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LOUISIANA ENERGY AND POWER AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2025



LOUISIANA ENERGY AND POWER AUTHORITY

CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u> (Required Supplementary Information)	4 - 10
<u>BASIC FINANCIAL STATEMENTS</u>	
Statement of Net Position	11 - 12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15 - 33
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Proportionate Share of the Net Pension Liability	34
Schedule of Employer Contributions	35
Notes to Required Supplementary Information	36
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Receipts and Disbursements	37 - 38
Combining Schedule of Net Position	39 - 40
Combining Schedule of Revenues, Expenses, and Changes in Net Position	41
Schedule of Compensation, Benefits, and Other disbursements paid on or on behalf of the General Manager	42
<u>INDEPENDENT AUDITORS' 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</u>	43 - 44
<u>SCHEDULE OF FINDINGS AND RESPONSES</u>	45
<u>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</u>	46

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana Energy and Power Authority
Lafayette, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Louisiana Energy and Power Authority (the "Authority") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities of the Authority, as of December 31, 2025, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

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 the 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.

Auditors' 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 auditors' report that includes our opinion. 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 it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 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 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, the schedule of proportionate share of the net pension liability, the schedule of employer contributions, and the notes to the required supplementary information, 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 the Authority's basic financial statements. The accompanying Schedule of Receipts and Disbursements; Combining Schedule of Net Position; Combining Schedule of Revenues, Expenses and Changes in Net Position; and Schedule of Compensation and Other Disbursements Paid to or on Behalf of the General Manager 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. The 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 Receipts and Disbursements; Combining Schedule of Net Position; Combining Schedule of Revenues, Expenses and Changes in Net Position; and Schedule of Compensation and Other Disbursements Paid to or on Behalf of the General Manager are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 the Authority's internal control over financial reporting and compliance.



EISNERAMPER LLP
Metairie, Louisiana
June 29, 2026



LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

The following Management's Discussion and Analysis is intended to serve as an introduction to the December 31, 2025, financial statements of the Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana. The discussion should be read in conjunction with the Audited Financial Statements and Notes to Financial Statements, which follow.

LEPA's operations consist of three major programs - the 20% ownership of the Rodemacher Unit No. 2 coal-fired generating facility (Rodemacher Project), 100% ownership of the LEPA Unit 1 combined cycle combustion turbine generation facility (LEPA 1 Project) and the wholesale power sales to member participants (Non-Project). Further information on these programs can be found in the Notes to the Financial Statements.

Basic Financial Statements

The basic financial statements are prepared to provide the reader with a comprehensive overview of LEPA's statement of position and operations. For accounting purposes, LEPA is a political subdivision of the State of Louisiana that is engaged in a business-type activity, principally as a supplier of wholesale electricity to the member participants. Restricted assets include cash, cash equivalents, and investments legally restricted by debt covenants. Current assets, other assets and liabilities are reported based on their liquidity. As such, LEPA's financial statements are prepared according to Government Accounting Standards Board (GASB) pronouncements and are presented as an enterprise type fund, that is, similar to the financial statements of a private sector for-profit entity involved in the same type of business.

The statement of net position presents information on all of LEPA's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

The statement of revenues, expenses and changes in fund net position presents the current year revenues and expenses. Operating results are reported separately from non-operating activities.

The statement of cash flows is presented using the direct method. This method outlines the sources and uses of cash as it relates to operating income. Included in the cash flows are classifications for capital related financing activities and investing activities.

Financial Highlights

The increase in net position for the year ended December 31, 2025 was \$10,258,564. This change is further allocated as a decrease of \$1,299,742 for the Rodemacher Project, an increase of \$3,049,651 for the LEPA Unit 1 Project, and an increase of \$8,508,655 for Non-Project.

LEPA is, by design, a zero-profit entity. All costs for the Projects are passed through to the participants. All Non-Project energy costs are passed through in full to the full requirements members. The demand rate is set each year at a level sufficient, at projected demand volumes, to cover all budgeted Non-Project costs, excluding energy related costs. Any income or loss results from expenditures for capitalized assets and variances between budgeted and actual revenues and expenses.

LEPA's Membership in MISO RTO

On December 19, 2013, LEPA integrated into the midcontinent independent system operator regional transmission organization (MISO RTO). LEPA relies on the transmission systems of Entergy and CLECO for supplying transmission service to its members and elected to transition into the MISO RTO simultaneously with Entergy.

LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

MISO is an independent, non-profit regional transmission organization, responsible for maintaining reliable transmission of power in eleven U.S. states and the Canadian province of Manitoba. In the MISO RTO, the efficient use of generation and transmission is managed by MISO primarily through the operation of Day-Ahead Energy and Operating Reserves Market, Real-Time Energy and Operating Reserves Market, Financial Transmission Rights Market, and Resource Adequacy Market. Locational marginal pricing is utilized to manage congestion and price energy at physical nodes on the transmission system. Financial Transmission Rights obtained, either through the conversion of Auction Revenue Rights allocations or by purchase, allow participants to hedge transmission congestion cost risk from serving load or other market transactions.

Upon its integration into MISO, LEPA became a local balancing authority (LBA) in MISO. As an LBA, LEPA is responsible for sending the net actual interchange by interface and the individual tie line inflows to the MISO balancing authority. LEPA is responsible for monitoring member generation systems in real-time and for sending dispatch signals received from the MISO balancing authority to LEPA's generation plants. Through participation in MISO, LEPA and its members should benefit from the MISO wide dispatch of its generating units in coordination with other generating resources in MISO.

Financial Position

Total assets, liabilities, and net position at December 31 are as follows (stated in thousands):

	2025	2024
Current assets	\$ 36,546	\$ 26,286
Restricted assets	10,481	8,700
Capital assets	135,051	139,268
Total assets	182,078	174,254
Deferred outflows of resources - loss on bond refunding	4,732	4,991
Deferred outflows of resources - asset retirement obligation	719	842
Deferred outflows of resources - pensions	319	300
Total deferred outflows of resources	5,770	6,133
Total assets and deferred outflows of resources	\$ 187,848	\$ 180,387
Current liabilities	\$ 17,091	\$ 14,872
Current liabilities payable from restricted assets	5,060	5,000
Non-current liabilities	113,912	119,015
Total liabilities	136,063	138,887
Deferred inflows of resources - pensions	177	150
Net investment in capital assets	23,302	23,090
Restricted assets for debt service	3,100	3,057
Unrestricted net assets	25,206	15,203
Total net position	51,608	41,350
Total liabilities, deferred inflows of resources, and net position	\$ 187,848	\$ 180,387

LOUISIANA ENERGY AND POWER AUTHORITY**MANAGEMENT'S DISCUSSION AND ANALYSIS**
DECEMBER 31, 2025

The components of current assets at December 31 are as follows (stated in thousands):

	2025	2024
Cash	\$ 17,417	\$ 11,394
Accounts receivable	10,135	6,311
Fuel inventory	8,556	7,667
Accrued interest receivable	51	58
Prepaid assets	387	856
Total current assets	<u>\$ 36,546</u>	<u>\$ 26,286</u>

The coal inventory at Rodemacher increased from 164,971 tons valued at \$7,666,790 at December 31, 2024, to 182,171 tons valued at \$8,555,550, at December 31, 2025. This is an increase of 17,200 tons with an increased value of \$889,760. Actual tons burned for the year totaled 177,075 with a cost of \$8,318,880. The increase in accounts receivable is due to the addition of full requirement members City of Minden and City of Natchitoches in 2025, along with the City of Abbeville and Town of Gueydan having a first full year as a member in 2025. These four municipalities make up \$3,480,772 of the accounts receivable balance at December 31, 2025. The increase in cash is due primarily to cash flows from operations exceeding cash spent on capital and related financing activities during the year ended December 31, 2025.

The restricted assets were composed of the following (stated in thousands):

	2025	2024
Debt service reserve - LEPA Unit 1	\$ 3,931	\$ 3,919
Sinking fund - LEPA Unit 1	3,100	3,057
Renewal and replacement fund - LEPA Unit 1	2,750	1,484
Contingency fund - LEPA Unit 1	700	240
Total restricted assets	<u>\$ 10,481</u>	<u>\$ 8,700</u>

The renewal and replacement fund for LEPA Unit 1 is being funded by assessment to the LEPA Unit 1 participants in accordance with the bond resolution which calls for deposits into the renewal and replacement fund of an amount not less than 5% of the bond service requirements until there has been accumulated a balance of \$2,250,000.

The contingency fund for LEPA Unit 1 is being funded by assessment to the LEPA Unit 1 participants in accordance with the bond resolution which calls for deposits into the contingency fund of \$240,000 per year until there has been accumulated a balance of \$1,500,000.

LOUISIANA ENERGY AND POWER AUTHORITY**MANAGEMENT'S DISCUSSION AND ANALYSIS**
DECEMBER 31, 2025**Capital Assets**

The components of property and equipment are as follows (stated in thousands):

	2025	2024
Electric plant - Rodemacher	\$ 131,954	\$ 130,675
Electric plant - LEPA Unit 1	128,974	128,765
Central dispatch facility	3,103	3,194
Non-utility property	1,444	1,569
Land	100	100
Capacitor bank	2,928	2,928
Construction work in progress:		
Rodemacher Unit 2	1,179	1,429
LEPA Unit 1	1,567	1,776
Central dispatch facility	128	11
Right of use asset	739	738
Accumulated depreciation and amortization	(137,065)	(131,917)
Total capital assets	<u>\$ 135,051</u>	<u>\$ 139,268</u>

Construction projects at the Rodemacher facility are transferred to the electric plant account when CLECO informs LEPA that a project work order is completed and has been closed. Similarly, retirement of an asset occurs when CLECO informs LEPA that an asset is being taken out of service.

