WOODBINE MUNICIPAL LIGHT & POWER

FINANCIAL STATEMENTS

JUNE 30, 2016

WOODBINE MUNICIPAL LIGHT & POWER
WOODBINE, IOWA
JUNE 30, 2016

TABLE OF CONTENTS

Officials 1

Independent Auditor's Report ..... 2 - 3

Financial Statements:

- Statement of Net Position 4
- Statement of Revenues, Expenses and Changes in Fund Net Position 5
- Statement of Cash Flows 6
- Statement of Budgeted and Actual Cash Receipts and Disbursements ..... 7 - 8
- Notes to Financial Statements ..... 9 - 15

Additional Reports:

- Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards ..... 16 - 17

Supplementary Information:

- Schedules of Operating Expenses ..... 18 - 19
- Schedule of Findings ..... 20 - 21

WOODBINE MUNICIPAL LIGHT & POWER
OFFICIALS
JUNE 30, 2016

NAME OF OFFICIAL	TITLE	TERM EXPIRES
Donald Kenkel	Trustee - Chairman	2017
Charles H. Warner, Jr.	Trustee	2021
Jean Clark	Trustee	2019
James Reisz	Superintendent	
Theresa Corrin	Office manager	

DEAN M. BROICH, P.C.
CERTIFIED PUBLIC ACCOUNTANT
4848 S 137th St
Omaha, Nebraska 68137
(402) 829-0121

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Utility's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 that 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 net position of the Woodbine Municipal Light & Power Fund, a component unit of the City of Woodbine, Iowa as of June 30, 2016 and 2015, and the changes in net position and cash flows for the fiscal years then ended, in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Woodbine Municipal Light & Power has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, I have also issued a report dated November 14, 2016, on my consideration of the Woodbine Municipal Light & Power Fund'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 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.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodbine Municipal Light & Power Fund's basic financial statements. 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.

The supplementary information on pages 18 through 21 are the responsibility of management and were derived from and relate 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 my 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 auditing standards generally accepted in the United States of America. In my opinion, supplementary information is fairly presented, in all material respects, in relation to the basic financial statements of the Woodbine Municipal Light & Power Fund taken as a whole.

Other Matters

As discussed in Note 1A, the accompanying financial statements present only the Woodbine Municipal Light and Power Fund and do not purport to, and do not, present fairly the net position of the City of Woodbine, Iowa, as of June 30, 2016 and 2015, and the changes in its net 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.

Dean M Broich
Certified Public Accountant

Omaha, Nebraska
November 14, 2016

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF NET POSITION
JUNE 30, 2016 AND 2015

ASSETS

	2016	2015
Capital assets - net of depreciation	$ 1,470,175	$ 1,161,434
Special purpose funds:		
Customer deposits	18,291	17,595
Natural gas deposits	13,616	13,253
Sinking fund	64,768	-
Total special purpose funds	96,675	30,848
Current assets:		
Cash	1,184,864	159,061
Receivables	114,180	101,892
Inventories	92,727	121,363
Certificates of deposit	357,956	353,363
Unbilled usage	50,939	48,000
Accrued interest receivable	25	25
Prepaid insurance	14,274	14,468
Total current assets	1,814,965	798,172
Total assets	$ 3,381,815	$ 1,990,454

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable - trade	$ 154,188	$ 118,442
Accrued interest payable	11,004	-
Accrued vacation and leave	26,910	21,370
Current portion of long term debt	30,000	-
Total current liabilities	222,102	139,812
Long-term liabilities:		
Natural gas and customer deposits payable	34,913	33,878
Note payable - net of current portion above	770,000	-
Total liabilities	1,027,015	173,690
Net positon:		
Investment in capital assets, net of related debt	1,470,175	1,161,434
Net position - restricted	-	-
Net position - unrestricted	884,625	655,330
Total net position	2,354,800	1,816,764
Total liabilities and net position	$ 3,381,815	$ 1,990,454

