LOUISIANA ENERGY AND POWER AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2019

LOUISIANA ENERGY AND POWER AUTHORITY

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Louisiana Energy and Power Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Energy and Power Authority, as of December 31, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 have obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Energy and Power Authority's financial statements as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the 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 April 15, 2020, on our consideration of the Louisiana Energy and Power Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wright, Moore, DeHart,
Dupuis & Hutchinson

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 15, 2020
Lafayette, Louisiana

The following Management's Discussion and Analysis is intended to serve as an introduction to the December 31, 2019 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), 100% ownership of the LEPA Unit 1 combined cycle combustion turbine generation facility (LEPA 1) 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 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 and liabilities.

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 assets at December 31, 2019, as compared to December 31, 2018, results from the net increase for the period of $2,763,556. This change is further allocated as an increase of $1,401,388 for the Rodemacher Project, $357,755 for the LEPA Unit 1 Project and an increase of $1,004,413 for non-project.

LEPA is, by design, a zero profit entity. All costs for the Project 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.

The net increase in assets for Rodemacher was $1,401,388. The following items accounted for this increase:

- Expenditures for capitalized assets at the Rodemacher facility. Rodemacher participants are billed for budgeted amounts to cover capital expenditures. The amounts billed are included in revenue with the offsetting expenditures being capitalized rather than expensed. The result is an increase in net assets equal to the amount expended for capital items.

- Collections for deposit into the renewals and replacement fund in excess of actual renewal and replacement expenditures.

The net increase in assets for LEPA Unit 1 was $357,755. The following items accounted for this increase:

- Collections for deposit into the renewals and replacement fund and the contingency fund, as required by the bond resolution. Funds are invoice to LEPA 1 participants and deposited into reserve accounts.

The change in the net assets for Non-Project activities was an increase of $1,004,413. The following items accounted for this difference:

- Transmission costs incurred in 2019 were lower than anticipated.
- Load dispatching costs in 2019 were lower than anticipated.
- Administrative and general costs in 2019 were lower than anticipated.

While the financial statements reflect an increase in net assets for Non-Project activities for 2019 of $1,004,413, LEPA incurred a non-project budget surplus for the year of $1,315,704.

The reconciliation of the change in net assets to the budget surplus (deficit) is as follows:

	Rodemacher	LEPA Unit 1	Non-Project	Total
Change in Net Assets	$ 1,401,388	$ 357,755	$ 1,004,413	$ 2,763,556
Depreciation	3,050,000	1,834,583	210,265	5,094,848
Robins & Morton Settlement	-	(110,000)	-	(110,000)
Debt Service	(3,050,000)	(1,834,583)	-	(4,884,583)
Capital expenditures	531,428	-	(129,462)	401,966
Renewal & Replacement Charge	(1,500,000)	(389,368)	-	(1,889,368)
Payments From Renewals	-	334,824	-	334,824
Contingency Charge	-	(240,000)	-	(240,000)
Amortization of Debt Premium	(432,816)	(53,658)	-	(486,474)
Debt Issuance Costs	-	100,447	-	100,447
GASB 68 Adjustment	-	-	230,488	230,488
Budget surplus (deficit)	$ -	$ -	$ 1,315,704	$ 1,315,704

LEPA's Membership in MISO RTO

On December 19, 2013, LEPA integrated into the MISO 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.

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 a 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 it members should benefit from the MISO wide dispatch of its generating units in coordination with other generating resources in MISO.

Financial Analysis

Financial Position

Total assets, liabilities and net assets at December 31, 2019 and 2018 are as follows (stated in thousands):

	2019	2018
Current assets	$ 12,967	$ 13,791
Restricted assets	13,948	11,721
Property, plant and equipment	147,202	146,177
Deferred outflows of resources - pensions	793	1,064
Total assets	$ 174,910	$ 172,753
Current liabilities	$ 6,648	$ 8,214
Current liabilities payable from restricted assets	12,099	5,376
Non-current liabilities	134,887	140,604
Deferred inflows of resources - pensions	125	172
Total liabilities	153,759	154,366
Net assets:		
Invested capital net of related debt	6,100	5,081
Restricted assets for debt service	8,316	7,984
Unrestricted net assets	6,735	5,322
Total net assets	21,151	18,387
Total liabilties and net assets	$ 174,910	$ 172,753

The components of current assets for 2019 and 2018 are as follows (stated in thousands):

	2019	2018
Cash	$ 6,175	$ 4,877
Accounts receivable		
Rodemacher Project	138	573
LEPA Unit 1 Project	(73)	(168)
Non-project	4,385	5,056
Fuel inventory	2,162	3,263
Accrued interest receivable	12	20
Prepaid assets	168	170
Current assets	$ 12,967	$ 13,791

The coal inventory at Rodemacher decreased from 76,649 tons valued at $3,263,150 at December 31, 2018 to 49,650 tons valued at $2,162,036 at December 31, 2019, a decrease of 26,999 tons. Actual tons burned for the year totaled 237,184.

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

	2019	2018
Renewal and replacement fund - Rodemacher	$ 2,136	$ 1,702
Debt service fund - Rodemacher	3,379	3,302
Debt service reserve fund - Rodemacher	3,265	3,265
Contingency fund - Rodemacher	1,142	1,142
Sinking fund - LEPA Unit 1	1,672	1,418
Renewal and replacement fund - LEPA Unit 1	352	298
Contingency fund - LEPA Unit 1	835	594
Construction fund - LEPA Unit 1	1,160	-
Cost of issuance fund - LEPA Unit 1	7	-
Restricted assets	$ 13,948	$ 13,739

The increase in the renewal and replacement fund for the Rodemacher project is due to the difference between what is billed to the Rodemacher participants and what is paid to Cleco for capital project costs. The assessment to the participants for capital projects is set each year with the adoption of the Rodemacher budgets. The amount assessed is based upon the capital budget, as provided by Cleco, adjusted for any excess or shortage above the minimum balance for the renewal and replacement fund, as set by the Rodemacher project engineers. The amounts billed to the participants are transferred to the renewal and replacement fund as collected. Disbursements from the fund are made on a monthly basis, as Cleco invoices LEPA for the capital costs at the Rodemacher facility. The balance of the renewal and replacement fund increases or decreases based upon the difference between the amount collected and the amount disbursed.

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. During 2019, payments for major repairs totaling $334,824 were made from the LEPA Unit 1 Renewals and Replacement Fund.

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.

The construction fund for LEPA Unit 1 represents the undisbursed funds from the Louisiana Energy and Power Authority Power Project Revenue Bond Anticipation Note (LEPA Unit No. 1), Series 2019 (bond anticipation note). The note is discussed in subsequent paragraphs. The balance of the note proceeds were disbursed in the first quarter of 2020.

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

	2019	2018
Electric plant - Rodemacher Unit 2	$ 123,292	$ 123,291
Electric plant - LEPA Unit 1	122,252	122,253
Central dispatch facility	3,029	2,899
Non-utility property	1,518	1,518
Land	100	100
Capacitor bank	2,928	2,928
Construction work in progress:		
Rodemacher	1,594	626
LEPA Unit 1	5,022	-
Accumulated depreciation	(112,533)	(107,438)
Property and equipment	$ 147,202	$ 146,177

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. No assets were transferred or retired in 2019.

