

VINTON PUBLIC POWER AUTHORITY
A Component Unit of the Town of Vinton, Louisiana

Annual Financial Report and Independent Auditors' Report

Year Ended September 30, 2023

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INDEPENDENT AUDITORS' REPORT

October 17, 2024

Board of Directors
Vinton Public Power Authority
Vinton, Louisiana

Opinions

We have audited the accompanying financial statements of the business-type activities of Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana, as of September 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's proportionate share of pension liability, and schedule of employer's contributions on pages 26 through 28 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Authority has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of compensation, benefits and other payments to chief executive officer, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors
Vinton Public Power Authority
October 17, 2024
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Other Reporting Required by *Government Accounting Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024, on our consideration of the Vinton Public Power Authority's internal control over financial reporting and our 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 our 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* in considering Vinton Public Power Authority's internal control over financial reporting and compliance.

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VINTON PUBLIC POWER AUTHORITY

Statement of Net Position

September 30, 2023

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 12,697,148	\$ 12,295,927
Investments	4,465,964	4,264,983
Accounts receivable	260,296	294,187
Prepaid insurance	42,343	37,919
Total current assets	<u>17,465,751</u>	<u>16,893,016</u>
Fixed assets, at cost, net of accumulated depreciation of \$7,666,642 for 2023	<u>13,555,979</u>	<u>12,737,989</u>
TOTAL ASSETS	<u><u>\$ 31,021,730</u></u>	<u><u>\$ 29,631,005</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 6,061</u></u>	<u><u>\$ 8,541</u></u>
LIABILITIES		
Accounts payable	\$ 347,236	\$ 818,993
Net pension liability	21,823	28,171
TOTAL LIABILITIES	<u><u>\$ 369,059</u></u>	<u><u>\$ 847,164</u></u>
DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 4,496</u></u>	<u><u>\$ 4,002</u></u>
NET POSITION		
Net investment in capital assets	\$ 13,555,979	\$ 12,737,989
Net position - Unrestricted	17,098,257	16,050,391
TOTAL NET POSITION	<u><u>\$ 30,654,236</u></u>	<u><u>\$ 28,788,380</u></u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY

Statement of Revenues, Expenditures and Changes in Net Position

Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Charges for services, less rebate of \$262,181	\$ 2,449,517	\$ 2,369,067
OPERATING EXPENSES		
Advertising	111	543
Depreciation	404,799	394,596
Dues	3,088	1,895
Insurance	98,430	87,541
Office	1,615	9,854
Power cost	2,545,626	2,855,467
Professional fees	293,747	127,060
Repairs and maintenance	540,786	481,058
Retirement	3,802	3,795
Retirement - Pension	(3,374)	(1,232)
Secretarial	27,000	27,000
Travel	4,035	596
Total operating expenses	<u>3,919,665</u>	<u>3,988,173</u>
Operating Income (loss)	(1,470,148)	(1,619,106)
NONOPERATING REVENUES (EXPENSES)		
Interest income	269,497	90,801
NISCO revenue	3,997,051	2,263,247
Intergovernmental - SRG&T	2,553	19,734
Intergovernmental - Town of Vinton, LA	(935,187)	(780,796)
Other income	2,090	14,811
Total nonoperating revenues (expenses)	<u>3,336,004</u>	<u>1,607,797</u>
Changes in Net Position	1,865,856	(11,309)
NET POSITION-BEGINNING	<u>28,788,380</u>	<u>28,799,689</u>
NET POSITION-ENDING	<u>\$ 30,654,236</u>	<u>\$ 28,788,380</u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY

Statement of Cash Flows

Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,483,408	\$ 2,589,497
Cash payments to suppliers for goods and services	<u>(3,994,421)</u>	<u>(2,867,410)</u>
Net cash from operating activities	(1,511,013)	(277,913)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(1,222,788)	(14,319)
Payments to intergovernmental	(935,187)	(780,796)
Other income	2,090	14,811
Proceeds from NISCO and intergovernmental	<u>3,999,604</u>	<u>2,282,981</u>
Net cash from capital and related financing activities	1,843,719	1,502,677
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>68,515</u>	<u>58,507</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	401,221	1,283,271
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>12,295,927</u>	<u>11,012,656</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 12,697,148</u></u>	<u><u>\$ 12,295,927</u></u>

