

EISNERAMPER

LOUISIANA ENERGY AND POWER AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024



LOUISIANA ENERGY AND POWER AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Louisiana Energy and Power Authority (the Authority) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities of the Authority, as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter Regarding Correction of Errors

As discussed in Note O to the financial statements, the beginning net position was restated for the correction of accounting errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of employer contributions, and the notes to the required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Receipts and Disbursements; Combining Schedule of Net Position; Combining Schedule of Revenues, Expenses and Changes in Net Position; and Schedule of Compensation and Other Disbursements Paid to or on Behalf of the General Manager are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts and Disbursements; Combining Schedule of Net Position; Combining Schedule of Revenues, Expenses and Changes in Net Position; and Schedule of Compensation and Other Disbursements Paid to or on Behalf of the General Manager are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
March 3, 2026



LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS **DECEMBER 31, 2024**

The following Management's Discussion and Analysis is intended to serve as an introduction to the December 31, 2024, financial statements of the Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana. The discussion should be read in conjunction with the Audited Financial Statements and Notes to Financial Statements, which follow.

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

Basic Financial Statements

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

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

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

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

Financial Highlights

The increase in net position for the year ended December 31, 2024 was \$4,386,519. This change is further allocated as a decrease of \$1,713,406 for the Rodemacher Project, an increase of \$4,988,235 for the LEPA Unit 1 Project, and an increase of \$1,111,690 for Non-Project.

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

In 2024, the Authority recorded the correction of an error in previously issued financial statements related to the use of a depreciation method that was not in accordance with generally accepted accounting principles, capital additions that were improperly expensed in prior periods, and an unrecorded asset retirement obligation. The effect of this correction resulted in the Authority recognizing an increase in beginning capital assets and net position as of January 1, 2024 in the amount of \$12,115,786.

LOUISIANA ENERGY AND POWER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

LEPA's Membership in MISO RTO

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

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

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

Financial Position

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

	2024	2023 (Restated)
Current assets	\$ 26,286	\$ 21,865
Restricted assets	8,700	11,072
Capital assets	139,268	142,116
Total assets	<u>174,254</u>	<u>175,053</u>
Deferred outflows of resources - loss on bond refunding	4,991	5,249
Deferred outflows of resources - asset retirement obligation	842	1,123
Deferred outflows of resources - pensions	300	621
Total deferred outflows of resources	<u>6,133</u>	<u>6,993</u>
Total assets and deferred outflows of resources	<u>\$ 180,387</u>	<u>\$ 182,046</u>
Current liabilities	\$ 14,872	\$ 15,438
Current liabilities payable from restricted assets	5,000	4,900
Non-current liabilities	119,015	124,541
Total liabilities	<u>138,887</u>	<u>144,879</u>
Deferred inflows of resources - pensions	<u>150</u>	<u>143</u>
Net investment in capital assets	23,090	17,873
Restricted assets for debt service	3,057	2,973
Unrestricted net assets	<u>15,203</u>	<u>16,178</u>
Total net position	<u>41,350</u>	<u>37,024</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 180,387</u>	<u>\$ 182,046</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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

	<u>2024</u>	<u>2023</u>
Cash	\$ 11,394	\$ 10,782
Accounts receivable	6,311	3,817
Fuel inventory	7,667	6,843
Accrued interest receivable	58	75
Prepaid assets	856	348
Total current assets	<u>\$ 26,286</u>	<u>\$ 21,865</u>

The coal inventory at Rodemacher increased from 144,910 tons valued at \$6,842,917 at December 31, 2023, to 164,971 tons valued at \$7,666,790, at December 31, 2024. This is an increase of 20,061 tons with an increased value of \$823,873. Actual tons burned for the year totaled 187,466 with a cost of \$7,854,847.

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

	<u>2024</u>	<u>2023</u>
Contingency fund - Rodemacher	\$ -	\$ 4,148
Debt service reserve - LEPA Unit 1	3,919	3,919
Sinking fund - LEPA Unit 1	3,057	2,973
Renewal and replacement fund - LEPA Unit 1	1,484	-
Contingency fund - LEPA Unit 1	240	-
Project fund - LEPA Unit 1	-	32
Total restricted assets	<u>\$ 8,700</u>	<u>\$ 11,072</u>

The Rodemacher contingency fund is funded by the Participants based on the annual Rodemacher budget. The assessment is based upon the capital budget as provided by CLECO for capital costs. Disbursements from the fund are made on a monthly basis as CLECO invoices LEPA for the capital costs at the Rodemacher facility.

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

Capital Assets

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

	<u>2024</u>	<u>2023 (Restated)</u>
Electric plant - Rodemacher	\$ 130,675	\$ 130,055
Electric plant - LEPA Unit 1	128,765	128,765
Central dispatch facility	3,194	3,194
Non-utility property	1,569	1,518
Land	100	100
Capacitor bank	2,928	2,928
Construction work in progress:		
Rodemacher Unit 2	1,429	1,233
LEPA Unit 1	1,776	-
Central dispatch facility	11	-
Right of use asset	738	738
Accumulated depreciation and amortization	<u>(131,917)</u>	<u>(126,415)</u>
Total capital assets	<u>\$ 139,268</u>	<u>\$ 142,116</u>

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

Debt Administration

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

	<u>2024</u>	<u>2023</u>
Accounts payable:		
Rodemacher project	\$ 107	\$ 3,553
LEPA Unit 1 project	3,147	1,804
Non-project	1,256	1,152
Due to participants:		
Coal pile responsibility	5,625	4,202
Renewal and replacement assessments	4,569	4,569
Current portion of revenue bonds payable:		
Series 2013A bonds (LEPA Unit 1)	-	2,930
Series 2021A bonds (LEPA Unit 1)	4,595	1,555
Series 2021B bonds (LEPA Unit 1)	145	140
Current portion of compensated absences	141	132
Current portion of lease liability non-project	5	5
Accrued interest payable:		
Series 2013A bonds (LEPA Unit 1)	-	13
Series 2021A bonds (LEPA Unit 1)	252	253
Series 2021B bonds (LEPA Unit 1)	9	9
Leases	21	21
	<u>\$ 19,872</u>	<u>\$ 20,338</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2024

The coal pile responsibility liability represents amounts collected from Rodemacher participants to fund the cost of maintaining the coal inventory. LEPA has the responsibility to maintain the base inventory of 21,190 tons which represents the amount of original inventory purchased when LEPA acquired the Rodemacher facility. The Rodemacher participants are responsible for funding all inventory levels above the base level. The funds are collected from or refunded to the Rodemacher participants as inventory levels fluctuate each month. The coal inventory levels at Rodemacher increased from 144,910 tons at December 31, 2023 to 165,198 tons at December 31, 2024.