During 2019, the Authority issued a purchase order to replace the original GE LM6000PG gas turbine with an in-kind GE LM6000PG gas turbine. This project began in December 2019 and the plant was returned to service in March 2020. The purchase order to GE was for $5,991,300. The total cost of the project is approximately $6,100,000.

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

	2019	2018
Accounts payable:		
Rodemacher project	$ 915	$ 2,243
LEPA Unit 1 project	830	1,204
Non-project	2,308	1,731
Due to participants:		
Coal pile responsibility	741	1,593
Renewal and replacement assessments	1,854	1,443
Current portion of revenue bonds payable:		
Series 2013 bonds (Rodemacher)	3,050	2,900
Series 2013a bonds (LEPA Unit 1)	2,020	1,575
Series 2019 bond anticipation note (LEPA Unit 1)	6,200	-
Accrued interest payable:		
Series 2013 bonds (Rodemacher)	329	402
Series 2013a bonds (LEPA Unit 1)	494	499
Series 2019 bond anticipation note (LEPA Unit 1)	6	-
Current liabilities	$ 18,747	$ 13,590

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 (25,556 tons totaling $1,204,571) which represents the 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 decrease from 76,649 tons at December 31, 2018 to 49,950 tons at December 31, 2019.

The balance for renewal and replacement assessments represents the assessments included in the monthly billings to the Rodemacher participants for the capital expenditures at the Rodemacher facility. The assessment is calculated each year in preparing the Rodemacher budget based upon the projected capital expenditures for the year, as provided by Cleco. Since the amounts collected exceeded the amounts expended, the liability to the participants increased.

In December 2019, the Authority issued the Louisiana Energy and Power Authority Power Project Revenue Bond Anticipation Note (LEPA Unit No. 1), Series 2019 (bond anticipation note). The proceeds of this note, as previously discussed, were used to fund the replacement the original GE LM6000PG gas turbine with an in-kind GE LM6000PG gas turbine. The maturity date of the bond anticipation note is December 31, 2020. The Authority plans to refund the bond anticipation note with long term financing prior to the maturity date.

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

	2019	2018
Revenue bonds payable		
Series 2013 bonds (Rodemacher)	$ 10,115	$ 13,165
Series 2013a bonds (LEPA Unit 1)	115,215	117,235
Unamortized bond premium		
Series 2013 bonds (Rodemacher)	1,435	1,868
Series 2013a bonds (LEPA Unit 1)	3,398	3,451
Accrued compensated absences	354	522
Net pension liability	4,370	4,363
Non-current liabilities	$ 134,887	$ 140,604

LEPA had no new bond issues in 2019.

Operations

Components of LEPA's operating revenues, operating expenses, and non-operating and investment income (loss) for the years ended December 31, 2019 and 2018 follows (stated in thousands):

	2019	2018
Operating revenues	$ 86,277	$ 96,109
Operating expenses:		
Cost of power produced	23,337	26,193
Power purchased	39,258	46,880
Transmission costs	7,044	7,693
General and administrative	2,855	2,146
Depreciation	5,095	4,515
Operating expenses	77,589	87,427
Operating income	8,688	8,682
Investment and other income	250	189
Debt expenses	(6,142)	(6,352)
Nonemployer Pension Contribution	67	66
Debt issuance costs	(100)	-
Change in net assets	$ 2,763	$ 2,585

The operating income for 2019 and 2018 shown in the schedule above is comprised of the following components (stated in thousands):

	2019	2018
Rodemacher power sales - participants	$ 16,482	$ 14,601
LEPA Unit 1 power sales - participants	11,754	9,464
Full requirement power sales	28,319	33,195
Load control power sales	12,665	17,324
MISO power sales	17,094	21,520
Hydro power sales	(62)	(20)
Other operating income	25	25
Operating revenues	$ 86,277	$ 96,109

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) and Exelon Generation Company via a bilateral purchase agreement with The Energy Authority (as discussed in subsequent paragraphs). 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 breakdown of the MISO proceeds were as follows (stated in thousands):

	2019	2018
Rodemacher Unit No. 2	$ 3,790	$ 4,554
LEPA Unit No. 1	4,767	11,119
SWPA hydropower	1,367	912
Sidney Murray hydropower	1,651	2,221
Exelon Generation Company bilateral purchase	2,407	-
Terrebonne Parish generation	3,112	2,714
Total MISO proceeds	$ 17,094	$ 21,520

The volumes of energy delivered during the years of 2019 and 2018 were:

	2019 MWH	2018 MWH
Rodemacher participants	287,343	277,902
LEPA Unit 1 participants	158,211	301,552
Full requirement members	580,355	600,605
Terrebonne Parish load control	370,996	390,565
Hydropower	18,821	9,387
Other power sales	264,432	202,305
Energy delivered	1,680,158	1,782,316

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 2019 totaled 372,102 MWH, an increase of 11,935 MWH from 2018 to 2019. The components of Rodemacher costs (excluding MISO charges and credits) are as follows (stated in thousands):

	2019		2018	
	Costs	Cost per MWH	Costs	Cost per MWH
Energy related costs	$ 11,445	30.76	$ 10,815	30.03
Power related costs	7,594	20.41	7,454	20.70
Debt service costs	3,708	9.97	3,703	10.29
Renewal and replacement costs	1,500	4.03	600	1.67
Interest earnings	(157)	(0.42)	(128)	(0.36)
Rodemacher power costs	$ 24,090	64.74	$ 22,444	62.32

The total cost inceased from $62.32 per MWH to 64.74 per MWH, as detailed above. The increase in the cost per MWH was primarily due to the increase in the renewal and replacements assessment.

The amounts invoiced to the LEPA Unit 1 participants for energy delivered from the LEPA Unit 1facility are a direct pass through of costs incurred. Generation at the LEPA Unit 1 facility for 2019 totaled 158,211 MWH, a decrease of 143,341 MWHs from 2018 to 2019. LEPA Unit No 1 was out of service from July 2019 to February 2020, thus the reason for the significant drop in generation.. The components of LEPA Unit 1 costs (excluding MISO charges and credits) are as follows (stated in thousands):

	2019		2018	
	Costs	Cost per MWH	Costs	Cost per MWH
Energy related costs	$ 4,525	28.60	$ 8,922	29.59
Power related costs	2,661	16.82	2,959	9.82
Administrative and general	892	5.64	620	2.06
Debt service costs	7,793	49.26	7,397	24.53
Renewal and replacement	389	2.46	370	1.23
Contingency	240	1.52	240	0.80
Interest earnings	(58)	(0.37)	(43)	(0.15)
Rodemacher power costs	$ 16,442	103.92	$ 20,465	67.87

The total cost increased from $67.87 per MWH to $103.92 per MWH, as detailed above. However, the cost per MWH from 2018 to 2019 is not a true comparison as the plant was down for 6 months of the year.