See accompanying notes

Continued

VINTON PUBLIC POWER AUTHORITY

Statement of Cash Flows (Continued)

Year Ended September 30, 2023

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,470,148)	\$ (1,619,106)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	404,799	394,596
(Increase) decrease in accounts receivable	33,891	220,430
(Increase) decrease in prepaid insurance	(4,424)	36,778
Increase (decrease) in accounts payable	(471,757)	690,621
Increase (decrease) in net pension liability	(3,374)	(1,232)
Net cash flow from operating activities	<u>\$ (1,511,013)</u>	<u>\$ (277,913)</u>

See accompanying notes

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Vinton Public Power Authority (VPPA) is a public power authority created pursuant to Article VI, Section 19 of the Louisiana Constitution of 1974, Louisiana Revised Statutes of 1950, as amended, Title 33, Section 4172 and by Ordinance No. 295, adopted by the Mayor and the Board of Aldermen of the Town of Vinton, LA on September 2, 1980. Louisiana Revised Statutes 33:4172 authorizes public power authorities to contract with the municipality creating it or any other public power authority for the sale of electric power for a term not exceeding 40 years on such terms and conditions as may be specified in a written contract which the power authority may negotiate and execute and provides authority for all other contractual arrangements incidental to the sale of such power. Resolutions were approved by the Mayor and Board of Aldermen of the Town of Vinton, LA, acting ex officio as the Board of Directors of VPPA. The Directors receive no compensation for serving on the board. The Authority has no employees and utilizes Town of Vinton, Louisiana employees for any operating and administrative duties through a joint service agreement, to which Vinton Public Power Authority has paid the Town \$480,000 in administrative fees for the year.

1. Reporting Entity

The Authority is a component unit of the Town of Vinton, Louisiana, the financial reporting entity. The Town is financially accountable for the Authority because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the Town, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying financial statements of the Vinton Public Power Authority have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the Authority are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the Authority come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

3. Cash and Investments

Cash

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits with original maturities of 90 days or less. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. In addition, The Authority participates in the Louisiana Asset Management Pool, Inc. (LAMP). The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At September 30, 2023, the Authority has \$12,706,650 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance, and \$8,152,367 of pledged securities held by the custodial bank in the name of the fiscal agent bank. Unsecured deposits at September 30, 2023 were \$4,054,283.

Investments

The Authority uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at September 30, 2023 are as follows:

	Fair Value	Quoted Price in Active Markets Identical assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
Short-term investments:					
LAMP	\$ 4,465,964	\$ 4,465,964	\$ -	\$ -	\$ 4,465,964
	<u>\$ 4,465,964</u>	<u>\$ 4,465,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,465,964</u>

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 39 days as of September 30, 2023.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

4. Accounts Receivable

Of the total accounts receivable of \$260,296, all is due from the Town of Vinton, LA, a related party and the Authority's only customer. Due to the nature of this transaction an allowance for bad debts is not recorded.

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Statement of Cash Flows

For purpose of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

6. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Authority's Board of Directors for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

7. Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets), the Authority's policy is to first apply the expense toward the restricted resource and then toward the unrestricted resources.

8. Use of Estimates

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

9. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

10. Subsequent Events

Management has evaluated subsequent events through October 17, 2024, the date the financial statements were available to be issued.

NOTE B – FIXED ASSETS

A summary of changes in fixed assets for the year follows:

	Beginning of year	Net Additions (Deletions)	End of Year
Plant	\$ 19,770,384	\$ 1,268,309	\$ 21,038,693
Transportation equipment	120,686	-	120,686
Construction in progress	<u>108,763</u>	<u>(45,521)</u>	<u>63,242</u>
	19,999,833	<u>\$ 1,222,788</u>	21,222,621
Less accumulated depreciation	<u>7,261,844</u>		<u>7,666,642</u>
TOTALS	<u>\$ 12,737,989</u>		<u>\$ 13,555,979</u>

Depreciation expense was \$404,799 for the year ended September 30, 2023.

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE B – FIXED ASSETS – CONTINUED

All purchased fixed assets are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset, materially extend asset lives or exceed \$2,500 are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Plant	50 years
Equipment	3-10 years

Major fixed asset additions for the year include upgrade of the Marshal Substation.

