

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

Annual Financial Report and Independent Auditors' Report

Year Ended September 30, 2021

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## INDEPENDENT AUDITORS' REPORT

September 1, 2022

Board of Directors  
Vinton Public Power Authority  
Vinton, Louisiana

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## **Opinions**

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, 2021, 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.

## **Other Matters**

### *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 24 through 26 be presented to supplement the basic financial statements. Such 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. 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.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the VPPA's basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to chief executive officer is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

Board of Directors  
Vinton Public Power Authority  
September 1, 2022  
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to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to chief executive officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 Reporting Required by *Government Accounting Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2022, 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.



VINTON PUBLIC POWER AUTHORITY

Statement of Net Position

September 30, 2021

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets		
Cash	\$ 11,012,656	\$ 11,520,474
Investments	4,232,690	4,230,152
Accounts receivable	514,617	111,243
Prepaid insurance	74,697	41,415
Total current assets	<u>15,834,660</u>	<u>15,903,284</u>
Fixed assets, at cost, net of accumulated depreciation of \$6,867,248 for 2021	<u>13,118,265</u>	<u>13,483,349</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 28,952,925</u></u>	<u><u>\$ 29,386,633</u></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u><u>\$ 6,365</u></u>	 <u><u>\$ 10,801</u></u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 128,372	\$ 82,147
Net pension liability	23,599	36,650
<b>TOTAL LIABILITIES</b>	<u><u>\$ 151,971</u></u>	<u><u>\$ 118,797</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u><u>\$ 7,630</u></u>	 <u><u>\$ 1,394</u></u>
 <b>NET POSITION</b>		
Net investment in capital assets	\$ 13,118,265	\$ 13,483,349
Net position - Unrestricted	15,681,424	15,793,894
<b>TOTAL NET POSITION</b>	<u><u>\$ 28,799,689</u></u>	<u><u>\$ 29,277,243</u></u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY

Statement of Revenues, Expenditures and Changes in Net Position

Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>
OPERATING REVENUES		
Charges for services, less rebate of \$173,111	\$ 2,320,927	\$ 2,235,666
OPERATING EXPENSES		
Advertising	628	923
Depreciation	396,285	390,546
Dues	7,346	3,500
Insurance	90,466	91,160
Office	659	686
Power cost	1,159,132	1,204,807
Professional fees	665,708	681,452
Repairs and maintenance	144,692	150,007
Retirement	4,828	5,078
Retirement - Pension	(2,379)	1,279
Secretarial	30,600	31,800
Telephone	-	812
Travel	2,384	2,384
Total operating expenses	<u>2,500,349</u>	<u>2,564,434</u>
Operating Income	(179,422)	(328,768)
NONOPERATING REVENUES (EXPENSES)		
Interest income	51,948	93,733
NISCO revenue	3,837,982	3,223,990
Insurance proceeds - Hurricane Laura	69,960	-
Disaster recovery - Hurricane Laura	(4,278,013)	-
Intergovernmental - SRG&T	28,490	31,254
Intergovernmental - Town of Vinton, LA	(8,500)	(339,594)
Other income	-	484
Total nonoperating revenues (expenses)	<u>(298,133)</u>	<u>3,009,867</u>
Changes in Net Position	(477,555)	2,681,099
NET POSITION-BEGINNING	<u>29,277,244</u>	<u>26,596,145</u>
NET POSITION-ENDING	<u>\$ 28,799,689</u>	<u>\$ 29,277,244</u>

See accompanying notes.

VINTON PUBLIC POWER AUTHORITY

Statement of Cash Flows

Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,917,553	\$ 2,412,564
Cash payments to suppliers for goods and services	<u>(2,093,500)</u>	<u>(2,270,076)</u>
Net cash from operating activities	(175,947)	142,488
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of fixed assets	(31,201)	(325,398)
Payments to intergovernmental	(8,500)	(339,594)
Payments for disaster related expenses - net	(4,208,053)	-
Proceeds from NISCO and intergovernmental	<u>3,866,472</u>	<u>3,255,728</u>
Net cash from capital and related financing activities	(381,282)	2,590,736
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>49,411</u>	<u>48,386</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(507,818)	2,781,610
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>11,520,474</u>	<u>8,738,864</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 11,012,656</u></u>	<u><u>\$ 11,520,474</u></u>