The full requirement revenues represent energy delivered to the seven full requirement members under the Full Requirements Service Agreements currently in place. The components of the full requirement revenue are as follows (stated in thousands):

	2019		2018	
	Revenue	Cost per MWH	Revenue	Cost per MWH
Energy charges	$ 17,934	$ 30.90	$ 22,762	$ 37.90
Demand charges	10,385	17.89	10,433	17.37
Full requirement power sales	$ 28,319	$ 48.79	$ 33,195	$ 55.27

The increase in the full requirements revenue was caused by changes in the following factors (stated in thousands):

Energy price	$ (4,062)
Energy volume	(765)
Demand price	145
Demand volume	(194)
Net Increase	$ (4,876)

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 decreased from $37.90 per MWH in 2018 to $30.90 per MWH in 2019. The volume of energy delivered decreased by 20,250 MWH, or 3.4%.

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 average demand rate increased from $7.79 per KW for 2018 to $7.90 for 2019. The demand volume decreased by 24,8330 KW, or 1.85%.

The load control power sales represent delivery of energy to the Terrebonne Parish Consolidated Government under the current load control services agreement. The average price per MWH for energy delivered to Terrebonne Parish under this agreement decreased from $39.63 per MWH in 2018 to $29.66 per MWH in 2019. The volume of energy delivered increased by 5.0%, from 390,565 MWH in 2018 to 370,530 MWH in 2019.

Energy for 2019 and 2018 was received from the following sources:

	2019 MWH	2018 MWH
Generation:		
Rodemacher power station	372,102	360,167
LEPA Unit 1 power station	158,211	301,552
Purchases		
MISO - LBA Requirements	954,234	990,018
Exelon - bilateral purchase	86,880	
MISO - Rodemacher auxillaries	2,089	2,653
MISO - LEPA Unit 1 auxillaries	2,207	-
Sidney Murray hydropower	80,079	66,818
Southwestern Power Administration	54,827	27,346
Terrebonne Parish Consolidated Gov't	63,788	35,263
Energy received	1,774,417	1,783,817

Rodemacher generation increased by 11,935 MWH from 2018 to 2019, or 3.3%. Of the total Rodemacher generation of 372,102 MWH, 287,343 MWH were delivered to the project participants and the remaining 84,759 MWH were delivered to the full requirements pool.

LEPA Unit 1 generation decreased by 143,341 MWH from 2018 to 2019, or 47.5%. LEPA Unit 1 was out of service from July 2019 to February 2020, thus accounting for the large decrease in generation.

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 Rodemacher Unit No. 2 can be obtained by reviewing the 2019 Annual Engineering Report on Rodemacher Unit No. 2.

Additional information pertaining to LEPA Unit 1 can be obtained by reviewing the 2019 Annual Engineering Report on LEPA Unit No. 1.

BASIC FINANCIAL STATEMENTS

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS

CURRENT ASSETS	
Cash	$ 6,175,244
Accounts Receivable	4,449,708
Fuel Inventory	2,162,036
Accrued Interest Receivable	12,509
Prepaid Expenses	167,561
Total Current Assets	12,967,058
NON-CURRENT ASSETS	
RESTRICTED ASSETS	
Cash	
Renewal and Replacement	2,488,245
Contingency	1,976,342
Debt Service	5,051,336
Debt Service Reserve	3,265,000
Construction Fund	1,160,335
Cost of Issuance Fund	6,500
Total Restricted Assets	13,947,758
PROPERTY, PLANT AND EQUIPMENT	
Utility Plant	252,160,138
Central Dispatch Facility	3,128,739
Capacitor Bank	2,927,727
Non-utility Property	1,518,185
Total	259,734,789
Less: Accumulated Depreciation	(112,533,136)
Net Property, Plant and Equipment	147,201,653
Total Non-Current Assets	161,149,411
TOTAL ASSETS	174,116,469

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pensions	793,449

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2019

LIABILITIES AND FUND NET POSITION

CURRENT LIABILITIES	
Accounts Payable	$ 4,053,022
Due to Other Governments	2,594,696
Total Current Liabilities	6,647,718
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Accrued Interest Payable	828,544
Current Portion of Revenue Bonds Payable	5,070,000
Bond Anticipation Note	6,200,000
Total Current Liabilities Payable From Restricted Assets	12,098,544
NON-CURRENT LIABILITIES	
Revenue Bonds Payable	125,330,000
Unamortized Premium	4,833,282
Accrued Compensated Absences	354,458
Net Pension Liability	4,369,524
Total Non-Current Liabilities	134,887,264
TOTAL LIABILITIES	153,633,526
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Pensions	125,563
FUND NET POSITION	
Net Investment in Capital Assets	6,100,162
Restricted for Debt Service	8,316,336
Unrestricted	6,734,331
TOTAL FUND NET POSITION	$ 21,150,829

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES	
Power Sales	$ 86,277,114
OPERATING EXPENSES	
Cost of Power Produced	23,337,397
Power Purchased	39,258,293
Transmission Costs	7,043,699
General and Administrative	2,854,959
Depreciation	5,094,848
Total Operating Expenses	77,589,196
Operating Income	8,687,918
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	215,371
Interest Expense	(6,141,770)
Debt Issuance Costs	(100,447)
Gain on Disposition of Allowance	4
Nonemployer Pension Contribution	67,102
Other	35,378
Total Non-Operating Revenues (Expenses)	(5,924,362)
CHANGE IN FUND NET POSITION	2,763,556
FUND NET POSITION, BEGINNING	18,387,273
FUND NET POSITION, ENDING	$ 21,150,829

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Received From Customers	$ 86,608,675
Received from Other Sources	35,378
Payments for Power Produced	(24,430,125)
Payments for Power Purchased	(38,489,487)
Payments for Transmission Costs	(7,036,361)
Payments for General and Administrative Expenses	(2,553,789)
Net Cash Provided By Operating Activities	14,134,291
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Bond Issuance	6,200,000
Principal Payments	(4,475,000)
Interest Paid	(6,700,452)
Purchase and Construction of Fixed Assets	(5,759,031)
Debt Issuance Costs	(98,060)
Net Cash Used In Capital and Related Financing Activities	(10,832,543)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Allowances	4
Interest Received	222,887
Net Cash Provided By Investing Activities	222,891
NET DECREASE IN CASH	3,524,639
Cash-Beginning of Year (including $11,721,031 of Restricted Cash)	16,598,363
Cash-End of Year (including $13,947,758 of Restricted Cash)	$ 20,123,002

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2019

Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:	
Operating Income	$ 8,687,918
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	5,094,848
Other Revenue	35,378
Provision for Net Pension Liability, Net	297,590
Changes in Assets and Liabilities:	
Accounts Receivable	1,010,985
Fuel Inventory	1,101,114
Prepaid Expenses	2,717
Accounts Payable	(1,488,438)
Due to Other Governments	(440,717)
Accrued Compensated Absenses	(167,104)
Net Cash Provided By Operating Activities	$ 14,134,291

The Accompanying Notes are an Integral Part of These Statements.

(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. Seventeen 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.

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. 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 generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines set forth in the Louisiana Governmental Audit Guide. In certain instances, FERC regulations differed from generally accepted accounting principles. In those situations, the Authority followed the FERC guidance, as directed by law. However, amounts reported, according to FERC regulations, did not differ materially from GAAP.

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.

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.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Equity Classifications- continued

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".

