,000 contribution to the fire department for its new fire station. As requested by the fire department, $50,000 will be contributed in 2015. The Utility is also expecting substantial windfall from a WIMECA patronage retirement in 2015.

Requests for Information

Requests for additional information can be made to the Manning Municipal Light Plant's manager, Kent Hilsabeck, 719 Third Street, Manning, Iowa 51455.

Basic Financial Statements

Exhibit A

Manning Municipal Light Plant
Statements of Net Position
Proprietary Fund
December 31, 2014 and 2013

ASSETS

	2014	2013
Current Assets		
Unrestricted		
Cash	$ 572,353	$ 498,963
Accounts receivable - customers net of allowance for doubtful accounts	272,144	277,999
Interest receivable	7,527	9,383
Accounts receivable - other	4,166	722
Inventory	97,551	94,318
Prepaid expenses	35,058	36,388
Investments	1,285,457	1,281,717
Total unrestricted current assets	2,274,256	2,199,490
Restricted		
Customer deposits	2,900	4,100
PSN online	2,009	2,342
Revolving loan fund, cash	30,000	60,000
RLF note receivable, current portion	4,786	-0-
Investments	327,528	327,528
Total restricted current assets	367,223	393,970
Total current assets	2,641,479	2,593,460
Capital assets		
Telecommunication infrastructure	2,337,118	2,337,118
Production	5,513,122	5,498,510
Transmission	8,754	8,754
Distribution	3,704,396	3,657,994
General	493,195	493,198
	12,056,585	11,995,574
Less accumulated depreciation	5,697,482	5,350,066
	6,359,103	6,645,508
Construction work in process	-0-	-0-
Net capital assets	6,359,103	6,645,508
Other Assets		
Deferred patronage - WIMECA	924,538	930,075
Municipal note receivable	235,000	235,000
Restricted note receivable, net of current portion	55,214	-0-
Underwriter's discount fees - net of accumulated amortization	63,273	67,167
	1,278,025	1,232,242
Total assets	$ 10,278,607	$ 10,471,210

See accompanying notes to financial statements

Exhibit A
Continued

Manning Municipal Light Plant
Statements of Net Position
Proprietary Fund
December 31, 2014 and 2013

LIABILITIES AND NET POSITION

	2014	2013
Current Liabilities		
Payable from unrestricted current assets:		
Accounts payable - trade	$ 202,918	$ 189,226
Accounts payable - construction	-0-	58,159
Payroll taxes payable	-0-	8
Salaries, vacation, and sick leave payable	48,554	44,542
Sales tax payable	2,868	2,997
Total payables from unrestricted current liabilities	254,340	294,932
Payable from restricted current liabilities:		
Current portion of bonds payable	175,000	175,000
Accrued interest payable	11,247	11,487
Customer deposits	2,900	4,100
PSN online	2,009	2,342
Total payables from restricted current liabilities	191,156	192,929
Total current liabilities	445,496	487,861
Bonds payable, net of current portion	3,700,000	3,875,000
Total liabilities	4,145,496	4,362,861
Net Position		
Net investment in capital assets	2,484,103	2,595,510
Restricted for:		
Principal and interest reserve	327,528	327,528
Customer deposits	2,900	4,100
PSN online	2,009	2,342
Revolving loan fund	90,000	60,000
Unrestricted	3,226,571	3,118,869
Total net position	6,133,111	6,108,349
Total liabilities and net position	$ 10,278,607	$ 10,471,210

See accompanying notes to financial statements

Exhibit B

Manning Municipal Light Plant
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Years Ended December 31, 2014 and 2013

	2014	2013
Operating Revenues		
Sale of electricity		
Residential	$ 711,363	$ 710,765
Small commercial	213,239	211,372
Industrial	1,050,998	1,065,946
Large commercial	535,613	454,641
Street lights	18,513	16,396
Basin capacity payments	312,384	355,502
Total sale of electricity	2,842,110	2,814,622
Other operating revenues		
Forfeited discounts	1,909	2,017
Merchandise sales, net of cost	67	686
Connection fees	360	370
Miscellaneous income	4,636	7,956
Total other operating revenue	6,972	11,029
Total operating revenue	2,849,082	2,825,651
Operating Expenses		
Production	2,351,091	2,332,633
Distribution	270,475	303,390
Accounting and collection	73,107	79,544
Administration and general	204,231	214,238
Total operating expenses	2,898,904	2,929,805
Net operating revenue (loss)	(49,822)	(104,154)

See accompanying notes to financial statements

Exhibit B
Continued

Manning Municipal Light Plant
Statements of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Years Ended December 31, 2014 and 2013

