

LOUISIANA ENERGY AND POWER AUTHORITY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2023

LOUISIANA ENERGY AND POWER AUTHORITY

CONTENTS

	Page	
INDEPENDENT AUDITOR’S REPORT	1-3	
MANAGEMENT’S DISCUSSION AND ANALYSIS	4-12	
BASIC FINANCIAL STATEMENTS		
Statements of Net Position.....	14-15	
Statements of Revenues, Expenses and Changes in Fund Net Position	16	
Statements of Cash Flows	17-18	
Notes to Financial Statements.....	19-43	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Employer’s Share of Net Pension Liability	45	
Schedule of Employer Contributions	46	
SUPPLEMENTARY INFORMATION		
SUPPORTING SCHEDULES		
Schedule of Receipts and Disbursements	48-50	
Combining Schedule of Net Position.....	51-52	
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	53	
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>		54-55
Schedule of Findings and Questioned Costs.....	56	
Summary Schedule of Prior Year Findings	57	
Management’s Corrective Action Plan.....	58	

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of Louisiana Energy and Power Authority (the Authority) as of and for the year ended December 31, 2023, 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 financial position of the business-type activities of the Authority, as of December 31, 2023, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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, Schedule of Employer's Share of Net Pension Liability, and Schedule of Employer Contributions 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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other information comprises the Schedule of Receipts and Disbursements, Combining Schedule of Net Position, and Combining Schedule of Revenues, Expenses and Changes in Fund Net Position and 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. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 12, 2024, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Authority's internal control over financial reporting and compliance.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

September 12, 2024
Lafayette, Louisiana

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis December 31, 2023

The following Management's Discussion and Analysis is intended to serve as an introduction to the December 31, 2023, financial statements of the Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana. The discussion should be read in conjunction with the Audited Financial Statements and Notes to Financial Statements, which follow.

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

Basic Financial Statements

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

The statement of net position presents information on all of LEPA's assets and liabilities.

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

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

Financial Highlights

The increase in fund net position at December 31, 2023, as compared to December 31, 2022, results from the net increase for the period of \$2,577,571. This change is further allocated as an increase of \$2,106,302 for the Rodemacher Project, a decrease of \$1,304,094 for the LEPA Unit 1 Project and an increase of \$1,775,363 for non-project.

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

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis December 31, 2023

LEPA's Membership in MISO RTO

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

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

Upon its integration into MISO, LEPA became a local balancing authority (LBA) in MISO. As 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.

(Remainder of this Page Intentionally Left Blank)

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

Financial Analysis

Financial Position

Total assets, liabilities, and net position at December 31, 2023 and 2022 are as follows (stated in thousands):

	2023	2022
Current assets	\$ 21,865	\$ 18,632
Restricted assets	11,072	12,856
Property, plant and equipment	129,596	132,204
Deferred outflows of resources - loss on bond refunding	5,249	5,507
Deferred outflows of resources - pensions	621	979
Total assets	\$ 168,403	\$ 170,178
Current liabilities	\$ 15,306	\$ 10,944
Current liabilities payable from restricted assets	4,900	8,376
Non-current liabilities	123,146	128,511
Deferred inflows of resources - pensions	143	17
Total liabilities	\$ 143,495	\$ 147,848
Net position:		
Invested capital net of related debt	\$ 5,757	\$ 175
Restricted assets for debt service	2,973	5,207
Unrestricted net assets	16,178	16,353
Total net assets	\$ 24,908	\$ 21,735
Total liabilities and net position	\$ 168,403	\$ 169,583

The components of current assets for 2023 and 2022 are as follows (stated in thousands):

	2023	2022
Cash	\$ 10,782	\$ 8,447
Accounts receivable		
Rodemacher Project	(479)	969
LEPA Unit 1 Project	196	2,260
Non-project	4,100	3,982
Fuel inventory	6,843	2,513
Accrued interest receivable	75	78
Prepaid assets	348	383
Current assets	\$ 21,865	\$ 18,632

The coal inventory at Rodemacher increased from 52,164 tons valued at \$2,153,107, at December 31, 2022, to 144,910 tons valued at \$6,842,917, at December 31, 2023. This is an increase of 92,746 tons with an increased value of \$4,329,810. Actual tons burned for the year totaled 194,827 with a cost of \$9,070,559.

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

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

	2023	2022
Renewal and replacement fund - Rodemacher	\$ 4,148	\$ 1,469
Debt service reserve fund - Rodemacher	-	3,629
Contingency fund - Rodemacher	-	1,145
Sinking fund - LEPA Unit 1	6,892	5,509
Renewal and replacement fund - LEPA Unit 1	-	500
Contingency fund - LEPA Unit 1	-	572
Project fund - LEPA Unit 1	32	32
Restricted assets	<u>\$ 11,072</u>	<u>\$ 12,856</u>

The increase in the Rodemacher project renewal and replacement fund is due to combining balances of both renewal and replacement and contingency funds into one account. The single account 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. The amounts billed to the participants are transferred to the renewal and replacement fund as collected. Disbursements from the fund are made on a monthly basis as CLECO invoices LEPA for the capital costs at the Rodemacher facility.

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

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

	<u>2023</u>	<u>2022</u>
Electric plant - Rodemacher Unit 2	\$ 127,522	\$ 127,522
Electric plant - LEPA Unit 1	126,377	126,377
Central dispatch facility	3,094	3,094
Non-utility property	1,518	1,518
Land	100	100
Capacitor bank	2,928	2,928
Construction work in progress:		
Rodemacher	5,403	3,253
Right of Use Asset, Net	666	678
Accumulated depreciation	<u>(138,012)</u>	<u>(133,266)</u>
Property and equipment	<u>\$ 129,596</u>	<u>\$ 132,204</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.

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

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

	2023	2022
Accounts payable:		
Rodemacher project	\$ 3,553	\$ 1,533
LEPA Unit 1 project	1,804	2,067
Non-project	1,152	4,223
Due to participants:		
Coal pile responsibility	4,202	975
Renewal and replacement assessments	4,569	2,121
Current portion of revenue bonds payable:		
Series 2013 bonds (Rodemacher)	-	3,540
Series 2013a bonds (LEPA Unit 1)	2,930	2,785
Series 2021a bonds (LEPA Unit 1)	1,555	1,540
Series 2021b bonds (Lepa Unit 1)	140	135
Current portion of lease liability non-project	5	5
Accrued interest payable:		
Series 2013 bonds (Rodemacher)	-	88
Series 2013a bonds (LEPA Unit 1)	13	24
Series 2021a bonds (Lepa Unit 1)	253	254
Series 2021b bonds (Lepa Unit 1)	9	9
Lease payable	21	21
Current liabilities	\$ 20,206	\$ 19,320

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 52,164 tons on December 31, 2022, to 144,910 tons on December 31, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