Funds, Special Deposits and Investments - Funds and special deposits consist of cash, overnight repurchase agreements, and obligations guaranteed by federal agencies. Pursuant to GASB Statement No. 31, *Accounting for Financial Reporting for Certain Investments and for External Investment Pools,* 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. This statement also provides for the valuation of and the Authority carries money market investment such as short-term, highly liquid debt instruments, including U.S. Treasury and agency obligations at amortized cost.

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 in relation to the financial statements taken as a whole.

Property and Equipment - Capital assets are stated at cost. Depreciation of utility plants are based upon the principal repayments of long-term debt (the sum of the bonds outstanding method), the proceeds of which were used to acquire the Rodemacher Unit No. 2 and LEPA Unit 1. This method correlates with the rate setting policies prescribed by the bond resolutions in that debt service requirements, as opposed to depreciation or amortization, are considered a cost for the purpose of rate making. Depreciation of non-utility property is computed using the straight-line method over the estimated useful lives of the assets.

	Years
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.

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. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* investments meeting the criteria specified in the Statement are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include overnight repurchase agreements. U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are shown at amortized cost.

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 $2,162,036 representing 49,650 tons at December 31, 2019.

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.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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) (see notes D and H) 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 extend 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 two Rodemacher participants and five 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 set by the Board of Directors are designed to recover all of the costs of the Authority and by contract are binding on its members. Therefore, the Authority meets the criteria and, accordingly, follows the reporting and accounting requirements of FASB ASC 980-10-15. The depreciation method, as described in Note A, has been established by the Board of Directors and depreciation expense is a component of cost under the FASB ASC 980-10-15.

Cash Flows - For purposes of the statements of cash flows, 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.

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.

Accumulated 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.

The Authority's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.

2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accumulated Compensated Absences – continued

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Estimated accrued compensated absences resulting from unused vacation and compensatory time at the end of the fiscal year are recorded as long-term liabilities in the financial statements. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

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) at that time.

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS

The bond resolutions for the 2013 Series Bonds and the 2013A Series Bonds provide for the creation and maintenance of certain funds and accounts relative to the operations of the Rodemacher Project and 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.

Cash and special deposits and investments include bank balances and investments that 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. Cash balances are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. The Authority has no custodial credit risk associated with these deposits.

Cash and cash equivalents included in the Cash Flow Statement as of December 31, 2019 are as follows:

Cash -	
Restricted	$ 13,947,758
Other	6,175,244
Cash and Cash Equivalents	$ 20,123,002

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS - continued

Funds and accounts at December 31 are as follows:

Rodemacher Project:	
Restricted assets:	
Debt service fund, debt service accounts	$ 3,379,125
Debt service reserve account	3,265,000
Reserve and contingency fund:	
Renewal and replacement account	2,135,960
Contingency account	1,142,000
Total Rodemacher project restricted cash	9,922,085
Current assets:	
Operations and maintenance trust	1,543,488
Revenue fund	284,586
General revenue fund, project account	447,914
Total Rodemacher project current assets	2,275,988
Total Rodemacher project funds and accounts	12,198,073
LEPA Unit 1 Project:	
Restricted assets:	
Sinking Fund	1,672,211
Renewal and replacement fund	352,285
Contingency fund	834,342
Construction fund	1,160,335
Cost of issuance fund	6,500
Total LEPA Unit 1 project restricted cash	4,025,673
Current assets:	
Revenue Fund	527,979
Operating account	593,326
Total LEPA Unit 1 project current assets	1,121,305
Total LEPA Unit 1 project funds and accounts	5,146,978
Other funds and accounts at December 31:	
Currents assets:	
Other revenue funds	2,675,009
Contract operations account	102,942
Total other funds and accounts	2,777,951
Total project and other funds and accounts	$ 20,123,002

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS – continued

The 2013 Series Bond and 2013A Series Bond resolutions authorize the Authority to invest in direct obligations of the United States Government.

The Authority follows the provisions of GASB Statement 31, *Accounting for Financial Reporting for Certain Investments and for External Investment Pools.* GASB 31 requires investments to be reported at fair value in the balance sheet. The net increase (decrease) in the fair value of investments, including both realized and unrealized gains and losses, is recognized as revenue in the Statement of Revenues, Expenses, and Net Position.

During the year ended December 31, 2019, the Authority realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

Interest Rate Risk: As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Authority's investment policy limits the investment portfolio to "money market instruments", which are defined as very creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk/ Concentration of Credit Risk: Because all investments of the Authority are either obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, or mutual funds, there is no credit risk or concentration of credit risk.

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

Rodemacher Unit 2:
Under the terms of the resolution providing for the issuance of electric revenue bonds of the Authority to finance the acquisition of an ownership interest in a fossil fuel steam electric generating plant and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. Such revenues consist of all income, fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the fossil fuel steam electric generating plant, other than certain money derived during the period of construction. Money in the revenue fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization.

Money in the revenue fund shall then be deposited into the debt service fund to pay principal, and interest on all bonds as they become due and payable and then applied to maintain in the debt service fund reserve account an amount equal to the maximum Adjusted Aggregate Debt Service requirement on all bonds (initially funded from bond proceeds). After making the required payments into the operating account and debt service fund, there shall be paid out of the revenue fund into the reserve and contingency fund an amount equal to the budgeted amount for the renewal and replacement account, and ten percent (10%) of the Aggregate Debt Service into the contingency account. After funding the reserve and contingency fund, amounts from the revenue fund shall be deposited into the subordinated indebtedness fund in amounts required to pay principal or sinking fund installments and interest on each issue of subordinated indebtedness and reserves thereon. Amounts from the revenue fund will next be deposited into the general reserve fund in amounts equal to the budgeted amount for the development account, limited to two percent (2%) of the Aggregate Debt Service. Finally, any remaining funds from the revenue fund are to be transferred into the project account.

(C) FLOW OF FUNDS: RESTRICTIONS ON USE - continued

LEPA Unit 1:
Under the terms of the resolution providing for the issuance of electric revenue bonds of the Authority to finance the construction of a 64 MW combined cycle combustion turbine electric generating unit and a gas transmission line for natural gas service and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. Such revenues consist of all income, fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the combined cycle combustion turbine electric generating unit, other than certain money derived during the period of construction. Money in the receipts fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization.

Money in the receipts fund shall then be deposited into the sinking fund (debt service fund) to pay principal and interest on all bonds as they become due and payable and then to be used for maintenance of the debt service reserve fund to satisfy the reserve requirements for reserve secured bonds. After making the required payments into the operating account and sinking fund, the moneys in the receipts fund shall be used for the maintenance of the contingency fund. Pursuant to the bond resolution, LEPA shall, in each fiscal year, deposit an amount equal to $240,000 in the contingency fund until there has been accumulated in the contingency fund a balance of $1,500,000. After meeting the requirements of the contingency fund, moneys in the receipts fund shall be used for the maintenance of the renewal and replacement fund. LEPA shall, in each fiscal year, deposit an amount not less than 5% of the bond service requirements in the renewal and replacement fund until there has been accumulated in the renewals and replacement fund a balance of $2,250,000. Any remaining moneys in the receipts fund are to be transferred into the equity fund.