	2014	2013
Non-operating Revenues (Expenses)		
Interest income	$ 12,697	$ 17,967
Rental income	170,849	170,849
Junk sales	-0-	1,774
Amortization expense - bond fees	(3,894)	(3,894)
Bad debt recovery	863	-0-
WIMECA dividends	149,533	162,245
Revolving loan fund	30,000	30,000
Interest expense	(138,207)	(140,551)
Depreciation expense - communication infrastructure	(59,076)	(59,076)
Contribution - payment in lieu of taxes	(16,396)	(17,981)
Contribution - main street project	(3,000)	(3,000)
Contribution - various projects	(1,310)	(1,180)
Contribution - economic development	(15,000)	(15,000)
Contribution - housing rehabilitation	(2,475)	(660)
Contribution - downtown revitalization	-0-	(10,000)
Contribution - fire station	(50,000)	-0-
Total non-operating revenues (expenses)	74,584	131,493
Change in net position	24,762	27,339
Net position, beginning of year	6,108,349	6,081,010
Net position, end of year	$ 6,133,111	$ 6,108,349

See accompanying notes to financial statements

Exhibit C

Manning Municipal Light Plant
Statements of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash received from customers and users	$ 2,847,965	$ 2,798,418
Cash received from other revenues	3,526	17,265
Cash paid to suppliers	(2,165,442)	(2,131,495)
Cash paid for personal services	(175,128)	(251,927)
Cash paid to employees	(230,709)	(233,870)
Net cash provided (used) by operating activities	280,212	198,391
Cash Flows From Noncapital Financing Activities:		
Revolving loan fund contribution	30,000	30,000
RLF disbursement	(60,000)	-0-
PSN online	(333)	2,342
Change in customer deposits	(1,200)	200
Net cash provided (used) for capital and related financing activities	(31,533)	32,542
Cash Flows From Capital and Related Financing Activities:		
Interest paid on bonds	(138,447)	(140,743)
Bond retirement	(175,000)	(170,000)
Net cash provided (used) by capital and related financing activities	(313,447)	(310,743)
Cash Flows From Investing Activities:		
Acquisition of capital assets	(142,789)	(360,865)
Junked capital assets	-0-	1,774
Principal on notes receivable	-0-	88,962
Bad debt recovery	863	-0-
Patronage retirement	155,070	96,082
Interest on investments	14,553	24,083
Contributions - economic development	(88,181)	(47,821)
Rental income	170,849	170,849
Net cash provided (used) by investing activities	110,365	(26,936)
Net increase (decrease) in cash	45,597	(106,746)
Cash and cash equivalents beginning of year	2,174,650	2,281,396
Cash and cash equivalents end of year	$ 2,220,247	$ 2,174,650

See accompanying notes to financial statements

Exhibit C
Continued

Manning Municipal Light Plant
Statements of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2014 and 2013

		2014		2013
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating revenue (loss)	$	(49,822)	$	(104,154)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation		311,959		314,844
Net (increase) decrease in:				
Accounts receivable - customers		5,855		(16,204)
Accounts receivable - other		(3,444)		6,236
Inventories		(3,233)		11,445
Prepaid expenses		1,330		(19,947)
Net increase (decrease) in:				
Accounts payable - trade		13,692		4,074
Sales tax payable		(129)		(61)
Salaries payable		4,012		2,169
Payroll taxes payable		(8)		(11)
Net cash provided by operating activities	$	280,212	$	198,391

Reconciliation of cash and cash equivalents at year end to specific assets included on the Statements of Net Position				
Current assets:				
Cash and pooled investments	$	1,857,810	$	1,780,680
Restricted assets:				
Cash and pooled investments:				
Principal & interest reserve		327,528		327,528
Customer deposits		2,900		4,100
PSN online		2,009		2,342
Revolving loan fund		30,000		60,000
Cash and cash equivalents end of year	$	2,220,247	$	2,174,650

See accompanying notes to financial statements

Notes to Financial Statements

Manning Municipal Light Plant
Notes to Financial Statements
December 31, 2014

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The Manning Municipal Light Plant was formed as an Electric Utility in 1934 and is a component unit of the City of Manning, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board (GASB). The Light Plant is governed by a five member board of trustees appointed by the City Council. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Utility to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Utility. The Manning Municipal Light Plant has no component units which meet the Governmental Accounting Standards Board (GASB) criteria.

The financial statements include only those funds of the Electric Utility and are not intended to present all funds of the City of Manning, Iowa.

