LAFAYETTE PUBLIC POWER AUTHORITY

A COMPONENT UNIT OF LAFAYETTE
CITY-PARISH CONSOLIDATED GOVERNMENT

FINANCIAL REPORT

YEARS ENDED OCTOBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

The Lafayette City Council
Lafayette Public Power Authority
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Lafayette Public Power Authority, a component unit of Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Lafayette Public Power 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 financial position of Lafayette Public Power Authority, as of October 31, 2023 and 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lafayette Public Power Authority 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Lafayette Public Power Authority'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 and *Government Auditing Standards* will always detect a material misstatement when is 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 Lafayette Public Power Authority'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 Lafayette Public Power Authority'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 management's discussion and analysis on pages 5 through 9 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lafayette Public Power Authority's basic financial statements. The schedule of changes in restricted assets and schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of changes in restricted assets and schedules of operating expenses are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2024, on our consideration of Lafayette Public Power Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Lafayette Public Power Authority's 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 Lafayette Public Power Authority's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis of Lafayette Public Power Authority's (LPPA) financial performance provides an overview of LPPA's financial activities for the fiscal year ended October 31, 2023. It is designed to focus on the current year's activities, resulting changes, and currently known facts. Please read it in conjunction with LPPA's basic financial statements which follow this section.

Lafayette Public Power Authority (LPPA), a component unit of Lafayette City-Parish Consolidated Government (LCG), constitutes a legal entity separate and apart from LCG and was created for the purpose of generating, purchasing and selling electric power to, or exchanging electric power with, the City of Lafayette Utilities System (LUS) and others.

FINANCIAL HIGHLIGHTS

- Assets of LPPA exceeded its liabilities at the close of the most recent fiscal year by $113.7 million (*net position*). Unrestricted fund net position amounts to $27.9 million and may be used to meet ongoing operations and obligations. Restricted assets total $16.9 million which will be used to extinguish debt and fund capital projects.

- Net investment in capital assets of LPPA at the end of the year totaled $69.0 million.

- Long term debt outstanding decreased by $4.6 million.

USING THIS ANNUAL REPORT

This report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of LPPA's financial performance and activities for the year ended October 31, 2023. The basic financial statements provide readers with information about LPPA's activities and financial position; in a manner similar to private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Net Position presents information on all of LPPA's assets, deferred outflows, and liabilities; with the difference between the assets and deferred outflows and liabilities reported as net position. Evaluating the changes (increases and decreases) in net position over time may serve as a useful indicator of whether the financial position of LPPA is declining or improving.

- The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information on how LPPA's net position changed during the most recent fiscal year. The statement uses the accrual basis of accounting, similar to that used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid.

- The Statement of Cash Flows presents information showing how LPPA's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

FINANCIAL ANALYSIS OF LPPA AS A WHOLE

Table 1 – Condensed Statement of Net Position illustrates the change in net position of LPPA from FY 22 to FY 23. Current assets increased $2.0 million or 6.2%. Restricted assets increased $191,000 or 1.1%. Capital assets incurred a net increase of $4.3 million or 3.4% with plant assets increasing by $8.2 million and construction in progress decreasing by $1.3 million.

Current liabilities overall increased by $2.1 million due to a $6.2 million increase in the amount due to Lafayette Utilities System (LUS) and decreases in accounts payable of $3.3 million and contracts payable of $848,000. Long term debt outstanding decreased by $4.6 million due to the scheduled payments of bond principal for the Series 2015 and Series 2021 bonds.

LPPA has a power sales contract with the City of Lafayette Utilities System (LUS) by which LPPA has sold and the City has purchased all of LPPA's electrical generating capacity of the Rodemacher Power Station #2. In accordance with the terms and conditions of the power sales contract, LUS is obligated to pay LPPA's monthly power costs which include operational costs, debt service requirements, and any other deposit requirements of LPPA's bond ordinance.

Revenues and expenses of LPPA are illustrated in Table 2 – Condensed Statements of Revenues, Expenses, and Changes in Fund Net Position. Total revenues for 2023 decreased $2.4 million or 4.2%. The total expenses for 2023 decreased $5.7 million or 11.1%. Fuel costs decreased by $5.0 million or 14.3%. The operations and maintenance costs decreased by $472,000 or 5.7%. Depreciation, administrative and general, and non-operating expenses decreased $184,461 or 2.4%.

The largest expense of LPPA is Fuel Cost and represents 66% of current year expenses. Fuel Cost is the cost of coal burned in the generation of electricity and includes fuel transportation costs. In 2023, the average cost per ton was $52.22 which was $1.21 more than the previous year's $51.01 average cost per ton.

The amount of coal burned for the year was 497,658 tons, which was 105,303 less tons burned than in 2022. LPPA's coal inventory at fiscal year-end was $16,268,493 representing 353,885 tons.

The following Table 1 reflects the comparative condensed Statement of Net Position for 2023 and 2022.

Table 1

Condensed Statement of Net Position
October 31, 2023 and 2022

	2023	2022	Increase (Decrease)	
Assets				
Current Assets	$ 34,773,332	$ 32,751,863	$ 2,021,469	6.17%
Restricted Assets	16,903,931	16,712,654	191,277	1.14%
Capital Assets (Net of Depreciation)	130,931,318	126,587,078	4,344,240	3.43%
Total Assets	182,608,581	176,051,595	6,556,986	3.72%
Deferred Outflows			-	0.00%
Liabilities				
Current Liabilities	7,532,218	5,462,793	2,069,425	37.88%
Long Term Debt Outstanding	60,100,131	64,674,012	(4,573,881)	-7.07%
Total Liabilities	67,632,349	70,136,805	(2,504,456)	-3.57%
Deferred Inflows	1,233,469	1,718,213	(484,744)	-28.21%
Net Position				
Net Investment in Capital Assets,	68,961,848	58,711,400	10,250,448	17.46%
Restricted for Debt Service	16,903,931	16,712,654	191,277	1.14%
Unrestricted	27,876,984	28,772,523	(895,539)	-3.11%
Total Net Position	$ 113,742,763	$ 104,196,577	$ 9,546,186	9.16%

The table below provides a summary of revenues and expenses for the year ended October 31, 2023 and October 31, 2022.