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating revenues:		
Current use charges	$ 1,512,436	$ 1,383,173
City reimbursements	7,551	10,321
Other operating revenues	417,070	2,806
Total operating revenues	1,937,057	1,396,300
Operating expenses:		
Cost of power	783,132	862,835
Distribution expenses	263,161	169,235
Accounting and collection	86,429	83,689
Administrative	193,541	239,139
Depreciation	62,690	51,126
Total operating expenses	1,388,953	1,406,024
Operating income	548,104	(9,724)
Non-operating revenues (expenses):		
Interest income	5,963	4,825
Penalties and late fees	6,557	8,097
Sales of materials and equipment	7,641	13,413
Interest expense	(11,004)	-
Total non-operating revenues (expenses)	9,157	26,335
Changes in net position before transfers	557,261	16,611
Transfers from City of Woodbine	39,315	46,364
Transfers to City of Woodbine	(39,315)	(46,364)
Transfers to Woodbine Mainstreet Chamber	(19,225)	(26,000)
Changes in fund net position	538,036	(9,389)
Net position, beginning of year	1,816,764	1,826,153
Net position, end of year	$ 2,354,800	$ 1,816,764

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, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash received from customers	$ 1,431,382	$ 1,400,502
Cash payments to suppliers	(1,036,930)	(1,255,820)
Cash payments to employees	(207,178)	(195,928)
Other revenues	424,621	13,127
Net cash provided (used) by operating activities	611,895	(38,119)
Cash flows from noncapital financing activities:		
Transfers from Woodbine City Water Fund	39,315	46,364
Transfers to Woodbine City Water Fund	(39,315)	(46,364)
Transfers to City of Woodbine	(19,225)	(26,000)
Non-operating revenues - net	14,198	21,510
Net cash used by noncapital financing activities	(5,027)	(4,490)
Cash flows from capital and financing activities:		
Proceeds from note payable	800,000	-
Interest expense	(11,004)	-
Net cash used by capital and financing activities	788,996	-
Cash flows from investing activities:		
Purchases of investments and certificates of deposit	(357,956)	(354,394)
Proceeds from investments and certificates of deposit	353,363	557,111
Additions to capital assets	(371,431)	(361,298)
Interest on investments	5,963	4,825
Net cash used by investing activities	(370,061)	(153,756)
Net increase (decrease) in cash	1,025,803	(196,365)
Cash, beginning of year	159,061	355,426
Cash, end of year	$ 1,184,864	$ 159,061

SCHEDULE OF NET CASH FROM OPERATING ACTIVITIES

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 548,104	$ (9,724)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	62,690	51,126
Changes in assets and liabilities:		
Receivables	(12,288)	25,355
Accrued interest receivable	-	88
Inventories	28,636	(63,798)
Unbilled usage	(2,939)	(4,676)
Prepaid insurance	194	3,580
Deposits	(1,059)	(3,438)
Sinking funds	(64,768)	-
Accounts payable	35,746	(42,711)
Accrued vacation and leave	5,540	2,712
Accrued interest payable	11,004	-
Customer deposits	1,035	3,367
Net cash provided (used) by operating activities	$ 611,895	$ (38,119)

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, 2016 AND 2015

	2016		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 1,536,200	$ 1,512,061	$ (24,139)
Other operating revenue	7,000	7,551	551
Miscellaneous and rentals	1,000	1,997	997
Total operating revenues	1,544,200	1,521,609	(22,591)
Operating expenses:			
Cost of power	965,000	783,132	(181,868)
Distribution expenses	222,550	263,161	40,611
Accounting and collections	94,660	97,432	2,772
Administration expenses	253,049	193,539	(59,510)
Total operating expenses	1,535,259	1,337,264	(197,995)
Operating income (loss)	8,941	184,345	175,404
Non-operating revenues (expenses):			
Transfers from Woodbine City Water Fund	60,000	39,315	(20,685)
Transfers to Woodbine City Water Fund	(53,665)	(39,315)	14,350
Transfers to City of Woodbine	(26,000)	(19,225)	6,775
Penalties and late fees	8,000	6,557	(1,443)
Interest income	2,224	5,963	3,739
Sale of materials	500	7,641	7,141
Total non-operating revenues (expenses)	(8,941)	936	9,877
Changes in net position	-	185,281	185,281
Adjustments to cash method for budget purposes:			
Net investment proceeds (purchases)	-	(4,593)	(4,593)
Net proceeds from MBMECA	-	416,546	416,546
Proceeds from note payable	-	800,000	800,000
Purchases of capital assets	-	(371,431)	(371,431)
Total adjustments	-	840,522	840,522
Net increase (decrease) in cash	$ -	$ 1,025,803	$ 1,025,803