Debt Administration

Current liabilities consisted of the following (stated in thousands):

	2025	2024
Accounts payable:		
Rodemacher project	\$ 1,373	\$ 107
LEPA Unit 1 project	301	3,147
Non-project	4,837	1,256
Due to participants:		
Coal pile responsibility	5,479	5,625
Renewal and replacement assessments	4,934	4,569
Current portion of revenue bonds payable:		
Series 2021A bonds (LEPA Unit 1)	4,655	4,595
Series 2021B bonds (LEPA Unit 1)	150	145
Current portion of compensated absences	141	141
Current portion of lease liability non-project	5	5
Accrued interest payable:		
Series 2021A bonds (LEPA Unit 1)	247	252
Series 2021B bonds (LEPA Unit 1)	8	9
Leases	21	21
	<u>\$ 22,151</u>	<u>\$ 19,872</u>

LOUISIANA ENERGY AND POWER AUTHORITY**MANAGEMENT'S DISCUSSION AND ANALYSIS**
DECEMBER 31, 2025

The coal pile responsibility liability represents amounts collected from Rodemacher participants to fund the cost of maintaining the coal inventory. LEPA has the responsibility to maintain the base inventory of 21,190 tons which represents the amount of original inventory purchased when LEPA acquired the Rodemacher facility. The Rodemacher participants are responsible for funding all inventory levels above the base level. The funds are collected from or refunded to the Rodemacher participants as inventory levels fluctuate each month. The coal inventory levels at Rodemacher increased from 164,971 tons at December 31, 2024 to 182,171 tons at December 31, 2025.

Non-current liabilities consisted of the following (stated in thousands):

	2025	2024
Revenue bonds payable		
Series 2021A bonds (LEPA Unit 1)	\$ 105,595	\$ 110,250
Series 2021B bonds (LEPA Unit 1)	3,595	3,745
Unamortized bond premium		
Series 2021B bonds (LEPA Unit 1)	156	163
Leases payable	674	679
Accrued compensated absences	181	110
Asset retirement obligation	1,650	1,587
Net pension liability	2,061	2,481
	<u>\$ 113,912</u>	<u>\$ 119,015</u>

Operations

Components of LEPA's operating revenues, operating expenses, and non-operating and investment income (loss) for the years ended December 31, 2025, and 2024 follows (stated in thousands):

	2025	2024
Operating revenues	\$ 150,846	\$ 96,982
Operating expenses:		
Cost of power produced	21,231	22,700
Power purchased	96,582	47,364
Transmission costs	11,835	12,589
General and administrative	2,127	2,028
Depreciation and amortization	5,484	5,502
Operating expenses	<u>137,259</u>	<u>90,183</u>
Operating income	13,587	6,799
Investment and other income	729	851
Debt expenses	(3,579)	(3,445)
Nonemployer Pension Contribution	76	72
Other	(554)	49
Change in net assets	<u>\$ 10,259</u>	<u>\$ 4,326</u>

LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

The operating income for 2025 and 2024 shown in the schedule above is comprised of the following components (stated in thousands):

	2025	2024
Rodemacher power sales - participants	\$ 13,171	\$ 12,373
LEPA Unit 1 power sales - participants	13,769	15,156
Full requirement power sales	72,232	40,153
Load control power sales	18,277	13,568
MISO power sales	33,292	15,321
Other operating income	105	411
Operating revenues	<u>\$ 150,846</u>	<u>\$ 96,982</u>

Power purchased increased from 47,364,389 to 96,581,895 due to the addition of the full requirement members City of Minden and City of Natchitoches, along with the City of Abbeville and Town of Gueydan having a full year as a member. With the increase in full requirement power sales comes an even larger increase in power purchases.

MISO sales proceeds represent funds received from MISO for the sale of generation from Rodemacher Unit No. 2, LEPA Unit No. 1 and Terrebonne Parish Consolidated Government as well as hydropower received from the Southwestern Power Administration, the Sidney Murray Hydroelectric Project (City of Vidalia).

The energy volume is deemed to have been delivered to the project participants, and the proceeds are then credited to the appropriate project participants or the Full Requirements pool.

The Rodemacher power sales represent the energy delivered from the Rodemacher power station to the Rodemacher participants that are not full requirement members under the Rodemacher Power Sales Contracts. The remaining Rodemacher participants have assigned their Rodemacher entitlements to the full requirements pool under the current Agreement for the Purchase of Rodemacher Unit No. 2 Project Capacity.

The amounts invoiced to the Rodemacher participants for energy delivered from the Rodemacher facility are a direct pass through of costs incurred. Generation at the Rodemacher facility for 2025 totaled 277,624 MWH, an increase of 12,081 MWH from the 2024 generation of 265,543 MWH.

The amounts invoiced to the LEPA Unit 1 participants for energy delivered from the LEPA Unit 1 facility are a direct passthrough of costs incurred. Generation at the LEPA Unit 1 facility for 2025 totaled 0 MWH as the plant was down during the fiscal year for repairs compared to 146,213 in 2024.

The full requirement revenues represent energy delivered to the thirteen full requirement members under the Full Requirements Service Agreements currently in place. The increase in full requirement revenues is due to the additions of City of Minden and City of Natchitoches, along with the City of Abbeville and Town of Gueydan having a full year as a member.

The energy charge is a direct pass through of energy costs. The energy cost factor (ECF), which is the measurement of the cost of energy delivered to the full requirement members, is calculated on a monthly basis based upon the actual energy costs incurred for LEPA generation and purchases. The average ECF for the year increased from \$32.97 per MWH in 2024 to \$41.65 per MWH in 2025. The volume of energy delivered increased by 306,417 MWH, or 39.7%. The additions of the City of Minden and the City of Natchitoches to the full requirement members in June 2025, along with the City of Abbeville and Town of Gueydan having a full year of as a member which accounted for 405,915 MWH.

LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2025**

The demand rate is set at a level sufficient, at projected demand levels, to cover all budgeted non-project costs, excluding energy costs. The rate is set annually with the adoption of the full requirements budget. The demand rate increased from \$8.06 per kW in 2024 to \$12.45 per kW in June of 2025. The demand volume increased from 1,829,480 in 2024 to 2,478,732 in 2025 for a total of 649,252 kW, or 35%.

Contacting LEPA's Financial Management

This financial report is designed to provide interested parties with a general overview of LEPA's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Louisiana Energy and Power Authority, 210 Venture Way, Lafayette, Louisiana 70507-5319.

Additional information pertaining to LEPA Unit 1 can be obtained by reviewing the 2025 Annual Engineering Report on LEPA Unit No. 1.

BASIC FINANCIAL STATEMENTS

LOUISIANA ENERGY AND POWER AUTHORITY**STATEMENT OF NET POSITION****DECEMBER 31, 2025****ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

Current assets

Cash	\$ 17,416,719
Accounts receivable	10,134,905
Fuel inventory	8,555,550
Accrued interest receivable	51,524
Prepaid expenses	386,870
Total current assets	<u>36,545,568</u>

Non-current assets

Restricted assets

Cash	
Renewal and replacement	2,750,346
Contingency	699,757
Debt service	7,030,881
Total restricted assets	<u>10,480,984</u>

Capital assets

Land	99,828
Construction work in progress	2,874,816
Utility plant	260,927,068
Central dispatch facility	3,103,485
Capacitor bank	2,927,727
Non-utility property	1,444,377
Right of use asset	738,491
Total	<u>272,115,792</u>
Less: accumulated depreciation and amortization	<u>(137,065,104)</u>
Net capital assets	<u>135,050,688</u>

Total assets 182,077,240

Deferred outflows of resources

Deferred loss on bond refunding	4,732,405
Deferred amounts related to asset retirement obligation	719,350
Deferred amounts related to net pension liability	<u>318,768</u>

Total deferred outflows of resources 5,770,523

Total assets and deferred outflows of resources \$ 187,847,763

(Continued)

LOUISIANA ENERGY AND POWER AUTHORITY**STATEMENT OF NET POSITION****DECEMBER 31, 2025****LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

Current liabilities payable from unrestricted assets	
Accounts payable	\$ 6,510,540
Due to other governments	10,412,797
Accrued interest payable	20,919
Current portion of compensated absences	141,177
Current portion of lease liability	5,303
Total current liabilities	<u>17,090,736</u>
Current liabilities payable from restricted assets	
Accrued interest payable	255,078
Current portion of revenue bonds payable	4,805,000
Total current liabilities payable from restricted assets	<u>5,060,078</u>
Non-current liabilities	
Revenue bonds payable	109,190,000
Unamortized bond premium	156,184
Lease liability	674,197
Accrued compensated absences	180,777
Asset retirement obligation	1,650,236
Net pension liability	2,060,270
Total non-current liabilities	<u>113,911,664</u>
Total liabilities	<u>136,062,478</u>
Deferred inflows of resources	
Deferred amounts related to net pension liability	<u>177,175</u>
Net Position	
Net investment in capital assets	23,302,173
Restricted for debt service	3,099,813
Unrestricted	<u>25,206,124</u>
Total net position	<u>51,608,110</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 187,847,763</u>