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

	<u>2024</u>	<u>2023</u>
Revenue bonds payable		
Series 2021A bonds (LEPA Unit 1)	\$ 110,250	\$ 114,845
Series 2021B bonds (LEPA Unit 1)	3,745	3,890
Unamortized bond premium		
Series 2013A bonds (LEPA Unit 1)	-	35
Series 2021B bonds (LEPA Unit 1)	163	169
Leases payable	679	684
Accrued compensated absences	110	177
Asset retirement obligation	1,587	1,527
Net pension liability	2,481	3,214
	<u>\$ 119,015</u>	<u>\$ 124,541</u>

Operations

Components of LEPA's operating revenues, operating expenses, and non-operating and investment income (loss) for the years ended December 31, 2024, and 2023 follows (stated in thousands):

	<u>2024</u>	<u>2023 (Restated)</u>
Operating revenues	\$ 96,982	\$ 92,530
Operating expenses:		
Cost of power produced	22,700	26,691
Power purchased	47,364	42,963
Transmission costs	12,589	10,709
General and administrative	2,028	1,972
Depreciation and amortization	5,502	4,758
Operating expenses	<u>90,183</u>	<u>87,093</u>
Operating income	6,799	5,437
Investment and other income	851	685
Debt expenses	(3,445)	(3,575)
Nonemployer Pension Contribution	72	66
Other	49	(35)
Change in net assets	<u>\$ 4,326</u>	<u>\$ 2,578</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

The operating income for 2024 and 2023 shown in the schedule above is comprised of the following components (stated in thousands):

	<u>2024</u>	<u>2023</u>
Rodemacher power sales - participants	\$ 12,373	\$ 14,667
LEPA Unit 1 power sales - participants	15,156	12,958
Full requirement power sales	40,153	34,955
Load control power sales	13,568	13,812
MISO power sales	15,321	16,031
Hydro power sales	82	81
Other operating income	329	26
Operating revenues	<u>\$ 96,982</u>	<u>\$ 92,530</u>

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

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

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

The amounts invoiced to the Rodemacher participants for energy delivered from the Rodemacher facility are a direct pass through of costs incurred. Generation at the Rodemacher facility for 2024 totaled 265,543 MWH, a decrease of 27,512 MWH from 2023.

The amounts invoiced to the LEPA Unit 1 participants for energy delivered from the LEPA Unit 1 facility are a direct passthrough of costs incurred. Generation at the LEPA Unit 1 facility for 2024 totaled 146,213 MWH.

The full requirement revenues represent energy delivered to the eleven full requirement members under the Full Requirements Service Agreements currently in place.

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 \$33.62 per MWH in 2023 to \$32.97 per MWH in 2024. The volume of energy delivered increased by 88,272 MWH, or 13%. The additions of the City of Abbeville and the Town of Gueydan to the full requirement members in June 2024 accounted for 87,772 MWH.

The demand rate is set at a level sufficient, at projected demand levels, to cover all budgeted non-project costs, excluding energy costs. The rate is set annually with the adoption of the full requirements budget. The demand rate increased from \$7.54 per kW in 2023 to \$8.06 per kW in 2024. The demand volume increased by 235,603 kW, or 14.8%.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

Contacting LEPA's Financial Management

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

Additional information pertaining to LEPA Unit 1 can be obtained by reviewing the 2024 Annual Engineering Report on LEPA Unit No. 1.

BASIC FINANCIAL STATEMENTS

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets	
Cash	\$ 11,394,303
Accounts receivable	6,311,009
Fuel inventory	7,666,790
Accrued interest receivable	57,159
Prepaid expenses	856,654
Total current assets	<u>26,285,915</u>
Non-current assets	
Restricted assets	
Cash	
Renewal and replacement	1,483,420
Contingency	240,000
Debt service	6,976,788
Total restricted assets	<u>8,700,208</u>
Capital assets	
Land	99,828
Construction work in progress	3,216,577
Utility plant	259,439,232
Central dispatch facility	3,194,238
Capacitor bank	2,927,727
Non-utility property	1,568,658
Right of use asset	738,491
Total	<u>271,184,751</u>
Less: accumulated depreciation and amortization	<u>(131,916,562)</u>
Net capital assets	<u>139,268,189</u>
Total assets	<u>174,254,312</u>
Deferred outflows of resources	
Deferred loss on bond refunding	4,990,532
Deferred amounts related to asset retirement obligation	842,137
Deferred amounts related to net pension liability	299,929
Total deferred outflows of resources	<u>6,132,598</u>
Total assets and deferred outflows of resources	<u>\$ 180,386,910</u>

(Continued)

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STATEMENT OF NET POSITION
DECEMBER 31, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities payable from unrestricted assets	
Accounts payable	\$ 4,510,999
Due to other governments	10,193,727
Accrued interest payable	20,919
Current portion of compensated absences	141,177
Current portion of lease liability	5,147
Total current liabilities	<u>14,871,969</u>
Current liabilities payable from restricted assets	
Accrued interest payable	260,282
Current portion of revenue bonds payable	4,740,000
Total current liabilities payable from restricted assets	<u>5,000,282</u>
Non-current liabilities	
Revenue bonds payable	113,995,000
Unamortized bond premium	162,501
Lease liability	679,486
Accrued compensated absences	110,074
Asset retirement obligation	1,586,918
Net pension liability	2,481,083
Total non-current liabilities	<u>119,015,062</u>
Total liabilities	<u>138,887,313</u>
Deferred inflows of resources	
Deferred amounts related to net pension liability	<u>150,051</u>
Net Position	
Net investment in capital assets	23,089,669
Restricted for debt service	3,057,450
Unrestricted	<u>15,202,427</u>
Total net position	<u>41,349,546</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 180,386,910</u>

