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VINTON PUBLIC POWER AUTHORITY  
Vinton, Louisiana

A Component Unit of the Town of Vinton

FINANCIAL REPORT

For the Years Ended September 30, 1999 and 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 19 2000

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Mires & Company  
A Professional Corporation

Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Private Company Practice Section AICPA

INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vinton Public Power Authority  
A Component Unit of the  
Town of Vinton  
Vinton, Louisiana

We have audited the accompanying general purpose financial statements of the Vinton Public Power Authority, a component unit of the Town of Vinton, as of and for the years ended September 30, 1999 and 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the Vinton Public Power Authority management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vinton Public Power Authority, a component unit of the Town of Vinton, as of September 30, 1999 and 1998, and the results of its operations and cash flows of its proprietary fund for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2000 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 grants.

Our audits were conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Vinton Public Power Authority. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the general purpose financial statements, and in our opinion, the information is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Mires & Company, CPAs, APC*

Mires and Company, CPAs, APC  
March 22, 2000

GENERAL PURPOSE FINANCIAL STATEMENTS

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
PROPRIETARY FUND - ENTERPRISE FUND  
(ALL FUND TYPES AND ACCOUNT GROUPS)  
Balance Sheets, September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Current assets:		
Cash . . . . .	\$ 133,767	\$ 134,407
Receivables:		
Accounts . . . . .	<u>204,301</u>	<u>245,986</u>
Total Current Assets	<u>338,068</u>	<u>380,393</u>
Fixed assets, at cost, net of accumulated depreciation (\$29,552-1999; \$17,608-1998) . . . . .		
	<u>6,281</u>	<u>18,225</u>
Other asset . . . . .	<u>62,857,484</u>	<u>66,091,701</u>
TOTAL ASSETS	<u>\$ 63,201,833</u>	<u>\$ 66,490,319</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable . . . . .	<u>\$ 204,701</u>	<u>\$ 248,166</u>
Total Current Liabilities (payable from current assets)	<u>204,701</u>	<u>248,166</u>
Other liabilities . . . . .	<u>62,857,484</u>	<u>66,091,701</u>
TOTAL LIABILITIES	<u>63,062,185</u>	<u>66,339,867</u>
Fund equity:		
Retained earnings:		
Unreserved . . . . .	<u>139,648</u>	<u>150,452</u>
TOTAL FUND EQUITY	<u>139,648</u>	<u>150,452</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 63,201,833</u>	<u>\$ 66,490,319</u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
PROPRIETARY FUND - ENTERPRISE FUND  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES  
IN RETAINED EARNINGS  
For the Years Ended September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES:		
Charges for services . . . . .	\$ 2,147,739	\$ 2,352,827
OPERATING EXPENSES:		
Advertising . . . . .	475	700
Consultants . . . . .	9,130	38,842
Depreciation . . . . .	11,944	11,849
Engineer . . . . .	4,535	1,074
Legal . . . . .	2,875	2,600
Miscellaneous . . . . .	205	483
Power cost . . . . .	2,147,739	2,352,827
Repairs and maintenance . . . . .	10,501	1,068
Secretarial . . . . .	2,400	2,600
Travel . . . . .	<u>4,063</u>	<u>1,173</u>
TOTAL OPERATING EXPENSES	<u>2,193,867</u>	<u>2,413,216</u>
OPERATING INCOME (LOSS)	<u>(46,128)</u>	<u>(60,389)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest income . . . . .	4,324	5,427
Other income . . . . .	<u>31,000</u>	<u>60,050</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>35,324</u>	<u>65,477</u>
NET INCOME (LOSS)	(10,804)	5,088
RETAINED EARNINGS AT BEGINNING OF YEAR . . . . .	<u>150,452</u>	<u>145,364</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 139,648</u>	<u>\$ 150,452</u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
PROPRIETARY FUND - ENTERPRISE FUND  
STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss) . . . . .	\$ (46,128)	\$ (60,389)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation . . . . .	11,944	11,849
(Increase) decrease in accounts receivable	41,685	(12,299)
Increase (decrease) in accounts payable .	<u>(43,465)</u>	<u>12,775</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(35,964)</u>	<u>(48,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments . . . . .	4,324	5,427
Purchase of fixed assets . . . . .	-	(1,714)
Other income . . . . .	<u>31,000</u>	<u>60,050</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>35,324</u>	<u>63,763</u>
NET INCREASE (DECREASE) IN CASH	(640)	15,699
CASH AT BEGINNING OF YEAR . . . . .	<u>134,407</u>	<u>118,708</u>
CASH AT END OF YEAR	<u>\$ 133,767</u>	<u>\$ 134,407</u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

INTRODUCTION

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 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. Ordinance No. 295 specifically authorizes the Power Sales Contract with Sam Rayburn Municipal Power Agency (SRMPA) and the Power Sales Contract with the Town of Vinton. Resolutions were approved by the Mayor and Board of Aldermen of the Town of Vinton, acting ex officio as the Board of Directors of VPPA, on November 11, 1992, and December 8, 1992, authorizing VPPA to acquire the Nelson 6 Project and to enter into the Unit Power Sale (UPS) Agreement with SRMPA. The Directors receive no compensation for serving on the board. The Authority has no employees and utilizes Town of Vinton employees for any administrative duties.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the Vinton Public Power Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

The Authority is a component unit of the Town of Vinton, 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.



VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Fund Accounting

The Vinton Public Power Authority is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

E. Budgets

The Authority, according to LA Rev. Statute 39:1303, is not required to and has not adopted a budget for the year ended September 30, 1999.

F. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments 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.

G. Accounts Receivable

The Authority has only one customer, the Town of Vinton, and due to the nature of this transaction no allowance for bad debts is necessary.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H. Fixed Assets

Fixed assets of the Authority are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation.

All fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Computer system . . . . . 3 years

I. Compensated Absences

The Authority does not have any employees.

J. Statement of Cash Flows

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

NOTE 2 - CASH AND CASH EQUIVALENTS

At September 30, 1999 and 1998, the Authority has cash and cash equivalents (book balances) totaling \$133,767 and \$134,407 respectively, as follows:

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 2 - CASH AND CASH EQUIVALENTS

	<u>1999</u>	<u>1998</u>
Demand deposits . . . . .	\$ -	\$ -
Interest-bearing demand deposits	133,767	134,407
Time deposits . . . . .	-	-
Other . . . . .	-	-
Total	<u>\$ 133,767</u>	<u>\$ 134,407</u>

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, 1999, the Authority has \$134,151 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$34,151 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). At September 30, 1998, the Authority has \$135,776 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$35,776 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 3 - FIXED ASSETS

A summary of fixed assets at September 30, 1999 and 1998 follows:

	<u>Fixed Assets</u>				
	<u>09/30/97</u>	Net <u>Additions</u>	<u>9/30/98</u>	Net <u>Additions</u>	<u>09/30/99</u>
Computer system	\$ 34,119	<u>\$ 1,714</u>	\$ 35,833	<u>\$ -</u>	\$ 35,833
Less accumulated depreciation	<u>5,759</u>		<u>17,608</u>		<u>29,552</u>
TOTALS	<u>\$ 28,360</u>		<u>\$ 18,225</u>		<u>\$ 6,281</u>

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 3 - FIXED ASSETS

Depreciation expense was \$11,944 and \$11,849 for the years ended September 30, 1999 and 1998, respectively.

NOTE 4 - OTHER ASSET/OTHER LIABILITY

Other asset on the Authority's balance sheets consists of the net interest in electric plant in service transferred by SRMPA. Betterments are accounted for as increases to such account.

Other liability on the Authority's balance sheets consists of the prepaid entitlement assignment/unit power sale agreement with SRMPA. An offsetting increase to this account is made for any betterments to the net interest in electric plant in service transferred by SRMPA.

These accounts are generally being amortized over the remaining life of the Nelson 6 Project, which is approximately 27 years.

NOTE 5 - POWER SUPPLY ARRANGEMENTS

Under a joint ownership agreement, SRMPA contracted in 1980 to acquire a 20 percent undivided ownership interest in the Nelson Unit No. 6 Project. From its commercial operation date in May 1982 through December 18, 1992, SRMPA, as a co-owner of the Nelson 6 Project, was entitled to a share (approximately 110 MW) of the power and energy generated by the Nelson 6 Project. On December 18, 1992, SRMPA transferred the Nelson 6 Project to VPPA and made a simultaneous bulk purchase of the output thereof pursuant to the UPS Agreement.

As consideration for the transfer of SRMPA's 20 percent ownership interest, VPPA paid SRMPA \$77,766,784 pursuant to the Sales Agreement. In a parallel transaction, VPPA agreed to sell its share of the output from the Nelson 6 Project to SRMPA pursuant to the UPS Agreement. The UPS Agreement includes certain items of consideration, including a "power charge" representing the value of the power over the life of the Nelson 6 Project. Under Texas law, if SRMPA transfers or otherwise disposes of assets such as the Nelson 6 Project, the disposition must be subject to appraisal and at fair value, which by definition is the capacity charge under a unit power sale agreement. The power charge paid to VPPA by SRMPA on December 18, 1992, simultaneously with the transfer of title was \$77,766,784, which was based upon an independent assessment of the fair value of the 20 percent interest in the Nelson 6 Project. The power charge is subject to a refund of the "termination value," which is the unamortized amount of the prepaid power charge in the event of a termination of