Construction in progress of \$63,242 at September 30, 2023 consists of \$63,242 for a new line to Vinton High School (additional cost of \$30,000 is expected and completion is expected in the fiscal year ending September 30, 2024).

NOTE C – POWER SUPPLY/SALES ARRANGEMENTS

Previously the Sam Rayburn Municipal Power Authority (SRMPA) provided all of the power requirement to VPPA for VPPA's wholesale load. VPPA, in turn, supplied all of the power requirements of the Town of Vinton, LA. The Town in turn sold the power to the end use customers. The SRMPA, VPPA, and the Town are all independent entities bound together through power supply and sales contracts and have been contractually bound in this manner since 1981. Developments in 2002 made it attractive for VPPA to exit its long-standing contractual relationship with the SRMPA after securing its own financing and power supplies. VPPA continues its relationship as the Town of Vinton, LA's sole power supplier.

VPPA and the SRMPA has fixed its debt load and taken full advantage of expected growth to insure that the rates the Town must charge will be competitive with or below those that would be charged had VPPA remained in the SRMPA, assuming like growth rates and eliminate dependence on the SRMPA board. In addition, VPPA simultaneously transferred its interest in the Nelson Unit No. 6 project to Entergy Power, Inc. (EPI), which was originally obtained from SRMPA on December 18, 1992.

Under a Power Sales Contract, dated as of July 1, 2002, VPPA agrees to sell, and the Town agrees to buy on a "take or pay" basis, all power and energy which the Town shall require for its electric system. VPPA however, shall not be required to supply and the Town shall not be required to purchase power and energy in excess of the maximum power available to VPPA

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE C – POWER SUPPLY/SALES ARRANGEMENTS – CONTINUED

pursuant to the Exit Agreement. Under the Power Sales Contract, the Town agrees to take its all requirements power supply from VPPA and to pay for such supply as an operating expense.

The Town covenants in its Power Sales Contract with VPPA that the Town will establish and collect rates and charges for the electric services sufficient with other revenues and reserves to meet all of the obligations of the Town, including all amounts payable to VPPA under the Power Sales Contract, all operation and maintenance expenses, and debt service on any related revenue bonds.

VPPA has accepted an assignment from SRMPA of certain rights and benefits in, and assumed a payment obligation under, the Requirements Power Supply Agreement (“RPSA”), dated November 1, 1998, as amended by Amendment No. 1, dated November 1, 1998, between Entergy Power Marketing Corp. (“EPMC”, now merged into Entergy-Kock Trading LP or “EKT”), and SRMPA as assigned without novation by EPMC to EWO Marketing LP (“EWOM”). VPPA will thereafter purchase all its requirements power supply, net of certain hydroelectric power resources, under the RPSA. The term of the RPSA expires September 30, 2022. SRMPA will likewise also assign to VPPA certain rights and benefits with respect to the R.D. Willis Hydro Project. VPPA will retain an entitlement to the output of the Sam Rayburn Dam Project.

NOTE D – CONCENTRATIONS

VPPA has only one customer, the Town of Vinton, Louisiana. Because of this, VPPA is susceptible to economic conditions that could affect its only customer. VPPA has only one retail customer assigned from Entergy Gulf States, Inc. (EGSI).

NOTE E – SERVICE AGREEMENT AND ASSIGNMENT OF RETAIL LOAD

VPPA together with SRMPA developed a separate wholesale power enterprise (Cambridge Project) which became effective on December 1, 2011. The Cambridge Project utilized VPPA’s historical Nelson Industrial Steam Company (NISCO) Project as a basis for its development by adding loan and wholesale power supplies made with Entergy operating companies to create an expanded project which included SRMPA. As with the NISCO Project, the Cambridge Project is distinct and separate from VPPA’s primary wholesale power supply obligation serving the Town of Vinton, LA. after the Requirements Power Supply Agreement (RPSA) expired in 2022.