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

Operating revenues	
Power sales	<u>\$ 96,982,150</u>
Operating expenses	
Cost of power produced	22,699,542
Power purchased	47,364,389
Transmission costs	12,589,460
General and administrative	2,027,967
Depreciation and amortization	<u>5,501,502</u>
Total operating expenses	<u>90,182,860</u>
Operating income	<u>6,799,290</u>
Non-operating revenues (expenses)	
Interest income	850,762
Interest expense	(3,445,061)
Nonemployer pension contribution	72,159
Other	<u>48,664</u>
Total non-operating revenues (expenses)	<u>(2,473,476)</u>
Change in net position	4,325,814
Net Position, beginning of year, as previously reported	24,907,946
Restatement (Note O)	<u>12,115,786</u>
Net Position, beginning of year, as restated	<u>37,023,732</u>
Net position, end of year	<u><u>\$ 41,349,546</u></u>

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities	
Received from customers	\$ 94,487,990
Payments for power produced	(23,523,415)
Payments for power purchased	(48,271,543)
Payments for transmissions costs	(12,589,460)
Payments for general and administrative expenses	(2,593,916)
Net cash provided by operating activities	<u>7,509,656</u>
Cash flows from capital and related financing activities	
Payments on lease liability	(5,010)
Principal payments	(4,625,000)
Interest paid	(3,242,894)
Purchase and construction of capital assets	(2,313,288)
Received from other sources	48,668
Net cash used in capital and related financing activities	<u>(10,137,524)</u>
Cash flows from investing activities	
Interest received	868,188
Net cash provided by investing activities	<u>868,188</u>
Net decrease in cash	(1,759,680)
Cash, beginning of year	<u>21,854,191</u>
Cash, end of year	<u>\$ 20,094,511</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 6,799,290
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,501,502
Nonemployer pension contribution	72,159
Changes in assets and liabilities:	
Accounts receivable	(2,494,160)
Fuel inventory	(823,873)
Prepaid expenses	(508,203)
Accounts payable	(1,998,184)
Due to other governments	1,422,716
Change in net pension liability and related deferrals	(403,845)
Accrued compensated absences	(57,746)
Net cash provided by operating activities	<u>\$ 7,509,656</u>
Reconciliation of cash to the statement of net position	
Cash classified as current assets	\$ 11,394,303
Cash classified as non-current assets	8,700,208
Total cash, end of year	<u>\$ 20,094,511</u>

See accompanying notes to financial statements.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the unspent related debt proceeds at year-end. The portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets, rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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

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

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

Cash Equivalents - The Authority considers cash in banks and short-term investments with an original maturity of ninety days or less as cash and cash equivalents. These deposits are recorded at cost, which approximates fair value. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Authority did not have cash equivalents at December 31, 2024.

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

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

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments - Investments are limited by R.S. 33:2955 and the Authority's investment policy. Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana. The Authority did not have investments at December 31, 2024.

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 \$7,666,790 representing 164,971 tons at December 31, 2024.

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

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

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

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

Rates established by the Board of Directors are designed to recover all costs of the Authority and, by contract, are binding on its members. Accordingly, the Authority applies the accounting and financial reporting requirements for regulated operations in accordance with GASB guidance, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The depreciation method, as described in Note A, has been established by the Board of Directors, and depreciation expense is recognized as a component of operating costs under GASB standards.

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued) - The Board has recorded the following liabilities, including the salary-related benefits associated with the payment of compensated absences as of December 31, 2024:

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

The amount of annual leave earned and estimated sick leave earned that will be utilized based on average days used, estimated salaries, and estimated amounts remaining to be settled in cash under the conversion option available to all employees included in the statements of net position as of December 31, 2024 and 2023 is \$251,251 and \$308,997, respectively. These amounts include the salary cost as well as certain salary-related costs.

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

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

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

(B) CASH

The bond resolutions for the 2021A Taxable Series Bonds and 2021B Tax-Exempt Series Bonds provide for the creation and maintenance of certain funds and accounts relative to the operations of the 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. The bond resolutions authorize the Authority to invest in direct obligations of the United States Government.

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

Cash and cash equivalents as of December 31, 2024, are as follows:

Cash -	
Restricted	\$ 8,700,208
Other	<u>11,394,303</u>
Total cash	<u>\$ 20,094,511</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

LEPA Unit 1 - Series 2021 Bonds:

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

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

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

As of December 31, 2024, all accounts requiring minimum balances were in compliance with the bond resolution.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(D) CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Beginning Balance (restated)	Additions	Disposals	Transfers	Ending Balance
Non-depreciable assets					
Land	\$ 99,928	\$ -	\$ -	\$ -	\$ 99,928
Construction work in progress	1,232,552	2,603,379	-	(619,354)	3,216,577
Total non-depreciable assets	<u>1,332,480</u>	<u>2,603,379</u>	<u>-</u>	<u>(619,354)</u>	<u>3,316,505</u>
Depreciable assets					
Electric plant	258,819,778	-	-	619,354	259,439,132
Central dispatch facility	3,194,238	-	-	-	3,194,238
Non-utility property	1,518,183	50,475	-	-	1,568,658
Capacitor bank	2,927,727	-	-	-	2,927,727
Total depreciable assets	<u>266,459,926</u>	<u>50,475</u>	<u>-</u>	<u>619,354</u>	<u>267,129,755</u>
Less: Accumulated depreciation					
Electric plant	(120,188,541)	(5,290,829)	-	-	(125,479,370)
Central dispatch facility	(2,931,843)	(19,496)	-	-	(2,951,339)
Non-utility property	(1,285,095)	(47,854)	-	-	(1,332,949)
Capacitor bank	(1,936,942)	(130,696)	-	-	(2,067,638)
Total accumulated depreciation	<u>(126,342,421)</u>	<u>(5,488,875)</u>	<u>-</u>	<u>-</u>	<u>(131,831,296)</u>
Total net depreciable assets	<u>140,117,505</u>	<u>(5,438,400)</u>	<u>-</u>	<u>619,354</u>	<u>135,298,459</u>
Right of use (ROU) leased assets					
Right of use leased assets	738,491	-	-	-	738,491
Accumulated amortization	(72,639)	(12,627)	-	-	(85,266)
ROU assets, net	<u>665,852</u>	<u>(12,627)</u>	<u>-</u>	<u>-</u>	<u>653,225</u>
Total capital assets, net of accumulated depreciation and amortization	<u>\$ 142,115,837</u>	<u>\$ (2,847,648)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,268,189</u>

Depreciation and amortization expense for the year ended December 31, 2024, was \$5,501,502.