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 5 - POWER SUPPLY ARRANGEMENTS

the UPS Agreement. The UPS Agreement also provides SRMPA with an option to purchase VPPA's ownership interest in the Nelson 6 Project at any time for an amount equal to the termination value of the UPS Agreement, and provides a right of first refusal exercisable by SRMPA at termination value before any sale of VPPA's ownership interest can be made. The option to purchase and the right of first refusal were given to SRMPA in exchange for its assumption of the responsibility for retirement (decommissioning) of VPPA's ownership interest to the Nelson 6 Project. Pursuant to the UPS Agreement, SRMPA will also pay an on-going energy charge on the behalf of VPPA for the costs of operation of the Nelson 6 Project. The UPS Agreement provides that in exchange for an entitlement assignment charge for the use and operation of the Nelson 6 Project (which is designed to reimburse VPPA for its costs associated with the UPS Agreement, and is a minimum of \$2,000 per month) SRMPA shall be the irrevocable agent of VPPA in all matters pertaining to the Nelson 6 Project, including the scheduling of energy for delivery to SRMPA's system. The sale of VPPA's energy to SRMPA under the UPS Agreement expressly does not constitute the sale, lease or other transfer of an ownership interest in the Nelson 6 Project from VPPA to SRMPA.

The net interest in electric plant in service transferred by SRMPA includes VPPA's interest in the Nelson 6 Project, including the Excepted Facilities described below and two substations located in Vinton, Louisiana. The substations were transferred to VPPA for the consideration of \$2,247,387, the fair value of such facilities. The prepaid entitlement assignment/unit power sale agreement with SRMPA includes a corresponding amount under the terms of such title transfer. The Nelson Unit No. 6 is a 550 MW coal-fired, steam and electric generating facility operated by Entergy, Inc. The Excepted Facilities are certain common facilities located at the Roy S. Nelson Station, including the stack, coal handling, maintenance and control buildings, fly ash and bottom ash disposal facilities, and other equipment and facilities.

NOTE 6 - POWER SALES CONTRACT

Under its Power Sales Contract with SRMPA, VPPA has agreed to maintain and collect rates which will produce revenues at least sufficient to enable it to pay the amounts owed to SRMPA under the Power Sales Contract. Similarly, the Power Sales Contract between VPPA and the Town of Vinton provides that the Town of Vinton will maintain and collect rates for the electric service provided to its customers which will produce revenues sufficient, together with other revenues available to its electric system and available electric system reserves, to satisfy its obligations under such power sales contract which are sufficient to satisfy VPPA's obligation under the Power Sales Contract with SRMPA.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
NOTES TO FINANCIAL STATEMENTS  
September 30, 1999 and 1998

NOTE 7 - COMMITMENT

VPPA, SRMPA, Entergy Power Marketing Corp. (EPMC), and Entergy Power, Inc. (EPI) have entered into agreements whereby:

- a. SRMPA sells its excess system capacity to EPMC and assigns to EPI SRMPA's Right of First Refusal and Option to purchase VPPA's 20 percent undivided ownership interest in the Nelson Coal Unit No. 6.
- b. VPPA will sell its 20 percent undivided ownership interest in the Nelson Coal Unit No. 6 to EPI on or before October 1, 2003, subject to Securities and Exchange Commission approval.
- c. SRMPA will enter into a Requirements Power Supply Agreement with EPMC which allows SRMPA to purchase its delivered power and energy supply, at a fixed price, sufficient to service the retail loads and normal load growth of the cities it currently serves through the term of its existing contracts through 2021.

The Agency expects that the rate stabilization effect of these new arrangements will avoid the annual rate increases to the cities previously scheduled to occur through 2002. Further, this transaction has been reviewed by the Internal Revenue Service receiving a favorable ruling.

SUPPLEMENTAL INFORMATION SCHEDULES

VINTON PUBLIC POWER AUTHORITY  
 A COMPONENT UNIT OF THE TOWN OF VINTON  
 SUPPLEMENTAL INFORMATION SCHEDULE  
 SCHEDULE OF FINDINGS  
 For the Year Ended September 30, 1999

We have audited the financial statements of the Vinton Public Power Authority as of and for the years ended September 30, 1999 and 1998, and have issued our report dated March 22, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audits of the financial statements as of September 30, 1999 and 1998 resulted in an unqualified opinion.

**Section I Summary of Auditors' Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses	<u> X </u> Yes	___ No
Reportable Conditions	<u> X </u> Yes	___ No

Compliance:

Compliance Material to Financial Statements	<u> X </u> Yes	___ No
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**Section II Financial Statement Findings**

**99-1 I/C (Material weakness)**

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. One person is currently performing the function of preparing disbursements, and reconciling the bank statements. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the Authority. We recommend that the board of directors take an active interest in the review of all of the financial information. This was also a prior year finding.