As of December 31, 2019, all accounts requiring minimum balances were in compliance with the bond resolution.

(D) PROPERTY AND EQUIPMENT

The following is a summary of changes in property and equipment:

	Beginning Balance 12/31/2018	Additions	Deletions	Ending Balance 12/31/2019
Electric Plant	$ 245,544,198	$ -	$ -	$ 245,544,198
Central Dispatch Facility	2,899,349	129,462	-	3,028,811
Non-Utility Property	1,518,185	-	-	1,518,185
Capacitor Bank	2,927,727	-	-	2,927,727
	252,889,459	129,462	-	253,018,921
Less: Accumulated Depreciation	(107,438,288)	(5,094,848)	-	(112,533,136)
Net Property and Equipment	$ 145,451,171	$ (4,965,386)	$ -	$ 140,485,785
Land	$ 99,928	$ -	$ -	$ 99,928
Construction Work in Progress:				
Rodemacher Electric Plant	$ 625,662	$ 968,571	$ -	$ 1,594,233
LEPA Unit 1 Electric Plant	-	5,021,706	-	5,021,706
Total Construction Work in Progress	$ 625,662	$ 5,990,277	$ -	$ 6,615,939

Depreciation expense for the year ended December 31, 2019 was $5,094,848.

(D) PROPERTY AND EQUIPMENT - continued

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 the Rodemacher Unit No. 2 are liable for decommissioning costs upon termination of the Project. The Authority has no liability accrued for decommissioning costs at December 31, 2019.

(E) ELECTRIC REVENUE BONDS

On May 1, 2013, the Authority issued $28,590,000 of Power Project Revenue Bonds (Rodemacher Unit No. 2), 2013 Series for environmental improvements at the Rodemacher power facility. The 2013 Series Bonds are payable solely from the revenues of the Authority and the funds pledged in accordance with the bond resolutions.

On October 13, 2013, the Authority issued $120,770,000 of Power Project Revenue Bonds (LEPA Unit No. 1), 2013A Series for the construction of a 64 MW combined cycle combustion turbine electric generating unit. The 2013A Series Bonds are payable solely from the revenues of the Authority and the funds pledged in accordance with the bond resolutions.

The following is a summary of the electric revenue bonds transactions for the year ended December 31, 2019:

	Balance 12/31/2018	Additions	Reductions	Balance 12/31/2019	Due Within One Year
Serial Bond - 2013	$ 16,065,000	$ -	$ 2,900,000	$ 13,165,000	$ 3,050,000
Serial Bond - 2013a	118,810,000	-	1,575,000	117,235,000	2,020,000
Total	$ 134,875,000	$ -	$ 4,475,000	$ 130,400,000	$ 5,070,000

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance. Revenue bonds outstanding at December 31, 2019 are as follows:

Purpose	Issue Date	2019
Electric Revenue Bonds Series 2013 3.00% - 5.00%	5/1/2013	$ 13,165,000
Electric Revenue Bonds Series 2013A 3.00% - 5.25%	10/17/2013	117,235,000
Total Principal Outstanding on Revenue Bonds		130,400,000
Unamortized Bond Premium		4,833,282
Net Revenue Bonds Outstanding		$ 135,233,282

(E) ELECTRIC REVENUE BONDS - continued

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31,	Series 2013 Principal	Series 2013 Interest	Series 2013A Principal	Series 2013A Interest
2020	$ 3,050,000	$ 582,000	$ 2,020,000	$ 5,886,138
2021	3,205,000	425,625	2,520,000	5,782,737
2022	3,370,000	261,250	2,650,000	5,653,487
2023	3,540,000	88,500	2,785,000	5,517,613
2024	-	-	2,930,000	5,371,075
2025-2029	-	-	17,090,000	24,421,725
2030-2034	-	-	22,000,000	19,508,650
2035-2039	-	-	28,505,000	13,010,494
2040-2044	-	-	36,735,000	4,775,625
Totals	$ 13,165,000	$ 1,357,375	$ 117,235,000	$ 89,927,544

Year Ending December 31,	Total Principal	Total Interest	Total
2020	$ 5,070,000	$ 6,468,138	$ 11,538,138
2021	5,725,000	6,208,362	11,933,362
2022	6,020,000	5,914,737	11,934,737
2023	6,325,000	5,606,113	11,931,113
2024	2,930,000	5,371,075	8,301,075
2025-2029	17,090,000	24,421,725	41,511,725
2030-2034	22,000,000	19,508,650	41,508,650
2035-2039	28,505,000	13,010,494	41,515,494
2040-2044	36,735,000	4,775,625	41,510,625
Totals	$ 130,400,000	$ 91,284,919	$ 221,684,919

(F) BOND ANTICIPATION NOTE

In November 2019, the Authority issued the Power Project Revenue Bond Anticipation Note (LEPA Unit No.1) Series 2019 in the amount of $6,200.000. The Series 2019 Note was issued for the purpose of (i) providing interim financing for improvements to LEPA Unit No. 1 and (ii) paying costs of issuance of the Series 2019 Note. The Note bears interest at 2.475 percent per annum payable monthly commencing January 1, 2020. The Note will mature on December 31, 2020. The Authority plans to refund the bond anticipation note with long-term financing prior to the maturity date.

(G) PENSION PLAN

The Authority has adopted the provisions of Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions.* The Municipal Employees' Retirement System of Louisiana prepares their employer schedules in accordance with Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27. GASB Statement No. 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

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, 2019.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Louisiana Municipal Employees' Retirement System and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Substantially all employees of the Authority are members of the Municipal Employees Retirement System of Louisiana. Details concerning the plan are:

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 Municipal Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

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 outline in the statutes.

Retirement Benefits – Any member of Plan A hired before 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 five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years of creditable service at death of a member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

(G) PENSION PLAN - continued

Eligibility for Retirement for Plan A members hired on or after January 1, 2013 is as follows:

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 side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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 monthly average final compensation multiplied by his/her years of creditable service. 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 who is not eligible for retirement, the plan provides for benefits for the surviving spouse and/or 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.

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 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 forty-five percent of his final average compensation, or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases – The System is authorized under state law to grant a cost of living increase to members who have been retired 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 an additional cost of living increase 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.

(G) PENSION PLAN - continued

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.

Employer Contributions – According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2019, the actual employer contribution rate was 27.75% for Plan A.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Schedule of Employer Allocations – The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contributions to the System during the fiscal year ended June 30, 2019 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2019. The employers' projected contribution effort was actuarially determined by the System's actuary.

The next fiscal year's employer's actuarially required contribution rate is 29.50% for Plan A.

Schedule of Pension Amounts by Employer – The schedule of pension amounts by employer displays each employer's allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2019, the Authority reported a liability of $4,369,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the Authority's proportion was 1.045675%, which was an increase of .008% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Authority recognized pension expense of $803,104 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $2,360.

(G) PENSION PLAN - continued

At December 31, 2019, 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	$ -	$ 106,613
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	433,364	-
Change of Assumptions	110,423	-
Change in Proportion and Differences between the Employers' Contributions and the Employers' Proportionate Share of the Contributions	2,318	18,951
Employer Contributions Subsequent to the Measurement Date	247,344	-
	$ 793,449	$ 125,564

Deferred outflows of resources of $247,344 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019.