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

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

(E) ELECTRIC REVENUE BONDS

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 were payable solely from the revenues of the Authority and the funds pledged in accordance with the bond resolutions. A portion of this debt was refunded using the proceeds of the 2021 Series Bonds issuance. The bonds were paid in full in 2024.

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(E) ELECTRIC REVENUE BONDS (continued)

On September 2, 2021, the Authority issued \$4,295,000 of Power Project Revenue Refunding Bonds (LEPA Unit 1), Tax-Exempt Series 2021B for refunding of the Power Project Revenue Bond Anticipation Notes, Series 2020.

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

Revenue bonds outstanding at December 31, 2024, are as follows:

Purpose	Interest Rate	Issue Date	Balance
Electric Revenue Bonds Series 2021A	3.24%	9/02/2021	\$ 114,845,000
Electric Revenue Bonds Series 2021B	2.50%	9/02/2021	<u>3,890,000</u>
Total Principal Outstanding on Revenue Bonds			\$ 118,735,000
Unamortized Bond Premium			<u>162,500</u>
Net Revenue Bonds Outstanding			<u>\$ 118,897,500</u>

The following is a summary of the electric revenue bonds transactions for the year ended December 31, 2024:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Series 2013A	\$ 2,930,000	\$ -	\$ (2,930,000)	\$ -	\$ -
Series 2021A	116,400,000	-	(1,555,000)	114,845,000	4,595,000
Series 2021B	4,030,000	-	(140,000)	3,890,000	145,000
	<u>\$ 123,360,000</u>	<u>\$ -</u>	<u>\$ (4,625,000)</u>	<u>\$ 118,735,000</u>	<u>\$ 4,740,000</u>

Interest incurred and charged to expense totaled \$3,186,934.

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Series 2021A		Series 2021B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 4,595,000	\$ 2,990,900	\$ 145,000	\$ 101,263	\$ 4,740,000	\$ 3,092,163
2026	4,655,000	2,929,219	150,000	95,362	4,805,000	3,024,581
2027	4,730,000	2,856,583	155,000	89,263	4,885,000	2,945,846
2028	4,815,000	2,772,979	165,000	83,688	4,980,000	2,856,667
2029	4,910,000	2,679,999	170,000	78,663	5,080,000	2,758,662
2030-2034	26,205,000	11,726,915	920,000	316,444	27,125,000	12,043,359
2035-2039	29,910,000	8,032,422	1,025,000	204,413	30,935,000	8,236,835
2040-2044	35,025,000	2,912,605	1,160,000	73,988	36,185,000	2,986,593
Totals	<u>\$ 114,845,000</u>	<u>\$ 36,901,622</u>	<u>\$ 3,890,000</u>	<u>\$ 1,043,084</u>	<u>\$ 118,735,000</u>	<u>\$ 37,944,706</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(F) LEASE LIABILITY

On April 1, 2012, the Authority entered into a lease for land. The primary term of the lease commenced on the effective date and expired on December 31, 2013. There are multiple renewal options, the first being a fifty (50) year period and then nine (9) additional 5-year periods. The lease year is defined as any twelve-month period commencing January 1 and ending the last day of December. The annual base rent is \$25,988 and will be adjusted every five (5) years of the fifty (50) year term based on current appraised value. The Authority exercised the second renewal option at the end of 2018. The total of the Authority's leased assets is recorded at cost of \$738,491, less accumulated amortization of \$85,266. Land rent expense in the amount of \$25,988 is included in the statement of revenues, expenses, and changes in net position for the year ended December 31, 2024.

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

Years Ended December 31.	Principal	Interest
2025	\$ 5,147	\$ 20,841
2026	5,303	20,684
2027	5,465	20,523
2028	5,631	20,356
2029	5,803	20,185
2030-2034	31,773	98,165
2035-2039	36,912	93,025
2040-2044	42,883	87,055
2045-2049	49,819	80,118
2050-2054	57,878	72,060
2055-2059	67,240	62,698
2060-2064	78,116	51,822
2065-2069	90,751	39,186
2070-2074	105,430	24,507
2075-2078	96,482	7,453
	<u>\$ 684,633</u>	<u>\$ 718,678</u>

(G) PENSION PLAN

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

The employer pension schedules for the Municipal Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of December 31, 2024.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(G) PENSION PLAN (continued)

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

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

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

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

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

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

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

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

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(G) PENSION PLAN (continued)

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

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

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

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

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

Funding Policy - Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC). Contributions to the plan are required and determined by state statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for 2024 were 28.0% for employers and 10.0% for employees. Employer contributions for the year ended December 31, 2024, which equaled the required contributions, were \$530,780.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(G) PENSION PLAN (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2024, the Authority reported a liability of \$2,481,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2024, the Authority's proportion was 0.881693%, which was a decrease of 0.002387% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Authority recognized pension expense of \$232,604. The Authority recognized revenue that was allocated by the pension plan that represents payments from non-employer contributing entities that are withheld from ad-valorem taxes from each taxing district and allocated to the pension plan. For 2024, the Authority recorded allocated non-employer contributions from MERS of \$72,159.