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating revenues	
Power sales	<u>\$ 150,846,109</u>
Operating expenses	
Cost of power produced	21,230,812
Power purchased	96,581,895
Transmission costs	11,835,503
General and administrative	2,126,650
Depreciation and amortization	<u>5,483,933</u>
Total operating expenses	<u>137,258,793</u>
Operating income	<u>13,587,316</u>
Non-operating revenues (expenses)	
Interest income	729,074
Interest expense	(3,578,636)
Gain (loss) on disposition of allowance	(90,001)
Gain (loss) on sale of assets	(24,667)
Nonemployer pension contribution	76,262
Other	<u>(440,784)</u>
Total non-operating revenues (expenses)	<u>(3,328,752)</u>
Change in net position	10,258,564
Net Position, beginning of year	41,349,546
Net position, end of year	<u><u>\$ 51,608,110</u></u>

LOUISIANA ENERGY AND POWER AUTHORITY**STATEMENTS OF CASH FLOWS**
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities	
Received from customers	\$ 147,022,213
Payments for power produced	(21,593,519)
Payments for power purchased	(94,363,284)
Payments for transmissions costs	(11,835,503)
Payments for general and administrative expenses	(1,922,429)
Net cash provided by operating activities	<u>17,307,478</u>
Cash flows from noncapital financing activities	
Proceeds from Revenue Anticipation Note	5,500,000
Repayment of Revenue Anticipation Note	(5,500,000)
Interest paid on Revenue Anticipation Note	(45,492)
Net cash used in noncapital financing activities	<u>(45,492)</u>
Cash flows from capital and related financing activities	
Payments on lease liability	(5,133)
Principal payments	(4,740,000)
Interest paid	(3,286,538)
Purchase and construction of capital assets	(2,122,065)
Received from other sources	(39,767)
Net cash used in capital and related financing activities	<u>(10,193,503)</u>
Cash flows from investing activities	
Interest received	734,709
Net cash provided by investing activities	<u>734,709</u>
Net increase in cash	7,803,192
Cash, beginning of year	<u>20,094,511</u>
Cash, end of year	<u>\$ 27,897,703</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 13,587,316
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,483,933
Nonemployer pension contribution	76,262
Amortization and accretion of asset retirement deferrals and accruals	526,053
Changes in assets and liabilities:	
Accounts receivable	(3,823,896)
Fuel inventory	(888,760)
Prepaid expenses	469,784
Accounts payable	1,999,541
Due to other governments	219,070
Change in net pension liability and related deferrals	(412,528)
Accrued compensated absences	70,703
Net cash provided by operating activities	<u>\$ 17,307,478</u>
Reconciliation of cash to the statement of net position	
Cash classified as current assets	\$ 17,416,719
Cash classified as non-current assets	10,480,984
Total cash, end of year	<u>\$ 27,897,703</u>

See accompanying notes to financial statements.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - The Louisiana Energy and Power Authority (the Authority) was created as a political subdivision of the State of Louisiana in 1979 pursuant to Title 33 of the Louisiana Revised Statutes of 1950. Twenty Louisiana municipalities currently are members of the Authority and are joined together in order to provide a reliable and economic supply of electric power and energy to member municipalities.

GASB Section 2100 defines a reporting entity as the primary government and those legally separate organizations for which the primary government is financially accountable. Financial accountability is established if the primary government appoints a voting majority of the organization's governing board and either can impose its will or there is a potential financial benefit or burden; or if the organization is fiscally dependent on the primary government and there is a potential financial benefit or burden. The governing board of the Authority has concluded that there are no component units required to be included in the reporting entity under GASB Codification Section 2100 for the periods presented in the financial statements. The Authority is not a component unit of any other government entity, as determined by applying the financial accountability criteria set forth in GASB Codification Section 2100.

The Authority owns a 20% undivided interest, under the Joint Ownership Agreement, of a 530 MW coal-fired steam electric generating plant, the Rodemacher Unit No. 2 (the Rodemacher Unit). The Rodemacher Unit was constructed by CLECO Utility Group, Inc. (CLECO) and Lafayette Public Power Authority (LPPA) near Boyce, Louisiana adjacent to CLECO's Rodemacher Unit No. 1. CLECO and LPPA have ownership interests of 30% and 50%, respectively. The Authority's 20% undivided ownership interest in the Rodemacher Unit and its rights and interests under the Joint Ownership Agreement are referred to as the Rodemacher Project. The Joint Ownership Agreement dated November 15, 1982 shall remain in effect so long as the Rodemacher Project is useful for the generation of electricity or for a period of 35 years, whichever is less. In October 2012, the Joint Ownership Agreement was extended until June 30, 2032, or for so long as the Rodemacher Unit, the common facilities and the related facilities are used or useful for the generation of electricity, whichever is less.

Basis of Accounting - The Authority maintains its books and records using the "economic resources" measurement focus and the accrual basis of accounting. The Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and promulgated by the Governmental Accounting Standards Board (GASB) Codification of Accounting and Financial Reporting Standards. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. 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 accounting principles generally accepted in the United States of America (U.S. GAAP).

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 on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net investment in capital assets - This component of net position 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 unspent related debt proceeds at year-end. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets, rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets".

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents - The Authority considers cash in banks and short-term investments with an original maturity of ninety days or less as cash and cash equivalents. These deposits are recorded at cost, which approximates fair value. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Authority did not have cash equivalents at December 31, 2025.

Funds, Special Deposits and Investments - Funds and special deposits consist of cash, overnight repurchase agreements, and obligations guaranteed by federal agencies. The Authority values its investments in debt securities at fair value. Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Governmental entities should report debt securities at fair value on the balance sheet.

Accounts Receivable - Significant receivables consist of amounts due from other governments under various agreements for the supply of energy. The statements contain no provision for uncollectible accounts. The Authority's management is of the opinion that such allowance would be immaterial to the financial statements.

Capital Assets - Capital assets are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives of the assets.

	<u>Years</u>
Utility plant assets	10-50
Vehicles	5
Buildings (non-utility)	10-35
Office furniture and equipment	1-10

Expenses incurred in making repairs and minor replacements and in maintaining the utility plant and central dispatch facility in efficient operating condition are charged to expense.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments are limited by R.S. 33:2955 and the Authority's investment policy. 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. The Authority did not have investments at December 31, 2025.

Inventory - Fuel Inventory is stated at the lower of cost or market as determined by the last-in, first-out method. Coal inventory amounted to \$8,555,550 representing 182,171 tons at December 31, 2025.

Electric Revenue Bonds - Bonds outstanding are stated at face value. The unamortized premium is reported separately on the face of the financial statements as a non-current liability. The premium is being amortized over the life of the bonds issued.

Rate Setting - The Authority has entered into Rodemacher Power Sales Contracts with five of its member cities. These five members are referred to as Rodemacher Participants. The Authority bills each Rodemacher Participant monthly for its share of the electric power generated by the Rodemacher Unit No. 2 (the Rodemacher Project) and for certain items stipulated in the Bond Resolution which governs the bonds issued in 1982 to purchase the Authority's 20% interest in the Rodemacher Unit. To the extent billings related to the Rodemacher Project vary from actual expenses incurred by the Authority; the amounts billed to the Rodemacher Participants are adjusted.

The Authority has entered into LEPA Unit 1 Power Sales Contracts with six of its member cities. The six members are referred to as the LEPA Unit 1 Participants. The Authority bills each LEPA Unit 1 Participant monthly for its share of the electric power generated by the LEPA Unit 1 and for certain items stipulated in the Bond Resolution which governs the bonds issued in 2013 to construct LEPA Unit 1. To the extent billings related to the LEPA Unit 1 Project vary from actual expenses incurred by the Authority, the amounts billed to the LEPA Unit 1 Participants are adjusted.

The Authority has entered into Full Requirements Power Sales Contracts (the Full Requirements Approach) with three Rodemacher participants and ten other members (the Full Requirements Members). These contracts renew for succeeding one-year periods until terminated by either party by written notice 24 months prior to termination. The Authority bills the Rodemacher Participants in the manner described above; however, the Authority buys the power back at actual cost to be distributed under the Full Requirements Approach. Rate setting for the Full Requirements Members is budgeted in advance and ratified by the Board of Directors. Rates are comprised of two basic components: (1) Energy Rate - which includes variable fuel costs and is billed on a KWH consumption basis and (2) Demand Rate - which includes all fixed costs and is billed on monthly peak KW basis.

Rates established by the Board of Directors are designed to recover all costs of the Authority and, by contract, are binding on its members. Accordingly, the Authority applies the accounting and financial reporting requirements for regulated operations in accordance with GASB guidance, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Compensated Absences - Allowable annual vacation and sick leave is prescribed by policy of the Authority, based on length of continuous employment by the Authority, accrued on an employment anniversary basis, and accrued to specified maximums.

GASB Statement No. 101, *Compensated Absences*, requires governments to accrue a liability for compensated leave that has not been used if all of the following are true: (1) The leave is attributable to services already rendered; (2) The leave accumulates; and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued) - The Board has recorded the following liabilities, including the salary-related benefits associated with the payment of compensated absences as of December 31, 2025:

- Sick leave that is expected to be used based on years of service and an average of hours not-forfeited multiplied by current year pay rates.
- Vacation leave based on maximum vested amount multiplied by current year pay rates.