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended October 31, 2023 and 2022

	2023		2022	
	Amount	% of Total	Amount	% of Total
Revenue Category				
Energy Sales	$ 53,935,067	98.03%	$ 57,135,203	99.47%
Non-Operating Revenues	1,086,668	1.97%	304,892	0.53%
Total Revenues	55,021,735	100.00%	57,440,095	100.00%
Expense Category				
Fuel (coal and gas)	30,202,223	66.41%	35,240,650	68.87%
Production (O&M) *Calculation*	7,882,700	17.33%	8,354,381	16.33%
Administrative & General	3,642,348	8.01%	3,164,034	6.18%
Depreciation	2,399,345	5.28%	2,318,325	4.53%
Other Non-Operating Expenses	1,348,934	2.97%	2,092,729	4.09%
Total Expenses	45,475,550	100.00%	51,170,119	100.00%
Increase in net position	9,546,186		6,269,976	
Net position, November 1	104,196,577		97,926,601	
Net postion, October 31	$ 113,742,763		$ 104,196,577	

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lafayette Public Power Authority's largest capital asset is its 50% ownership interest in the Rodemacher Power Station #2 located in Boyce, Louisiana. The remaining ownership interest in the power station is shared by CLECO (30%) and LEPA (20%). At the end of 2023, LPPA had $130.9 million (net of depreciation) invested in capital assets. The electric plant represents 92% of the gross capital assets. Other assets include land, coal cars, and construction in progress.

Long-Term Debt

At October 31, 2023, LPPA had $58.5 million of outstanding bonded debt comprised of $23.7 million of (2015 series) Electric Revenue Refunding Series Bonds, $34.8 million of (2021 series) Electric Revenue Series Bonds and unamortized premiums of $1.6 million.

As of October 31, 2023, the LPPA Revenue Bonds are rated as follows:

	Moody's Investors Service	Standard & Poor's
Underlying Ratings	A1	AA-

Detailed information on LPPA's long-term debt can be found in Note 6 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Fiscal Year 2024 Budget includes a decrease of $9.7 million in billed revenue to the City of Lafayette Utilities System (LUS). Cost fluctuations in fuel account for 4% of the Fiscal Year 2024 decrease with the remaining decrease attributable to planned capital improvement projects. Fiscal Year 2024 includes a regularly scheduled general maintenance outage where capital costs include railroad crossing upgrade, boiler to outlet roof insulation, installment of cover over DSI and ACI Lances, replacement of engine pumps, mill alley overhead upgrade, HEP vertical insulation replacement, CCR compliance, and other capital improvement projects. Debt service costs had no significant difference in the Fiscal Year 2024 budget as compared to Fiscal Year 2023.

Since the City of Lafayette Utilities System (LUS) is LPPA's only customer and they are governed by the same authority, their budget preparation processes run parallel. LUS's projected revenues and generation needs are major factors in the consideration of LPPA's budget. Economic projections for LUS's electrical kWh sales are usually conservative and based on historical growth trends. For the LUS Fiscal Year 2024 budget, electric retail kilowatt hour (kWh) sales were budgeted with an increase in load growth of 0.4% over Fiscal Year 2023 to account for relatively flat kWh sales projections combined with a history of several relatively mild summers and winters. The average retail electric rate per kWh is projected to remain stable at $0.10 from Fiscal Year 2023 to Fiscal Year 2024.

Other economic indicators of the City of Lafayette (including LUS and LPPA) such as sales tax growth, unemployment rates, and residential and commercial permits are also considered. These factors were reviewed, and as a result, conservative estimates are used for budget purposes. LPPA's sales projections are based upon dispatch of all LPPA/LUS facilities with consideration of reliability, unit maintenance, transmission constraints, and coordination and/or directives with the regional load regulators (MISO). For Fiscal Year 2024, LPPA's kWh generation represents 72% of LUS's kWh requirements.

CONTACTING LAFAYETTE PUBLIC POWER AUTHORITY FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of Lafayette Public Power Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, Lafayette Public Power Authority, P.O. Box 4017-C, Lafayette, Louisiana 70502.

BASIC FINANCIAL STATEMENTS

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Net Position
October 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and interest-bearing deposits	$ 14,607,647	$ 7,516,842
Investments	-	10,987,167
Accounts receivable	49,662	77,926
Due from Lafayette Utilities System	-	501,274
Inventory	20,116,023	13,401,262
Preliminary survey/investigation costs	-	267,392
Total current assets	34,773,332	32,751,863
NONCURRENT ASSETS		
Restricted assets:		
Cash and interest-bearing deposits	121,638	1,189,123
Investments	16,756,823	15,500,670
Accrued interest receivable	25,470	22,861
Total restricted assets	16,903,931	16,712,654
Capital assets:		
Land	201,964	201,964
Construction in progress	7,297,061	8,591,423
Utility plant and equipment, net	123,432,293	117,793,691
Total capital assets, net	130,931,318	126,587,078
Total noncurrent assets	147,835,249	143,299,732
Total assets	182,608,581	176,051,595
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	631,077	3,977,916
Contracts payable	635,870	1,483,453
Due to primary government	43,732	1,424
Due to Lafayette Utilities System	6,221,539	-
Total	7,532,218	5,462,793
NONCURRENT LIABILITIES		
Revenue bonds payable	58,535,000	62,985,000
Unamortized premium	1,565,131	1,689,012
Total noncurrent liabilities	60,100,131	64,674,012
Total liabilities	67,632,349	70,136,805
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on bond refunding	1,233,469	1,718,213
NET POSITION		
Net investment in capital assets	68,961,848	58,711,400
Restricted for debt service	16,903,931	16,712,654
Unrestricted	27,876,984	28,772,523
Total net position	$ 113,742,763	$ 104,196,577