B. Jointly Governed Organizations

The Utility participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. Utility officials are members of the following boards: Manning Municipal Communication and Television System Utility, Manning Betterment Foundation, Western Iowa Municipal Electric Cooperative Association, and Manning Economic Development Corporation.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Utility's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

(1) Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Basis of Presentation

The Statement of Net Position presents the Utility's assets and liabilities, with the difference reported as fund net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Expendable restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

Fund Financial Statements

The Manning Municipal Light Plant reports the following major proprietary fund:

Enterprise:

The Electric Fund is used to account for the operation and maintenance of the Utility's electric system.

(1) Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget on the cash basis for the fiscal year ending June 30th. The budget of the Utility is then submitted with that of the City of Manning following required public notice and hearing. The Utility also adopts a budget on the accrual basis for the calendar year ending December 31st. The budget on the accrual basis is presented in the budgetary comparison and related disclosures and reported as Other Information. During the year ended December 31, 2014, disbursements did not exceed amounts budgeted in the business type activities.

F. Cash, Investments and Cash Equivalents

Cash consists of checking accounts, cash on hand, and savings. Investments consist of certificates of deposit. For purposes of the Statement of Cash Flows, the Electric Utility considers all deposits to be cash equivalents. Investments are stated at cost which approximates market.

G. Restricted Assets

Funds set aside for payment of revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include consumer deposits restricted for application to unpaid customer accounts or for refund to customers, PSN online restricted for interdepartmental light, water and sewer collections, and the revolving loan funds restricted to small business loans.

H. Accounts Receivable

Accounts receivable are recorded in the Electric Fund at the time the service is billed. The allowance for doubtful accounts is $-0- at December 31, 2014 and 2013. The Utility participates in the State of Iowa Income Offset Program for the collection of past due accounts.

Customer meters are read the 1st of the month. Customers are billed by the 10th of the month. Bills are due by the end of the month. Penalties accrue at 1.5% of the total bill thereafter. Delinquent customers have twelve days after receiving a disconnect notice to make payment or arrangements for payment. Disconnection of services may include the City of Manning's water service.

(1) Summary of Significant Accounting Policies (Continued)

I. Capital Assets

Capital assets include property, plant and equipment. Capital assets are stated at cost. Depreciation is computed using straight line methods applied to the estimated useful lives of the various assets. Depreciation is computed over the following useful lives:

Plant and property	20 - 33 years
Office and other equipment	5 - 25 years
Transportation equipment	3 - 10 years
Telecommunication infrastructure	10 - 40 years

Expenses for maintenance, repairs and minor replacements are charged to operations. Expenses for major repairs and betterments that materially extend the life of the asset are capitalized.

J. Customer Deposits

Meter deposits of $100 are collected from new customers before electric service begins. Customers in good standing get a deposit refund after six months. Delinquent customers forfeit the deposit.

K. Bond Issuance Fees

The bond issuance fees are stated at their original cost less any accumulated amortization. The underwriter's discount of $77,875 occurred in 2012 as a result of the issuance of the Electric Revenue Capital Loan Notes, Series 2011. The bond issuance fees are being amortized over the twenty year life of the notes utilizing the straight line method.

L. Inventory

Inventory consists of material and supplies. The inventory is stated at average cost.

M. Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(2) Cash and Investments

The Utility Board's deposits in banks at December 31, 2013 and 2012 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 depositories to insure there will be no loss of public funds.

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

The Utility had no investments meeting the disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 3, as amended by Statement No 40.

The Utility's cash and investments at December 31, 2014 and 2013 are as follows:

	Cash	Certificates of Deposit	Total
December 31, 2014			
Unrestricted	$ 572,353	$ 1,285,457	$ 1,857,810
Restricted	34,909	327,528	362,437
	$ 607,262	$ 1,612,985	$ 2,220,247
December 31, 2013			
Unrestricted	$ 498,963	$ 1,281,717	$ 1,780,680
Restricted	66,442	327,528	393,970
	$ 565,405	$ 1,609,245	$ 2,174,650

(3) Deferred Patronage Dividends

Western Iowa Municipal Electric Cooperative Association (WIMECA) allocates deferred patronage dividends to its member municipal electric utilities of Anthon, Aurelia, Hinton, Manning, Mapleton and Onawa, Iowa. WIMECA purchases all of its power from Northwest Iowa Power Cooperative under a long-term contract.

The deferred patronage dividends in WIMECA are declared allocations from which it is not practicable to estimate a fair value and they are redeemable only at the discretion of the issuing cooperative. They are recorded at cost or the value assigned by WIMECA. Deferred patronage dividends are recorded as an asset in the year to which they apply.