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

	2023	2022
Revenue bonds payable		
Series 2013a bonds (LEPA Unit 1)	\$ -	\$ 2,930
Series 2021a bonds (LEPA Unit 1)	114,845	116,400
Series 2021b bonds (LEPA Unit 1)	3,890	4,030
Unamortized bond premium		
Series 2013a bonds (LEPA Unit 1)	35	119
Series 2021b bonds (LEPA Unit 1)	169	174
Lease payable	684	690
Accrued compensated absences	309	311
Net pension liability	3,214	3,857
Non-current liabilities	\$ 123,146	\$ 128,511

Operations

Components of LEPA's operating revenues, operating expenses, and non-operating and investment income (loss) for the years ended December 31, 2023, and 2022 follows (stated in thousands):

	2023	2022
Operating revenues	\$ 92,530	\$ 151,171
Operating expenses:		
Cost of power produced	26,691	46,070
Power purchased	42,963	83,040
Transmission costs	10,709	11,481
General and administrative	1,972	2,070
Depreciation	4,746	8,111
Operating expenses	87,081	150,772
Operating income	5,449	399
Investment and other income	685	221
Debt expenses	(3,575)	(3,434)
Nonemployer Pension Contribution	66	66
Other	(47)	101
Change in net assets	\$ 2,578	\$ (2,647)

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2023

The operating income for 2023 and 2022 shown in the schedule above is comprised of the following components (stated in thousands):

	2023	2022
Rodemacher power sales - participants	\$ 14,667	\$ 15,419
LEPA Unit 1 power sales - participants	12,958	11,365
Full requirement power sales	34,955	44,102
Load control power sales	13,812	27,674
MISO power sales	16,031	52,910
Hydro power sales	81	(324)
Other operating income	26	25
Operating revenues	\$ 92,530	\$ 151,171

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 2023 totaled 293,055 MWH, a decrease of 114,702 MWH from 2022. A thirty-eight-day planned outage in 2023 combined with the steep year-over-year decline in natural gas prices from 2022 to 2023 limited the resource's generation output.

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 2023 totaled 185,378 MWH.

The full requirement revenues represent energy delivered to the nine 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 \$54.58 per MWH in 2022 to \$33.62 per MWH in 2023. The volume of energy delivered increased by 69,606 MWH, or 11%. The addition of the City of St. Martinville to the full requirement members in January 2023 accounted for 57,240 MWH, or 9% of the total annual increase.

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis December 31, 2023

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 decreased from \$7.75 per kW in 2022 to \$7.54 per kW in 2023. The demand volume increased by 155,390 kW, or 11.7%.

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 2023 Annual Engineering Report on LEPA Unit No. 1.

BASIC FINANCIAL STATEMENTS

LOUISIANA ENERGY AND POWER AUTHORITY

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

ASSETS

CURRENT ASSETS

Cash	\$ 10,782,372
Accounts Receivable	3,816,849
Fuel Inventory	6,842,917
Accrued Interest Receivable	74,585
Prepaid Expenses	<u>348,451</u>
Total Current Assets	<u>21,865,174</u>

NON-CURRENT ASSETS

RESTRICTED ASSETS

Cash	
Contingency	4,147,674
Debt Service	6,891,978
Project Fund	<u>32,167</u>
Total Restricted Assets	<u>11,071,819</u>

PROPERTY, PLANT AND EQUIPMENT

Utility Plant	259,302,029
Central Dispatch Facility	3,194,238
Capacitor Bank	2,927,727
Non-Utility Property	1,518,185
Right of Use Asset, Net	<u>665,853</u>
Total	267,608,032
Less: Accumulated Depreciation	<u>(138,012,191)</u>
Net Property, Plant and Equipment	<u>129,595,841</u>

Total Non-Current Assets 140,667,660

TOTAL ASSETS 162,532,834

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Loss on Bond Refunding	5,248,659
Deferred Outflows of Resources - Pensions	<u>621,272</u>
Total Deferred Outflows of Resources	<u>\$ 5,869,931</u>

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

**STATEMENT OF NET POSITION
DECEMBER 31, 2023**

LIABILITIES AND FUND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 6,509,186
Due to Other Governments	8,771,010
Accrued Interest Payable	20,919
Current Portion of Lease Payable	<u>5,010</u>
Total Current Liabilities	<u>15,306,125</u>

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Accrued Interest Payable	274,722
Current Portion of Revenue Bonds Payable	<u>4,625,000</u>
Total Current Liabilities Payable From Restricted Assets	<u>4,899,722</u>

NON-CURRENT LIABILITIES

Revenue Bonds Payable	118,735,000
Unamortized Premium	204,020
Lease Liability	684,633
Accrued Compensated Absences	308,997
Net Pension Liability	<u>3,213,744</u>
Total Non-Current Liabilities	<u>123,146,394</u>

TOTAL LIABILITIES

143,352,241

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources - Pensions	<u>142,578</u>
--	----------------

FUND NET POSITION

Net Investment in Capital Assets	5,757,100
Restricted for Debt Service	2,972,640
Unrestricted	<u>16,178,206</u>

TOTAL FUND NET POSITION

\$ 24,907,946

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Power Sales	<u>\$ 92,529,626</u>
OPERATING EXPENSES	
Cost of Power Produced	26,690,873
Power Purchased	42,962,814
Transmission Costs	10,708,880
General and Administrative	1,971,945
Depreciation	<u>4,745,748</u>
Total Operating Expenses	<u>87,080,260</u>
Operating Income (Loss)	<u>5,449,366</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	684,772
Interest Expense	(3,317,008)
Amortization of Loss on Reaquired Debt	(258,127)
Loss on Disposition of Allowance	(53,248)
Nonemployer Pension Contribution	66,148
Other	<u>5,668</u>
Total Non-Operating Revenues (Expenses)	<u>(2,871,795)</u>
CHANGE IN FUND NET POSITION	2,577,571
FUND NET POSITION, BEGINNING	<u>22,330,375</u>
FUND NET POSITION, ENDING	<u><u>\$ 24,907,946</u></u>

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

Received From Customers	\$ 95,924,429
Payments for Power Produced	(31,020,683)
Payments for Power Purchased	(38,600,590)
Payments for Transmission Costs	(10,762,128)
Payments for General and Administrative Expenses	<u>(2,015,465)</u>

Net Cash Provided By Operating Activities 13,525,563

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Payments on Lease Payable	(4,862)
Principal Payments	(8,000,000)
Interest Paid	(3,507,795)
Purchase and Construction of Fixed Assets	<u>(2,149,387)</u>

Net Cash (Used In) Capital and Related Financing Activities (13,662,044)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>688,091</u>
-------------------	----------------

Net Cash Provided By Investing Activities 688,091

NET INCREASE IN CASH 551,610

Cash-Beginning of Year (including \$12,856,060 of Restricted Cash) 21,302,581

Cash-End of Year (including \$11,071,819 of Restricted Cash) \$ 21,854,191

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

**STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2023**

**Reconciliation of Operating Income to Net Cash Provided By
Operating Activities:**

Operating Income	\$ 5,449,366
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	4,745,748
Other Revenue	17,776
(Gain) Loss on Disposition of Allowance	(53,248)
Provision for Net Pension Liability, Net	(94,143)
Changes in Assets and Liabilities:	
Accounts Receivable	3,394,804
Fuel Inventory	(4,329,810)
Prepaid Expenses	34,718
Accounts Payable	(1,312,887)
Due to Other Governments	5,675,111
Accrued Compensated Absenses	(1,872)
Net Cash Provided By Operating Activities	<u>\$ 13,525,563</u>

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting - The Authority maintains its books and records using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. The accounts of the Authority are maintained substantially in accordance with the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and are in conformity with generally accepted accounting principles (GAAP). Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statute 24:517 and to the guidelines set forth in the Louisiana Governmental Audit Guide. In certain instances, FERC regulations differed from generally accepted accounting principles. In those situations, the Authority followed the FERC guidance, as directed by law. However, amounts reported, according to FERC regulations, did not differ materially from GAAP.