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

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Revenues, Expenses, and Changes in Fund Net Position
For the Years Ended October 31, 2023 and 2022

	2023	2022
Operating revenues:		
Charges for services	$ 53,935,067	$ 57,135,203
Operating expenses:		
Production	37,912,382	43,425,873
Transmission	172,541	169,158
Administration and general	3,642,347	3,164,034
Depreciation	2,399,345	2,318,325
Total operating expenses	44,126,615	49,077,390
Operating income	9,808,452	8,057,813
Nonoperating revenues (expenses):		
Interest income	1,086,668	304,892
Interest expense	(1,218,402)	(1,329,901)
Unrealized loss on investments	143,971	(183,281)
Gain/loss on sales of assets	(274,503)	-
Bond issuance costs	-	(579,547)
Total nonoperating revenues (expenses)	(262,266)	(1,787,837)
Change in net position	9,546,186	6,269,976
Net position, beginning	104,196,577	97,926,601
Net position, ending	$ 113,742,763	$ 104,196,577

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

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Cash Flows
For the Years Ended October 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 60,673,263	$ 56,403,726
Payments to suppliers for goods and services	(50,981,769)	(50,124,198)
Payments to employees and for employee related costs	(484,520)	(489,798)
Net cash provided by operating activities	9,206,974	5,789,730
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal payments on bonds	(4,450,000)	(4,290,000)
Bonds refunded	-	(41,435,727)
Bond proceeds	-	38,971,020
Interest paid	(1,827,025)	(1,981,748)
Purchase and construction of capital assets	(7,591,168)	(3,222,469)
Net cash used by capital and related financing activities	(13,868,193)	(11,958,924)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,089,042	268,120
Sales (purchases) of investments	1,039,592	1,933,549
Net cash provided by investing activities	2,128,634	2,201,669
Net decrease in cash and cash equivalents	(2,532,585)	(3,967,525)
Cash and cash equivalents, beginning of the year	29,381,816	33,349,341
Cash and cash equivalents, end of the year	$ 26,849,231	$ 29,381,816

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Statements of Cash Flows (Continued)
For the Years Ended October 31, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES		
Operating income	$ 9,808,452	$ 8,057,813
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,399,345	2,318,325
Change in assets and liabilities:		
Accounts receivable	28,264	(33,274)
Inventory	(6,714,761)	(5,736,477)
Prepaid expenses	267,392	96,993
Accounts payable	(3,346,839)	1,790,082
Due from/to other governments	6,765,121	(703,732)
Net cash used by operating activities	$ 9,206,974	$ 5,789,730
Noncash investing, capital and financing activities:		
Increase (decrease) in fair value of investments	$ 143,971	$ (183,281)
Loss on disposal of capital assets	$ (274,503)	$ -
Cash and cash equivalents, beginning of period		
Cash - unrestricted	$ 7,516,842	$ 5,954,218
Investments - unrestricted	10,987,167	16,000,000
Cash - restricted	1,189,123	690,869
Investments - restricted	15,500,670	18,602,094
Less: Investments with maturity in excess of 90 days	(5,811,986)	(7,897,840)
Total	29,381,816	33,349,341
Cash and cash equivalents, end of period		
Cash - unrestricted	14,607,647	7,516,842
Investments - unrestricted	-	10,987,167
Cash - restricted	121,638	1,189,123
Investments - restricted	16,756,823	15,500,670
Less: Investments with maturity in excess of 90 days	(4,636,877)	(5,811,986)
Total	26,849,231	29,381,816
Net decrease	$ (2,532,585)	$ (3,967,525)

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

(1) Summary of Significant Accounting Policies

A. Reporting Entity

Lafayette Public Power Authority (Authority) is a political subdivision of the State of Louisiana created for the purpose of planning, financing, constructing, acquiring, improving, operating, maintaining and managing public power projects or improvements solely or jointly with other public or private corporations and for the purpose of providing electric power for the City of Lafayette and others. The Authority constitutes a legal entity separate and apart from Lafayette City-Parish Consolidated Government (Lafayette Consolidated Government). The Lafayette City Council is the governing authority, its Chief Executive Officer is the Mayor-President of Lafayette Consolidated Government, its Managing Director is the Director of Lafayette Utilities System (LUS), and its Secretary is Lafayette Consolidated Government's Clerk.

The Authority, Central Louisiana Electric Company, Inc. (CLECO) and Louisiana Energy and Power Authority (LEPA) are parties to agreements governing the ownership and operation of the electric generating and transmission facilities. CLECO manages the construction and operation of the fossil fuel steam electric generating plant known as Rodemacher Unit No. 2. The project is owned jointly by the Authority (50%), CLECO (30%) and LEPA (20%). The financial information contained in these statements is only that of the Authority.

The Authority entered into a power sales contract with the City of Lafayette on May 1, 1977. The City agreed to purchase and the Authority agreed to sell the "project capability," which is the amount of electric power and energy, if any, which the project is capable of generating, with certain limitations. The project is defined as the Authority's fifty percent (50%) ownership interest in the fossil fuel steam electric generating plant.

The Authority, reported in these statements as a proprietary fund, prepares its financial statements in accordance with the standards established by the Governmental Accounting Standards Board (GASB). GASB Statement No. 14 has defined the governmental reporting entity to be Lafayette Consolidated Government. The accompanying statements present only transactions of the Authority, a component unit of Lafayette Consolidated Government.

B. Basis of Accounting

The accounts of the Authority are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and are in conformity with generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines set forth in the Louisiana Governmental Audit Guide. In certain instances, FERC regulations differed from generally accepted accounting principles. In those situations, the Authority followed the FERC guidance, as directed by law. However, amounts reported, according to FERC regulations, did not differ materially from GAAP.