At December 31, 2024, 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	\$ -	\$ 82,134
Net difference between projected and actual investment earnings on pension plan investments	33,413	-
Change of assumptions	-	14,645
Change in proportion and differences between the employers contributions and the employers proportionate share of the contributions	5,194	53,272
Employer contributions subsequent to the measurement date	261,322	-
	<u>\$ 299,929</u>	<u>\$ 150,051</u>

The Authority reported \$261,322 as deferred outflows of resources related to pension contributions made subsequent to the measurement date which will be recognized as a reduction in the net pension liability in the year ended December 31, 2025.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(G) PENSION PLAN (continued)

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

Fiscal Year Ended December 31	Amount
2025	\$ (132,288)
2026	167,611
2027	(85,169)
2028	(61,598)
	<u>\$ (111,444)</u>

Actuarial Methods and Assumptions - The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85%, net of investment expenses, including inflation
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases:	
- 1 to 2 years of service	9.0% for Plan A
- More than 2 years of service	4.4% for Plan A
Annuity and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(G) PENSION PLAN (continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		<u>2.50%</u>
Expected Arithmetic Nominal Return		<u>6.85%</u>

Discount Rate - The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the participating employer calculated using the discount rate of 6.85%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%), or one percentage point higher (7.85%) than the current rate (assuming all other assumptions remain unchanged) as of June 30, 2024:

	<u>Plan A</u>		
	<u>1% Decrease 5.85%</u>	<u>Current Discount Rate 6.85%</u>	<u>1% Increase 7.85%</u>
Net Pension Liability	<u>\$ 3,736,145</u>	<u>\$ 2,481,083</u>	<u>\$ 1,421,593</u>

Balance Payable to the Retirement System – At December 31, 2024, the amount due to MERS was \$52,546.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(H) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

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

Transmission Contracts

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

Operating Costs

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

Rodemacher Power Sales Contracts

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

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

At December 31, 2024, the Participants' respective shares of the capacity and energy of the Project are as follows:

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(H) COMMITMENTS AND CONTINGENCIES (continued)

LEPA Unit 1 Power Contracts

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

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

At December 31, 2024, the Participants' respective shares of the capacity and energy of the LEPA Unit 1 Project are as follows:

	<u>Entitlement Share (MW)</u>	<u>Percent Share (%)</u>
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	6.3	10.30
Town of Jonesville	1.60	2.60
	<u>61.10</u>	<u>100.00</u>

Full Requirements Approach Operations Agreements

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

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

The Authority entered into an agreement with the Southwestern Power Administration (SWPA), whereby the Authority purchases hydroelectric power, which results from fixed power allocations of SWPA's available peaking capacity to certain member cities. The Authority resold hydroelectric power to one member city and retained the balance of the hydroelectric power for use under the Full Requirements Approach. Purchases under this contract for the year ended December 31, 2024, were \$1,063,302. Sales to one member city for the year ended December 31, 2024, were \$330,374.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(H) COMMITMENTS AND CONTINGENCIES (continued)

Asset Retirement Obligation – Rodemacher Unit 2

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

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

As of December 31, 2024, management estimated the present value of expected future outflows related to the ARO to be \$1,689,672 and a liability of \$1,650,237. Cost estimates incorporate a discount using a 3.99% risk-free discount rate in accordance with GASB Statement No. 83, *Asset Retirement Obligations*. The remaining closure costs are expected to be paid in 2028 with remaining post-closure costs expected to be paid for 30 years after closure.

Beginning ARO Liability	\$ 1,527,062
Reduction / changes in estimates	(1,074)
Accretion Expense	60,930
Ending ARO Liability	<u>\$ 1,586,918</u>

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

(I) RISK MANAGEMENT

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

(J) CONCENTRATIONS

During 2024, 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, 2024:

Terrebonne Parish Consolidated Government	\$ 22,266,359
MISO	15,326,005
City of Morgan City	11,127,559
City of Alexandria	10,100,605

(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 2024.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(L) ENVIRONMENTAL REGULATIONS

Environmental Regulations

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

Air Quality

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

Water Quality

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

Solid Waste Disposal

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

(M) RECENT ACCOUNTING PRONOUNCEMENT

GASB Statement No. 100, *Accounting Changes and Error Correction*, is effective January 1, 2024. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction).

The Board has implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 supersedes the requirements of Statement No. 16, *Accounting for Compensated Absences*. Under this Statement, a liability for compensated absences is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Implementation of this accounting standard did not have a material impact to the Authority's beginning net position. Accordingly, no restatement of beginning net position was required, and prior period amounts have not been adjusted.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

(N) NEW ACCOUNTING PRONOUNCEMENTS

As of December 31, 2024, the Governmental Accounting Standards Board has issued several statements not yet implemented by the Authority. The statements that may impact the Authority are as follows:

GASB Statement 102, *Certain Risk Disclosures* – establishes financing reporting for risks related to vulnerabilities due to certain concentrations or constraints. This statement is effective for the Authority's 2025 financial statements.

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

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

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

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

(O) CORRECTION OF ERRORS IN PREVIOUSLY ISSUED FINANCIAL STATEMENTS

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

Net position, beginning of year, as previously reported	\$ 24,907,946
Prior period adjustment - correction of error	12,115,786
Net position, beginning of year, as restated	<u>\$ 37,023,732</u>

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

LAST TEN YEARS (*)

<u>Year</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
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%	4,369,522	1,975,436	221.2%	64.68%
2020	0.906911%	3,920,947	1,876,119	209.0%	64.52%
2021	0.905384%	2,518,329	1,764,818	142.7%	77.82%
2022	0.928764%	3,857,374	1,810,478	213.1%	69.56%
2023	0.879306%	3,213,744	1,828,524	175.8%	72.46%
2024	0.881693%	2,481,083	1,796,119	138.1%	79.05%

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

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution ¹</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll ²</u>	<u>Contributions as a % of Covered Payroll</u>
2015	\$ 380,076	\$ 380,076	\$ -	\$ 1,924,435	19.75%
2016	407,111	407,111	-	1,912,915	21.28%
2017	450,360	450,360	-	1,895,261	23.76%
2018	488,389	488,389	-	1,924,785	25.37%
2019	500,941	500,941	-	1,866,703	26.84%
2020	503,827	503,827	-	1,757,841	28.66%
2021	520,067	520,067	-	1,762,939	29.50%
2022	521,844	521,844	-	1,768,963	29.50%
2023	521,561	521,561	-	1,768,003	29.50%
2024	530,780	530,780	-	1,846,710	28.74%

For reference only:

¹ Actual employer contributions remitted to Retirement Systems

² Employer's covered payroll amount for the year ended December 31st of each year

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

Changes in benefit terms:

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

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

The following rate changes were made to the pension plan:

<u>Year (*)</u>	<u>Discount Rate</u>	<u>Inflation Rate</u>
2024	6.850%	2.500%
2023	6.850%	2.500%
2022	6.850%	2.500%
2021	6.850%	2.500%
2020	6.950%	2.500%
2019	7.000%	2.600%
2018	7.275%	2.775%
2017	7.400%	2.875%
2016	7.500%	2.875%
2015	7.500%	2.875%

Salary increases

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

Mortality

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

SUPPLEMENTARY INFORMATION

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Funds Held by Trustee							
	Rodemacher Project		LEPA Unit 1 Project					
	<u>Contingency Fund</u>	<u>Revenue Fund</u>	<u>Reserve and Contingency Fund</u>		<u>Sinking Fund</u>	<u>Revenue Fund</u>	<u>LEPA 1 Project Fund</u>	<u>LEPA 1 Debt Service Reserve</u>
		<u>Renew & Replace Fund</u>	<u>Contingency Fund</u>					
Fund balances at December 31, 2023	\$ 4,147,674	\$ 352,857	\$ -	\$ -	\$ 2,972,640	\$ 494,894	\$ 32,167	\$ 3,919,338
Receipts from other funds	1,299,456	6,180,722	1,565,031	240,000	7,919,841	10,870,794	-	-
Disbursements to other funds	(213,530)	(17,533,085)	(117,185)	(6,563)	(137,598)	(22,520,366)	(33,451)	(191,088)
Receipts from participants	-	10,799,945	-	-	-	11,114,367	-	-
Capital expenditures	(735,736)	-	-	-	-	-	-	-
Receipts of investment income	213,530	33,530	35,574	6,563	137,598	40,311	1,284	191,088
Other receipts (disbursements)	-	181,029	-	-	(7,835,031)	-	-	-
Fund balances at December 31, 2024	<u>\$ 4,711,394</u>	<u>\$ 14,998</u>	<u>\$ 1,483,420</u>	<u>\$ 240,000</u>	<u>\$ 3,057,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,919,338</u>
Fund balances at December 31, 2024 are comprised of:								
Cash	<u>\$ 4,711,394</u>	<u>\$ 14,998</u>	<u>\$ 1,483,420</u>	<u>\$ 240,000</u>	<u>\$ 3,057,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,919,338</u>

(Continued)

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Funds held by the Authority						Total
	Rodemacher Project		Other				
	Operations and Maintenance Trust	Project Fund	Other Revenue Fund	LEPA 1 Operating Account	Contract Operations Account	Payroll Account	
Fund balances at December 31, 2023	\$ 1,846,943	\$ 4,074,297	\$ 2,733,895	\$ 1,101,102	\$ 178,384	\$ -	\$ 21,854,191
Receipts from other funds	16,465,372	3,465,677	6,790,338	10,738,235	8,361,031	837,198	74,733,695
Disbursements to other funds	(28,033)	(5,351,728)	(25,351,514)	(4,934,072)	(837,198)	(1,000)	(77,256,411)
Receipts from participants	-	-	57,972,704	-	-	-	79,887,016
Capital expenditures	(12,904,931)	-	(2,045,979)	-	-	-	(15,686,646)
Receipts of investment income	28,033	133,038	-	-	-	22	820,571
Other receipts (disbursements)	(4,255,856)	-	(38,334,297)	(5,544,447)	(7,633,105)	(836,198)	(64,257,905)
Fund balances at December 31, 2024	\$ 1,151,528	\$ 2,321,284	\$ 1,765,147	\$ 1,360,818	\$ 69,112	\$ 22	\$ 20,094,511
Fund balances at December 31, 2024 are comprised of:							
Cash	\$ 1,151,528	\$ 2,321,284	\$ 1,765,147	\$ 1,360,818	\$ 69,112	\$ 22	\$ 20,094,511

**COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2024**

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets					
Cash	\$ 8,199,204	\$ 1,360,818	\$ 1,834,281	\$ -	\$ 11,394,303
Accounts receivable	(185,935)	73,367	6,423,577	-	6,311,009
Fuel inventory	7,666,790	-	-	-	7,666,790
Accrued interest receivable	25,646	31,513	-	-	57,159
Prepaid expenses	-	-	856,654	-	856,654
Total current assets	<u>15,705,705</u>	<u>1,465,698</u>	<u>9,114,512</u>	<u>-</u>	<u>26,285,915</u>
Non-current assets					
Restricted assets					
Cash					
Renewal and replacement	-	1,483,420	-	-	1,483,420
Contingency	-	240,000	-	-	240,000
Debt service	-	6,976,788	-	-	6,976,788
Total Restricted Assets	<u>-</u>	<u>8,700,208</u>	<u>-</u>	<u>-</u>	<u>8,700,208</u>
Capital assets					
Land	-	-	99,828	-	99,828
Construction work in progress	1,428,926	1,776,376	11,275	-	3,216,577
Utility plant	130,674,863	128,764,369	-	-	259,439,232
Central dispatch facility	-	-	3,194,238	-	3,194,238
Capacitor bank	-	-	2,927,727	-	2,927,727
Non-utility property	-	-	1,568,658	-	1,568,658
Right of use asset	-	-	738,491	-	738,491
Total	<u>132,103,789</u>	<u>130,540,745</u>	<u>8,540,217</u>	<u>-</u>	<u>271,184,751</u>
Less accumulated depreciation	<u>(98,389,927)</u>	<u>(27,089,443)</u>	<u>(6,437,192)</u>	<u>-</u>	<u>(131,916,562)</u>
Net capital assets	<u>33,713,862</u>	<u>103,451,302</u>	<u>2,103,025</u>	<u>-</u>	<u>139,268,189</u>
Total non-current assets	<u>33,713,862</u>	<u>112,151,510</u>	<u>2,103,025</u>	<u>-</u>	<u>147,968,397</u>
Total assets	<u>49,419,567</u>	<u>113,617,208</u>	<u>11,217,537</u>	<u>-</u>	<u>174,254,312</u>
Deferred outflows of resources					
Deferred loss on bond refunding	-	4,990,532	-	-	4,990,532
Deferred amounts related to asset retirement obligation	842,137	-	-	-	842,137
Deferred amounts related to net pension liability	-	-	299,929	-	299,929
Total deferred outflows of resources	<u>842,137</u>	<u>4,990,532</u>	<u>299,929</u>	<u>-</u>	<u>6,132,598</u>
Total assets and deferred outflows of resources	<u>\$ 50,261,704</u>	<u>\$ 118,607,740</u>	<u>\$ 11,517,466</u>	<u>\$ -</u>	<u>\$ 180,386,910</u>