Deferred Patronage - WIMECA, Dec. 31, 2013	$	930,075
Less: Retired patronage - paid in cash		(155,070)
Add: Dividends Declared - Deferred		149,533
Deferred Patronage - WIMECA, Dec. 31, 2014	$	924,538

(4) Restricted Assets

The Board of Trustees established by resolution, various reserve account funds to accumulate surplus net revenue for the following purposes:

		2014		2013
Customer Deposits - Cash	$	2,900	$	4,100
Revolving Loan Fund		90,000		60,000
PSN Online		2,009		2,342
Principal & Interest Reserve - Certificates of Deposit		327,528		327,528
	$	422,437	$	393,970

(5) Major Customer

Ag Processing, a local soybean processing plant, purchased electricity totaling $1,050,998 and $1,065,946 in 2014 and 2013, respectively, which represented 36.9% and 37.8% of total electric revenue each year.

(6) Power Purchase Contract

The Utility has a long-term contract with Western Iowa Municipal Electric Cooperative Association (WIMECA) to purchase all electrical needs from WIMECA at established rates. In turn, WIMECA agrees to use its best efforts to provide a steady supply of electricity. In May 2009, an amendment to the contract extended the terms of the agreement till January 1, 2013. Beginning January 1, 2011, however, the terms of the agreement will automatically be extended each year for one additional year, unless one of the parties delivers a notice of intention to terminate before the extension date.

(7) Contract Rates of Delivery for Firm Power

A contract was signed with Western Area Power Administration to lock in the Contract Rate of Delivery (CROD) for firm power on and after January 1, 2001 and continuing through December 31, 2005. The rate for firm power during the winter season differs from the rate for firm power during the summer season. A new CROD was agreed upon for the period from January 1, 2006 through December 31, 2014.

(8) Pension and Retirement Benefits

The Utility 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 statue 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.

Through December 31, 2014, plan members were required to contribute 5.95% of their annual covered salary and the Utility was required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The Utility's contributions to IPERS for the years ended December 31, 2014, 2013 and 2012 were $18,891, $18,390, and $16,878, respectively, equal to the required contributions for each year.

(9) Other Postemployment Benefits (OPEB)

Plan Description - The Utility operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 4 active and -0- retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Utility. The Utility currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Utility and plan members are $1,238 for family coverage. The same monthly premiums would apply to retirees if there were any retired participants. For the year ended December 31, 2014, the Utility contributed $53,489 and plan members eligible for benefits contributed $5,943, 90% and 10%, respectively.

(10) Related Party Transactions

MMCTSU Note	2014	2013
Note receivable from the Manning Municipal Communications and Television System Utility for the broadband communications system. The interest rate is adjusted on July 15th each year to a rate which is 1% higher than that offered by Templeton Savings Bank on a twelve month certificate of deposit. The interest rate on July 15, 2014 and 201 was 1.50%, respectively. Interest does not accrue on the unpaid interest balance, there are no required principal payments, and payments of principal and interest may not exceed $100,000 per year. In 2004, The Manning Municipal Light Plant forgave $200,000 of this note.	$ 235,000	$ 235,000
Less: current portion	-0-	-0-
Long-term portion	$ 235,000	$ 235,000

The Utility leases an area of City Hall from the City of Manning through an oral lease agreement. Rent expense charged to operations on this facility for 2014 and 2013 were $6,000 each year.

The Utility had business transactions between the Utility and Utility officials totaling $1,347 during the year ended December 31, 2014.

(12) Capital Loan Notes Payable

On March 31, 2011, the Utility issued $4,450,000 of Electric Revenue Capital Loan Notes, Series 2011, under the provisions of Chapter 384 of the Code of Iowa. The notes are not general obligations of the City of Manning, but are payable from and secured by a pledge of future net revenues of the Electric Utility. Principal payments are due annually on December 1 and interest payments due semi-annually on June 1 and December 1 of each year. The provisions of the bond covenants require the Electric Utility to fund a Principal and Interest Reserve Fund equal to the maximum annual principal and interest debt service requirements of the bonds in the amount of $327,528. The Reserve Fund consists of certificates of deposit.