The Authority maintains its books and records on the full accrual basis of accounting and on the flow of economic resources measurement focus. The Authority applies all applicable professional standards in accounting and reporting for its proprietary operations.

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 principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In some instances, GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Authority reports three components as follows:

(1) Net investment in capital assets - This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

(2) Restricted net position - This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Authority's bonds. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.

(3) Unrestricted net position - This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the Authority.

C. Cash Flows

For purposes of the Statements of Cash Flows, the Authority considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

D. Investments

Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana. In accordance with section I50 of GASB *Codification of Governmental Accounting and Financial Reporting Standards*, investments meeting the criteria specified are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include overnight repurchase agreements.

E. Inventory

Coal inventory is stated at the lower of cost or market as determined by the average cost method. Coal inventory amounted to $16,218,832 representing 369,558 tons at October 31, 2023 and $9,655,651 representing 165,175 tons at October 31, 2022.

The spare parts and supplies inventory is stated at the lower of cost or market as determined by the average cost method and amounted to $3,897,191 and $3,745,611 at October 31, 2023 and 2022, respectively.

F. Capital Assets

Property, plant, and equipment are recorded at cost and include direct and overhead costs and the costs of funds borrowed by the Authority and used for construction purposes. Depreciation of property, plant, and equipment is computed using the straight-line method over the expected service lives of the assets as follows:

	Years
Production plant	50-95
General plant	5-45
Coal cars	27

G. Electric Revenue Bonds

Bonds outstanding are reported net of unamortized premiums, which are amortized over the life of the bonds using the straight-line method.

H. Salaries and Related Expenses

The Authority reimburses Lafayette Consolidated Government for salaries, benefits and related expenses of employees who perform duties for the Authority. The Authority is not liable and, therefore, does not accrue vacation and sick-time benefits.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law the Authority may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Authority may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At October 31, 2023, the Authority had demand deposits (book balances) totaling $14,729,285, as follows:

Interest-bearing deposits	$ 14,729,285

Custodial credit risk is the risk that in the event of a bank failure of a depository financial institution, the Authority's deposits may not be recovered or the collateral securities that are in the possession of the outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, 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 bank. These securities are held in the name of the Authority or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at October 31, 2023, are secured as follows:

Bank balances	$ 14,729,285
Federal deposit insurance	250,000
Pledged securities	14,479,285
Total federal deposit insurance and pledged securities	$ 14,729,285

Deposits in the amount of $14,479,285 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held be the pledging institution's trust department or agent, but not in the Authority's name. The Authority does not have a policy for custodial credit risk.

(3) Investments

As of October 31, 2023 and 2022, the Authority's investments were as follows:

Description	2023	2022
U.S. Instrumentalities	$ 16,756,823	$ 26,487,837

As a component unit of Lafayette Consolidated Government, the Authority follows the Cash Management Rules and Guidelines of Lafayette Consolidated Government. The following are the risks associated with these rules and guidelines.

Interest rate risk: The state law does not address specific policies for managing interest rate risk. The Authority's investment policy limits the investment portfolio to "money market instruments, which are defined as very creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

The following provides information about interest rate risk associated with the Authority's investments:

October 31, 2023:

		Investment Maturities		
Investment Type	% of Portfolio	Fair Value	Less Than One Year	One - Five Years
U.S. Instrumentalities	100%	$ 16,756,823	$ 16,385,455	$ 371,368

October 31, 2022:

		Investment Maturities		
Investment Type	% of Portfolio	Fair Value	Less Than One Year	One - Five Years
U.S. Instrumentalities	100%	$ 26,487,837	$ 21,072,631	$ 5,415,206

Credit rate risk: The credit rate risks of the investments are managed by restricting investments to those authorized by R.S. 33:5162. The Authority's Investment Policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Rating by Standard & Poor's	2023	2022
AA+	$ 16,756,823	$ 26,487,837

Concentration of credit risk: R.S. 33:5162 provides that all fixed income investments be appropriately diversified by maturity, security, sector, and credit quality. At October 31, 2023 and 2022, no more than 5 percent of the Authority's total investments were invested in any single issue.

(4) Restricted Assets

Restricted assets of the Authority were applicable to the following:

	2023	2022
Bond reserve fund	$ 7,079,262	$ 6,918,838
Capital additions and contingencies	5,305,545	5,288,945
Fuel cost stability fund	4,519,124	4,504,871
Total	$ 16,903,931	$ 16,712,654

(5) Capital Assets

Capital asset activity for the year ended October 31, 2023 was as follows:

	Balance 11/1/2022	Additions	Deletions	Balance 10/31/2023
Capital assets not being depreciated:				
Land	$ 201,964	$ -	$ -	$ 201,964
Construction in progress	8,591,423	7,018,368	8,312,730	7,297,061
Other capital assets:				
Production plant	235,398,871	8,206,671	44,922	243,560,620
General plant	2,615,975	105,780	39,932	2,681,823
Coal cars	15,177,701	-	390,842	14,786,859
Totals	261,985,934	15,330,819	8,788,426	268,528,327
Less accumulated depreciation	135,398,856	2,399,345	201,192	137,597,009
Capital assets, net	$ 126,587,078	$ 12,931,474	$ 8,587,234	$ 130,931,318

Depreciation expense charged to operations for the years ended October 31, 2023 and 2022 was $2,399,345 and $2,318,325, respectively.