The amount of annual leave earned and estimated sick leave earned that will be utilized based on average days used, estimated salaries, and estimated amounts remaining to be settled in cash under the conversion option available to all employees included in the statements of net position as of December 31, 2025 and 2024 is \$321,954 and \$251,251, respectively. These amounts include the salary cost as well as certain salary-related costs.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and thus, will not be recognized as an outflow of resources (expenses) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Lease Liability - The Authority is the lessee in a long-term lease of land for the LEPA 1 Unit. It recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured at or before the lease commencement date, plus certain initial direct cost. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset Retirement Obligation – The Authority recognizes an Asset Retirement Obligation (ARO) when a legal obligation exists to perform future asset retirement activities related to its tangible capital assets. These obligations are based on federal, state, or local laws, regulations, contracts, or court judgments. The ARO is measured based on the best estimate of the current value of outlays expected to be incurred. This estimate includes the costs of labor, materials, and overhead necessary to settle the legal obligation. When an ARO is recognized, a corresponding deferred outflow of resources is recorded. The deferred outflow of resources is reduced and recognized as an expense in a systematic and rational manner over the estimated useful life of the tangible capital asset.

The Authority reviews the ARO estimate annually. Adjustments to the liability are made for effects of inflation or deflation and for any relevant changes in factors such as technology, legal requirements, or the type of equipment used to perform the retirement activities.

(B) CASH

The bond resolutions for the 2021A Taxable Series Bonds and 2021B Tax-Exempt Series Bonds provide for the creation and maintenance of certain funds and accounts relative to the operations of the LEPA Unit 1 Project. Management of the Authority believes they are in compliance with the requirements of the bond resolution. The Authority also maintains other accounts for its Full Requirements Approach operations. The bond resolutions authorize the Authority to invest in direct obligations of the United States Government.

Custodial credit risk for deposits is the risk that in the event of financial institution failure, the Authority's deposits may not be returned to them. Under state law, bank balances must be secured by federal deposit insurance or the pledge of securities held by the fiscal agent bank's trust department or agent in the Authority's name. Cash deposits at the financial statement date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name, and as such, the Authority had no custodial credit risk associated with these deposits.

Cash and cash equivalents as of December 31, 2025, are as follows:

Cash -	
Restricted	\$ 10,480,984
Other	<u>17,416,719</u>
Total cash	<u>\$ 27,897,703</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

LEPA Unit 1 - Series 2021 Bonds:

Under the terms of the resolution providing for the issuance of the 2021 series bonds to (a) refunding those Series 2013A Bonds maturing June 1, 2025 through and including June 1, 2044, (b) refunding all of its Series 2020 Notes on the date of issuance of the Series 2021 Bonds, (c) funding a debt service reserve account for the Series 2021 Bonds in the Reserve Fund, which may be funded in part with a Reserve Policy and (d) paying certain costs associated with the issuance of the Series 2021 Bonds, including paying premiums on the Reserve Policy and the Policy.

The resolution provides for a Reserve Fund which is held by the Trustee and in which shall be maintained in a separate account called the Series 2021 Bonds Reserve Account, which shall be used solely to prevent any default in the payment of the principal or interest on the Series 2021 Bonds. The Reserve Requirement is equal to the lesser of (i) 10% of the stated principal amount of the Series 2021 Bonds (calculated in accordance with the Internal Revenue Code), (ii) the highest combined principal and interest requirements for any succeeding fiscal year on the Series 2021A Bonds, or (iii) 125% of the average aggregate amount of principal installments and interest becoming due in any fiscal year on the Series 2021 Bonds. The Reserve Requirement may be funded with cash or investment obligations or one or more reserve products, including the Reserve Policy (as defined below), or a combination thereof.

If the Reserve Requirement is funded in whole or in part with cash or Investment Obligations and no event of default has occurred and be continuing under the resolution, the Authority may at any time in its discretion, substitute a Reserve Product meeting the requirements of the Resolution for the cash and Investment Obligations in the Reserve Fund and the Authority may then withdraw such cash and Investment Obligations from the Reserve Fund and deposit them to the credit of the Operating Fund so long as (i) the same does not adversely affect any rating by a Rating Agency then in effect with respect to the Series 2021 Bonds or any Series thereof, and (ii) the Authority obtains an opinion of Bond Counsel to the effect that such actions will not, in and of themselves, adversely affect the exclusion from gross income of interest on the Series 2021B Bonds for federal income tax purposes.

As of December 31, 2025, all accounts requiring minimum balances were in compliance with the bond resolution.

LOUISIANA ENERGY AND POWER AUTHORITY**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025****(D) CAPITAL ASSETS**

The following is a summary of changes in capital assets:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Non-depreciable assets					
Land	\$ 99,828	\$ -	\$ -	\$ -	\$ 99,828
Construction work in progress	3,216,577	2,090,729	(98,080)	(2,334,410)	2,874,816
Total non-depreciable assets	3,316,405	2,090,729	(98,080)	(2,334,410)	2,974,644
Depreciable assets					
Electric plant	259,439,232	-	(946,402)	2,434,238	260,927,068
Central dispatch facility	3,194,238	9,075	-	(99,828)	3,103,485
Non-utility property	1,568,658	22,261	(146,542)	-	1,444,377
Capacitor bank	2,927,727	-	-	-	2,927,727
Total depreciable assets	267,129,855	31,336	(1,092,944)	2,334,410	268,402,657
Less: Accumulated depreciation					
Electric plant	(125,479,370)	(5,273,008)	188,849	-	(130,563,529)
Central dispatch facility	(2,951,339)	(20,404)	-	-	(2,971,743)
Non-utility property	(1,332,949)	(47,198)	146,542	-	(1,233,605)
Capacitor bank	(2,067,638)	(130,696)	-	-	(2,198,334)
Total accumulated depreciation	(131,831,296)	(5,471,306)	335,391	-	(136,967,211)
Total net depreciable assets	135,298,559	(5,439,970)	(757,553)	2,334,410	131,435,446
Right of use (ROU) leased assets					
Right of use leased assets	738,491	-	-	-	738,491
Accumulated amortization	(85,266)	(12,627)	-	-	(97,893)
ROU assets, net	653,225	(12,627)	-	-	640,598
Total capital assets, net of accumulated depreciation and amortization	\$ 139,268,189	\$ (3,361,868)	\$ (855,633)	\$ -	\$ 135,050,688

Depreciation and amortization expense for the year ended December 31, 2025, was \$5,483,933.

The Authority's acquisition cost of its interest in the Rodemacher Unit 2 includes costs of certain facilities common to the Rodemacher Unit 2 and CLECO's Units No. 1 and 3 (common facilities).

Participants in Rodemacher Unit No. 2 are liable for decommissioning costs upon termination of the Project. See Note H regarding asset retirement obligations.

(E) DEBT OBLIGATIONS

On September 2, 2021, the Authority issued \$119,475,000 of Power Project Revenue Refunding Bonds (LEPA Unit 1), Taxable Series 2021A for (a) partial refunding of the Series 2013A Bonds, (b) funding a debt service reserve account for the Series 2021 Bonds, and (c) paying certain costs associated with the issuance of the 2021 Series Bonds. On September 2, 2021, the Authority issued \$4,295,000 of Power Project Revenue Refunding Bonds (LEPA Unit 1), Tax-Exempt Series 2021B for refunding of the Power Project Revenue Bond Anticipation Notes, Series 2020.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Authority discloses that its revenue bonds are secured by project power revenues, net of operating expenses, and by certain assets of the Authority as established by ordinance. The Authority maintains a debt service reserve account for the Series 2021 Bonds. No unused lines of credit exist, and collateral pledged consists of project revenues and Authority assets.

LOUISIANA ENERGY AND POWER AUTHORITY**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025****(E) DEBT OBLIGATIONS (continued)**

Debt agreements contain provisions that, in the event of default, allow for the acceleration of payment. Events of default generally include failure to make scheduled principal and interest payments when due; violation of covenants or other provisions of the debt agreements; and the occurrence of certain bankruptcy or insolvency events. The debt agreements do not contain provisions that allow for termination of the debt prior to maturity without cause beyond those associated with events of default. The debt agreements do not include subjective acceleration clauses that allow the lender to accelerate payment based on the lender's assessment of adverse changes or similar conditions.

Revenue bonds outstanding at December 31, 2025, are as follows:

Purpose	Interest Rate	Issue Date	Balance
Electric Revenue Bonds Series 2021A	3.24%	9/02/2021	\$ 110,250,000
Electric Revenue Bonds Series 2021B	2.50%	9/02/2021	3,745,000
Total Principal Outstanding on Revenue Bonds			\$ 113,995,000
Unamortized Bond Premium			156,184
Net Revenue Bonds Outstanding			<u>\$ 114,151,184</u>

The following is a summary of the electric revenue bonds transactions for the year ended December 31, 2025:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Series 2021A	\$ 114,845,000	\$ -	\$ (4,595,000)	\$ 110,250,000	\$ 4,655,000
Series 2021B	3,890,000	-	(145,000)	3,745,000	150,000
	<u>\$ 118,735,000</u>	<u>\$ -</u>	<u>\$ (4,740,000)</u>	<u>\$ 113,995,000</u>	<u>\$ 4,805,000</u>

Interest incurred and charged to bonds totaled \$3,086,958.