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Equity Classifications - continued

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".

Funds, Special Deposits and Investments - Funds and special deposits consist of cash, overnight repurchase agreements, and obligations guaranteed by federal agencies. Pursuant to GASB Statement No. 31, *Accounting for Financial Reporting for Certain Investments and for External Investment Pools*, the Authority values its investments in debt securities at fair value. Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Governmental entities should report debt securities at fair value on the balance sheet. This statement also provides for the valuation of and the Authority carries money market investment such as short-term, highly liquid debt instruments, including U.S. Treasury and agency obligations at amortized cost.

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

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

	<u>Years</u>
Vehicles	5
Buildings (non-utility)	10-35
Office Furniture and Equipment	1-10

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

Investments - Investments are limited by R.S. 33:2955 and the Authority's investment policy. Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments meeting the criteria specified in the Statement are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include overnight repurchase agreements. U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are shown at amortized cost.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 \$6,842,917 representing 144,909 tons at December 31, 2023.

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

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

Cash Flows - For purposes of the statements of cash flows, the Authority considers cash in banks and short-term investments with an original maturity of ninety days or less as cash and cash equivalents. These deposits are recorded at cost, which approximates fair value. Under state law, the Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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

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

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

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Lease Liability – *continued* 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.

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS

The bond resolutions for the 2013A Series Bonds, 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.

Cash and special deposits and investments include bank balances and investments that at the financial statement date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Cash balances are stated at cost, which approximates market.

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

Cash and cash equivalents included in the Cash Flow Statement as of December 31, 2023, are as follows:

Cash -	
Restricted	\$ 11,071,819
Other	<u>10,782,372</u>
Cash and Cash Equivalents	<u>\$ 21,854,191</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS - continued

Funds and accounts at December 31 are as follows:

Rodemacher Project:	
Restricted Assets:	
Debt Service Fund, Debt Service Accounts	\$ -
Debt Service Reserve Account	-
Reserve and Contingency Fund:	
Renewal and Replacement Account	-
Contingency Account	4,147,674
Total Rodemacher Project Restricted Cash	<u>4,147,674</u>
Current Assets:	
Operations and Maintenance Trust	1,846,943
Revenue Fund	352,857
General Revenue Fund, Project Account	4,074,297
Total Rodemacher Project Current Assets	<u>6,274,097</u>
Total Rodemacher Project Funds and Accounts	<u>10,421,771</u>
LEPA Unit 1 Project:	
Restricted Assets:	
Debt Service Reserve	3,919,338
Sinking Fund	2,972,640
Project Funds Series A&B	32,167
Renewal and Replacement Fund	-
Contingency Fund	-
Total LEPA Unit 1 Project Restricted Cash	<u>6,924,145</u>
Current Assets:	
Revenue Fund	494,894
Operating Account	1,101,102
Total LEPA Unit 1 Project Current Assets	<u>1,595,996</u>
Total LEPA Unit 1 Project Funds and Accounts	<u>8,520,141</u>
Other Funds and Accounts at December 31:	
Currents Assets:	
Other Revenue Funds	2,733,895
Contract Operations Account	178,384
Total Other Funds and Accounts	<u>2,912,279</u>
Total Project and Other Funds and Accounts	<u>\$ 21,854,191</u>

The 2013A Series Bond, and 2021 Series Bonds' resolutions authorize the Authority to invest in direct obligations of the United States Government.

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS - *continued*

During the year ended December 31, 2023, the Authority realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

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

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

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

Rodemacher Unit 2:

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

Money in the revenue fund shall then be deposited into the debt service fund to pay principal and interest on all bonds as they become due and payable and then applied to maintain in the debt service fund reserve account an amount equal to the maximum Adjusted Aggregate Debt Service requirement on all bonds (initially funded from bond proceeds). After making the required payments into the operating account and debt service fund, there shall be paid out of the revenue fund into the reserve and contingency fund an amount equal to the budgeted amount for the renewal and replacement account, and ten percent (10%) of the Aggregate Debt Service into the contingency account. After funding the reserve and contingency fund, amounts from the revenue fund shall be deposited into the subordinated indebtedness fund in amounts required to pay principal or sinking fund installments and interest on each issue of subordinated indebtedness and reserves thereon. Amounts from the revenue fund will next be deposited into the general reserve fund in amounts equal to the budgeted amount for the development account, limited to two percent (2%) of the Aggregate Debt Service. Finally, any remaining funds from the revenue fund are to be transferred into the project account. The RPS debt was paid out in 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

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

LEPA Unit 1 – Series 2013A:

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

Money in the receipts fund shall then be deposited into the sinking fund (debt service fund) to pay principal and interest on all bonds as they become due and payable and then to be used for maintenance of the debt service reserve fund to satisfy the reserve requirements for reserve secured bonds. After making the required payments into the operating account and sinking fund, the moneys in the receipts fund shall be used for the maintenance of the contingency fund.

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, 2023, all accounts requiring minimum balances were in compliance with the bond resolution.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(D) PROPERTY AND EQUIPMENT

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

	Beginning Balance 12/31/22	Additions	Disposals	Transfers	Ending Balance 12/31/23
Electric Plant	\$ 253,899,733	\$ -	\$ -	\$ -	\$ 253,899,733
Central Dispatch Facility	3,094,310	-	-	-	3,094,310
Non-Utility Property	1,518,185	-	-	-	1,518,185
Capacitor Bank	2,927,727	-	-	-	2,927,727
Right of Use Asset, Net	677,960	-	-	-	665,853
	<u>262,117,915</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,105,808</u>
Less: Accumulated Depreciation	(133,266,443)	(4,745,748)	-	-	(138,012,191)
Net Property and Equipment	<u>\$ 128,851,472</u>	<u>\$ (4,745,748)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,093,617</u>
Land	<u>\$ 99,928</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,928</u>
Construction					
Work in Progress:					
Rodemacher Plant	\$ 3,252,909	\$ 2,149,387	\$ -	\$ -	\$ 5,402,296
LEPA Unit 1 Plant	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Construction Work in Progress	<u>\$ 3,252,909</u>	<u>\$ 2,149,387</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,402,296</u>

Depreciation expense for the year ended December 31, 2023, was \$4,745,748.