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

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENT OF BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2015		
	Original & Final Budget	Actual	Variance
Operating revenues:			
Sales to customers	$ 1,381,700	$ 1,403,852	$ 22,152
Other operating revenue	9,000	10,321	1,321
Miscellaneous and rentals	1,000	2,806	1,806
Total operating revenues	1,391,700	1,416,979	25,279
Operating expenses:			
Cost of power	866,260	796,495	(69,765)
Distribution expenses	195,345	335,687	140,342
Accounting and collections	90,305	83,689	(6,616)
Administration expenses	225,124	239,139	14,015
Total operating expenses	1,377,034	1,455,010	77,976
Operating income (loss)	14,666	(38,031)	(52,697)
Non-operating revenues (expenses):			
Transfers from Woodbine City Water Fund	49,000	46,364	(2,636)
Transfers to Woodbine City Water Fund	(58,190)	(46,364)	11,826
Transfers to City of Woodbine	(16,000)	(26,000)	(10,000)
Penalties and late fees	8,000	8,097	97
Interest income	2,524	4,737	2,213
Sale of materials	-	13,413	13,413
Total non-operating revenues (expenses)	(14,666)	247	14,913
Changes in net position	-	(37,784)	(37,784)
Adjustments to cash method for budget purposes:			
Net proceeds from investments	-	202,717	202,717
Purchases of capital assets	-	(361,298)	(361,298)
Total adjustments	-	(158,581)	(158,581)
Net increase (decrease) in cash	$ -	$ (196,365)	$ (196,365)

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

1. Summary of Significant Accounting Policies

Woodbine Municipal Light & Power has operated as an independent entity since 1941 and is governed by a Board of Trustees consisting of three members 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 only the funds and operations applicable to Electric and Power services. All financial activity is accounted for in a single enterprise fund. The intent of the governing body is that all acquisitions, operations and maintenance (including depreciation) 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's financial statements are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

In reporting the financial statements, Woodbine Municipal Light & Power applies all applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Operating revenues and expenses generally result from providing electric and power services, and maintaining and delivering goods and services in connection with ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

At June 30, 2016 and 2015, 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. Cash investments not meeting the definition of cash equivalents include certificates of deposits amounting to $357,956 and $353,363 at June 30, 2016 and 2015, respectively.

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.

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 service. None of the receivables are collateralized. The Utility's cash and investments are currently maintained at one local depository institution. 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. Amounts accrued are computed based on rates of pay in effect at June 30, 2016 and 2015, respectively.

L. Reclassifications

Certain amounts in the June 30, 2015 financial statements have been reclassified to conform to the June 30, 2016 presentation. Such reclassifications had no effect on changes in net position 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, 2016 and 2015 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.

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. Buildings, plant and distribution systems are depreciated over 40 years, whereas equipment is generally depreciated over 5 - 10 years.

	June 30, 2016			
	Balance 06/30/15	Additions	Retirements & Disposals	Balance 06/30/16
Property and Equipment				
Land	$ 15,250	$ 45,000	$ -	$ 60,250
Buildings and plant	237,728	4,204	-	241,932
Distribution system	1,920,289	322,227	-	2,242,516
Equipment	279,288	-	-	279,288
Totals	$2,091,257	$ 361,298	$ -	$ 2,452,555

	June 30, 2016			
	Balance 06/30/15	Depreciation	Retirements & Disposals	Balance 06/30/16
Accumulated Depreciation				
Buildings and plant	$ 142,362	$ 4,050	$ -	$ 146,412
Distribution system	955,495	44,026	-	999,521
Equipment	193,264	14,614	-	207,878
Totals	$1,291,121	$ 62,690	$ -	$ 1,353,811

	June 30, 2015			
	Balance 06/30/14	Additions	Retirements & Disposals	Balance 06/30/15
Property and Equipment				
Land	$ 15,250	$ -	$ -	$ 15,250
Buildings and plant	237,728	-	-	237,728
Distribution system	1,558,991	361,298	-	1,920,289
Equipment	279,288	-	-	279,288
Totals	$2,091,257	$ 361,298	$ -	$ 2,452,555