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Series 2021A		Series 2021B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 4,655,000	\$ 2,929,219	\$ 150,000	\$ 95,362	\$ 4,805,000	\$ 3,024,581
2027	4,730,000	2,856,583	155,000	89,263	4,885,000	2,945,846
2028	4,815,000	2,772,979	165,000	83,688	4,980,000	2,856,667
2029	4,910,000	2,679,999	170,000	78,663	5,080,000	2,758,662
2030	5,005,000	2,679,999	175,000	73,488	5,180,000	2,753,487
2031-2035	26,840,000	11,726,915	940,000	292,959	27,780,000	12,019,874
2036-2040	30,830,000	8,032,422	1,050,000	180,522	31,880,000	8,212,944
2041-2044	28,465,000	2,912,605	940,000	47,875	29,405,000	2,960,480
Totals	<u>\$ 110,250,000</u>	<u>\$ 36,590,721</u>	<u>\$ 3,745,000</u>	<u>\$ 941,820</u>	<u>\$ 113,995,000</u>	<u>\$ 37,532,541</u>

On June 4, 2025, the Authority issued a Revenue Anticipation Note, Series 2025 (the Note). The Note provided the Authority with a borrowing facility of up to \$7,000,000 to finance current operating expenses, including the purchase of electric power, pending the receipt of anticipated revenues. The Note bore interest at a fixed rate of 5.142%. The Note was secured by a pledge of substantially all revenues of the Authority anticipated to be received during fiscal year 2025, excluding revenues associated with LEPA Unit No. 1. The Authority drew a total of \$5,500,000 during 2025, and repaid the entire amount borrowed prior to year-end. Accordingly, no balance was outstanding at December 31, 2025. Interest expense associated with the Note for the year ended December 31, 2025, was approximately \$89,771.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(F) LEASE LIABILITY

On April 1, 2012, the Authority entered into a lease for land. The primary term of the lease commenced on the effective date and expired on December 31, 2013. There are multiple renewal options, the first being a fifty (50) year period and then nine (9) additional 5-year periods. The lease year is defined as any twelve-month period commencing January 1 and ending the last day of December. The annual base rent is \$25,988 and will be adjusted every five (5) years of the fifty (50) year term based on current appraised value. The Authority exercised the second renewal option at the end of 2018. The total of the Authority's leased assets is recorded at cost of \$738,491, less accumulated amortization of \$97,893. Land lease interest expense in the amount of \$20,855 is included in the statement of revenues, expenses, and changes in net position for the year ended December 31, 2025.

Principal and Interest payments due on lease liabilities under this lease are as follows:

Years Ended December 31,	Principal	Interest
2026	\$ 5,303	\$ 20,841
2027	5,465	20,684
2028	5,631	20,523
2029	5,803	20,356
2030	5,979	20,185
2031-2035	32,740	98,165
2036-2040	38,036	93,025
2041-2045	44,188	87,055
2046-2050	51,336	80,118
2051-2055	59,639	72,060
2056-2060	69,286	62,698
2061-2065	80,494	51,822
2066-2070	93,514	39,186
2071-2075	108,640	24,507
2076-2078	73,446	7,453
	<u>\$ 679,500</u>	<u>\$ 718,678</u>

(G) PENSION PLAN

The Authority is a participating employer in a defined benefit pension plan. This plan is administered by a public employee retirement system, the Municipal Employees' Retirement System of Louisiana (MERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of this plan to the State Legislature. The system is administered by a separate board of trustees. The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The financial report for the system is for fiscal years ending June 30th. The reports may be obtained by writing, calling, or downloading as follows: 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809; (225) 925-4810; www.mersla.com.

The employer pension schedules for the Municipal Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of December 31, 2025.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(G) PENSION PLAN (continued)

Plan Description - The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan as established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Authority are members of Plan A.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements - Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five (35) hours per week. Those individuals paid jointly by a participating employer and the Authority are not eligible for membership in the System with exceptions as outlined in the statutes.

Retirement Benefits - Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan A Tier 2 can retire providing he or she meets one of the following criteria:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final compensation multiplied by his/her years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits - Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at the time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(G) PENSION PLAN (continued)

Deferred Retirement Option Plan (DROP) Benefit - In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A who is eligible to retire may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership to the System.

Disability Benefits - For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of creditable service, but not less than forty-five percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases - The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits - Plan A provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Funding Policy - Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC). Contributions to the plan are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for 2025 were 27.0% for employers and 10.0% for employees. Employer contributions for the year ended December 31, 2025, which equaled the required contributions, were \$541,153.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2025

(G) PENSION PLAN (continued)

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities. Administrative costs of the System are financed through employer contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2025, the Authority reported a liability of \$2,060,270 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Authority's proportion was 0.898808%, which was an increase of 0.017115% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Authority recognized pension expense of \$204,887. The Authority recognized revenue that was allocated by the pension plan that represents payments from non-employer contributing entities that are withheld from ad-valorem taxes from each taxing district and allocated to the pension plan. For 2025, the Authority recorded allocated non-employer contributions from MERS of \$76,262.

At December 31, 2025, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,683	\$ 34,355
Net difference between projected and actual investment earnings on pension plan investments	-	132,836
Change of assumptions	-	7,464
Change in proportion and differences between the employers contributions and the employers proportionate share of the contributions	35,526	2,520
Employer contributions subsequent to the measurement date	278,559	-
	<u>\$ 318,768</u>	<u>\$ 177,175</u>

The Authority reported \$278,559 as deferred outflows of resources related to pension contributions made subsequent to the measurement date which will be recognized as a reduction in the net pension liability in the year ended December 31, 2026.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

(G) PENSION PLAN (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended December 31	\$Amount
2026	\$ 140,312
2027	(117,343)
2028	(111,364)
2029	(48,571)
	<u>\$ (136,966)</u>

Actuarial Methods and Assumptions - 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.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025, are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	Plan A: Three years
Investment Rate of Return	6.85%, net of investment expenses, including inflation
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases:	
- 1 to 2 years of service	9.0% for Plan A
- More than 2 years of service	4.4% for Plan A
Annuity and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.

LOUISIANA ENERGY AND POWER AUTHORITY**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025****(G) PENSION PLAN (continued)**

Long-term Rate of Return - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of balancing or diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	29%	1.26%
Alternatives	18%	0.78%
Totals	100%	4.35%
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

Discount Rate - The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2025. 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 will be made at the actuarially determined 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 participating employer calculated using the discount rate of 6.85%, as well as what the employer's 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 (assuming all other assumptions remain unchanged) as of June 30, 2025:

	Plan A		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability	\$ 3,379,458	\$ 2,060,270	\$ 947,152

Balance Payable to the Retirement System – At December 31, 2025, the amount due to MERS was \$0.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(H) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

Effective January 1, 2023, the Authority entered into a rail transportation contract through December 31, 2025, for the transportation of coal to the Rodemacher facility. The terms of the contract outline a contract rate schedule and also includes minimum volume requirements for each twelve-month period. This requirement is that the Authority shall use these services to route a minimum of 1.5 million units (defined as controllable net tons), received at each destination via rail or any transportation mode used in combination with rail. The agreement contains a shortfall payment clause for failure to meet this minimum which is calculated at \$5.00 per ton based on the amount of tonnage shortfall.

Transmission Contracts

The Authority has entered into separate transmission agreements with Entergy and CLECO, pursuant to which electric power and energy received by the Authority from the Rodemacher Unit 2 are transmitted to the points of delivery of the Rodemacher Unit 2 Participants. The costs of delivery are shared by all Rodemacher Unit 2 Participants on a pro-rata basis. The costs of delivery of electric power and energy received by the Authority from sources other than the Rodemacher Unit 2 Project are included in the demand rate charged to the Full Requirements Members.

Operating Costs

Under the Joint Ownership Agreement, CLECO has the sole responsibility to operate, maintain and dispatch the Rodemacher Unit 2 and related facilities in accordance with prudent utility practices. The Authority, CLECO, and LPPA pay all operation and maintenance costs other than fuel, based upon their respective ownership percentages of the Rodemacher Unit 2.

Rodemacher Power Sales Contracts

Under the Rodemacher Power Sales Contracts, the Authority sells and the Rodemacher Participants purchase their respective shares (entitlement shares) of the capacity and energy of Rodemacher Unit 2. These contracts require payments to be made on a take-or-pay basis, whether or not Rodemacher Unit 2 is operable or operating.

Under existing law, the rates charged by the Rodemacher Participants to their customers are not subject to regulation by any federal or state authority. Each Rodemacher Participant is obligated to establish rates and charges sufficient to pay all of its obligations to the Authority. Payments to be made by the Rodemacher Participants are payable monthly solely from the revenues of the Rodemacher Participants' utilities systems.

At December 31, 2025, the Participants' respective shares of the capacity and energy of the Project are as follows:

	Entitlement Share (MW)	Percent Share (%)
City of Alexandria	55.26	52.83
Terrebonne Parish Consolidated Government	22.70	21.70
City of Morgan City	20.72	19.81
City of New Roads	2.96	2.83
Town of Jonesville	2.96	2.83
	<u>104.60</u>	<u>100.00</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(H) COMMITMENTS AND CONTINGENCIES (continued)

LEPA Unit 1 Power Contracts

Under the LEPA Unit 1 Power Sales Contracts, the Authority sells and the LEPA Unit 1 Participants purchase their respective shares (entitlement shares) of the capacity and energy of LEPA Unit 1. These contracts require payments to be made on a take-or-pay basis, whether or not the LEPA Unit 1 is operable or operating.