See accompanying notes

Continued



VINTON PUBLIC POWER AUTHORITY

Statement of Cash Flows (Continued)

Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (179,422)	\$ (328,768)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	396,285	390,546
(Increase) decrease in accounts receivable	(403,374)	176,898
(Increase) decrease in prepaid insurance	(33,282)	(2,775)
Increase (decrease) in accounts payable	46,225	(94,692)
Increase (decrease) in net pension liability	<u>(2,379)</u>	<u>1,279</u>
Net cash flow from operating activities	<u>\$ (175,947)</u>	<u>\$ 142,488</u>

See accompanying notes

# VINTON PUBLIC POWER AUTHORITY

## Notes to the Financial Statements

September 30, 2021

### 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, 2021

### 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, 2021, the Authority has \$11,239,226 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance, and \$6,498,555 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

##### 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, 2021

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, 2021 are as follows:

	<u>Fair Value</u>	<u>Quoted Price in Active Markets Identical assets Level 1</u>	<u>Significant Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>	<u>Cost</u>
Short-term investments:					
LAMP	\$ 4,232,690	\$ 4,232,690	\$ -	\$ -	\$ 4,232,690
	<u>\$ 4,232,690</u>	<u>\$ 4,232,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,232,690</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, 2021

### 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 June 30, 2021.
- 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 \$514,617, 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, 2021

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, 2021

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 September 1, 2022, 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 <u>of year</u>	Net Additions <u>(Deletions)</u>	End <u>of Year</u>
Plant	\$ 19,770,384	\$ -	\$ 19,770,384
Transportation equipment	120,686	-	120,686
Construction in progress	<u>94,443</u>	<u>31,201</u>	<u>94,443</u>
	19,985,513	<u>\$ 31,201</u>	19,985,513
Less accumulated depreciation	<u>6,867,249</u>		<u>6,867,248</u>
TOTALS	<u>\$ 13,118,265</u>		<u>\$ 13,118,265</u>

Depreciation expense was \$396,285 for the year ended September 30, 2021.

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2021

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 transmission line from Marshal Substation to Interstate 10.

Construction in progress of \$94,443 at September 30, 2021 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, 2022) and \$31,201 for a transformer, breakers and control panels for the Marshall Substation (additional cost of \$1,180,000 is expected and completion is expected in fiscal year ended September 30, 2023).

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, 2021

### 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, 2021. 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) expires in 2021.

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

## VINTON PUBLIC POWER AUTHORITY

### Notes to the Financial Statements

September 30, 2021

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

Project agreement 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, 2021 and the full load, net of hydro, after September 30, 2021 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, 2021, were \$3,837,982. 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, 2021

### 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 27.75 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, 2021 was \$4,602.

At September 30, 2021, Vinton Public Power Authority reported a liability of \$23,599 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021

NOTE F - PENSION PLAN - CONTINUED

to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2021, VPPA's proportion was .0084840%.

For the year ended September 30, 2021, VPPA recognized pension expense (benefit) of \$601. At September 30, 2021, 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	\$ 9	\$ 269
Difference between expected and actual investment	-	6,649
Difference between expected and actual assumptions	862	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	892	712
Contributions subsequent to the measurement date	<u>4,602</u>	<u>-</u>
 Total	 <u>\$ 6,365</u>	 <u>\$ 7,630</u>

\$4,602 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, 2022. 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>
2022	\$ 191
2023	(1,026)
2024	(1,536)
2025	(2,073)
2026	-
Thereafter	-

VINTON PUBLIC POWER AUTHORITY

Notes to the Financial Statements

September 30, 2021

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, 2021 are as follows:

Total Pension Liability	\$	1,253,886,002
Plan Fiduciary Net Pension		975,735,673
Total Net Pension Liability	\$	<u>278,150,329</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.95% (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, 2021

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 2021		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability (Asset)	\$ 34,950	\$ 23,559	\$ 14,010