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

Participants in the Rodemacher Unit No. 2 are liable for decommissioning costs upon termination of the Project. The Authority has no liability accrued for decommissioning costs at December 31, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(E) ELECTRIC REVENUE BONDS

On May 1, 2013, the Authority issued \$28,590,000 of Power Project Revenue Bonds (Rodemacher Unit No. 2), 2013 Series for environmental improvements at the Rodemacher power facility. The 2013 Series Bonds are payable solely from the revenues of the Authority and the funds pledged in accordance with the bond resolutions. These bonds were paid in full in 2023.

On October 13, 2013, the Authority issued \$120,770,000 of Power Project Revenue Bonds (LEPA Unit No. 1), 2013A Series for the construction of a 64 MW combined cycle combustion turbine electric generating unit. The 2013A Series Bonds are payable solely from the revenues of the Authority and the funds pledged in accordance with the bond resolutions. A portion of this debt was refunded using the proceeds of the 2021 Series Bonds issuance.

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

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

After issuance of the Series 2021A and 2021B bonds, a portion of the net proceeds of \$114,540,944 (after issuance costs of \$622,790, plus premium of \$183,406 were used to partially advance refund the Series 2013A bonds with a remaining principal amount of \$112,695,000 and an average interest rate of 4.125%. At December 31, 2021, the date of the advance refunding, \$8,365,000 of the Series 2013A is still outstanding on the Authority's records and \$104,330,000 is considered defeased. A portion of the net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the Authority's liabilities.

In 2021, the advance refunding was done in order to reduce debt payments overall. The refunding decreased the Authority's total debt service payments by approximately \$11.26 million. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$8,708,553.

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

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/23	Due Within One Year
Series Bond - 2013	\$ 3,540,000	\$ -	\$ 3,540,000	\$ -	\$ -
Series Bond - 2013A	5,715,000	-	2,785,000	2,930,000	2,930,000
Series Bond - 2021A	117,940,000	-	1,540,000	116,400,000	1,555,000
Series Bond - 2021B	4,165,000	-	135,000	4,030,000	140,000
	\$ 131,360,000	\$ -	\$ 8,000,000	\$ 123,360,000	\$ 4,625,000

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance.

Interest incurred and charged to expense totaled \$3,317,008.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(E) ELECTRIC REVENUE BONDS - continued

Revenue bonds outstanding at December 31, 2023, are as follows:

Purpose	Interest Rate	Issue Date	Balance 12/31/2023
Electric Revenue Bonds Series 2013A	3.00% - 5.25%	10/17/2013	\$ 2,930,000
Electric Revenue Bonds Series 2021A	3.24%	09/02/2021	116,400,000
Electric Revenue Bonds Series 2021B	2.50%	09/02/2021	<u>4,030,000</u>
Total Principal Outstanding on Revenue Bonds			\$ 123,360,000
Unamortized Bond Premium			<u>204,020</u>
Net Revenue Bonds Outstanding			<u>\$ 123,564,020</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31	Series 2013A			
	Principal	Interest		
2024	\$ 2,930,000	\$ 76,913		
Totals	<u>\$ 2,930,000</u>	<u>\$ 76,913</u>		
Year Ending December 31	Series 2021A		Series 2021B	
	Principal	Interest	Principal	Interest
2024	\$ 1,555,000	\$ 3,026,156	\$ 140,000	\$ 106,963
2025	4,595,000	2,990,900	145,000	101,263
2026	4,655,000	2,929,219	150,000	95,362
2027	4,730,000	2,856,583	155,000	89,263
2028	4,815,000	2,772,979	165,000	83,688
2029-2033	25,625,000	12,313,325	900,000	341,013
2034-2038	29,045,000	8,893,642	1,000,000	227,228
2039-2043	33,915,000	4,023,853	1,130,000	102,203
2044-2046	<u>7,465,000</u>	<u>121,120</u>	<u>245,000</u>	<u>3,062</u>
Totals	<u>\$ 116,400,000</u>	<u>\$ 39,927,777</u>	<u>\$ 4,030,000</u>	<u>\$ 1,150,045</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(E) ELECTRIC REVENUE BONDS - continued

Year Ending December 31	Total		Total
	Principal	Interest	
2024	\$ 4,625,000	\$ 3,210,032	\$ 7,835,032
2025	4,740,000	3,092,163	7,832,163
2026	4,805,000	3,024,582	7,829,582
2027	4,885,000	2,945,845	7,830,845
2028	4,980,000	2,856,667	7,836,667
2029-2033	26,525,000	12,654,338	39,179,338
2034-2038	30,045,000	9,120,870	39,165,870
2039-2043	35,045,000	4,126,056	39,171,056
2044-2046	7,710,000	124,182	7,834,182
Totals	<u>\$ 123,360,000</u>	<u>\$ 41,154,735</u>	<u>\$ 164,514,735</u>

(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 are recorded at cost of \$738,492, less accumulated amortization of \$72,639. Land rent expense in the amount of \$20,787 is included in the statement of revenues and expenditures for the year ended December 31, 2023.

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

<u>Years Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,010	\$ 20,978
2025	5,104	20,883
2026	5,317	20,670
2027	5,479	20,508
2028	5,646	20,342
2029-2033	30,794	99,143
2034-2038	35,836	94,102
2039-2043	41,630	88,309
2044-2046	48,360	81,578
2047-2053	56,139	73,799
2054-2058	65,263	64,672
2058-2063	75,816	54,121
2064-2068	88,075	41,862
2069-2073	102,306	27,632
2074-2078	118,868	11,068
	<u>\$ 689,643</u>	<u>\$ 739,667</u>

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN

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

The employer pension schedules for the Municipal Employees’ Retirement System of Louisiana are prepared using the accrual basis of accounting. Members’ earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member’s earnable compensation is attributed to the employer for which the member is employed as of December 31, 2023.

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

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

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

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

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN - continued

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.

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.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN – continued

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.

Employer Contributions - According to state statute, contributions for all employers are actuarially determined each year. For the year ending June 30, 2023, the employer contribution rate was 29.50% of member's earnings for Plan A.

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.

Schedule of Employer Allocations – The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN - continued

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort to the plan for the current fiscal year. The employers' contribution effort was based on actual employer contributions made to the System for the fiscal year ended June 30, 2023.

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2023, the Authority reported a liability of \$3,213,744 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the Authority's proportion was 0.879306%, which was an decrease of 0.049458% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Authority recognized pension expense of \$427,419 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$(7,792).