Under existing law, the rates charged by the LEPA Unit 1 Participants to their customers are not subject to regulation by any federal or state authority. Each LEPA Unit 1 Participant is obligated to establish rates and charges sufficient to pay all of its obligations to the Authority. Payments to be made by the LEPA Unit 1 Participants are payable monthly solely from the revenues of the LEPA Unit 1 Participants' utilities systems.

At December 31, 2025, the Participants' respective shares of the capacity and energy of the LEPA Unit 1 Project are as follows:

	Entitlement Share (MW)	Percent Share (%)
Terrebonne Parish Consolidated Government	25.00	40.90
City of Plaquemine	10.30	16.90
City of Morgan City	10.00	16.40
City of Rayne	7.90	12.90
City of Vidalia	6.30	10.30
Town of Jonesville	1.60	2.60
	<u>61.10</u>	<u>100.00</u>

Full Requirements Approach Operations Agreements

The Authority supplies power to the Full Requirements Members under the following contracts:

- As discussed in Note A, the Authority has agreements with three of the Participants, whereby the Authority purchases their entitlements in the Project. These contracts renew for succeeding one-year periods until terminated by either party by written notice 24 months prior to termination. Cancellation of these agreements does not relieve the Participants of their obligations under the Rodemacher Power Sales Contracts discussed above.
- The Authority entered into a Load Matching Servicing Agreement with one Participant whereby the Authority administers load-matching services.

The Authority entered into an agreement with the Southwestern Power Administration (SWPA), whereby the Authority purchases hydroelectric power, which results from fixed power allocations of SWPA's available peaking capacity to certain member cities. The Authority resold hydroelectric power to one member city and retained the balance of the hydroelectric power for use under the Full Requirements Approach. Purchases under this contract for the year ended December 31, 2025, were \$1,653,729. Sales to one member city for the year ended December 31, 2025, were \$459,117.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(H) COMMITMENTS AND CONTINGENCIES (continued)

Asset Retirement Obligation – Rodemacher Unit 2

The Authority has an asset retirement obligation (ARO) associated with the required retirement-related activities and site remediation for Rodemacher Unit 2, a coal-fired electric generation facility. The obligation is driven by federal environmental regulations, state environmental quality requirements, and the conditions of the facility's operating permits. Required retirement activities include the closure of coal-related systems and CCR-handling and storage areas, removal and disposal of regulated materials, decommissioning or modification of coal-specific equipment, and environmental remediation of affected portions of the site.

Rodemacher Unit 2 is expected to cease coal-fired operations in December 2027, at which time the facility may either be retired or converted to alternative fuels such as natural gas. Regardless of the final operational outcome, the retirement of coal-based systems at Rodemacher Unit 2 will necessitate the settlement of the recognized ARO. The timing and cost of the settlement are based on engineering evaluations, regulatory closure requirements, and anticipated environmental remediation needs for the facility.

As of December 31, 2025, management estimated the present value of expected future outflows related to the ARO to be \$1,935,053 and a liability of \$1,650,236. Cost estimates incorporate a discount using a 3.99% risk-free discount rate in accordance with GASB Statement No. 83, *Asset Retirement Obligations*. The remaining closure costs are expected to be paid in 2028 with remaining post-closure costs expected to be paid for 30 years after closure.

Beginning ARO Liability	\$ 1,586,918
Accretion Expense	63,318
Ending ARO Liability	<u>\$ 1,650,236</u>

No assets have been legally restricted to fund this obligation. The Authority anticipates financing the settlement of the ARO through future revenues of the utility system.

(I) 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 and various other insurance policies, is insured to reduce the exposure to these risks.

(J) CONCENTRATIONS

During 2025, two customers each accounted for more than ten percent and, in the aggregate, approximately forty percent, of the Authority's power sales. Following are the sales to each of these customers for the year ended December 31, 2025:

Terrebonne Parish Consolidated Government	\$ 25,995,645
MISO	33,292,449

In accordance with GASB Statement No. 102, *Certain Risk Disclosures*, the Authority evaluated whether these concentrations could result in a substantial impact within twelve months of the financial statement issuance date.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(J) CONCENTRATIONS (continued)

Member-Participant Concentration. Terrebonne Parish Consolidated Government represents a significant portion of the Authority's revenues. However, substantially all amounts billed to this member-participant relate to energy, transmission, and other power-related costs incurred by the Authority on behalf of the participant and are recovered through corresponding charges. As a result, these revenues are largely offset by related expenses and are not a significant source of margin for the Authority. The Authority's fee for administering these services is not material to the financial statements.

If Terrebonne Parish Consolidated Government were to terminate or not renew its participation, both the associated revenues and expenses would decrease proportionately, and management does not expect such a change to have a material impact on the Authority's financial position or results of operations. Notwithstanding, the Authority monitors participant performance and maintains reserves, rate-setting authority, and contractual provisions designed to mitigate operational and financial risks.

MISO Market and Coal-Fired Generation. The Authority participates in MISO for dispatch, transmission, and settlement of energy. A significant portion of these costs is recovered through member-participant billings and is therefore largely offset in the Authority's financial statements. The Authority continues to monitor market and regulatory developments and maintains risk mitigation strategies, including participation in MISO governance, asset retirement planning, and evaluation of future generation alternatives.

(K) COMPENSATION OF BOARD MEMBERS

Members of the Board of Directors of the Authority received no compensation from the Authority for services rendered as directors during 2025.

(L) ENVIRONMENTAL REGULATIONS

Environmental Regulations - The Authority is subject to 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. The Authority has obtained the environmental permits necessary for its operation, and management believes the Authority is in compliance in all material respects with these permits, as well as all applicable environmental laws and regulations. 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 difficult to determine.

Air Quality - Air emissions from each of the Authority's generating units are strictly regulated by the Environmental Protection Agency (EPA) and the Louisiana Department of Environmental Quality (LDEQ). The LDEQ has authority over and implements certain air quality programs established by the EPA under the federal Clean Air Act (CAA), as well as its own air quality regulations. The LDEQ establishes standards of performance and requires permits for electric generating units in Louisiana. All of the Authority's generating units are subject to these requirements.

Water Quality - The Authority's facilities are also subject to federal and state laws and regulations regarding wastewater discharges. The Authority has received from the EPA and the LDEQ permits required under the federal Clean Water Act (CWA) for wastewater discharges from its generating stations. Wastewater discharge permits have fixed dates of expiration and the Authority applies for renewals of these permits within the applicable time periods.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS **DECEMBER 31, 2025**

(L) ENVIRONMENTAL REGULATIONS (continued)

Solid Waste Disposal - In the course of operations, the Authority's facilities generate solid and hazardous waste materials requiring eventual disposal. The Solid Waste Division of the LDEQ has adopted a permitting system for the management and disposal of waste generated by power stations. The Authority has received all required permits from LDEQ for the on-site disposal of solid waste from Rodemacher Unit 2.

(M) RECENT ACCOUNTING PRONOUNCEMENT

GASB Statement No. 102, *Certain Risk Disclosures* – The Authority has implemented GASB Statement No. 102, which establishes financial reporting requirements for risks related to concentrations and constraints. Implementation resulted in expanded disclosures presented in Note J but did not have a material impact on the amounts reported in the Authority's financial statements.

(N) NEW ACCOUNTING PRONOUNCEMENTS

As of December 31, 2025, the Governmental Accounting Standards Board has issued several statements not yet implemented by the Authority. The statements that may impact the Authority are as follows:

GASB Statement 103, *Financial Reporting Model Improvements* – establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following: (a) Management's discussion and analysis (MD&A), (b) Unusual or infrequent items, (c) Presentation of Proprietary fund statement of revenues, expenses, and changes in fund net position, (d) Information about major component units in basic financial statements, (e) Budgetary comparison information and (f) Financial trends information in the statistical section. This statement is effective for the Authority's 2026 financial statements.

GASB Statement 104, *Disclosures of Certain Capital Assets* – establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financials Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. This statement is effective for the Authority's 2026 financial statements.

GASB Statement 105, *Subsequent Events* – defines and modifies existing disclosure requirements for subsequent events. This statement is effective for the Authority's 2027 financial statements.

Management is currently evaluating the effects of the new GASB pronouncements.

(O) SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Louisiana Energy and Power Authority (LEPA) issued a \$5,000,000 Revenue Anticipation Note, Series 2026, on May 1, 2026, to provide financing for current operating expenditures in anticipation of fiscal year 2026 revenues; the note bears interest at approximately 4.532%, matures on March 31, 2027, and is secured by a pledge of certain revenues of LEPA for the fiscal year ending December 31, 2026. In addition, on June 9, 2026, Energy Southeast, A Cooperative District, executed a bond purchase agreement for the issuance of \$719,735,000 of Energy Supply Revenue Bonds, Series 2026B, with a scheduled closing date of June 25, 2026; such financing is associated with energy supply and related activities that are significant to LEPA's ongoing operations.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA ENERGY AND POWER AUTHORITY**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**
LAST TEN YEARS (*)

<u>Year</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2016	1.062733%	\$ 4,355,835	\$ 2,013,015	216.4%	62.11%
2017	1.046242%	4,376,871	1,870,608	234.0%	62.49%
2018	1.053731%	4,363,162	1,890,766	230.8%	63.94%
2019	1.045675%	4,369,522	1,975,436	221.2%	64.68%
2020	0.906911%	3,920,947	1,876,119	209.0%	64.52%
2021	0.905384%	2,518,329	1,764,818	142.7%	77.82%
2022	0.928764%	3,857,374	1,810,478	213.1%	69.56%
2023	0.879306%	3,213,744	1,828,524	175.8%	72.46%
2024	0.881693%	2,481,083	1,796,119	138.1%	79.05%
2025	0.898808%	2,060,270	1,824,806	112.9%	83.47%

(*) The amounts presented have a measurement date of June 30th for the year identified.