# VINTON PUBLIC POWER AUTHORITY

## Notes to the Financial Statements

September 30, 2021

### NOTE G - CONTINGENCY

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The total damages to the Authority's facilities or effects on operations is recorded on the statement of revenues and expenditures at \$4,278,013. As of September 30, 2021 the Authority has not received any insurance proceeds or any FEMA reimbursements. The Authority will request reimbursements from FEMA; however, no receivable has been recorded at September 30, 2021

REQUIRED SUPPLEMENTAL INFORMATION



VINTON PUBLIC POWER AUTHORITY

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

Year Ended September 30, 2021

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,655,000	\$ 2,255,000	\$ 2,320,927	\$ 65,927
<b>OPERATING EXPENSES</b>				
Advertising	1,000	1,000	628	372
Depreciation	408,000	408,000	396,285	11,715
Dues	5,000	5,000	7,346	(2,346)
Insurance	95,000	90,000	90,466	(466)
Office	2,000	2,000	659	1,341
Power cost	1,341,800	1,331,800	1,159,132	172,668
Professional fees	342,500	262,500	665,708	(403,208)
Repairs and maintenance	400,000	200,000	144,692	55,308
Retirement	5,000	5,000	4,828	172
Retirement - Pension	5,000	5,000	(2,379)	7,379
Secretarial	31,800	31,800	30,600	1,200
Telephone	2,500	2,500	-	2,500
Travel	2,500	2,500	2,384	116
<b>TOTAL OPERATING EXPENSES</b>	<u>2,642,100</u>	<u>2,347,100</u>	<u>2,500,349</u>	<u>(153,249)</u>
<b>OPERATING INCOME</b>	<u>12,900</u>	<u>(92,100)</u>	<u>(179,422)</u>	<u>(87,322)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest income	100,000	50,000	51,948	1,948
NISCO revenue	3,000,000	3,600,000	3,837,982	237,982
Insurance proceeds - Hurricane Laura	-	-	69,960	69,960
Disaster recovery - Hurricane Laura	-	(4,000,000)	(4,278,013)	(278,013)
Intergovernmental - SRG&T	30,600	30,600	28,490	(2,110)
Intergovernmental - Town of Vinton, LA	(530,000)	(480,000)	(8,500)	471,500
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<u>2,600,600</u>	<u>(799,400)</u>	<u>(298,133)</u>	<u>501,267</u>
<b>CHANGES IN NET POSITION</b>	2,613,500	(891,500)	(477,555)	413,945
<b>NET POSITION-BEGINNING</b>	<u>29,277,244</u>	<u>29,277,244</u>	<u>29,277,244</u>	<u>-</u>
<b>NET POSITION-ENDING</b>	<u>\$31,890,744</u>	<u>\$28,385,744</u>	<u>\$28,799,689</u>	<u>\$ 413,945</u>

VINTON PUBLIC POWER AUTHORITY

Schedule of Employer's Proportionate Share of Net Pension Liability

Year Ended September 30, 2021

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%

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, 2021.

VINTON PUBLIC POWER AUTHORITY

Schedule of Employer Contributions

Year Ended September 30, 2021

<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>
Parochical 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%

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, 2021

Chief Executive Officer: Marcus Renfrow, President

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
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

September 1, 2022

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, 2021, 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 September 1, 2022.

**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.

Board of Directors  
Vinton Public Power Authority  
September 1, 2022  
Page Two

### **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.

*Dragan, Cassidy: Shillory*

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses

Year Ended September 30, 2021

1. Summary of Auditors' Results:

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

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

**Finding #2021-001: 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, 2021

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 #2021-002: Under Secured Bank Accounts**

Condition: The Authority's bank account balances were not fully covered by FDIC insurance or collateralized securities held by the bank.

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

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.

**Finding #2021-003: Late Filing of Audited Financial Statements**

Condition: The 2021 financial statements were not filed with the Louisiana Legislative Auditor within the due date of March 31, 2022, in violation of R.S. 24:514.

VINTON PUBLIC POWER AUTHORITY

Schedule of Findings and Responses - Continued

Year Ended September 30, 2021

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

Management Response: The late filing is an isolated occurrence due to continued physical obstacles from the 2020 Hurricane Laura. Compliance will be adhered to in the future.

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

**- Finding #2020-001:**

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

Corrective Actions Taken: None, a repeat finding in 2021.