At December 31, 2023, 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	\$ 2,158	\$ 29,388
Net Difference between Projected and Actual Investment		
Earnings on Pension Plan Investments	369,295	-
Change of Assumptions	-	-
Change in Proportion and Differences between the Employers		
Contributions and the Employers Proportionate Share of the Contributions	(10,578)	113,190
Employer Contributions Subsequent to the Measurement Date	260,397	-
	<u>\$ 621,272</u>	<u>\$ 142,578</u>

Deferred outflows of resources of \$260,397 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(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	
12/31/2023	\$ 33,342
12/31/2024	\$ (51,654)
12/31/2025	\$ 260,115
12/31/2026	\$ (23,507)

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

The components of the net pension liability of the System's employers as of June 30, 2023, are as follows:

	PLAN A
Total Pension Liability	\$ 1,327,096,530
Plan Fiduciary Net Position	<u>961,610,161</u>
Total Net Pension Liability	<u>\$ 365,486,369</u>

(The remainder of this page was intentionally left blank.)

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN - continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases:	
- 1 to 4 years of service	6.4% for Plan A
- More than 4 years of service	4.5% for Plan A
Annuity and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN - continued

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, 2023, are summarized in the following table:

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

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2023. 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, 2023:

	Plan A		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability	\$ 4,455,445	\$ 3,213,744	\$ 2,164,878

Change in Net Pension Liability - The changes in the net pension liability for the year ended June 30, 2023, were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of \$29,388 and a deferred outflow of \$2,158 for Plan A, for the year ended June 30, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(G) PENSION PLAN - continued

Differences between Projected and Actual Investment Earnings - Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources in the amount of \$369,295 for the year ended June 30, 2023.

Change of Assumptions - The changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of \$0 for Plan A, for the year ended June 30, 2023.

Change in Proportion - Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The changes in proportion resulted in deferred inflows of resources in the amount of \$113,190 for Plan A.

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

(H) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

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.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(H) COMMITMENTS AND CONTINGENCIES - continued

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, 2023, the Participants' respective shares of the capacity and energy of the Project are as follows:

	Entitlement Share (MW)	Percent Share (%)
City of Alexandria	55.26	52.83
Terrebonne Parish Consolidated Government	22.70	21.70
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>

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.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(H) COMMITMENTS AND CONTINGENCIES - continued

LEPA Unit 1 Power Contracts - continued

At December 31, 2023, 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
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, 2023, were \$1,089,674. Sales to one member city for the year ended December 31, 2023, were \$374,067.

Asset Retirement

The Authority's owners have agreed during the prior fiscal year to close the coal combustion and residual (CCR) ponds for Rodemacher Unit 2 and the Brame Energy Center. The Authority anticipates that the Rodemacher Unit 2 will cease operations by October 2027 through retirement or conversion to alternative fuels such as natural gas. The cost associated with this decision has not been determined; therefore, an asset retirement obligation has not been recorded in the financial statements as of December 31, 2023.

(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.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(J) CONCENTRATIONS

During 2023, 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, 2023:

Terrebonne Parish Consolidated Government	\$ 22,094,350
MISO	\$ 16,030,684
City of Alexandria	\$ 11,791,319
City of Morgan City	\$ 10,996,746

(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 2023.

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

A detail of compensation, benefits, and other payments paid to General Manager, for the year ended December 31, 2023.

	<u>Kevin Bihm</u>
Salary	\$ 156,520
Retirement	46,173
Insurance	20,557
Car Lease/Mileage	9,700
Travel/Conferences	-
Cell Phone	600
	<u>\$ 234,057</u>

(M) ENVIRONMENTAL REGULATIONS

Environmental Regulations

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

Air Quality

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

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(M) ENVIRONMENTAL REGULATIONS - continued

Water Quality

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

Solid Waste Disposal

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

(N) ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 establishes a definition for subscription-based information technology arrangements and provides a uniform guidance for accounting and financial reporting for transactions that meet that definition. The standard requires governments to report SBITAs as either a capital asset or an intangible asset and to disclose information relative to the terms of the arrangement. The Louisiana Energy and Power Authority adopted this standard in the year ended December 31, 2023. The implementation of this standard had no material effect on the entity's financial statements for the year ended December 31, 2023.

(O) NEW ACCOUNTING PRONOUNCEMENTS

As of December 31, 2023, 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 99, Omnibus 2022 - the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will take effect for financial statements starting with the fiscal year ending June 30, 2024.

GASB Statement 100, Accounting Changes and Error Corrections an amendment to GASB Statement No. 62 - this primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

GASB Statement 101, Compensated Absences - this Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

(O) NEW ACCOUNTING PRONOUNCEMENTS- *continued*

GASB Statement 102, *Certain Risk Disclosures* – the requirements of this statement will improve financial reporting by providing users of financial statements with essential information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The Statement will take effect for fiscal years beginning after June 15, 2024.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for the fiscal year ending December 31, 2023.

(P) SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 12, 2024, the date which these financial statements were available to be issued.

In January 2024, the Authority entered into a contract with a coal supplier for delivery of coal to the Rodemacher facility for the period January 1, 2024, to December 31, 2024. Under the contract, the Authority will purchase from the contracted party a minimum of 108,000 tons at \$13.75 per ton (\$1,485,000).

In June 2024, the Authority entered into a contract with a coal supplier for delivery of coal to the Rodemacher facility for the period July 1, 2024, to December 31, 2024. Under the contract, the Authority will purchase from the contracted party a minimum of 108,000 tons at \$13.25 per ton (\$1,431,000).

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA ENERGY AND POWER AUTHORITY

**SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2023**

Year ended December 31,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.475994%	\$ 5,272,482	\$ 2,635,628	200.0%	66.18%
2016	1.062733%	\$ 4,355,835	\$ 2,013,015	216.4%	62.11%
2017	1.046242%	\$ 4,376,871	\$ 1,870,608	234.0%	62.49%
2018	1.053731%	\$ 4,363,162	\$ 1,890,766	230.8%	63.94%
2019	1.045675%	\$ 4,369,524	\$ 1,975,436	221.2%	64.68%
2020	0.906911%	\$ 3,920,948	\$ 1,876,119	209.0%	64.52%
2021	0.905384%	\$ 2,518,330	\$ 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%

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

LOUISIANA ENERGY AND POWER AUTHORITY

**SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023**

<u>Year ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2015	\$ 520,537	\$ 497,535	\$ 23,002	\$ 2,635,628	18.88%
2016	\$ 457,961	\$ 374,880	\$ 83,081	\$ 2,013,015	18.62%
2017	\$ 462,975	\$ 435,177	\$ 27,798	\$ 1,870,608	23.26%
2018	\$ 491,599	\$ 476,144	\$ 15,455	\$ 1,890,766	25.18%
2019	\$ 548,183	\$ 503,294	\$ 44,889	\$ 1,975,436	25.48%
2020	\$ 553,455	\$ 481,018	\$ 72,437	\$ 1,876,119	25.64%
2021	\$ 520,621	\$ 528,879	\$ (8,258)	\$ 1,764,818	29.97%
2022	\$ 534,091	\$ 522,263	\$ 11,828	\$ 1,810,478	28.85%
2023	\$ 539,415	\$ 521,354	\$ 18,061	\$ 1,828,524	28.51%