Future scheduled maturities of long-term notes payable are as follows:

December 1,	Rate		Amount
2015	2.00%	$	175,000
2016	2.20%		180,000
2017	2.50%		185,000
2018	2.75%		185,000
2019	2.95%		190,000
2020	3.10%		200,000
2021	3.20%		205,000
2022	3.30%		210,000
2023	3.45%		220,000
2024	3.60%		230,000
2025	3.75%		240,000
2026	3.85%		245,000
2027	3.95%		260,000
2028	4.05%		270,000
2029	4.10%		280,000
2030	4.20%		295,000
2031	4.30%		305,000
			3,875,000
Less current portion			(175,000)
		$	3,700,000

(13) Compensated Absences

Vacation Payable

Light Plant employees accumulate vacation hours for use each year between anniversary dates of employment. Employees can accumulate up to 10 days of vacation that can transfer over to the following year in the event that available vacation is not used by the end of the benefit year. At no time can an employee carry over more than 10 days of vacation time to the subsequent benefit year. Upon termination of employment, employees will be paid for unused vacation time that has been earned through the last day of employment at their current rate of pay. The accrued vacation payable at December 31, 2014 and 2013 is $5,754 and $5,172, respectively.

Sick Leave Payable

Sick leave may be accumulated for subsequent use or for payment upon termination or retirement. Unused sick leave benefits are paid to employees upon termination of employment at the rate in which they were earned but only after 24 sick leave days have accumulated. Eligible employees accrue sick leave benefits at the rate of 6 days per year or 4 hours per month. Therefore, an employee would have to work at the Utility for 4 years before the employee would be eligible to be paid for sick leave upon termination. The accrued sick leave payable at December 31, 2014 and 2013 is $36,402 and $33,099, respectively.

(14) Risk Management

Manning Municipal Light Plant is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Utility 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 years.

(15) Guaranty

Manning Municipal Light Plant guaranteed to Western Iowa Municipal Electric Cooperative Association (WIMECA) the repayment of a $100,000 loan to be made by Northwest Iowa Power Cooperative (NIPCO) to CHAR-MAC of Manning, Inc. The maximum amount recoverable from MMLP by WIMECA is limited to principal and interest due and owing together with attorney's fees, costs and other expenses in the event of default.

(16) Joint Use Agreement

On July 25, 2001, the Manning Municipal Light Plant and the Manning Municipal Communications and Television System Utility (MMCTSU) entered into a joint use agreement in regards to the communications distribution system. The communications distribution system remains the sole property of the Electric Utility which granted to MMCTSU the right to use the distribution system, the head-end building, and the Municipal building for a term of twenty-five years with annual lease payments of $170,849, commencing June 30, 2002. MMCTSU postponed the June 30, 2008 payment until June 30, 2027.

(17) Commitments

On February 18, 2013, the board of trustees of the Manning Municipal Light Plant approved a $100,000 contribution, payable over ten years, to the Manning Fire Department to fund the construction of a new fire station. On February 18, 2014, the board of trustees of MMLP revised its offer and authorized a one-time donation not to exceed $100,000, payable upon request. As of December 31, 2014, the fire department had requested only $50,000.

(18) Revolving Loan Fund

In December 2011, the Manning Municipal Light Plant was the recipient and a pass through agent of a $250,000 grant from the Rural Economic Development Loan and Grant Program to create a revolving loan fund. The City of Manning's Economic Development Agency administers the Utility's revolving loan fund as well as other existing revolving loan funds.

The Agency loaned the funds to the Manning Community Foundation for the purchase of the Manning Hausbarn Heritage Park. The $300,000 promissory note is dated December 29, 2011, requires annual payments of $30,000, bears 0% interest, matures January 29, 2022, and is secured by land and buildings, personal property and revenues and income of the Manning Community Foundation.

The Manning Municipal Light Plant recognizes the payments as income when received and restricts the money to the economic development activities of the revolving loan fund. As of December 31, 2014, $90,000 of revolving loan funds have been received.

(18) Revolving Loan Fund (Continued)

At December 31, 2014, the Revolving Loan Fund Program had one loan outstanding with a local developer. The note requires monthly installments of $898 commencing July 1, 2015, bears interest at 2.5% per annum and matures June 30, 2021. Special features included an annual service fee of 1 % on the unpaid principal balance and a late fee (ten days past due) of 5% of the payment amount. The promissory note is secured by real estate. Future interest and principal receipts are as follows:

Year Ended Dec. 30,	Principal	Interest	Total
2015	$ 4,786	$ 604	$ 5,390
2016	9,507	1,272	10,779
2017	9,748	1,031	10,779
2018	9,994	785	10,779
2019	10,247	532	10,779
2020	10,506	273	10,779
2021	5,212	37	5,249
Total	$ 60,000	$ 4,534	$ 64,534

(19) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27. This statement will be implemented for the calendar year ending December 31, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

Other Information

Manning Municipal Light Plant
Budgetary Comparison Schedule of Revenues, Expenses and Changes in Fund Net Position
– Budget and Actual (Accrual Basis)
Proprietary Fund
For the Year Ended December 31, 2014