In the original NISCO Project agreement for the assignment of retail load between Entergy Gulf States Louisiana LLC (EGSL) and VPPA, EGSL assigned the rights to serve certain retail industrial load to VPPA. VPPA agreed to take assignment from WSGL of the purchase and delivery of the electrical output from the NISCO generation facilities for service to the assigned load. The original NISCO Project agreement was finalized on May 25, 2001 and was suspended and replaced as of October 1, 2011 under the Cambridge Project agreement

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE E – SERVICE AGREEMENT AND ASSIGNMENT OF RETAIL LOAD - CONTINUED

and will end on December 31, 2035. This Long Term Retail Assignment agreement is subject to review and action by the Louisiana Public Service Commission.

The additional power supply resources to the Cambridge Project include generation from third parties and power supply purchases from EGSL and EWOM. The Cambridge Project loads include the assignment of industrial load from EGSL to VPPA and the new wholesale load requirements to Entergy Texas Inc. (ETI). The Cambridge Project supplements the existing VPPA system under the RPSA. EGSL coordinates and delivers energy and VPPA will purchase energy sufficient to fulfill those contracts assigned to VPPA by EGSL. The loads include three retail industrial loads as with the NISCO Project; two large oil refineries and a chemical company (also known as the Industrial Participants or IP's) plus the wholesale power supply load requirement serving ETI.

Under the Supplemental RPSA (SRPSA) agreement with EWOM, VPPA replaced the right to increase purchases for load growth at a maximum 3% annual rate for a 2% annual growth rate, which is more in line with anticipated growth rates. The SRPSA only serves VPPA municipal loads in excess of 2% annual cumulative load growth through September 30, 2022 and the full load, net of hydro, after September 30, 2022 through 2035. Should any of the Cambridge Project contractual arrangements be terminated, the Cambridge contracts would terminate and the VPPA system reverts to their original condition with wholesale energy provided under the RPSA for VPPA to serve the Town of Vinton, LA.

The profit potential from the Cambridge Project provides for the opportunity to reduce long-term power supply costs, build reserves and for the potential distribution of funds to the Town of Vinton, LA. VPPA receives a load ration share (9.39%) of the Cambridge Project's net revenues available for distribution. In addition, the terms of the project's agreements specify that VPPA will retain one-third of a certain fee amount from the Jasper/Vinton Settlement Trust. The total net payments for the year ended September 30, 2023, were \$3,997,051. In accordance with an agreement between SRMPA and VPPA, \$1.5 million of net revenues from the Cambridge Project will be placed in operating reserves (based on load ration shares) for the first 5 years of operation to be maintained through the life of the contracts; however, this agreement is subject to change by mutual consent of the two parties.

NOTE F - PENSION PLAN

Employees of the Vinton Public Power Authority are members of the Municipal Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plans administered by a separate boards of trustees. Pertinent information relative to the plan follows:

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE F – PENSION PLAN - CONTINUED

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipality funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, or at any age with at least 25 years of credible service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 60 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5% of their annual covered salary and the VPPA is required to contribute at an actuarially determined rate. The current rate is 29.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the VPPA are established and may be amended by state statute. As provided by R. S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The VPPA contributions to the System under Plan A for the year ending September 30, 2023 was \$3,540.

At September 30, 2023, Vinton Public Power Authority reported a liability of \$21,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. VPPA's proportion of the net pension liability was based on a projection of the VPPA's long-term share of contributions

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE F - PENSION PLAN - CONTINUED

to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, VPPA's proportion was .0059710%.

For the year ended September 30, 2023, VPPA recognized pension expense (benefit) of \$3,374. At September 30, 2023, the VPPA reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 14	\$ 199
Difference between expected and actual investment	2,507	-
Difference between expected and actual assumptions	-	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	-	4,297
Contributions subsequent to the measurement date	3,540	-
	<u> </u>	<u> </u>
Total	<u>\$ 6,061</u>	<u>\$ 4,496</u>

\$3,540 reported as deferred outflows of resources related to pensions resulting from VPPA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30:</u>	<u>Amount</u>
2024	\$ (2,268)
2025	(680)
2026	1,934
2027	(46)
2028	-
Thereafter	-

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE F - PENSION PLAN - CONTINUED

Actuarial methods and assumption. The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components on net pension liability of the System's employers as of June 30, 2023 are as follows:

Total Pension Liability	\$	1,327,096,530
Plan Fiduciary Net Pension		961,610,161
Total Net Pension Liability	\$	<u>365,486,369</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.85% (Net of investment expense)
Expected Remaining Service Lives	3 years
Inflation Rate	2.5 %
Projected Salary Increases	6.4% for 1 to 4 years of service 4.5% for more than 4 years of service

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2023

NOTE F - PENSION PLAN - CONTINUED

Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems'

Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate. The following presents the net pension liability of the System calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.85% or one percentage point higher 7.85% than the current rate.