Construction in progress for the Authority is comprised of the following:

Funding source/ Project type:	Project Authorization	Capitalized To Date	Construction in Progress	Remaining Authorized
Equity-				
Electric plant	$ 17,258,453	$ 9,961,392	$ 7,297,061	$ -

(6) Electric Revenue Bonds

The following is a summary of the electric revenue bonds transactions for the year ended October 31, 2023:

Issue	Balance 11/1/2022	Additions	Deletions	Balance 10/31/2023	Due Within One Year
Series 2015	$ 24,625,000	$ -	$ 930,000	$ 23,695,000	$ -
Series 2021	38,360,000	-	3,520,000	34,840,000	-
	$ 62,985,000	$ -	$ 4,450,000	$ 58,535,000	$ -

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance. Revenue bonds outstanding at October 31, 2023 and 2022 are as follows:

Purpose	Interest Rate	Issue Date	2023	2022
Electric Revenue Refunding Serial Bonds Series 2015	2.00% - 5.00%	11/13/15	$ 23,695,000	$ 24,625,000
Electric Revenue Refunding Serial Bonds Series 2021	2.00% - 2.45%	11/18/21	34,840,000	38,360,000
Total principal outstanding			58,535,000	62,985,000
Add: unamortized premium			1,565,131	1,689,012
Net revenue bonds outstanding			$ 60,100,131	$ 64,674,012

Revenue bond debt service requirements to maturity are as follows:

Year Ended October 31	Principal	Interest	Total
2024	$ -	$ 859,713	$ 859,713
2025	4,545,000	1,664,276	6,209,276
2026	4,650,000	1,547,476	6,197,476
2027	4,775,000	1,422,101	6,197,101
2028	4,885,000	1,304,001	6,189,001
2029 - 2033	39,680,000	3,464,241	43,144,241
	$ 58,535,000	$ 10,261,808	$ 68,796,808

(7) Reconciliation of Income with Billings

Pursuant to Section 7.2 of its bond ordinance, the Authority is required to fix, establish, maintain and collect sufficient rates and charges to pay all costs of operations and maintenance, repairs, renewals and replacements, debt service installments and deposits into the bond reserve account and the bond reserve and contingency fund. Further, the power sales contract with the City of Lafayette provides that the components of the billing to the City includes all such costs and deposit requirements and also includes a credit for all receipts from other sources.

Because of the differences between receipts and costs for billing purposes and revenues and expenses for statement presentation, the Statement of Revenues and Expenses might reflect a net income or loss for the year even though the Authority was in compliance with all provisions of the bond covenant. For example, for statement presentation, the costs of capital items are billed and included as revenue from the City of Lafayette, but are shown as an asset rather than an expense. Similarly, some items considered as receipts for billing purposes are not treated as revenues for accounting purposes.

The following is a reconciliation of net income with billings for the years ended October 31, 2023 and 2022:

	2023	2022
Billing charges not treated as expenses for accounting purposes:		
Net capital expenses (credits)	$ 7,018,090	$ 4,409,933
Principal (net of coal cars)	4,450,000	4,290,000
Accounting expenses not treated as charges for billing purposes:		
Depreciation (net)	(2,399,345)	(2,318,325)
Amortization of bond premium	123,880	161,425
Amortization of gain/ (loss) on bond refunding	484,743	490,421
Professional services	(650)	(650)
Unrealized gain (loss) on investments	143,971	(183,281)
Gain on disposal of capital assets	(274,503)	-
Other	-	(579,547)
Net income	$ 9,546,186	$ 6,269,976

Flow of Funds/Restrictions on Use

Under the terms of the ordinance authorizing and providing for the issuance of electric revenue bonds of the Authority to finance the acquisition of an ownership interest in a fossil fuel steam electric generating plant and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. All income and revenues (2023 collections $53,935,067) are pledged and dedicated to the retirement of the bonds with outstanding principal and interest balances in the amount of $58,535,000 and $10,261,808, respectively. Such revenues consist of all fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the fossil fuel steam electric generating plant, other than certain money derived during the period of construction.

Money in the revenue fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization. Money in the revenue fund shall then be deposited into the bond fund to pay principal and premium, if any, and interest on all bonds as they become due and payable and then applied to maintain in the bond fund reserve account an amount equal to the maximum annual debt service requirement on all bonds (initially funded from bond proceeds). After making the required payments into the operating account and bond fund, there shall be paid out of the revenue fund into the reserve and contingency fund an amount equal to $1,500,000 or such greater amount as may be determined by the consulting engineer; provided that there shall not be required to be paid therein during any month an amount in excess of twenty-five percent (25%) of the amounts required to be paid during such month to the bond fund.

If on any October 31st following the date of commercial operation, the monies credited (or to be credited as of such date) to the revenue fund shall exceed the Authority's required amount of working capital for the operations of the plant, the amount of such excess shall be applied by the Authority (i) to reduce monthly power costs to the City of Lafayette under the power sales contract; (ii) to pay the cost of making repairs, renewals and replacements, additions, betterments and improvements to and extensions of the plant operations; (iii) to the purchase or redemption of bonds; (iv) to any other purpose in connection with the plant operation; or, (v) to any other lawful purpose of the Authority, including the payment of subordinated indebtedness.

The Fuel Cost Stability Fund was established to allow level billings to retail customer when the generating plant is out of service for a period of seven days or more. In those instances, a credit may be applied to the monthly power bill to the City of Lafayette. When the unit has been returned to operation, the funds, which were applied as a credit, are recovered by application of a surcharge to restore the fund balance over a reasonable period of time.

(8) Commitments and Contingencies

A. Coal Purchase Commitment

As of October 31, 2023, the Authority had two outstanding coal purchase contracts that expire on December 31, 2023 with a remaining purchase commitment of 124,163 tons at $16 per ton and 131,884 tons at $15.70 per ton, which amounted to $1,986,608 and $2,070,579, respectively.

B. Environmental Regulations

The Authority is subject to certain federal, state and local laws and regulations governing the protection of the environment. Violations of these laws and regulations may result in substantial fines and penalties. All environmental permits necessary for the operation of its electric power generation facility has been obtained, and management believes all regulations and environmental laws to be in compliance. Environmental requirements affecting electric power generation facilities are complex, change frequently, and have become more stringent over time as a result of new legislation, administrative actions, and judicial interpretations. Therefore, the capital costs and other expenditures necessary to comply with existing and new environmental requirements are often difficult to determine.