	June 30, 2015			
	Balance 06/30/14	Depreciation	Retirements & Disposals	Balance 06/30/15
Accumulated Depreciation				
Buildings and plant	$ 138,373	$ 3,989	$ -	$ 142,362
Distribution system	922,972	32,523	-	955,495
Equipment	178,650	14,614	-	193,264
Totals	$1,239,995	$ 51,126	$ -	$ 1,291,121

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 5.78% of their annual covered salary and Woodbine Municipal Light & Power is required to contribute 8.67% of annual covered payroll through June 30, 2016. Contribution rates and requirements are established by state statute. Woodbine Municipal Light & Power's required contribution to IPERS for the years ended June 30, 2016 and 2015 amounted to $20,488 and $19,659, 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:

	2016	2015
Changes in cash – budgetary basis	$ 1,025,803	$ (196,365)
Depreciation expense	(62,690)	(51,126)
Net increase (decrease) in investments	4,593	(202,717)
Proceeds from revenue note	(800,000)	-
Purchases of capital assets	371,431	361,298
Increase (decrease) in:		
Receivables	12,288	(25,355)
Inventories	(28,636)	63,798
Unbilled usage	2,939	4,676
Accrued interest receivable	-	(88)
Prepaid insurance	(194)	(3,580)
Customer deposits	1,059	3,438
Sinking fund	64,768	-
(Increase) decrease in:		
Accounts payable	(35,746)	42,711
Accrued expenses	(5,540)	(2,712)
Accrued interest payable	(11,004)	-
Customer deposits	(1,035)	(3,367)
Changes in net position – GAAP basis	$ 538,036	$ (9,389)

6. Related Party Transactions

The Woodbine Municipal Light and Power Fund provided labor and related costs and benefits to the City of Woodbine Water Fund. These expenses are reimbursed 100% by the City of Woodbine Water Fund and are reported as transfers and amounted to $39,315 and $46,364 for the fiscal years ended June 30, 2016 and 2015, respectively.

The Woodbine Municipal Light and Power Fund also provides electricity, file maintenance, meter reading, billing, collection and other various operating and office expenses to the City of Woodbine Water Fund. These expenses are reimbursed 100% by the City of Woodbine Water Fund and are reported as other operating revenues and operating expenses and amounted to $7,551 and $10,321 for the fiscal years ended June 30, 2016 and 2015, respectively.

Amounts due to the Woodbine Municipal Light and Power Fund from the City of Woodbine Water Fund are included in receivables and payables, and amounted to $4,684 and $6,909 for the fiscal years ended June 30, 2016 and 2015, respectively.

7. Net Position

Net position generally consists of the following three categories:

Net position 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 position – 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 position - 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.

9. Joint Cooperative Venture

Woodbine Municipal Light & Power is a member of the Missouri Basin Electric Cooperative Association (MBMECA), a cooperative association of 17 Iowa municipalities that was formed under the laws of the State of Iowa for the construction and maintenance of power lines from the Northwest Iowa Power Cooperative (NIPCO).

Under an agreement with 13 members, inclusive of Woodbine Municipal Light & Power, NIPCO constructed the power lines, and there are no dedicated lines. There is an agreement which guarantees Woodbine Municipal Light & Power and other 12 members (Transmission Members) the right to draw power over the lines at a raw power cost without transmission charges. MBMECA acts as the agent for these members in all transactions regarding the agreement with NIPCO and has advanced funds to NIPCO for the rights to acquire long-term transmission capacity rights in NIPCO's transmission system. Payments by Woodbine Municipal Light & Power to MBMECA amounted to $12,762 and $87,263 for the fiscal year ended June 30, 2016 and 2015, respectively.

The transmission agreement between MBMECA and NIPCO was terminated effective October 1, 2015. At that time NIPCO paid MBMECA the unamortized balance of the funds previously advanced by MBMECA for those long-term capacity rights. MBMECA, in turn, paid the funds received from NIPCO and the funds being maintained by MBMECA for acquisition of future capacity rights to the Transmission Members. As a result, Woodbine Municipal Light & Power received distribution payments totaling $416,546.44 which is included in other operating revenues for the current year. Due to the termination of the transmission agreement, Woodbine Municipal Light & Power will no longer incur a separate transmission expense for the delivery of power over the transmission system owned by NIPCO.

10. Subsequent Events

Management has evaluated subsequent events through November 14, 2016, the date on which the financial statements were available to be issued.