**99-2 I/C (Material weakness)**

**99-2 C**

Fixed asset inventory:

Condition: At September 30, 1999, the Authority did not maintain an inventory of its fixed assets. (First reported at September 30, 1997.)

Criteria: For proper internal control over fixed assets the Authority should have an inventory listing of all assets showing date of purchase, description, cost, location, and specific

See accompanying notes.



VINTON PUBLIC POWER AUTHORITY  
A COMPONENT OF THE TOWN OF VINTON  
SUPPLEMENTAL INFORMATION SCHEDULE  
SCHEDULE OF FINDINGS  
For the Year ended September 30, 1999

identification number. To comply with La. Rev. Stat. §24:515(B)(1) this procedure should be followed also. This list should be updated on a monthly basis for any additions or disposals.

Effect: The Authority's internal control over fixed assets was not operating as it should. Also, La. Rev. Stat. §24:515 (B)(1) was violated.

Cause: Administrative oversight.

Recommendation: The Authority should maintain its list of fixed assets to include all fixed assets under control of the Authority, attach a specific identification number to all assets and include this number on the inventory, and maintain this list on a monthly basis. The President and Board of Directors should require a report on the progress of this during its April 2000 meeting.

99-1 C

Donation of public funds:

Condition: Flowers for funerals and other occasions were purchased for \$232 in 1999. (First reported at September 30, 1997.)

Criteria: Public funds cannot be donated - La. Const. Art. 7§14.

Effect: Violation of above.

Cause: Administrative oversight.

Recommendation: The Authority should discontinue this practice.

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
SUPPLEMENTAL INFORMATION SCHEDULE  
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS (UNAUDITED)  
For the Year Ended September 30, 1999

**Section I Internal Control and Compliance Material to the Financial Statements:**

**99-1 I/C Segregation of duties:**

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person - Raywood LeMaire, President.

**99-2 I/C Fixed asset inventory:**

**99-2 C**

Recommendation: The Authority should maintain its list of fixed assets to include all fixed assets under control of the Authority, attach a specific identification number to all assets and include this number on the inventory and maintain this list on a monthly basis. The President and Board of Directors should require a report on the progress of this during its April 2000 meeting.

Planned action: The Authority will compile a list of its fixed assets and maintain it on a monthly basis. All assets will be given a specific identification number. The Authority will complete this procedure by May 31, 2000.

Contact person: Raywood LeMaire, President

**99-1 C Donation of public funds:**

Recommendation: The Authority should discontinue this practice.

Planned action: The Authority will discontinue this practice immediately.

Contact person: Raywood LeMaire, President

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY  
A COMPONENT UNIT OF THE TOWN OF VINTON  
SUPPLEMENTAL INFORMATION SCHEDULE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended September 30, 1999

Section I - Internal Control and Compliance Material to the Financial Statements

97-1 I/C (Ongoing finding) Segregation of duties:  
98-1 I/C

Corrective action taken - Due to lack of sufficient financial resources, this finding cannot be resolved. See 99-1 I/C.

97-2 I/C (9/30/97) Fixed asset inventory:  
97-2 C  
98-2 I/C  
98-2 C

No inventory of fixed assets.

Corrective action taken - No.

Planned corrective action - The Authority will compile a list of fixed assets. See 99-2 I/C and 99-2 C.

97-1 C (9/30/97) Donation of public funds:  
98-1 C

Flowers for funerals and other occasions purchased.

Corrective action taken - No.

Planned corrective action - The Authority has discontinued this practice. See 99-1 C.

97-3 C (9/30/97) Audited financial statements provided to the Legislative Auditor:  
98-3 C

The Authority did not submit the required financial statements to the Legislative Auditor for 1998 or 1997.

Corrective action taken - Yes.

See accompanying notes.

INDEPENDENT AUDITORS' REPORT SECTION



Mires & Company  
A Professional Corporation

Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Private Company Practice Section AICPA

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

Board of Directors  
Vinton Public Power Authority  
A Component Unit of the Town of Vinton  
Vinton, Louisiana

We have audited the general purpose financial statements of the Vinton Public Power Authority, a component unit of the Town of Vinton, as of and for the years ended September 30, 1999 and 1998, and have issued our report thereon dated March 22, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Vinton Public Power Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 99-1 C and 99-2 C.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Vinton Public Power Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Vinton Public Power Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as items 99-1 I/C and 99-2 I/C.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 99-1 I/C and 99-2 I/C to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Mires and Company, CPAs, APC*

Mires and Company, CPA's APC  
March 22, 2000

*M & Co.*