	Changes in Discount Rate 2023		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability (Asset)	\$ 30,255	\$ 21,823	\$ 14,701

REQUIRED SUPPLEMENTAL INFORMATION

VINTON PUBLIC POWER AUTHORITY

Statement of Revenues, Expenditures and Changes in
Net Position - Budget and Actual

Year Ended September 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 2,700,000	\$ 2,449,517	\$ (250,483)
 OPERATING EXPENSES			
Advertising	1,000	111	889
Depreciation	408,000	404,799	3,201
Dues	6,000	3,088	2,912
Insurance	95,000	98,430	(3,430)
Office	2,000	1,615	385
Power cost	2,933,491	2,545,626	387,865
Professional fees	170,000	293,747	(123,747)
Repairs and maintenance	400,000	540,786	(140,786)
Retirement	5,000	3,802	1,198
Retirement - Pension	5,000	(3,374)	8,374
Secretarial	27,000	27,000	-
Telephone	2,500	-	2,500
Travel	2,500	4,035	(1,535)
TOTAL OPERATING EXPENSES	<u>4,057,491</u>	<u>3,919,665</u>	<u>137,826</u>
 OPERATING INCOME	<u>(1,357,491)</u>	<u>(1,470,148)</u>	<u>(112,657)</u>
 NONOPERATING REVENUES (EXPENSES)			
Interest income	78,500	269,497	190,997
NISCO revenue	2,500,000	3,997,051	1,497,051
Intergovernmental - SRG&T	30,000	2,553	(27,447)
Intergovernmental - Town of Vinton, LA	(957,000)	(935,187)	21,813
Other income	-	2,090	2,090
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,651,500</u>	<u>3,336,004</u>	<u>1,684,504</u>
 CHANGES IN NET POSITION	294,009	1,865,856	1,571,847
 NET POSITION-BEGINNING	<u>28,788,380</u>	<u>28,788,380</u>	<u>-</u>
 NET POSITION-ENDING	<u>\$ 29,082,389</u>	<u>\$ 30,654,236</u>	<u>\$ 1,571,847</u>

VINTON PUBLIC POWER AUTHORITY

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended September 30, 2023

Parochial Employees' Retirement System of Louisiana

<u>Date</u>	<u>Employer's portion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability (asset)</u>	<u>Employer's covered payroll</u>	<u>Employers' proportionate share of the net pension liability (asset) as a percentage of it's covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
Municipal Employees Retirement System of Louisiana (System):					
2015	0.00881%	\$ 2,696	\$ 1,448	205.04%	74.00%
2016	0.00616%	\$ 25,244	\$ 1,610	1567.95%	63.34%
2017	0.00760%	\$ 31,794	\$ 13,483	161.64%	62.49%
2018	0.00789%	\$ 32,431	\$ 14,400	225.22%	63.94%
2019	0.00778%	\$ 32,506	\$ 14,400	225.74%	64.68%
2020	0.00848%	\$ 36,650	\$ 16,800	218.15%	66.26%
2021	0.00848%	\$ 23,599	\$ 15,600	151.28%	77.82%
2022	0.00678%	\$ 28,171	\$ 12,000	234.76%	67.56%
2023	0.00597%	\$ 21,823	\$ 12,000	181.86%	73.25%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*The amounts presented have a measurement date of June 30, 2023.