The following operating permits and plans are required for operation of the power plant:

- Title V Permit,
- Title IV Permit,
- LA Pollutant Discharge Elimination System (LPDES) Permit
- Solid Waste Standard, Type I Permits
- Radioactive Material License
- Spill Prevention, Control, and Countermeasure Plan
- Hazardous Waste Generator Registration

In July 2011, the EPA adopted CSAPR, a cap-and-trade type program requiring utilities to make substantial reductions in NOx emissions that contribute to ozone to reduce interstate transport of such pollution. In October 2016, the EPA finalized a rule updating CSAPR to maintain 2008 ozone emission limitations in downwind states by addressing summertime transport of ozone pollution (CSAPR Update). The CSAPR Update, which commenced in May 2017, set stricter NOx ozone season emission budgets in 22 states. In April 2021, the EPA issued a Revised CSAPR Update Rule to address states with interstate pollution transport obligations for the 2008 ozone NAAQS.

In October 2015, the EPA promulgated the 2015 ozone NAAQS, lowering the level of both the primary and secondary ground-level ozone standards from 75 ppb to 70 ppb. Under the CAA, each state is required to submit a SIP that provides for the implementation, maintenance and enforcement of each primary and secondary NAAQS. In particular, each SIP must contain adequate provisions prohibiting emissions activity within the state, which will contribute significantly to non-attainment or interfere with maintenance by any other state with respect to any such ambient air quality standard. In February 2023, EPA issued a disapproval of the “good neighbor” SIP submitted by Louisiana for the 2015 ozone NAAQS. The disapproval would trigger the application of a federal implementation plan (FIP). In May 2023, the U.S. Court of Appeals for the Fifth Circuit responded to a petition for review of the EPA disapproval decision and temporarily stayed the disapproval of the “good neighbor” SIP pending judicial review. This prevented the application of the FIP.

In July 2023, EPA issued an interim final rule addressing the judicial stays of several states’ interstate transport SIP disapprovals including that of Louisiana. The rule stayed the effectiveness of the FIP for those states and revised existing regulations to require the “stay-states” to participate in a modified group 2 allowance trading program. Under this interim rule, Louisiana is subject to the same state emission budgets, until-level allocations provisions, and banked allowance holdings as required under the Revised CSAPR Update Rule.

The Environmental Protection Agency (EPA) has proposed and adopted the Clean Air Act (CAA) relevant to the emissions of sulfur dioxide (SO2) and nitrogen oxide (NOx) from generating units. The CAA established the Acid Rain Program to address the effects of acid rain and imposed restrictions on SO2 emissions from generating units. The CAA requires electric generating units to possess a regulatory "allowance" for each ton of SO2 emitted beginning in the year 2000. The EPA allocates a set number of allowances to each affected unit based on its historic emissions. All generating units have sufficient allowances for operations and expects to have sufficient allowances for operations in the foreseeable future under the Acid Rain Program. The Authority assists with operating below SO2 emission limits of the air permit by burning low sulfur coal (0.7 lbs/MMBtu).

In 1999, the EPA announced a major effort to improve air quality in the national parks and wilderness areas. The Regional Haze Rule requires existing large stationary emissions sources such as electric generation units to install BART (Best Achievable Retrofit Technology) to improve the visibility of National Parks and Wilderness areas designated as Class I areas. BART would control particulate matter, SO2 and NOx emissions. In 2012, EPA issued a final notice allowing states participating in the CSPAR program to use CSAPR participation to meet part of the BART requirements. In February of 2017, the Louisiana Department of Environmental Quality (LDEQ) submitted to the EPA a proposed SIP (State Implementation Plan) indicating how BART-applicable electric generating units in Louisiana would comply with the requirements. EPA approved the SIP and posted in the federal registry on December 21, 2017 with the effective date of January 22, 2018.

The Authorities meet this rule by participation in CSAPR to control NOX and with the continued operation of the existing dry sorbent injection system (DSI) with an increased reagent injection rate in order to meet the 30-day rolling average SO2 emission limit as indicated in the SIP for the Authority's generation unit.

The EPA on February 16, 2012 adopted a final rule under Section 112 of the CAA governing the emissions of mercury, acid gases, and non-mercury metallic pollutants from certain electric generating units (EGUs). The EPA established maximum achievable control technology (MACT) standards for coal-fired EGUs and set national emissions standards for the hazardous air pollutants from coal- and oil-fired electric utility steam generating units. The final rule is known as Mercury & Air Toxic Standards (MATS). The MATS rule requires affected EGUs to meet the specific numeric emission standards and to establish work practice standards to address the hazardous air pollutants. As a result of litigation due to the cost of the regulation, on December 15, 2015, the U.S. Court of Appeals for the D.C. Circuit issued an order remanding the MATS rule without vacatur. The court expected EPA to provide a response to the issue raised by the Supreme Court on the relevance of costs that affected facilities will incur because of MATS, on or before April 15, 2016, with a possible one year extension on the implementation period for industry. On April 15, 2016, the EPA issued a final determination that it is appropriate and necessary to set standards for emissions of air toxics from coal- and oil-fired power plants. The EPA found that the cost of compliance with MATS is reasonable and that the electric power industry can comply with MATS and maintain its ability to provide reliable electric power to consumers at a reasonable cost. The Authority meets compliance of this rule at the unit through operation of a dry absorbent injection system for acid gas control, an activated carbon injection system for mercury control, and a fabric filter bag house for metallic particulate control.