	Accrual Basis	Original and Final Budget	Variance
Receipts:			
Electric sales	$ 2,842,110	$ 2,743,000	$ 99,110
Operating	6,972	9,150	(2,178)
Total Operating Receipts	2,849,082	2,752,150	96,932
Expenditures:			
Production	2,351,091	2,437,618	86,527
Distribution	270,475	289,462	18,987
Accounting and collections	73,107	76,250	3,143
Administration and general	204,231	213,817	9,586
Total Expenditures	2,898,904	3,017,147	118,243
Net operating income	(49,822)	(264,997)	215,175
Non-operating:			
Interest Income	12,697	9,500	3,197
Rent Income	170,849	170,850	(1)
Amortization expense	(3,894)	-0-	(3,894)
Revolving loan fund	30,000	-0-	30,000
Miscellaneous	863	500	363
Dividends	149,533	-0-	149,533
Interest expense	(138,207)	(142,000)	3,793
Depreciation and amortization	(59,076)	(59,076)	-0-
Contributions	(88,181)	(100,796)	12,615
Total non-operating	74,584	(121,022)	195,606
Net Change in Net Position	24,762	$ (386,019)	$ 410,781
Net Position, Beginning of Year	6,108,349		
Net Position, End of Year	$ 6,133,111		

See accompanying independent auditor's report.

Manning Municipal Light Plant
Notes to Other Information - Budgetary Reporting
For the Year Ended December 31, 2014

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

In accordance with the Code of Iowa, the Utility adopts and submits a budget on the cash basis to the City for approval in the City's required public notice and budget hearing process. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The cash basis budget is prepared for the fiscal year ending June 30th and is not presented here.

For financial statement reporting purposes, however, the board approves an accrual basis budget which corresponds to the Utility's calendar year. The accrual basis budget is presented here.

For the year ended December 31, 2014, the disbursements of the Utility did not exceed amounts budgeted in the business type activities.

Supplementary Information

Schedule 1

Manning Municipal Light Plant
Summary of Utility Plant and Accumulated Depreciation

	Property, Plant and Equipment			
	January 1, 2014	Additions	Deletions	Dec. 31, 2014
PRODUCTION				
Land	$ 8,500	$ -0-	$ -0-	$ 8,500
Structures and improvements	2,273,296	-0-	-0-	2,273,296
Fuel holders	2,500	-0-	-0-	2,500
Prime movers and generators	1,583,854	14,612	-0-	1,598,466
Accessory electric equipment	1,630,360	-0-	-0-	1,630,360
	5,498,510	14,612	-0-	5,513,122
TRANSMISSION				
Poles	8,754	-0-	-0-	8,754
DISTRIBUTION				
Poles and fixtures	3,706	-0-	-0-	3,706
Overhead conductors	5,757	-0-	-0-	5,757
Underground conductors	2,267,517	43,029	-0-	2,310,546
Line transformers	680,576	-0-	-0-	680,576
Services	263,908	2,033	-0-	265,941
Meters	95,681	1,340	-0-	97,021
Street lighting	340,849	-0-	-0-	340,849
	3,657,994	46,402	-0-	3,704,396
GENERAL				
Structures - garage	48,270	-0-	-0-	48,270
Office furniture and fixtures	95,468	-0-	-0-	95,468
Transportation equipment	231,299	22,487	23,619	230,167
Communication equipment	4,687	248	-0-	4,935
Miscellaneous equipment	113,474	881	-0-	114,355
	493,198	23,616	23,619	493,195
TELECOMMUNICATIONS				
Infrastructure	2,337,118	-0-	-0-	2,337,118
CONSTRUCTION				
Work in Process	-0-	-0-	-0-	-0-
Totals	$ 11,995,574	$ 84,630	$ 23,619	$ 12,056,585

See accompanying independent auditor's report.