11. New Accounting Pronouncement

Woodbine Municipal Light & Power adopted Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have any significant effect on the amounts reported and disclosed in the financial statements.

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 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, in accordance with the 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, the accompanying financial statements of the Woodbine Municipal Light & Power Fund, a component unit of the City of Woodbine, Iowa, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Woodbine Municipal Light & Power Fund's financial statements and have issued my report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Woodbine Municipal Light & Power Fund's internal control over financial reporting to determine the audit procedures that are 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 the Woodbine Municipal Light & Power Fund's internal control. Accordingly, I do not express an opinion on the effectiveness of the Woodbine Municipal Light & Power Fund'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, as described in the accompanying Schedule of Findings, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Woodbine Municipal Light & Power Fund's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies in the accompanying Schedule of Findings to be material weaknesses.

Internal Control Over Financial Reporting – continued

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbine Municipal Light & Power Fund'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*.

Comments involving statutory and other legal matters about the Woodbine Municipal Light and Power Fund's operations for the fiscal year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Woodbine Municipal Light and Power Fund. 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 & Power's Responses to Findings

The Woodbine Municipal Light and Power Fund's responses to findings identified in my audit are described in the accompanying Schedule of Findings. Woodbine Municipal Light and Power's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

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 results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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.

Dean M Broich
Certified Public Accountant

Omaha, Nebraska
November 14, 2016

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Distribution expenses:		
Wages	$ 73,281	$ 63,939
FICA	5,442	4,877
IPERS	6,045	5,252
Contract labor	585	1,141
Equipment	10,954	1,274
Insurance	34,860	53,300
Maintenance materials	107,286	8,760
Miscellaneous	345	397
Purchased services	1,368	2,633
Street lights	6,531	8,085
Supplies	397	559
Tool purchases	2,456	2,436
Training	-	30
Truck expenses	7,503	8,809
Uniforms	2,516	3,997
Utilities	3,592	3,746
Total distribution expenses	$ 263,161	$ 169,235
Accounting and collection expenses:		
Wages	$ 57,357	$ 54,091
FICA	4,289	4,261
IPERS	5,007	4,908
Contract labor	110	301
Insurance	15,239	15,474
Miscellaneous	217	532
Supplies	4,210	4,122
Total accounting and collection expenses	$ 86,429	$ 83,689

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES - CONTINUED
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Administrative expenses:		
Wages	$ 69,340	$ 70,698
FICA	5,694	5,643
IPERS	6,647	6,587
Advertising and legal publications	5,409	3,737
Assessments	2,656	4,911
Audit and accounting	5,775	5,600
Bad debt expense	3,146	1,761
Contract labor	4,199	3,691
Dues	2,909	200
Equipment	13,749	14,966
Energy efficiency programs	14,812	2,987
Insurance	24,071	36,264
Legal and engineering	4,865	28,855
Load management	-	2,500
Maintenance materials	5,464	10,274
Meeting expenses	4,896	17,434
Miscellaneous	1,233	182
Postage	2,975	4,292
Purchased services	600	366
Repairs and maintenance	-	3,506
Supplies	1,820	1,846
Telephone	3,028	2,732
Training	1,227	817
Truck expenses	1,826	2,090
Trustee fees	7,200	7,200
Total administrative expenses	$ 193,541	$ 239,139

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Part 1- Findings Related to the Financial Statements:

Internal Control Deficiencies:

(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 feasible and will continue to perform administrative reviews of the financial transactions and financial reporting.

Conclusion - Response accepted.

Part II – Instances on Non-Compliance:

No instances of non-compliance were noted.

Part III - Other Findings Related to Required Statutory Reporting:

The following comments about the Woodbine Municipal Light & Power Fund's operations for the year ended June 30, 2016, are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Woodbine Municipal Light & Power Fund. 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, 2016.

(2) Certified Budget – As required by the Code of Iowa fiscal year Utility expenditures may not exceed fiscal year budgeted amounts. For the year ended June 30, 2016, cash basis expenditures exceeded budgeted amounts in the amount of $196,365. The majority of the excess expenditures were from using cash reserves for capital improvements and planned expenditures instead of incurring debt and related interest costs for the period ended June 30, 2016.

(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 – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

(5) Business Transactions – No business transactions were noted between the Woodbine Municipal Light & Power Fund 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 noted 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.