On November 3, 2015, the EPA finalized the new Effluent guidelines (ELG) for coal-fired steam electric plants. This rule established new requirements for power plant wastewater streams including that from flue gas desulfurization (FGD), fly ash transport, bottom ash transport, flue gas mercury control and gasification of fuels such as coal and petroleum coke. In September of 2017, EPA postponed the compliance dates for the new standards pertaining to two streams, FGD wastewater and bottom ash transport water, for two years to provide additional time for EPA to review and reconsider the rule. The remaining requirements for other wastewater streams (fly ash transport water and flue gas mercury control wastewater) became effective on November 1, 2018. On October 3, 2020, EPA issued the Steam Electric Reconsideration Rule which revised the requirements in the ELG rule for FGD wastewater and for bottom ash transport water. The deadlines for compliance are December 31, 2023 for bottom ash transport and December 31, 2025 for FGD wastewater, with compliance options for plants that have retirement plans or that opt into stricter controls. The Authority is working with the other joint owners to establish the best option for the long-term compliance.

Following executive order 13990, on March 29, 2023, EPA published a proposed rule revising the Agency's 2020 effluent limitations guidelines, the Steam Electric Reconsideration Rule. EPA also published at the same time a direct final rule to extend the date for existing coal-fired power plants to submit a notice of planned participation for the permanent cessation compliance option (retirement) subcategory that was originated in the 2020 Steam Electric Reconsideration Rule. In alignment with the current CCR compliance strategy for Rodemacher II, a notice of planned participation was submitted to LDEQ on January 8, 2021.

EPA finalized the Coal Combustion Residue (CCR) Rule on December 19, 2014 and was published on April 17, 2015. The rule establishes the technical requirements for CCR landfills and surface impoundments. The rule also redefines the beneficial use and disposal standards. This includes classifying coal ash as solid waste rather than hazardous waste. In August 2018, the U.S. Court of Appeals for the D.C. Circuit vacated and remanded to EPA the provision of the 2015 CCR Rule classifying clay-lined impoundments as meeting the CCR rule liner requirements. In response to the court's vacatur order as it relates to unlined and clay-lined surface impoundments, on August 28, 2020, EPA published in the Federal Register, a final rule that includes amendments that requires unlined or clay-lined surface impoundments to cease waste receipt and initiate closure "as soon as technically feasible" but no later than April 11, 2021. The final rule was titled A Holistic Approach to Closure Part A: Deadline to Initiate Closure. The rule allows filing a demonstration seeking extension of the deadline of April 11, 2021, for initiation of closure of unlined impoundments, to October 17, 2028 for facilities that both ceases burning of coal in the related generating unit and complete closure of the impoundment. A demonstration was submitted for Rodemacher II on November 25, 2020. It must be approved by EPA.

On October 20, 2023, LDEQ published a proposed rulemaking, Disposal of Coal Combustion Residuals (LAC 33:VII Chapter 10) that would regulate CCR units under a state permit program, that reflects the existing federal CCR rule requirements, in lieu of the federal CCR rule.

On June 2, 2014, EPA released the rule under Section 111(d) of the Clean Air Act, known as the Clean Power Plan (CPP), which proposed guidelines for reducing Carbon Dioxide (CO_2) emissions from existing fossil fuel-fired power plants. The rule would "set state-specific goals" for CO_2 emissions from the power sector, in addition to developing plans to achieve the state-specific goals. EPA finalized the CPP on August 3, 2015. The U.S. Supreme Court issued a stay of the implementation on February 9, 2016. In June of 2019, the EPA repealed the CPP and simultaneously finalized the Affordable Clean Energy (ACE) rule. The approach to the ACE rule was to establish guidelines for states to develop plans to address GHG emissions from existing coal-fired power plants. On January 19, 2021, the D.C. Circuit vacated the Affordable Clean Energy (ACE) rule and remanded it to the EPA for further proceedings. The court's decision vacated the ACE rule, including its requirements that states submit State Implementation Plans by July 8, 2022. Because the court vacated ACE and did not expressly reinstate the CPP, neither of those rules were in place, and thus there was no CAA section 111(d) regulation in place with respect to greenhouse gas (GHG) emissions from electric generating units (EGUs). In May 2023, EPA published a proposed rule titled New Source Performance Standards for Greenhouse Gas Emissions from New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions from Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule. This proposed rule, if finalized, would repeal the ACE Rule, and among other things, establish emissions guidelines under Section 111(d) for GHG emissions from existing fossil fuel-fired steam generating EGUs. For existing coal-fired units, the proposed requirements would include installing and operating with carbon-capture-sequestration by January 2030 or choosing to retire the unit by January 2032, January 2035, or January 2040 through one of several retirement options that are made available.

In order to comply with these regulations, the Authority's 50% share of costs is approximately $74,600,000. Compliance with CSAPR was completed during the 2012-2013 fiscal year at a cost of $5,500,000. Environmental upgrades for compliance with MATS were completed at the beginning of 2015 at a cost of $67,400,000. Funding for these projects was obtained through existing funds and the issuance of $74,600,000 Series 2012 Electric Revenue Bonds.

In Order to comply with the CCR regulation including closure of the Ash Impoundment, the Authority's 50% share cost identified by Cleco is estimated to total $12,498,473. Of the total, the remaining estimated cost for fiscal years ending 2024 through 2028 for the Authority's 50% will be $2,033,155, with an anticipated costs of $553,000 in fiscal year ending 2024.

(9) Litigation

There is no litigation pending against the Authority at October 31, 2023.

(10) Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority, through its agreement with CLECO is insured to reduce the exposure to these risks.