VINTON PUBLIC POWER AUTHORITY

Schedule of Employer Contributions

Year Ended September 30, 2023

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
Parochial Employees' Retirement System of Louisiana					
2015	\$ 285	\$ 285	\$ -	\$ 1,448	19.7%
2016	\$ 318	\$ 318	\$ -	\$ 1,610	19.8%
2017	\$ 3,337	\$ 3,337	\$ -	\$ 13,483	24.7%
2018	\$ 3,589	\$ 3,589	\$ -	\$ 14,400	24.9%
2019	\$ 3,793	\$ 3,793	\$ -	\$ 14,400	26.3%
2020	\$ 4,760	\$ 4,760	\$ -	\$ 16,800	28.3%
2021	\$ 4,602	\$ 4,602	\$ -	\$ 15,600	29.5%
2022	\$ 3,540	\$ 3,540	\$ -	\$ 12,000	29.5%
2023	\$ 3,540	\$ 3,540	\$ -	\$ 12,000	29.5%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

OTHER INFORMATION

VINTON PUBLIC POWER AUTHORITY

Schedule of Compensation, Benefits and Other Payments
To Chief Executive Officer

Year Ended September 30, 2023

Chief Executive Officer: Marcus Renfrow, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-cell phone	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

October 17, 2024

Board of Directors
Vinton Public Power Authority
Vinton, Louisiana

We have audited, 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, the financial statements of the business-type activities of the Vinton Public Power Authority, a component unit of the Town of Vinton, Louisiana, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Vinton Public Power Authority's basic financial statements, and have issued our report thereon dated October 17, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vinton Public Power Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances of the Vinton Public Power Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Vinton Public Power Authority's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vinton Public Power Authority's financial statements are free of material misstatement, we 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses.

Vinton Public Power Authority's Response to Findings

Vinton Public Power Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Vinton Public Power Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Theresa Casiday Shillery

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses

Year Ended September 30, 2023

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses(es) identified? _____ yes X no
- Control deficiency(s) identified that are not considered to be material weakness(es)? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2023-001: Timely Filing of Payroll Tax Reports

Condition: The Authority's Form 941 payroll tax reports were not timely filed for each of the four quarters during the fiscal year.

Criteria: Each of the quarters have a filing deadline that is the end of the following month.

Cause: Payroll taxes were timely paid. However, due to a change in personnel, the duty of filing the payroll tax reports were not properly communicated.

Effect: The reports were not timely submitted to the IRS as required.

Recommendation: Management should ensure that all accounting functions are completed timely and payroll tax reports are submitted within the required time period.

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses - Continued

Year Ended September 30, 2023

2. Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards - continued

Management Response: Management agrees with the finding. As of the issuance of this report, the filings have been brought up-to-date. Steps have been taken to ensure future compliance.

Finding #2023-002: Under Secured Bank Accounts

Condition: The Authority's bank account balances at First Federal Bank were not fully covered by FDIC insurance or collateralized securities held by the bank. Unsecured deposits amounted to \$4,054,783 at September 30, 2023.

Criteria: All government deposit accounts are required to be secured by FDIC insurance and/or collateralized securities held by the bank at all times.

Cause: The bank account balance fluctuated beyond the FDIC coverage limits and was not secured by collateralized securities.

Effect: The Authority's bank account balances under secured.

Recommendation: Management should ensure that all bank accounts are covered by FDIC insurance and/or collateralized securities held by the bank.

Management Response: Management agrees with the finding. As of the issuance of this report, the accounts have been properly secured.

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses - Continued

Year Ended September 30, 2023

Finding #2023-003: Late Submission of Financial Statements

Condition: The 2023 financial statements were not filed with the Legislative Auditor within the due date of March 31, 2024, in violation of R.S. 24:514.

Cause: The 2023 financial statements were not filed timely due to accounting staff shortage and continued issues in closing and reconciliations of books.

Effect: The Authority is in violation of R.S:24:514.

Recommendation: Management should review efforts to increase accounting staff and endure the adequate and timely closing of the books within a reasonable period after yearend...

Management response: Compliance will be adhered to in the future.

Finding #2023-004: Not Maximizing Investment Return

Condition: The Authority's cash account balances of \$12,697,148 were in bank accounts paying .5% interest or less during 2023. Interest rates for the LAMP account were approximately 3.5%. If the Authority had utilized other investment opportunities, such as LAMP (paying 3-5% for 2023), the authority could have had a significant increase in interest earnings.

Cause: Account balances and interest rates were not being monitored by management of the Authority.

Effect: The Authority could have had a significant amount of additional interest income.

Recommendation: Management should monitor account balances and interest rates and transfer funds into accounts with higher interest rates to maximize returns.

Management response: Management agrees with the finding and will monitor account balances and interest rates going forward.