LOUISIANA ENERGY AND POWER AUTHORITY**SCHEDULE OF EMPLOYER CONTRIBUTIONS**
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution ¹</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll ²</u>	<u>Contributions as a % of Covered Payroll</u>
2016	\$ 407,111	\$ 407,111	\$ -	\$ 1,912,915	21.28%
2017	450,360	450,360	-	1,895,261	23.76%
2018	488,389	488,389	-	1,924,785	25.37%
2019	500,941	500,941	-	1,866,703	26.84%
2020	503,827	503,827	-	1,757,841	28.66%
2021	520,067	520,067	-	1,762,939	29.50%
2022	521,844	521,844	-	1,768,963	29.50%
2023	521,561	521,561	-	1,768,003	29.50%
2024	530,780	530,780	-	1,846,710	28.74%
2025	541,153	541,153	-	1,969,536	27.48%

For reference only:

¹ Actual employer contributions remitted to Retirement Systems² Employer's covered payroll amount for the year ended December 31st of each year

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION **DECEMBER 31, 2025**

Changes in benefit terms:

There were no changes in benefit terms for the years presented.

Changes in assumptions affecting the net pension liability are as follows:

The following rate changes were made to the pension plan:

<u>Year (*)</u>	<u>Discount Rate</u>	<u>Inflation Rate</u>
2025	6.850%	2.500%
2024	6.850%	2.500%
2023	6.850%	2.500%
2022	6.850%	2.500%
2021	6.850%	2.500%
2020	6.950%	2.500%
2019	7.000%	2.600%
2018	7.275%	2.775%
2017	7.400%	2.875%
2016	7.500%	2.875%

Salary increases

2024 to 2025	1 to 2 years of service - 9%; more than 2 years of service - 4.4%
2019 to 2023	1 to 4 years of service - 6.4%; more than 4 years of service - 4.5%
2015 to 2018	5%

Mortality

2024 to 2025	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales. PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales. PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.
2019 to 2023	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and 120% for females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and 120% for females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
2015 to 2018	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA. RP-2000 Employee Sex Distinct Table set back two years for both males and females. RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Funds Held by Trustee							
	Rodemacher Project		LEPA Unit 1 Project					
	Contingency Fund	Revenue Fund	Reserve and Contingency Fund Renew & Replace Fund	Contingency Fund	Sinking Fund	Revenue Fund	LEPA 1 Decommission Fund	LEPA 1 Debt Service Reserve
Fund balances at December 31, 2024	\$ 4,711,394	\$ 14,998	\$ 1,483,420	\$ 240,000	\$ 3,057,450	\$ -	\$ 218,000	\$ 3,919,338
Receipts from other funds	1,981,606	8,838,368	1,313,249	240,000	7,864,875	5,522,370	-	-
Disbursements to other funds	(181,097)	(19,063,677)	(119,163)	(10,996)	(100,650)	(15,975,669)	(4,013)	(142,942)
Receipts from participants	-	10,039,396	-	-	-	10,426,615	-	-
Capital expenditures	(1,788,799)	-	-	-	-	-	-	-
Receipts of investment income	197,690	24,764	72,840	12,235	110,302	26,684	4,531	154,672
Other receipts (disbursements)	-	146,151	-	-	(7,832,164)	-	-	-
Fund balances at December 31, 2025	<u>\$ 4,920,794</u>	<u>\$ -</u>	<u>\$ 2,750,346</u>	<u>\$ 481,239</u>	<u>\$ 3,099,813</u>	<u>\$ -</u>	<u>\$ 218,518</u>	<u>\$ 3,931,068</u>
Fund balances at December 31, 2025 are comprised of:								
Cash	<u>\$ 4,920,794</u>	<u>\$ -</u>	<u>\$ 2,750,346</u>	<u>\$ 481,239</u>	<u>\$ 3,099,813</u>	<u>\$ -</u>	<u>\$ 218,518</u>	<u>\$ 3,931,068</u>

(Continued)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2025

	Funds held by the Authority						
	Rodemacher Project		Other				Total
	Operations and Maintenance Trust	Project Fund	Other Revenue Fund	LEPA 1 Operating Account	Contract Operations Account	Payroll Account	
Fund balances at December 31, 2024	\$ 1,151,528	\$ 2,321,284	\$ 1,765,147	\$ 1,360,818	\$ 69,112	\$ 22	\$ 20,312,511
Receipts from other funds	17,383,191	6,483,801	6,988,752	4,085,236	8,254,039	1,872,154	70,827,641
Disbursements to other funds	(15,582)	(5,741,312)	(24,522,906)	(3,895,884)	(1,872,154)	-	(71,646,045)
Receipts from participants	-	-	92,181,098	-	-	-	112,647,109
Capital expenditures	(13,995,207)	-	(5,589,771)	-	-	-	(21,373,777)
Receipts of investment income	17,862	51,539	-	-	-	93	673,212
Other receipts (disbursements)	(2,791,419)	-	(65,076,110)	108,967	(6,226,219)	(1,872,154)	(83,542,948)
Fund balances at December 31, 2025	\$ 1,750,373	\$ 3,115,312	\$ 5,746,210	\$ 1,659,137	\$ 224,778	\$ 115	\$ 27,897,703
Fund balances at December 31, 2025 are comprised of:							
Cash	\$ 1,750,373	\$ 3,115,312	\$ 5,746,210	\$ 1,659,137	\$ 224,778	\$ 115	\$ 27,897,703

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2025

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets					
Cash	\$ 9,786,479	\$ 1,659,137	\$ 5,971,103	\$ -	\$ 17,416,719
Accounts receivable	(353,808)	(597,811)	11,086,524	-	10,134,905
Fuel inventory	8,555,550	-	-	-	8,555,550
Accrued interest receivable	21,574	29,950	-	-	51,524
Interfund receivable	-	-	3,555,850	(3,555,850)	-
Prepaid expenses	-	-	386,870	-	386,870
Total current assets	18,009,795	1,091,276	21,000,347	(3,555,850)	36,545,568
Non-current assets					
Restricted assets					
Cash					
Renewal and replacement	-	2,750,346	-	-	2,750,346
Contingency	-	699,757	-	-	699,757
Debt service	-	7,030,881	-	-	7,030,881
Total Restricted Assets	-	10,480,984	-	-	10,480,984
Capital assets					
Land	-	-	99,828	-	99,828
Construction work in progress	1,179,462	1,567,426	127,928	-	2,874,816
Utility plant	131,953,749	128,973,319	-	-	260,927,068
Central dispatch facility	-	-	3,103,485	-	3,103,485
Capacitor bank	-	-	2,927,727	-	2,927,727
Non-utility property	-	-	1,444,377	-	1,444,377
Right of use asset	-	738,491	-	-	738,491
Total	133,133,211	131,279,236	7,703,345	-	272,115,792
Less accumulated depreciation	(100,292,370)	(30,369,053)	(6,403,681)	-	(137,065,104)
Net capital assets	32,840,841	100,910,183	1,299,664	-	135,050,688
Total non-current assets	32,840,841	111,391,167	1,299,664	-	145,531,672
Total assets	50,850,636	112,482,443	22,300,011	(3,555,850)	182,077,240
Deferred outflows of resources					
Deferred loss on bond refunding	-	4,732,405	-	-	4,732,405
Deferred amounts related to asset retirement obligation	719,350	-	-	-	719,350
Deferred amounts related to net pension liability	-	-	318,768	-	318,768
Total deferred outflows of resources	719,350	4,732,405	318,768	-	5,770,523
Total assets and deferred outflows of resources	\$ 51,569,986	\$ 117,214,848	\$ 22,618,779	\$ (3,555,850)	\$ 187,847,763