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	
12/31/2020	$ 426,703
12/31/2021	$ (6,392)
12/31/2022	$ (1,052)
12/31/2023	$ 297

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.

The components of the net pension liability of the System's employers as of June 30, 2019 are as follows:

	PLAN A
Total Pension Liability	$1,182,925,835
Plan Fiduciary Net Position	765,059,686
Total Net Pension Liability	$ 417,866,149

(G) PENSION PLAN - continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2019 are as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation
Salary Increases, including inflation and merit increases:	
- 1 to 4 years of service	6.4% for Plan A
- More than 4 years of service	4.5% for Plan A
Annuity and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses 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 rebalancing/diversification.

The discount rate used to measure the total pension liability was 7.0% for the year ended June 30, 2019. 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 a 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.

(G) PENSION PLAN - continued

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the participating employer calculated using the discount rate of 7.0%, as well as what the employers net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2019:

	Plan A		
	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
Net Pension Liability	$5,697,075	$4,363,162	$3,247,117

Change in Net Pension Liability – The changes in the net pension liability for the year ended June 30, 2019 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of $106,613 for Plan A, for the year ended June 30, 2019.

Differences between Projected and Actual Investment Earnings - Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of $433,364 for the year ended June 30, 2019.

Change of Assumptions - The changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of $110,423 for Plan A, for the year ended June 30, 2019.

Change in Proportion - Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The changes in proportion resulted in deferred outflows of resources in the amount of $8,481 for Plan A, for the year ended June 30, 2019 and a deferred inflow of resources in the amount of $18,276 for Plan A, for the year ended June 30, 2019.

Contributions – Proportionate Share – Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provide with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by participating employers.

(H) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

On December 6, 2019, the Authority entered into a contract with a coal supplier for delivery of coal to the Rodemacher facility for the period January 1 to December 31, 2020. Under the contract, the Authority will purchase from the contracted party 100% of the annual PRB requirements for coal at the Rodemacher facility with a minimum of 9 trains, approximately 150,000 tons. The committed cost is $12.37 per ton resulting in a total purchase commitment by the Authority of $1,855,500.

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, 2019, 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
	104.60	100.00

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.

(H) COMMITMENTS AND CONTINGENCIES - continued

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, 2019, the Participants' respective shares of the capacity and energy of the LEPA Unit 1Project 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
	61.10	100.00

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 two 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, 2019 were $1,348,059. Sales to one member city for the year ended December 31, 2019 were $462,767.

(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 2019, four customers each accounted for more than ten percent and, in the aggregate, more than fifty percent, of the Authority's power sales. Following are the sales to each of these customers for the year ended December 31, 2018:

Terrebonne Parish Consolidated Government	$	20,203,235
MISO	$	17,093,969
City of Alexandria	$	13,353,561
City of Morgan City	$	10,451,592

(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 2019.

(L) COMPENSATION, BENEFITS AND OTHER PAYMENTS OF THE GENERAL MANAGER

A detail of compensation, benefits, and other payments paid to General Manager, for the year ended December 31, 2019.

	Cordell Grand 1/1-6/30/2019		Kevin Bihm 7/1-12/31/2019
Salary	$ 238,458	*	$ 72,763
Retirement	23,509		20,192
Insurance	8,820		9,817
Car Lease/Mileage	4,284		4,232
Cell Phone	477		300
Travel Reimbursements	26		1,737
	$ 275,574		$ 113,673

* - includes accrued annual leave and sick pay at retirement date.

(M) 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.

(M) ENVIRONMENTAL REGULATIONS- continued

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.

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.

(N) OPERATING LEASES

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 $25,987 and will be adjusted every five (5) years of the fifty (50) year term based on current appraised value. The Authority exercised the first renewal option at the end of 2013.

Future minimum lease payments under this operating lease are as follows:

Year Ended December 31,

2020	$ 25,988
2021	25,988
2022	25,988
2023	25,988
2024	25,988
2025-2029	129,938
2030-2034	129,938
2035-2039	129,938
2040-2044	129,938
2045-2049	129,938
2050-2054	129,938
2055-2059	129,938
2060-2063	103,950
	$ 1,143,456

(O) SUBSEQUENT EVENT

The Authority has evaluated subsequent events through April 15, 2020, the date which these financial statements were available to be issued.

In January 2020, the World Health Organization declared COVID-19 a pandemic resulting in federal, state and local governments, and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. While the Authority does not yet know the full effect of the impact to the global economy as a whole, the effects could have an impact on the Authority's business, results of operations, liquidity, and financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.475994%	$ 5,272,482	$ 2,635,628	200.0%	66.18%
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%	$ 4,369,524	$ 1,975,436	221.2%	64.68%

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

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$ 520,537	$ 497,535	$ 23,002	$ 2,635,628	18.88%
2016	$ 457,961	$ 374,880	$ 83,081	$ 2,013,015	18.62%
2017	$ 462,975	$ 435,177	$ 27,798	$ 1,870,608	23.26%
2018	$ 491,599	$ 476,144	$ 15,455	$ 1,890,766	25.18%
2019	$ 548,183	$ 503,294	$ 44,889	$ 1,975,436	25.48%

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

SUPPORTING SCHEDULES

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Funds Held by Trustee				
	Rodemacher Project				
	Reserve and Contingency Fund		Debt Service Fund		
	Renewal and Replacement Fund	Contingency Fund	Debt Service Fund	Debt Service Reserve Fund	Revenue Fund
Fund Balances at December 31, 2018	$ 1,701,951	$ 1,142,000	$ 3,301,625	$ 3,265,000	$ 105,555
Receipts from Other Funds	1,500,000	-	3,708,250	-	7,954,980
Disbursements to Other Funds	(29,328)	(18,439)	(25,175)	(52,718)	(21,862,682)
Receipts from Participants	-	-	-	-	13,916,747
Capital Expenditures	(1,065,991)	-	-	-	-
Receipts of Investment Income	29,328	18,439	25,175	52,718	9,562
Bond Proceeds	-	-	-	-	-
Payment of Bond Interest	-	-	(730,750)	-	-
Payment of Bond Principal	-	-	(2,900,000)	-	-
Amortization of Premium (Discount) on Investments	-	-	-	-	-
Payment of Cost of Issuance	-	-	-	-	-
Increase (Decrease) in Fair Value	-	-	-	-	-
Other Receipts (Disbursements)	-	-	-	-	160,424
Fund Balances at December 31, 2018	$ 2,135,960	$ 1,142,000	$ 3,379,125	$ 3,265,000	$ 284,586
Fund Balances at December 31, 2018 are comprised of:					
Cash	$ -	$ -	$ -	$ -	$ -
Temporary Cash Investments	2,135,960	1,142,000	3,379,125	3,265,000	284,586
US Treasury & Agency Investments	-	-	-	-	-
	$ 2,135,960	$ 1,142,000	$ 3,379,125	$ 3,265,000	$ 284,586