LOUISIANA ENERGY AND POWER AUTHORITY

Schedule 2

**COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2024**

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current liabilities payable from unrestricted assets					
Accounts payable	\$ 107,481	\$ 3,147,097	\$ 1,256,421	\$ -	\$ 4,510,999
Due to other governments	10,193,727	-	-	-	10,193,727
Accrued interest payable	-	-	20,919	-	20,919
Current portion of compensated absences	-	63,194	77,983	-	141,177
Current portion of lease liability	-	-	5,147	-	5,147
Total current liabilities	<u>10,301,208</u>	<u>3,210,291</u>	<u>1,360,470</u>	<u>-</u>	<u>14,871,969</u>
Current liabilities payable from restricted assets					
Accrued interest payable	-	260,282	-	-	260,282
Current portion of revenue bonds payable	-	4,740,000	-	-	4,740,000
Total current liabilities payable from restricted assets	<u>-</u>	<u>5,000,282</u>	<u>-</u>	<u>-</u>	<u>5,000,282</u>
Non-current liabilities					
Revenue bonds payable	-	113,995,000	-	-	113,995,000
Unamortized bond premium	-	162,501	-	-	162,501
Lease liability	-	-	679,486	-	679,486
Accrued compensated absences	-	49,272	60,802	-	110,074
Asset retirement obligation	1,586,918	-	-	-	1,586,918
Net pension liability	-	-	2,481,083	-	2,481,083
Total non-current liabilities	<u>1,586,918</u>	<u>114,206,773</u>	<u>3,221,371</u>	<u>-</u>	<u>119,015,062</u>
Total liabilities	<u>11,888,126</u>	<u>122,417,346</u>	<u>4,581,841</u>	<u>-</u>	<u>138,887,313</u>
Deferred inflows of resources					
Deferred amounts related to net pension liability	-	-	150,051	-	150,051
Net Position					
Net investment in capital assets	32,126,944	(10,455,667)	1,418,392	-	23,089,669
Restricted for debt service	-	3,057,450	-	-	3,057,450
Unrestricted	6,246,634	3,588,611	5,367,182	-	15,202,427
Total net position	<u>38,373,578</u>	<u>(3,809,606)</u>	<u>6,785,574</u>	<u>-</u>	<u>41,349,546</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 50,261,704</u>	<u>\$ 118,607,740</u>	<u>\$ 11,517,466</u>	<u>\$ -</u>	<u>\$ 180,386,910</u>

LOUISIANA ENERGY AND POWER AUTHORITYCOMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Rodemacher Unit 2</u>	<u>LEPA Unit 1</u>	<u>Other</u>	<u>Eliminations</u>	<u>Combined</u>
Operating revenues					
Power Sales	\$ 17,941,823	\$ 19,726,735	\$ 62,132,907	\$ (2,819,315)	\$ 96,982,150
Operating expenses					
Cost of power produced	14,805,300	7,871,566	22,676	-	22,699,542
Power purchased	-	-	50,183,704	(2,819,315)	47,364,389
Transmission costs	2,121,538	-	10,467,922	-	12,589,460
General and administrative	8,500	103,544	1,915,923	-	2,027,967
Depreciation	2,112,519	3,178,310	210,673	-	5,501,502
Total operating expenses	<u>19,047,857</u>	<u>11,153,420</u>	<u>62,800,898</u>	<u>(2,819,315)</u>	<u>90,182,860</u>
Operating income	<u>(1,106,034)</u>	<u>8,573,315</u>	<u>(667,991)</u>	<u>-</u>	<u>6,799,290</u>
Non-operating revenues (expenses)					
Interest income	393,235	422,104	35,423	-	850,762
Interest expense	-	(3,412,199)	(32,862)	-	(3,445,061)
Nonemployer pension contribution	-	-	72,159	-	72,159
Other	(1,029,872)	(626,425)	1,704,961	-	48,664
Total non-operating revenues (expenses)	<u>(636,637)</u>	<u>(3,616,520)</u>	<u>1,779,681</u>	<u>-</u>	<u>(2,473,476)</u>
Change in net position	(1,742,671)	4,956,795	1,111,690	-	4,325,814
Net Position, beginning of year, as previously reported	24,903,802	(4,693,226)	4,697,370	-	24,907,946
Restatement	15,212,447	(4,073,175)	976,514	-	12,115,786
Net Position, beginning of year, as restated	<u>40,116,249</u>	<u>(8,766,401)</u>	<u>5,673,884</u>	<u>-</u>	<u>37,023,732</u>
NET POSITION, END OF YEAR	<u>\$ 38,373,578</u>	<u>\$ (3,809,606)</u>	<u>\$ 6,785,574</u>	<u>\$ -</u>	<u>\$ 41,349,546</u>

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER DISBURSEMENTS
PAID TO OR ON BEHALF OF THE GENERAL MANAGER
YEAR ENDED DECEMBER 31, 2024

Agency Head Name:	<u>Kevin Bihm</u>
Purpose	Amount
Salary	\$ 205,419
Retirement	21,914
Insurance	6,089
Car Lease/Mileage	12,905
Cell Phone	600
	<u>\$ 246,927</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Energy and Power Authority (the Authority), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 3, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024- 002.

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Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
March 3, 2026



LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024

Summary of Independent Auditors' Results

- a. The type of report issued on the basic financial statements: **Unmodified**
- b. Internal control over financial reporting:

Material weakness(es) identified: **Yes**
Significant deficiency(ies) identified: **None reported**
- c. Noncompliance which is material to the basic financial statements: **Yes**

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

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

Criteria:

Generally accepted accounting principles (GAAP) require that costs be capitalized when they are necessary to acquire, construct, or prepare a capital asset for its intended use and the asset has a useful life beyond one reporting period and that capital assets be depreciated over their estimated useful lives in a systematic and rational manner. In addition, governments must recognize an asset retirement obligation when a legally enforceable obligation to retire a tangible capital asset exists, and the liability can be reasonably estimated.