(11) Fair Value Measurements

Professional standards require the disclosure for fair value measurements of financial assets and liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to 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 inputs used to measure fair value are as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

b. Level 2 inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

The following methods and assumptions were used by the District in estimating fair values of financial instruments:

a. The carrying amount reported in the statement of net position for the following approximates fair value due to the short maturities of these instruments: cash, accounts receivable, and accounts payable.

b. The fair value for investment securities are based on quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The following table presents assets that are measured at fair value on a recurring basis at October 31, 2023 and 2022:

	October 31, 2023			
Description	Total	(Level 1)	(Level 2)	(Level 3)
U.S. Instrumentalities	$ 16,756,823	$ -	$ 16,756,823	$ -

	October 31, 2022			
Description	Total	(Level 1)	(Level 2)	(Level 3)
U.S. Instrumentalities	$ 26,487,837	$ -	$ 26,487,837	$ -

(12) Related Party Transactions

Lafayette Consolidated Government provides management and administrative support functions to the Authority in exchange for a fee. The amount charged to the Authority for these services for the years ended October 31, 2023 and 2022 amounted to $43,457 and $109,395, respectively. As of October 31, 2023 and 2022, the Authority owed Lafayette Consolidated Government $43,732 and $1,424, respectively.

Lafayette Utilities System (LUS) provides management and administrative support functions to the Authority in exchange for a fee. The amount charged to the Authority for these services for the years ended October 31, 2023 and 2022 amounted to $497,401 and $484,520 respectively. As of October 31, 2023 and 2022, the Authority owed LUS $497,401 and $484,520, respectively.

The Authority sells electric power to LUS. Amounts billed to LUS for electric power sales for the years ended October 31, 2023 and 2022 were $53,935,067 and $57,135,203 respectively. As of October 31, 2023, the Authority owed LUS $5,724,138. As of October 31, 2022, LUS owed the Authority $985,794.

(13) Concentrations

The Authority, in accordance with its power sales contract disclosed in Note 1A, currently sells all of its electric power generated to the City of Lafayette. Should the City of Lafayette seek other possible sources of electricity, the Authority, through its 50% ownership of the Rodemacher Unit No. 2, could conceivably offer power to other interested purchasers.

(14) Compensation, Benefits, and Other Payments to Agency Head

The agency head, Joshua S. Guillory, Mayor-President of Lafayette Consolidated Government, did not receive compensation, benefits, or other payments from the Authority for the year ended October 31, 2023.

SUPPLEMENTARY INFORMATION

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Schedule of Changes in Restricted Assets
For the Year Ended October 31, 2023

	Bond Principal and Interest Fund	Bond Reserve Fund	Reserve and Contingency Fund	Fuel Cost Stability Fund	Total
Restricted cash, October 31, 2022	$ -	$ 1,083,990	$ 95,012	$ 10,121	$ 1,189,123
Interest received	95,980	143,252	223,887	193,154	656,273
Cash disbursements:					
Transfer from (to) investments	-	(1,058,441)	(18,704)	9,660	(1,067,485)
Transfers among funds:					
Transfer from Revenue Fund	6,277,026	-	-	-	6,277,026
Transfers to Escrow	(6,277,026)	-	-	-	(6,277,026)
Transfers to Revenue Fund - interest	(95,980)	(143,252)	(223,887)	(193,154)	(656,273)
Restricted cash, October 31, 2023	-	25,549	76,308	19,781	121,638
Restricted investments and accrued interest, October 31, 2022	-	5,834,848	5,193,933	4,494,750	15,523,531
Maturities of investments	-	(400,000)	(5,200,000)	(4,500,000)	(10,100,000)
Purchases of investments	-	1,466,128	5,207,010	4,480,219	11,153,357
Increase in accrued interest receivable	-	2,609	-	-	2,609
Increse (decrease) in fair value	-	144,882	(228)	(196)	144,458
Net increase in unamortized premium/discount	-	5,246	28,522	24,570	58,338
Restricted investments and accrued interest, October 31, 2023	-	7,053,713	5,229,237	4,499,343	16,782,293
Total restricted cash, investments, and accrued interest, October 31, 2023	$ -	$ 7,079,262	$ 5,305,545	$ 4,519,124	$ 16,903,931

LAFAYETTE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Schedules of Operating Expenses
For the Years Ended October 31, 2023 and 2022

	2023	2022
Operating expenses:		
Production -		
Steam power generation - operation:		
Supervision	$ 344,603	$ 351,879
Fuel expense	30,202,223	35,240,650
Steam expense	940,668	1,238,710
Electric expense	703,994	751,823
Miscellaneous	1,003,143	1,118,810
Total	33,194,631	38,701,872
Steam power generation - maintenance		
Supervision and engineering	466,628	443,672
Structures	108,408	101,275
Boiler plant	3,043,858	2,770,264
Electric plant	118,053	284,952
Miscellaneous steam plant	980,804	1,123,838
Total	4,717,751	4,724,001
Total production	37,912,382	43,425,873
Transmission -		
Load dispatching expenses	172,541	169,158
Administrative and general -		
Administrative and general salaries	373,396	436,713
Miscellaneous general expenses	176,237	156,505
Administrative and general expenses	1,984,151	1,847,362
Outside services employed	362,674	55,581
Paying agent fees	18,960	19,683
Property insurance	726,929	648,190
Total administrative and general	3,642,347	3,164,034
Depreciation	2,399,345	2,318,325
Total operating expenses	$ 44,126,615	$ 49,077,390

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

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

The Lafayette City Council
Lafayette Public Power Authority
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Lafayette Public Power Authority, a component unit of Lafayette City-Parish Consolidated Government, as of and for the year ended October 31, 2023, and the related notes to the financial statements, which collectively comprise Lafayette Public Power Authority's basic financial statements, and have issued our report thereon dated April 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Public Power Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of Lafayette Public Power Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 and compliance. Accordingly, this communication is not suitable for any other purpose.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
April 22, 2024

LAFAYETE PUBLIC POWER AUTHORITY
Lafayette, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended October 31, 2023

Part I. Current Year Findings and Management's Corrective Action Plan

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

There are no findings reported under this section.

Part II. Prior Year Findings

A. Compliance Findings-

There are no findings reported under this section.

B. Internal Control Findings-

There are no findings reported under this section.