	Funds Held by Trustee					
	LEPA Unit 1 Project					
	Reserve and Contingency Fund					
	Renewal and Replacement Fund	Contingency Fund	Debt Service Fund	Revenue Fund	Construction Fund	Cost of Issuance Fund
Fund Balances at December 31, 2018	$ 298,236	$ 594,341	$ 1,417,878	$ 365,750	$ -	$ -
Receipts from Other Funds	389,368	240,000	7,787,371	4,907,261	-	-
Disbursements to Other Funds	(339,943)	(11,055)	(36,508)	(11,522,785)	(4,935,105)	
Receipts from Participants	-	-	-	6,748,544	-	-
Capital Expenditures	-	-	-	-	-	
Receipts of Investment Income	4,624	11,056	36,508	7,044	-	
Bond Proceeds					6,095,440	104,560
Payment of Bond Interest	-	-	(5,958,038)	-	-	-
Payment of Bond Principal	-	-	(1,575,000)	-	-	-
Amortization of Premium (Discount) on Investments	-	-	-	-	-	-
Payment of Cost of Issuance	-	-	-	-	-	(98,060)
Increase (Decrease) in Fair Value	-	-	-	-	-	-
Other Receipts (Disbursements)	-	-	-	22,165	-	-
Fund Balances at December 31, 2018	$ 352,285	$ 834,342	$ 1,672,211	$ 527,979	$ 1,160,335	$ 6,500
Fund Balances at December 31, 2018 are comprised of:						
Cash	$ -	$ -	$ -	$ -	$ -	$ 6,500
Temporary Cash Investments	352,285	834,342	1,672,211	527,979	1,160,335	-
US Treasury & Agency Investments	-			-	-	-
	$ 352,285	$ 834,342	$ 1,672,211	$ 527,979	$ 1,160,335	$ 6,500

	Funds Held by the Authority					
	Rodemacher Project		Other			
	Operations and Maintenance Trust	Project Account	Other Revenue Fund	LEPA 1 Operating Account	Contract Operations Account	TOTAL
Fund Balances at December 31, 2018	$ 1,530,865	$ 815,148	$ 1,801,277	$ 153,848	$ 104,890	$ 16,598,364
Receipts from Other Funds	16,567,116	1,590,088	2,400,877	13,331,879	7,946,776	68,323,966
Disbursements to Other Funds	(18,510)	(1,967,247)	(24,488,866)	(3,015,607)	-	(68,323,968)
Receipts from Participants	-	-	42,728,308	-	-	63,393,599
Capital Expenditures	-	-	-	(4,935,105)	-	(6,001,096)
Receipts of Investment Income	18,510	9,925	-	-	-	222,889
Bond Proceeds	-	-	-	-	-	6,200,000
Payment of Bond Interest	-	-	-	-	-	(6,688,788)
Payment of Bond Principal	-	-	-	-	-	(4,475,000)
Amortization of Premium (Discount) on Investments	-	-	-	-	-	-
Payment of Cost of Issuance	-	-	-	-	-	(98,060)
Increase (Decrease) in Fair Value	-	-	-	-	-	-
Other Receipts (Disbursements)	(16,554,493)	-	(19,766,587)	(4,941,689)	(7,948,724)	(49,028,904)
Fund Balances at December 31, 2018	$ 1,543,488	$ 447,914	$ 2,675,009	$ 593,326	$ 102,942	$ 20,123,002
Fund Balances at December 31, 2018 are comprised of:						
Cash	$ -	$ -	$ 2,675,009	$ 593,326	$ 102,942	$ 3,377,777
Temporary Cash Investments	1,543,488	447,914	-	-	-	16,745,225
US Treasury & Agency Investments	-	-	-	-	-	-
	$ 1,543,488	$ 447,914	$ 2,675,009	$ 593,326	$ 102,942	$ 20,123,002

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2019

ASSETS	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
CURRENT ASSETS					
Cash	$ 2,275,988	$ 1,121,305	$ 2,777,951	$ -	$ 6,175,244
Accounts Receivable	359,066	(73,149)	4,866,609	(702,818)	4,449,708
Fuel Inventory	2,162,036	-	-	-	2,162,036
Accrued Interest Receivable	9,903	2,606	-	-	12,509
Prepaid Expenses	-	-	167,561	-	167,561
Total Current Assets	4,806,993	1,050,762	7,812,121	(702,818)	12,967,058
NON-CURRENT ASSETS					
RESTRICTED ASSETS					
Cash					
Renewal and Replacement	2,135,960	352,285	-	-	2,488,245
Contingency	1,142,000	834,342	-	-	1,976,342
Debt Service	3,379,125	1,672,211	-	-	5,051,336
Debt Service Reserve	3,265,000	-	-	-	3,265,000
Construction Fund	-	1,160,335	-	-	1,160,335
Cost of Issuance Fund	-	6,500	-	-	6,500
Total Restricted Assets	9,922,085	4,025,673	-	-	13,947,758
PROPERTY, PLANT AND EQUIPMENT					
Utility Plant	124,885,491	127,274,647	-	-	252,160,138
Central Dispatch Facility	-	-	3,128,739	-	3,128,739
Capacitor Bank	-	-	2,927,727	-	2,927,727
Non-utility Property	-	-	1,518,185	-	1,518,185
Total	124,885,491	127,274,647	7,574,651	-	259,734,789
Less: Accumulated Depreciation	(102,434,150)	(4,713,333)	(5,385,653)	-	(112,533,136)
Net Property, Plant and Equipment	22,451,341	122,561,314	2,188,998	-	147,201,653
Total Non-Current Assets	32,373,426	126,586,987	2,188,998	-	161,149,411
TOTAL ASSETS	37,180,419	127,637,749	10,001,119	(702,818)	174,116,469
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources - Pensions	-	-	793,449	-	793,449

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2019

LIABILITIES AND NET POSITION	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
CURRENT LIABILITIES					
Accounts Payable	$ 915,254	$ 1,532,508	$ 2,308,078	$ (702,818)	$ 4,053,022
Due to Other Governments	2,594,696	-	-	-	2,594,696
Total Current Liabilities	3,509,950	1,532,508	2,308,078	(702,818)	6,647,718
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Accrued Interest Payable	329,125	499,419	-	-	828,544
Current Portion of Revenue Bonds Payable	3,050,000	2,020,000	-	-	5,070,000
Bond Anticipation Note	-	6,200,000	-	-	6,200,000
Total Current Liabilities Payable From Restricted Assets	3,379,125	8,719,419	-	-	12,098,544
NON-CURRENT LIABILITIES					
Revenue Bonds Payable	10,115,000	115,215,000	-	-	125,330,000
Unamortized Premium	1,435,390	3,397,892	-	-	4,833,282
Accrued Compensated Absences	-	47,454	307,004	-	354,458
Net Pension Liability	-	-	4,369,524	-	4,369,524
Total Non-Current Liabilities	11,550,390	118,660,346	4,676,528	-	134,887,264
TOTAL LIABILITIES	18,439,465	128,912,273	6,984,606	(702,818)	153,633,526
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Pensions	-	-	125,563	-	125,563
FUND NET POSITION					
Net Investment in Capital Assets	7,521,826	(3,610,662)	2,188,998	-	6,100,162
Restricted for Debt Service	6,644,125	1,672,211	-	-	8,316,336
Unrestricted	4,575,003	663,927	1,495,401	-	6,734,331
TOTAL FUND NET POSITION	$ 18,740,954	$ (1,274,524)	$ 3,684,399	$ -	$ 21,150,829