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses - Continued

Year Ended September 30, 2023

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

- Finding #2022-001:

Effective internal controls to timely filing payroll tax reports not in place.

Corrective Actions Taken: None, a repeat finding in 2023.

- Finding #2022-002:

Under Secured Bank Accounts

Corrective Actions Taken: None, a repeat finding in 2023.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

February 19, 2024

Board of Directors
Vinton Public Power Authority
Vinton, Louisiana

We have performed the procedures included enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year October 1, 2022 through September 30, 2023. The Vinton Public Power Authority's management is responsible for those C/C areas identified in the SAUPs.

Vinton Public Power Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year October 1, 2022 through September 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

The Authority does not have a written policies and procedures manual.

- ii. *Purchasing*, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

The Authority does not have a written policies and procedures manual.

- iii. *Disbursements*, including processing, reviewing, and approving.

The Authority does not have a written policies and procedures manual.

- iv. *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmations with outside

parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Authority does not have a written policies and procedures manual.

- v. *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

The Authority does not have a written policies and procedures manual.

- vi. *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Authority does not have a written policies and procedures manual.

- vii. *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Authority does not have a written policies and procedures manual.

- viii. *Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The Authority does not have a written policies and procedures manual.

- ix. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The Authority does not have a written policies and procedures manual.

- x. *Debt Service*, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Authority does not have a written policies and procedures manual.

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Authority does not have a written policies and procedures manual.

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Authority does not have a written policies and procedures manual.

Management Response: Management will implement a policy and procedures manual within the next year.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds.

No exceptions were found as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions were found as a result of this procedure.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Written updates of management's corrective action plan was not presented at each meeting.

Management Response: Management will provide the board with written updates to resolve audit findings.

3) *Bank Reconciliations*

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were found as a result of this procedure.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of this procedure.

4) *Collections*

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The listing was provided by management.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

- i. Employees that are responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit:

No exceptions were found as a result of this procedure.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions were found as a result of this procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made no the same day). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing was provided by management.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

Vendor files are not maintained. Checks are written by hand.

Management Response: Due to only one office personnel, this procedure is not feasible.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

The employee responsible for signing checks also mails and processes payments.

Management Response: Due to only one office personnel, this procedure is not feasible.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Disbursements tested included exceptions of #5B as noted above.

Management Response: The Authority will segregate duties over processing disbursements as much as possible.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions were found as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) were reviewed and approved, in writing, (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Not applicable the Authority does not have any active credit cards, bank debit cards, fuel cards, nor P-cards.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were found as a result of this procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #IA(vii); and

No exceptions were found as a result of this procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The reimbursement selected did not have written approval by someone other than the person receiving reimbursement.

Management Response: The Authority will have someone other than the person receiving the reimbursement review and approve in writing.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions were found as a result of this procedure.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were found as a result of this procedure.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to the authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory);

No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to

the employee's or official's cumulate leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to the entity policy.

No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Documentation reflected that retirement contributions were timely paid, and associated forms filed by required deadlines. The Authority does not have health insurance nor pays workers' compensation premiums. The quarterly payroll tax returns were not timely filed. However, all of the payroll taxes were timely paid.

Management Response: The Authority filed the previously not filed payroll tax returns. Controls will be strengthened to ensure timely filing of returns.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions were found as a result of this procedure.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were found as a result of this procedure.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The Authority did not issue any debt during the fiscal period.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Authority did not issue any debt outstanding at the end of the fiscal period.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions were found as a result of this procedure.

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures.
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

No exceptions were found as a result of this procedure.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions were found as a result of this procedure.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were found as a result of this procedure.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions were found as a result of this procedure.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

The annual sexual harassment report for 2023 was not filed as of February 1.

- ii. Number of sexual harassment complaints received by the agency;

The annual sexual harassment report for 2023 was not filed as of February 1.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

The annual sexual harassment report for 2023 was not filed as of February 1.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The annual sexual harassment report for 2023 was not filed as of February 1.

- v. Amount of time it took to resolve each complaint.

The annual sexual harassment report for 2023 was not filed as of February 1.

Management Response: Management will complete the annual sexual harassment report to have on file.

We were engaged by Vinton Public Power Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Vinton Public Power Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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