Condition:

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

Cause:

LEPA did not attract and retain accounting resources with sufficient knowledge of GAAP related to capitalization and depreciation of utility assets and asset retirement obligations. This deficiency, which is considered a material weakness, contributed to the restatement of previously issued financial statements.

Effect:

A prior period adjustment was required to opening balances to present the current year financial statements in accordance with generally accepted accounting principles.

Recommendation:

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

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024

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

Management's Response:

Management has implemented additional review procedures to ensure proper application of depreciation methods and capitalization policies going forward. As part of these procedures, the Authority will perform a comprehensive review of the depreciation schedules for both LEPA 1 and RPS at least annually.

Finding 2024-002 Late Submission of Audit Reports

Criteria:

Under Louisiana statute (LA R.S. 24:513), the Authority is required to have an annual audit of its financial statements prepared in accordance with U.S. generally accepted accounting principles and to complete the audit and file it with the Louisiana Legislative Auditor (LLA) within six months after year-end.

Condition:

The Authority did not meet the June 30, 2025 deadline for reporting to the LLA for the year ended December 31, 2024. The Authority filed for and was approved for extensions with the LLA through March 31, 2026.

Cause:

The Authority experienced the loss of key accounting personnel. Also, additional time was required to perform a historical analysis of capital assets activity related to the prior period adjustment referenced in finding 2024-001.

Effect:

The Authority is not compliant with the state audit law with respect to timeliness of submissions.

Recommendation:

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

Management's Response:

The Authority agrees with this finding. The Authority is aware of reporting deadlines outlined in the Louisiana Revised Statute 24:513, the difficulty in hiring replacement staff in the prior year continued to delay the ability to provide the audit data timely to facilitate the timely completion and submission of the audit.

LOUISIANA ENERGY AND POWER AUTHORITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024

Finding 2023-001 Late Filing

Fiscal Year Finding Initially Occurred: 2022

Condition:

The Authority failed to comply with LA R.S. 24:513, by not submitting audited financial statements to the Louisiana Legislative Auditor within six months after their December 31, 2023, fiscal year end.

Recommendation:

The Authority accounting staff needs to focus on preparing monthly supporting schedules and reports to facilitate a timelier year end close to meet the required submission deadline as required by Louisiana statutes.

Status:

Not resolved. See repeat finding 2024-002.

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LOUISIANA ENERGY AND POWER AUTHORITY

**AGREED-UPON PROCEDURES PERFORMED
AND ASSOCIATED FINDINGS**

DECEMBER 31, 2024



LOUISIANA ENERGY AND POWER AUTHORITY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of the Louisiana Energy and Power Authority for the fiscal period January 1, 2024 through December 31, 2024. Louisiana Energy and Power Authority's management is responsible for those C/C areas identified in the SAUPs.

The Louisiana Energy and Power Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

We were engaged by Louisiana Energy and Power Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of Louisiana Energy and Power Authority for the fiscal period January 1, 2024 through December 31, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



EISNERAMPER LLP
Lafayette, Louisiana
March 3, 2026

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2024**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted"* or for step 13 *"we performed the procedure and discussed the results with management"*. If not, then a description of the exception ensues.

1) Written Policies and Procedures

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

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

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

No exception noted.

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2024**

Schedule A

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

2) Board or Finance Committee

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

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

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

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

**LOUISIANA ENERGY AND POWER AUTHORITY
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2024**

Schedule A

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

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

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

There were no audit findings; therefore, no updates were necessary.

3) Bank Reconciliations

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

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

From the listing provided, we selected five bank accounts (one main operating and four randomly) and obtained the bank reconciliations for the month ending, June 30, 2024, resulting in five bank reconciliations obtained and subjected to the below procedures.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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4) Collections (excluding electronic funds transfers)

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

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

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

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

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

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

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

The Organization has only one employee collecting cash. As a result, this procedure was not performed.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

Exception noted. Management represented that there is no bond or insurance policy in place covering theft by employees with access to cash.

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

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

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

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we selected the single location and performed the procedures below.

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

The listing of employees involved with non-payroll purchasing and payment functions for the single payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exception noted.
 - ii. At least two employees are involved in processing and approving payments to vendors;
No exception noted.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
Exception noted. The employee responsible for processing payments is able to modify vendor files, and another employee is not responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exception noted.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
No exception noted.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
A listing of non-payroll disbursements for the payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure. From the listings provided, we randomly selected five disbursements and performed the procedures below.
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
No exceptions noted.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
Exception noted. For each of the five disbursements tested, the employee responsible for processing payments is not prohibited from adding/modifying vendor files, and no other employee is responsible for periodically reviewing changes to vendor files.

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- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exception noted.

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

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

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

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

From the listing provided, we randomly selected 5 credit cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

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

No exception noted.

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

No exception noted.

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

We randomly selected 21 transactions and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). No exceptions noted.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure. From the listing provided, we randomly selected five reimbursements and performed the procedures below.

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

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

8) Contracts

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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we randomly selected five contracts and performed the procedures below.

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

The contracts selected for testing were not required to be bid in accordance with the Louisiana Public Bid Law. As a result, this procedure was not applicable.

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

No exception noted.

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

No exception noted.

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

No exception noted.

9) Payroll and Personnel

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

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure. From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

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

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

No exception noted.

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

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

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

No exception noted.

10) Ethics

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

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

No exception noted.

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

No exception noted.

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

No exception noted.

11) Debt Service

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

No exception noted.

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

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A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exception noted.

12) Fraud Notice

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

No exception noted.

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

No exception noted.

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

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

Exception noted. Of the five selected employees, three had not obtained the cyber security training.

14) Prevention of Sexual Harassment

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

No exceptions noted.

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

No exception noted.

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

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

No exception noted.

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

No exception noted.

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

No exceptions noted.

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

The Organization had no reports of sexual harassment in 2024. As a result, this procedure was not applicable.

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

The Organization had no reports of sexual harassment in 2024. As a result, this procedure was not applicable.

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Schedule B

Management has reviewed and will address the exceptions noted above.