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
OPERATING REVENUES					
Power Sales	$ 23,159,076	$ 16,521,414	$ 49,483,285	$ (2,886,661)	$ 86,277,114
OPERATING EXPENSES					
Cost of Power Produced	15,844,995	7,478,608	13,794	-	23,337,397
Power Purchased	-	-	42,144,954	(2,886,661)	39,258,293
Transmission Costs	1,745,640	-	5,298,059	-	7,043,699
General and Administrative	-	214,131	2,640,828	-	2,854,959
Depreciation	3,050,000	1,834,583	210,265	-	5,094,848
Total Operating Expenses	20,640,635	9,527,322	50,307,900	(2,886,661)	77,589,196
Operating Income	2,518,441	6,994,092	(824,615)	-	8,687,918
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	157,021	58,350	-	-	215,371
Interest Expense	(225,434)	(5,916,336)	-	-	(6,141,770)
Debt Issuance Costs	-	(100,447)	-	-	(100,447)
Gain on Disposition of Allowance	4	-	-	-	4
Nonemployer Pension Contribution	-	-	67,102	-	67,102
Other	(1,048,644)	(677,904)	1,761,926	-	35,378
Total Non-Operating Revenues (Expenses)	(1,117,053)	(6,636,337)	1,829,028	-	(5,924,362)
CHANGE IN FUND NET POSITION	1,401,388	357,755	1,004,413	-	2,763,556
FUND NET POSITION, BEGINNING	17,339,566	(1,632,279)	2,679,986	-	18,387,273
FUND NET POSITION, ENDING	$ 18,740,954	$ (1,274,524)	$ 3,684,399	$ -	$ 21,150,829

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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 the Louisiana Energy and Power Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Louisiana Energy and Power Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana Energy and Power Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana Energy and Power Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Energy and Power Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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.

Wright, Moore, DeHart,
Dupuis & Hutchinson

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Certified Public Accountants

April 15, 2020
Lafayette, Louisiana

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

We have audited the financial statements of the Louisiana Energy and Power Authority as of and for the year ended December 31, 2019, and have issued our report thereon dated April 15, 2020. 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 Comptroller General of the United States. Our audit of the financial statements as of December 31, 2019 resulted in an unmodified opinion.

Section I – Summary of Auditors' Reports

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

Internal Control
Material Weaknesses ____Yes __x__ No
Control Deficiency ____Yes __x__ No

Compliance
Compliance Material to Financial Statements _____Yes __x__ No

Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs.

This section is not applicable for the year ended December 31, 2019.

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

There were no prior year findings.

LOUISIANA ENERGY AND POWER AUTHORITY
Lafayette, Louisiana

Independent Accountants' Report
On Applying Agreed-Upon Procedures

Year Ended December 31, 2019

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of Louisiana Energy and Power Authority and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Louisiana Energy and Power Authority's compliance with certain laws, regulations and best practices during the year ended December 31, 2019. Management of Louisiana Energy and Power Authority is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards.* The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

   Written policies and procedures were obtained and address the functions noted above.

b) ***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.

   Written policies and procedures were obtained and address the functions noted above.

c) ***Disbursements***, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

d) ***Receipts***, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the functions noted above.

k) ***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.

Written policies and procedures were obtained and address the functions noted above.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
   a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

      No exception noted.

   b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

      Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not discuss financial statements and operating results.

      - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

        N/A

   c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.)

      No exception noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

   This was not required to be tested in the fiscal year.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
   a) Bank reconciliations have been prepared;

      This was not required to be tested in the fiscal year.

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

      This was not required to be tested in the fiscal year.

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

This was not required to be tested in the fiscal year.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

   This was not required to be tested in the fiscal year.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected**:

   a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

   This was not required to be tested in the fiscal year.

   b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

   This was not required to be tested in the fiscal year.

   c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

      ➢ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

      This was not required to be tested in the fiscal year.

      ➢ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

      This was not required to be tested in the fiscal year.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

<u>Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</u>

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

   This was not required to be tested in the fiscal year.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

      This was not required to be tested in the fiscal year.

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

      This was not required to be tested in the fiscal year.

   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

      This was not required to be tested in the fiscal year.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

    The person responsible for processing payments is not prohibited from adding vendors. Mitigating controls are in place.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

    The persons with signatory authority or those who make the final authorization for disbursements are not restricted from initiating or recording purchases. Mitigating controls are in place.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority and report any

exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

This was not required to be tested in the fiscal year.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

    This was not required to be tested in the fiscal year.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

    This was not required to be tested in the fiscal year.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

    Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

    a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

       This was not required to be tested in the fiscal year.

    b) Report whether finance charges and/or late fees were assessed on the selected statements.

       This was not required to be tested in the fiscal year.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
    a) For each transaction, report whether the transaction is supported by:
       - An original itemized receipt (i.e., identifies precisely what was purchased)

         This was not required to be tested in the fiscal year.

       - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

This was not required to be tested in the fiscal year.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

  This was not required to be tested in the fiscal year.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

This was not required to be tested in the fiscal year.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

This was not required to be tested in the fiscal year.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

    This was not required to be tested in the fiscal year.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

    This was not required to be tested in the fiscal year.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

    This was not required to be tested in the fiscal year.

    b) Report whether each expense is supported by:
       - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

This was not required to be tested in the fiscal year.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

  This was not required to be tested in the fiscal year.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

  This was not required to be tested in the fiscal year.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

This was not required to be tested in the fiscal year.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

This was not required to be tested in the fiscal year.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

This was not required to be tested in the fiscal year.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

This was not required to be tested in the fiscal year.

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

  This was not required to be tested in the fiscal year.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

This was not required to be tested in the fiscal year.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

This was not required to be tested in the fiscal year.

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

This was not required to be tested in the fiscal year.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

This was not required to be tested in the fiscal year.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

This was not required to be tested in the fiscal year.

a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

This was not required to be tested in the fiscal year.

b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

This was not required to be tested in the fiscal year.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

a) Report whether all selected employees/officials (*We selected 5 employees)* documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

This was not required to be tested in the fiscal year.

b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

This was not required to be tested in the fiscal year.

c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

This was not required to be tested in the fiscal year.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

This was not required to be tested in the fiscal year.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

This was not required to be tested in the fiscal year.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

This was not required to be tested in the fiscal year.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

This was not required to be tested in the fiscal year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

This was not required to be tested in the fiscal year.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

This was not required to be tested in the fiscal year.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

N/A

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the entity did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Louisiana Energy and Power Authority. and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Wright, Moore, DeHart,
Dupuis & Hutchison, LLC

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, LLC
Certified Public Accountants

Lafayette, Louisiana
April 21, 2020

Louisiana Energy and Power Authority
Building the Future of Public Power in Louisiana

April 21, 2020

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC
P.O. Box 80569
Lafayette, LA 70598

The following is Management's response to the 2019 agreed upon procedures report submitted.

BOARD

2. b) Management will work toward providing financial statements at the board meetings including reviewing the budget-to-actual comparisons.

If any additional information is needed, please contact me.

Kevin Bihm
General Manager

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