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

**SUPPLEMENTAL INFORMATION
SUPPORTING SCHEDULES**

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Funds Held by Trustee					
	Rodemacher Project					
	Reserve and Contingency Fund		Debt Service Fund			
	Renewal and Replacement Fund	Contingency Fund	RPS2 Revenue Fund	LEPA 13 Escrow Fund	Debt Service Reserve Fund	Revenue Fund
Fund Balances at December 31, 2022	\$ 1,469,393	\$ 1,144,919	\$ -	\$ 3,628,591	\$ -	\$ 1,205,208
Receipts from Other Funds	2,061,108	5,129,102	8,325,832	-	-	4,190,577
Disbursements to Other Funds	(1,556,052)	(1,237,673)	(17,508,494)	(38,861)	-	(11,831,359)
Receipts from Participants	-	-	9,384,681	-	-	6,362,373
Capital Expenditures	(2,002,613)	(977,053)	-	-	-	-
Receipts of Investment Income	28,164	88,379	26,505	38,770	-	15,815
Payment of Bond Interest	-	-	-	(88,500)	-	-
Payment of Bond Principal	-	-	-	(3,540,000)	-	-
Other Receipts (Disbursements)	-	-	124,333	-	-	57,386
Fund Balances at December 31, 2023	<u>\$ -</u>	<u>\$ 4,147,674</u>	<u>\$ 352,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances at December 31, 2023 are comprised of:						
Cash	\$ -	\$ -	\$ 352,857	\$ -	\$ -	\$ -
Temporary Cash Investments	-	4,147,674	-	-	-	-
	<u>\$ -</u>	<u>\$ 4,147,674</u>	<u>\$ 352,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LOUISIANA ENERGY AND POWER AUTHORITY

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Funds Held by Trustee

LEPA Unit 1 Project

Reserve and Contingency Fund

	Renewal and Replacement Fund	Contingency Fund	Debt Service Fund	Revenue Fund	LEPA 1 Project Fund	LEPA 1 Debt Service Reserve
Fund Balances at December 31, 2022	\$ 499,500	\$ 572,542	\$ 1,578,571	\$ 844,409	\$ 32,257	\$ 3,930,287
Receipts from Other Funds	863,597	240,000	9,235,685	9,631,246	-	-
Disbursements to Other Funds	(1,379,767)	(837,370)	(115,194)	(22,010,108)	(1,562)	(190,340)
Receipts from Participants	-	-	-	11,996,588	-	-
Capital Expenditures	-	-	-	-	-	-
Receipts of Investment Income	16,670	24,828	107,379	28,087	1,472	179,391
Payment of Bond Interest	-	-	(1,725,465)	-	-	-
Payment of Bond Principal	-	-	(6,108,336)	-	-	-
Other Receipts (Disbursements)	-	-	-	4,672	-	-
Fund Balances at December 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,972,640</u>	<u>\$ 494,894</u>	<u>\$ 32,167</u>	<u>\$ 3,919,338</u>
Fund Balances at December 31, 2023 are comprised of:						
Cash	\$ -	\$ -	\$ -	\$ 494,894	\$ -	\$ -
Temporary Cash Investments	-	-	2,972,640	-	32,167	3,919,338
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,972,640</u>	<u>\$ 494,894</u>	<u>\$ 32,167</u>	<u>\$ 3,919,338</u>

LOUISIANA ENERGY AND POWER AUTHORITY

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Funds Held by the Authority

	Rodemacher Project		Other			TOTAL
	Operations and Maintenance Trust	Project Account	Other Revenue Fund	LEPA 1 Operating Account	Contract Operations Account	
Fund Balances at December 31, 2022	\$ 479	\$ 1,815,899	\$ 4,093,714	\$ 309,139	\$ 177,673	\$ 21,302,581
Receipts from Other Funds	20,311,079	9,715,883	7,498,419	14,156,534	7,189,397	98,548,459
Disbursements to Other Funds	(26,092)	(7,567,858)	(32,851,780)	(6,005,577)	-	(103,158,087)
Receipts from Participants	-	-	57,835,021	-	-	85,578,663
Capital Expenditures	(13,768,628)	-	(3,057,392)	-	-	(19,805,686)
Receipts of Investment Income	24,890	76,512	-	-	-	656,862
Payment of Bond Interest	-	-	-	-	-	(1,813,965)
Payment of Bond Principal	-	-	-	-	-	(9,648,336)
Other Receipts (Disbursements)	(4,694,785)	33,861	(30,784,087)	(7,358,994)	(7,188,686)	(49,806,300)
Fund Balances at December 31, 2023	<u>\$ 1,846,943</u>	<u>\$ 4,074,297</u>	<u>\$ 2,733,895</u>	<u>\$ 1,101,102</u>	<u>\$ 178,384</u>	<u>\$ 21,854,191</u>
Fund Balances at December 31, 2023 are comprised of:						
Cash	\$ 1,846,943	\$ 4,074,297	\$ 2,733,895	\$ 1,101,102	\$ 178,384	\$ 10,782,372
Temporary Cash Investments	-	-	-	-	-	11,071,819
	<u>\$ 1,846,943</u>	<u>\$ 4,074,297</u>	<u>\$ 2,733,895</u>	<u>\$ 1,101,102</u>	<u>\$ 178,384</u>	<u>\$ 21,854,191</u>

LOUISIANA ENERGY AND POWER AUTHORITY

**COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2023**

ASSETS	<u>Rodemacher Unit 2</u>	<u>LEPA Unit 1</u>	<u>Other</u>	<u>Eliminations</u>	<u>Combined</u>
CURRENT ASSETS					
Cash	\$ 6,274,097	\$ 1,595,996	\$ 2,912,279	\$ -	\$ 10,782,372
Accounts Receivable	(478,793)	195,539	6,901,149	(2,801,046)	3,816,849
Fuel Inventory	6,842,917	-	-	-	6,842,917
Accrued Interest Receivable	40,542	34,043	-	-	74,585
Prepaid Expenses	-	-	348,451	-	348,451
Total Current Assets	<u>12,678,763</u>	<u>1,825,578</u>	<u>10,161,879</u>	<u>(2,801,046)</u>	<u>21,865,174</u>
NON-CURRENT ASSETS					
RESTRICTED ASSETS					
Cash					
Renewal and Replacement	-	-	-	-	-
Contingency	4,147,674	-	-	-	4,147,674
Debt Service	-	6,891,978	-	-	6,891,978
Project Funds	-	32,167	-	-	32,167
Total Restricted Assets	<u>4,147,674</u>	<u>6,924,145</u>	<u>-</u>	<u>-</u>	<u>11,071,819</u>
PROPERTY, PLANT AND EQUIPMENT					
Utility Plant	132,924,680	126,377,349	-	-	259,302,029
Central Dispatch Facility	-	-	3,194,238	-	3,194,238
Capacitor Bank	-	-	2,927,727	-	2,927,727
Non-Utility Property	-	-	1,518,185	-	1,518,185
Right of Use Asset, Net	-	-	665,853	-	665,853
Total	132,924,680	126,377,349	8,306,003	-	267,608,032
Less: Accumulated Depreciation	<u>(112,522,894)</u>	<u>(19,335,417)</u>	<u>(6,153,880)</u>	<u>-</u>	<u>(138,012,191)</u>
Net Property, Plant and Equipment	<u>20,401,786</u>	<u>107,041,932</u>	<u>2,152,123</u>	<u>-</u>	<u>129,595,841</u>
Total Non-Current Assets	<u>24,549,460</u>	<u>113,966,077</u>	<u>2,152,123</u>	<u>-</u>	<u>140,667,660</u>
TOTAL ASSETS	<u>37,228,223</u>	<u>115,791,655</u>	<u>12,314,002</u>	<u>(2,801,046)</u>	<u>162,532,834</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources - Loss on Bond Refunding	-	5,248,659	-	-	5,248,659
Deferred Outflows of Resources - Pensions	-	-	621,272	-	621,272
Total Deferred Outflows of Resources	<u>-</u>	<u>5,248,659</u>	<u>621,272</u>	<u>-</u>	<u>5,869,931</u>