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2025

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current liabilities payable from unrestricted assets					
Accounts payable	\$ 1,372,702	\$ 301,060	\$ 4,836,778	\$ -	\$ 6,510,540
Due to other governments	10,412,797	-	-	-	10,412,797
Accrued interest payable	-	20,919	-	-	20,919
Interfund payable	1,060,415	2,495,435	-	(3,555,850)	-
Current portion of compensated absences	-	63,194	77,983	-	141,177
Current portion of lease liability	-	5,303	-	-	5,303
Total current liabilities	12,845,914	2,885,911	4,914,761	(3,555,850)	17,090,736
Current liabilities payable from restricted assets					
Accrued interest payable	-	255,078	-	-	255,078
Current portion of revenue bonds payable	-	4,805,000	-	-	4,805,000
Total current liabilities payable from restricted assets	-	5,060,078	-	-	5,060,078
Non-current liabilities					
Revenue bonds payable	-	109,190,000	-	-	109,190,000
Unamortized bond premium	-	156,184	-	-	156,184
Lease liability	-	674,197	-	-	674,197
Accrued compensated absences	-	41,915	138,862	-	180,777
Asset retirement obligation	1,650,236	-	-	-	1,650,236
Net pension liability	-	-	2,060,270	-	2,060,270
Total non-current liabilities	1,650,236	110,062,296	2,199,132	-	113,911,664
Total liabilities	14,496,150	118,008,285	7,113,893	(3,555,850)	136,062,478
Deferred inflows of resources					
Deferred amounts related to net pension liability	-	-	177,175	-	177,175
Net Position					
Net investment in capital assets	31,190,605	(9,188,096)	1,299,664	-	23,302,173
Restricted for debt service	-	3,099,813	-	-	3,099,813
Unrestricted	5,883,231	5,294,846	14,028,047	-	25,206,124
Total net position	37,073,836	(793,437)	15,327,711	-	51,608,110
Total liabilities, deferred inflows of resources, and net position	\$ 51,569,986	\$ 117,214,848	\$ 22,618,779	\$ (3,555,850)	\$ 187,847,763

LOUISIANA ENERGY AND POWER AUTHORITY**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
Operating revenues					
Power Sales	<u>\$ 19,511,055</u>	<u>\$ 13,769,086</u>	<u>\$ 119,871,868</u>	<u>\$ (2,305,900)</u>	<u>\$ 150,846,109</u>
Operating expenses					
Cost of power produced	17,365,006	3,842,603	23,203	-	21,230,812
Power purchased	-	-	98,887,795	(2,305,900)	96,581,895
Transmission costs	-	-	11,835,503	-	11,835,503
General and administrative	2,992	60,781	2,062,877	-	2,126,650
Depreciation	<u>2,091,291</u>	<u>3,194,344</u>	<u>198,298</u>	<u>-</u>	<u>5,483,933</u>
Total operating expenses	<u>19,459,289</u>	<u>7,097,728</u>	<u>113,007,676</u>	<u>(2,305,900)</u>	<u>137,258,793</u>
Operating income	<u>51,766</u>	<u>6,671,358</u>	<u>6,864,192</u>	<u>-</u>	<u>13,587,316</u>
Non-operating revenues (expenses)					
Interest income	287,783	379,701	61,590	-	729,074
Interest expense	-	(3,338,769)	(239,867)	-	(3,578,636)
Gain (loss) on disposition of allowance	(90,001)	-	-	-	(90,001)
Gain (loss) on sale of assets	(24,667)	-	-	-	(24,667)
Nonemployer pension contribution	-	-	76,262	-	76,262
Other	<u>(1,524,623)</u>	<u>(696,121)</u>	<u>1,779,960</u>	<u>-</u>	<u>(440,784)</u>
Total non-operating revenues (expenses)	<u>(1,351,508)</u>	<u>(3,655,189)</u>	<u>1,677,945</u>	<u>-</u>	<u>(3,328,752)</u>
Change in net position	<u>(1,299,742)</u>	<u>3,016,169</u>	<u>8,542,137</u>	<u>-</u>	<u>10,258,564</u>
Net Position, beginning of year	<u>38,373,578</u>	<u>(3,809,606)</u>	<u>6,785,574</u>	<u>-</u>	<u>41,349,546</u>
NET POSITION, END OF YEAR	<u><u>\$ 37,073,836</u></u>	<u><u>\$ (793,437)</u></u>	<u><u>\$ 15,327,711</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,608,110</u></u>

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER DISBURSEMENTS
PAID TO OR ON BEHALF OF THE GENERAL MANAGER
YEAR ENDED DECEMBER 31, 2025

Agency Head Name:	<u>Kevin Bihm</u>
Purpose	Amount
Salary	\$ 256,431
Payroll tax	3,688
Retirement	71,665
Insurance	21,501
Car Lease/Mileage	13,174
Cell Phone	600
	<u>\$ 367,059</u>

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

To the Board of Directors
Louisiana Energy and 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 Louisiana Energy and Power Authority (the Authority), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 29, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
June 29, 2026



LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2025

Summary of Independent Auditors' Results

- a. The type of report issued on the basic financial statements: **Unmodified**
- b. Internal control over financial reporting:
Material weakness(es) identified: **No**
Significant deficiency(ies) identified: **None reported**
- c. Noncompliance which is material to the basic financial statements: **No**

Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

None

LOUISIANA ENERGY AND POWER AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2025

Finding 2024-001 Prior Period Adjustment Due to the Understatement of Capital Assets and Unrecorded Asset Retirement Obligation

Condition:

In 2024, the Authority recorded the correction of errors identified in previously issued financial statements related to the use of a depreciation method that was not in accordance with U.S. GAAP, the identification of capital additions that were improperly expensed in prior periods, and an unrecorded asset retirement obligation. The effect of these corrections resulted in the Authority recognizing an increase in beginning capital assets of \$12,519,999, increase in beginning deferred outflows of resources of \$1,122,849, increase in beginning asset retirement liability of \$1,527,062, and increase in beginning net position of \$12,115,786 as of January 1, 2024.

Recommendation:

We recommend that management strengthen internal controls over capital asset accounting, including a periodic review of depreciation methods for compliance with GAAP, enhanced procedures to ensure capital expenditures are properly identified and recorded as assets, and developing formalized processes to identify and record asset retirement obligations, including periodic review of assets subject to decommissioning or environmental requirements.

Status:

Resolved

Finding 2024-002 Late Submission of Audit Reports

Condition:

The Authority did not meet the June 30, 2025 deadline for reporting to the Louisiana Legislative Auditor (LLA) for the year ended December 31, 2024. The Authority filed for and was approved for extensions with the LLA through March 31, 2025.

Recommendation:

We recommend that the Authority implement policies and procedures to ensure submission of future audit reports to the LLA by the required deadline.

Status:

Resolved



LOUISIANA ENERGY AND POWER AUTHORITY

AGREED-UPON PROCEDURES PERFORMED
AND ASSOCIATED FINDINGS

DECEMBER 31, 2025



LOUISIANA ENERGY AND POWER AUTHORITY

CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 – 14
Schedule B: Management's Response and Corrective Action Plan	15

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: Board of Louisiana Energy and Power Authority and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the Louisiana Energy and Power Authority (the Authority) for the fiscal period January 1, 2025 through December 31, 2025. The Authority's management is responsible for those C/C areas identified in the SAUPs.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of the Authority for the fiscal period January 1, 2025 through December 31, 2025. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



EISNERAMPER LLP
Lafayette, Louisiana
June 29, 2026

LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025

Schedule A

1) Written Policies and Procedures

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

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

No exception noted.

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

The entity has written policies for contracting; however, the policies do not contain attribute (3) legal review. No other exceptions were noted.

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

No exception noted.

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

No exception noted.

LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025

Schedule A

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

2) Board or Finance Committee

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

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

No exception noted.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Exception noted. The board minutes did not reference or include budget-to-actual comparisons.

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

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

The entity only has a proprietary fund; therefore, this step is not applicable.

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

There were no audit findings; therefore, no updates were necessary in 2025. The 2024 audit findings were issued in 2026.

3) Bank Reconciliations

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

A listing of bank accounts was provided and included a total of twenty bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected five bank accounts (main operating and 4 additional accounts) and obtained the bank reconciliations for the month ending, December 31, 2025, resulting in five bank reconciliations obtained and subjected to the below procedures.

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

No exception noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exception noted.

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

No exception noted.

4) Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

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

A listing of collection locations for the deposit site selected in procedure #4A was provided and included a total of one collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

The organization does not physically handle cash; therefore, this procedure is not applicable.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for the bank account selected in procedure #3A. We obtained supporting documentation for the two deposits and performed the procedures below.

LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025

Schedule A

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

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

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the single location and performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for the single payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employees regarding job duties was performed in order to perform the procedures below.

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

No exception noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

- ii. At least two employees are involved in processing and approving payments to vendors;
No exception noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
No exception noted.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exception noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exception noted.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
- A listing of non-payroll disbursements for the payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*
- From the listing provided, we randomly selected five disbursements and performed the procedures below.*
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
No exception noted.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
- No exception noted.*

LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025

Schedule A

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

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

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

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

From the listing provided, we randomly selected five credit cards used in the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

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

No exception noted.

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

No exception noted.

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

We randomly selected 24 transactions and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). No exceptions noted.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

No exception noted.

LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025

Schedule A

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);

Reimbursements were not made using a per diem. As a result, this procedure was not applicable.

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

No exception noted.

- ii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

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

No exception noted.

8) Contracts

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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five contracts and performed the procedures below.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #9A.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

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

No exception noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

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

No exception noted.

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

No exception noted.

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

A listing of employees/officials receiving termination payments during the fiscal period was provided. From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions were noted as a result of performing this procedure.

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

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exception noted.

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

No exception noted.

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

No exception noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

11) Debt Service

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

No exception noted.

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

A listing of bonds/notes outstanding at the end of the fiscal period was provided. From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exceptions were noted as a result of performing this procedure.

12) Fraud Notice

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

No exception noted.

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

No exception noted.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management"**:

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

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

No exceptions noted.

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

No exception noted.

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

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

No exception noted.

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

No exception noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2025**

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
DECEMBER 31, 2025**

Schedule B

Management has reviewed and will address the exceptions noted above.