Schedule 1
(Continued)

	Accumulated Depreciation			
	January 1, 2014	Additions	Deletions	Dec. 31, 2014
PRODUCTION				
Land	$ -0-	$ -0-	$ -0-	$ -0-
Structures and improvements	156,134	75,891	-0-	232,025
Fuel holders	2,500	-0-	-0-	2,500
Prime movers and generators	226,620	41,910	-0-	268,530
Accessory electric equipment	885,590	39,385	-0-	924,975
	1,270,844	157,186	-0-	1,428,030
TRANSMISSION				
Poles	3,338	438	-0-	3,776
DISTRIBUTION				
Poles and fixtures	2,347	148	-0-	2,495
Overhead conductors	4,293	207	-0-	4,500
Underground conductors	1,017,752	110,981	-0-	1,128,733
Line transformers	471,974	17,344	-0-	489,318
Services	225,365	3,348	-0-	228,713
Meters	27,694	4,544	-0-	32,238
Street lighting	286,153	10,069	-0-	296,222
	2,035,578	146,641	-0-	2,182,219
GENERAL				
Structures - garage	40,768	989	-0-	41,757
Office furniture and equipment	80,191	2,086	-0-	82,277
Transportation equipment	231,299	3,373	23,619	211,053
Communication equipment	4,686	21	-0-	4,707
Miscellaneous equipment	111,400	1,227	-0-	112,627
	468,344	7,696	23,619	452,421
TELECOMMUNICATIONS				
Infrastructure	1,571,960	59,076	-0-	1,631,036
Totals	$ 5,350,064	$ 371,037	$ 23,619	$ 5,697,482

See accompanying independent auditor's report.

Schedule 2

Manning Municipal Light Plant
Investments and Interest Income
For the Year Ended December 31, 2014

	Investments	Interest
Certificates of deposit, beginning of year	$ 1,609,245	
Purchases	3,740	
Redemptions	-0-	
Certificates of deposit, end of year	$ 1,612,985	$ 8,129
Other interest income		
General checking account		977
Savings accounts		66
Cable Utility note		3,525
Total interest income		$ 12,697

See accompanying independent auditor's report.

Schedule 3

Manning Municipal Light Plant
Operating Expenses
For the Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
PRODUCTION			
Salaries	$ 22,330	$ 20,556	$ 1,774
Purchased power	2,122,311	2,086,119	36,192
Fuel	19,844	81,534	(61,690)
Other expenses	5,025	339	4,686
Provision for depreciation	157,186	157,317	(131)
Generator maintenance	24,395	-0-	24,395
Plant utilities	-0-	406	(406)
	2,351,091	2,346,271	4,820
DISTRIBUTION			
Salaries	78,929	89,347	(10,418)
Maintenance salaries for cable utility	20,641	13,670	6,971
Maintenance materials, labor, overhead	5,933	37,365	(31,432)
Street light maintenance	12,260	8,120	4,140
Truck expense	5,633	8,727	(3,094)
Provision for depreciation	147,079	146,161	918
	270,475	303,390	(32,915)
ACCOUNTING AND COLLECTION			
Office salaries	39,109	37,240	1,869
Meter reading salaries	4,696	5,095	(399)
Office supplies and billing expenses	2,339	2,332	7
Office maintenance	845	1,666	(821)
Building and shop maintenance	2,279	2,617	(338)
Postage	3,837	4,276	(439)
Rent	6,000	6,000	-0-
Telephone	5,011	4,391	620
Computer maintenance and software	5,438	8,988	(3,550)
Rate study	3,553	6,939	(3,386)
	73,107	79,544	(6,437)

See accompanying independent auditor's report.

Schedule 3
(Continued)

Manning Municipal Light Plant
Operating Expenses
For the Years Ended December 31, 2014 and 2013

	2014	2013	Increase (Decrease)
ADMINISTRATION AND GENERAL			
Salaries	$ 69,016	$ 70,130	$ (1,114)
Employee insurance	54,628	55,920	(1,292)
Property and liability insurance	40,390	43,201	(2,811)
Audit and accounting services	7,580	7,562	18
Legal and professional services	1,606	773	833
Seminars and meetings	2,589	3,676	(1,087)
Dues	9,493	9,822	(329)
Uniforms	541	842	(301)
Trustee fees	2,995	2,995	-0-
Safety program	1,279	491	788
Energy efficiency program	1,786	2,497	(711)
Legal notices and advertising	1,333	1,301	32
Miscellaneous	3,299	2,194	1,105
Bad debts	-0-	1,468	(1,468)
Provision for depreciation	7,696	11,366	(3,670)
	204,231	214,238	(10,007)
Total Operating Expenses	$ 2,898,904	$ 2,943,443	$ (44,539)

See accompanying independent auditor's report.