LOUISIANA ENERGY AND POWER AUTHORITY

**COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2023**

LIABILITIES AND NET POSITION	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
CURRENT LIABILITIES					
Accounts Payable	\$ 3,553,411	\$ 1,803,685	\$ 3,953,136	\$ (2,801,046)	\$ 6,509,186
Due to Other Governments	8,771,010	-	-	-	8,771,010
Accrued Interest Payable	-	-	20,919	-	20,919
Current Portion of Lease Payable	-	-	5,010	-	5,010
Total Current Liabilities	<u>12,324,421</u>	<u>1,803,685</u>	<u>3,979,065</u>	<u>(2,801,046)</u>	<u>15,306,125</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Accrued Interest Payable	-	274,722	-	-	274,722
Current Portion of Revenue Bonds Payable	-	4,625,000	-	-	4,625,000
Total Current Liabilities Payable From Restricted Assets	<u>-</u>	<u>4,899,722</u>	<u>-</u>	<u>-</u>	<u>4,899,722</u>
NON-CURRENT LIABILITIES					
Revenue Bonds Payable	-	118,735,000	-	-	118,735,000
Unamortized Premium	-	204,020	-	-	204,020
Lease Liability	-	-	684,633	-	684,633
Accrued Compensated Absences	-	91,113	217,884	-	308,997
Net Pension Liability	-	-	3,213,744	-	3,213,744
Total Non-Current Liabilities	<u>-</u>	<u>119,030,133</u>	<u>4,116,261</u>	<u>-</u>	<u>123,146,394</u>
TOTAL LIABILITIES	<u>12,324,421</u>	<u>125,733,540</u>	<u>8,095,326</u>	<u>(2,801,046)</u>	<u>143,352,241</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Pensions	-	-	142,578	-	142,578
FUND NET POSITION					
Net Investment in Capital Assets	20,401,786	(16,796,809)	2,152,123	-	5,757,100
Restricted for Debt Service	-	2,972,640	-	-	2,972,640
Unrestricted	4,502,016	9,130,943	2,545,247	-	16,178,206
TOTAL FUND NET POSITION	<u>\$ 24,903,802</u>	<u>\$ (4,693,226)</u>	<u>\$ 4,697,370</u>	<u>\$ -</u>	<u>\$ 24,907,946</u>

LOUISIANA ENERGY AND POWER AUTHORITY

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Rodemacher Unit 2</u>	<u>LEPA Unit 1</u>	<u>Other</u>	<u>Eliminations</u>	<u>Combined</u>
OPERATING REVENUES					
Power Sales	\$ 22,008,934	\$ 18,596,630	\$ 55,299,870	\$ (3,375,808)	\$ 92,529,626
OPERATING EXPENSES					
Cost of Power Produced	15,179,628	11,491,589	19,656	-	26,690,873
Power Purchased	-	-	46,338,622	(3,375,808)	42,962,814
Transmission Costs	4,080,790	-	6,628,090	-	10,708,880
General and Administrative	10,250	75,171	1,886,524	-	1,971,945
Depreciation	-	4,556,250	189,498	-	4,745,748
Total Operating Expenses	<u>19,270,668</u>	<u>16,123,010</u>	<u>55,062,390</u>	<u>(3,375,808)</u>	<u>87,080,260</u>
Operating Income	<u>2,738,266</u>	<u>2,473,620</u>	<u>237,480</u>	<u>-</u>	<u>5,449,366</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	288,813	374,273	21,686	-	684,772
Interest Expense	-	(3,296,030)	(20,978)	-	(3,317,008)
Amortization of Loss on Reaquired Debt	-	(258,127)	-	-	(258,127)
Gain (Loss) on Disposition of Allowance	(53,248)	-	-	-	(53,248)
Nonemployer Pension Contribution	-	-	66,148	-	66,148
Other	<u>(867,529)</u>	<u>(597,830)</u>	<u>1,471,027</u>	<u>-</u>	<u>5,668</u>
Total Non-Operating Revenues (Expenses)	<u>(631,964)</u>	<u>(3,777,714)</u>	<u>1,537,883</u>	<u>-</u>	<u>(2,871,795)</u>
CHANGE IN FUND NET POSITION	2,106,302	(1,304,094)	1,775,363	-	2,577,571
FUND NET POSITION, BEGINNING	<u>22,797,500</u>	<u>(3,389,132)</u>	<u>2,922,007</u>	<u>-</u>	<u>22,330,375</u>
FUND NET POSITION, ENDING	<u>\$ 24,903,802</u>	<u>\$ (4,693,226)</u>	<u>\$ 4,697,370</u>	<u>\$ -</u>	<u>\$ 24,907,946</u>

Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Louisiana Energy and Power Authority (Authority), as of and for the year December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Energy and Power Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Questioned Costs as item 2023-001.

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.

Darnall, Sikes & Frederick
(A Corporation of Certified Public Accountants)

September 12, 2024
Lafayette, Louisiana

LOUISIANA ENERGY AND POWER AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

We have audited the financial statements of the Louisiana Energy and Power Authority as of and for the year ended December 31, 2023, and have issued our report thereon dated September 12, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by Comptroller General of the United States. Our audit of the financial statements as of December 31, 2023, resulted in an unmodified opinion.

Section I – Summary of Auditors’ Reports

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

Internal Control

Material Weaknesses	___ Yes	_x_ No
Control Deficiency	___ Yes	_x_ No

Compliance

Compliance Material to Financial Statements	___ Yes	_x_ No
---	---------	--------

Section II – Financial Statement Findings

Finding No. 2023-001 - Late Filing

Fiscal Year Finding Initially Occurred: 2022

Statement of 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.