Schedule 4

Manning Municipal Light Plant
Comparative Statistical Data
(Unaudited)

	As of December 31,			
	2014	2013	2012	2011
SOURCES OF KILOWATT HOURS				
KWRS purchased	37,470,360	37,195,324	37,458,676	37,339,703
KWHRS generated	122,290	271,665	153,985	500
Totals	37,592,650	37,466,989	37,612,661	37,340,203
ANALYSIS OF KILOWATT HOURS				
Residential	7,623,758	7,788,808	7,595,133	7,864,868
Small commercial	2,024,270	1,948,637	1,857,495	1,914,738
Industrial	7,420,784	6,066,443	6,164,871	19,961,577
Large commercial	18,990,600	19,963,800	20,368,594	6,177,125
Street lights	331,796	270,986	328,821	343,533
Subtotals	36,391,208	36,038,674	36,314,914	36,261,841
KWHRS not sold				
Street lights	-0-	-0-	-0-	-0-
Utility plant and office	386,863	372,735	284,072	178,293
Generated	-0-	-0-	153,985	500
Line loss	814,579	1,055,580	859,690	899,569
Subtotals not sold	1,201,442	1,428,315	1,297,747	1,078,362
Totals	37,592,650	37,466,989	37,612,661	37,340,203
LINE LOSS PERCENTAGE	2.17%	2.81%	2.29%	2.41%
NUMBER OF CUSTOMERS				
Residential	693	689	687	689
Small commercial	128	126	123	123
Industrial	1	1	1	1
Large commercial	27	30	30	30
Street lights	1	1	1	1
Total	850	847	842	844

The comparative statistical data is the presentation of management. No audit procedures have been applied.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*

MUXFELDT ASSOCIATES, CPA, P.C.
Certified Public Accountant

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April 2, 2015

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*

To the Board of Trustees of the
Manning Municipal Light Plant

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Manning Municipal Light Plant as of and for the year ended December 31, 2014, and have issued my report thereon dated April 2, 2015. My report expressed an unqualified opinion on the financial statements which were prepared in conformity with U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Manning Municipal Light Plant's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Manning Municipal Light Plant's internal control. Accordingly, I do not express an opinion on the effectiveness of Manning Municipal Light Plant's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, a described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

Member of American Institute of Certified Public Accountants,
Iowa Society of CPA's and AICPA Private Companies Practice Section

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Manning Municipal Light Plant's financial statements will not be prevented or detected and corrected on a timely basis. I consider the deficiencies described in Part I of the accompanying Schedule of Findings as items I-A-14 and I-B-14 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Light Plant's operations for the year ended December 31, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Utility. Since my audit was based on test 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.

Manning Municipal Light Plant's Responses to Findings

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

April 2, 2015
Manning Municipal Light Plant
Report on Internal Control

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Light Plant's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Light Plant's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Manning Municipal Light Plant during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Mayfield Associates, CPA, P.C.

Manning Municipal Light Plant
Schedule of Findings
Year Ended December 31, 2014

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

I-A-14 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal are all done by the same person.

Recommendation - I realize that a segregation of duties is difficult with a limited number of office employees. However, the Utility should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - We will try to use the staff in the most efficient way to achieve maximum internal control possible with the staff available.

Conclusion - Response acknowledged. The Utility should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

I-B-14 Financial Reporting - During the audit, I identified a material amount misposted to a revenue account instead of an asset account. Adjustments were subsequently made by the Utility to properly report this amount in the Utility's financial statements.

Recommendation - In the absence of guidance within the organization on how to book an unusual transaction, the auditor should be contacted for guidance. This procedure will ensure correct postings and avoidance of material misstatements in the financial statements.

Response - We will consult with our auditors in the future when we are unclear about unusual transactions.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Manning Municipal Light Plant
Schedule of Findings
Year Ended December 31, 2014

Part II: Other Findings Related to Statutory Reporting

II-A-14 Certified Budget - Total disbursements during the year ended December 31, 2014 did not exceed amounts budgeted in the business type activities function

II-B-14 Questionable Disbursements - I noted no disbursements for parties, banquets, or other entertainment for employees that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-14 Travel Expense - No disbursements of the Utility's money for travel expenses of spouses of Utility's officials or employees were noted.

II-D-14 Business Transactions - Business transactions between the Utility and Utility officials are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Jerry Rasmussen, Trustee, Rasmussen Lumber, owner	Parts, supplies, tools	$ 659
Lynn Stein, Trustee, Napa, part owner	Parts, supplies, tools	$ 688

In accordance with Chapter 362.5(11) of the Code of Iowa, the transactions with the Utility's Trustees do not appear to represent conflicts of interest since total transactions were less than $2,500 per individual during the year.

II-E-14 Bond Coverage - surety bond coverage of Utility officials and employees is in accordance with statutory provisions. However, the amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-14 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Utility's investment policy were noted.

II-G-14 Board Minutes - No transactions were found that I believe should have been approved in the Council minutes but were not.

II-H-14 Revenue Bonds - No instances of non-compliance with the revenue bond resolutions were noted.