Criteria:

The Authority should adhere to the Louisiana Revised Statutes.

Cause of Condition:

The Authority experienced the loss of key accounting personnel and difficulty in finding qualified replacements for these positions which hindered the ability to close the books in a timely manner during 2022 and the learning curve of the staff delayed the closing of 2023 as well.

Effect of Condition:

The Authority is not in compliance with state law.

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.

Section III – Federal Award Findings and Questioned Costs.

This section is not applicable for the year ended December 31, 2023.

LOUISIANA ENERGY AND POWER AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Finding No. 2022-001 - Late Filing

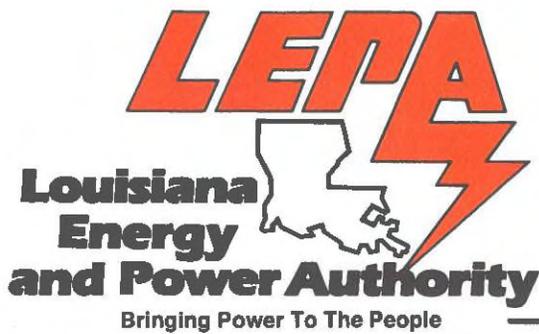
Fiscal Year Finding Initially Occurred: 2022

Statement of 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, 2022, fiscal year end.

Follow Up:

Unresolved – see current year finding 2023-001.



**MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2023**

Louisiana Legislative Auditor

Louisiana Energy and Power Authority respectfully submits the following corrective action plan for the year ended December 31, 2023.

Finding No. 2023-001 – Late Filing

Fiscal Year Finding Initially Occurred: 2023

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.

Management's Corrective Action Plan:

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.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Kevin Bihm, General Manager.

Sincerely,

A handwritten signature in blue ink that reads "Kevin W. Bihm".

Kevin Bihm
General Manager
Louisiana Energy and Power Authority

LOUISIANA ENERGY AND POWER AUTHORITY
Lafayette, Louisiana

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Year Ended December 31, 2023



**DARNALL SIKES
& FREDERICK**

A CORPORATION OF CERTIFIED
PUBLIC ACCOUNTANTS



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners and Management of
Louisiana Energy and Power Authority
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023, through December 31, 2023. Louisiana Energy and Power Authority's management is responsible for those control and compliance areas identified in the SAUPs.

Louisiana Energy and Power Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, 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 and associated findings are as follows:

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.
Written policies and procedures were obtained and do address the functions noted above.
 - 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.
Written policies and procedures were obtained and do address the functions noted above.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Written policies and procedures were obtained and do address the functions noted above.
 - 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).
Written policies and procedures were obtained and do address the functions noted above.

- 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.
Written policies and procedures were obtained and do address the functions noted above.
- 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.
Written policies and procedures were obtained and do address the functions noted above.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and do address the functions noted above.
- 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).
Written policies and procedures were obtained and do address the functions noted above.
- 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.
Written policies and procedures were obtained and do address the functions noted above.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do address the functions noted above.
- 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.
Written policies and procedures were obtained and do address the functions noted above.
- 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.
Written policies and procedures were obtained and do address the functions noted above.

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
 - 1. Observe that 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 exceptions 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, at a minimum, on proprietary funds, and semi-annual budget- to-actual, 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.*

No exceptions noted.

- 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.

No exceptions noted.

- 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.

Obtained the prior year audit report and observed that there were no audit findings

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:

Obtained listing of bank accounts from management and management's representation that the listing was complete.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged):
No exceptions 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 one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
No exceptions 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 exceptions noted.

4) Collections (excluding electronic funds transfers)

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

Obtained listing of deposit sites and management's representation that the listing was complete.

- 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

Obtained listing of collection locations from management and management's representation that the listing was complete

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

No exceptions noted.

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

No exceptions 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 exceptions noted.

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

No exceptions 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.

No exceptions noted.

- 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.*

- E. Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions 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 exceptions noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions 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).
Obtained listing of locations that process payments and management's representation that the listing was complete.
- B. For each location selected under procedure #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
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase:
No exceptions noted.
 - ii. At least two employees are involved in processing and approving payments to vendors:
No exceptions noted.
 - iii. The employee responsible for processing payments is prohibited from adding modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files:
No exceptions noted.
 - iv. Either the employee official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
No exceptions 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 exceptions noted.
- C. For each location selected under procedure #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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted

- ii. Observe whether the disbursement documentation included evidence (e.g., initial date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted

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

No exceptions 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.

Obtained listing of active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers and the names of the persons who maintained possession of the cards, and management's representation that the listing was complete.

- 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

- 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 exceptions noted

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

No exceptions noted

- C. Using the monthly statements or combined statements selected under procedure #7B 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.

No exceptions noted.

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:

Obtained listing of travel and travel-related expense reimbursements and management’s representation that the listing was complete.

- 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);

No exceptions noted

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

No exceptions 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 exceptions noted.

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

No exceptions 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

Obtained listing of all contracts in effect and management’s representation that the listing was complete.

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

No exceptions noted.

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

No exceptions 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 exceptions 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 exceptions noted.

9) Payroll and Personnel

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

Obtained listing of employees and management's representation that the listing was complete. Authorized salaries/pay rates traced to personnel files without exception.

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

1. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory):

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions noted.

- 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 exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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 exceptions 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 exceptions noted.

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

No exceptions noted.

11) Debt Service

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

No exceptions 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).

No exceptions 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 misappropriations of public funds or assets noted.

- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523 I concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions 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 procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management

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

Of the 5 selected employees, 1 had not obtained the cyber security training as of the date of this report.

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 exceptions 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:

No exceptions noted.

- i. Number and percentage of public servants in the agency who have completed the training requirements,
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred,
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

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 American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the 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.

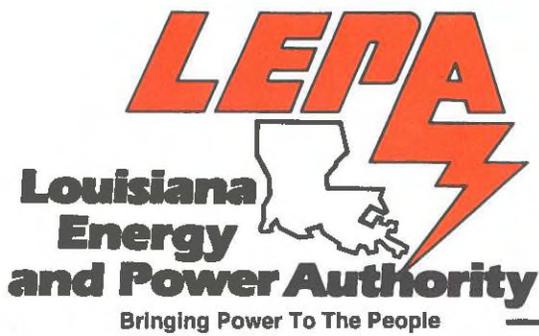
This report is intended solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana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

Darnall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

September 20, 2024



September 12, 2024

Darnall, Sikes & Frederick
A Corporation of Certified Public Accountants
2000 Kaliste Saloom Rd., Suite 300
Lafayette, LA 70508

The following is Management's response to the 2023 agreed upon procedures report submitted.

INFORMATION TECHNOLOGY DISASTER RECOVERY/BUSINESS CONTINUITY

13. c) - Management is currently reviewing all records to identify any employee who has not taken the training and have completed soon.

If any additional information is needed, please contact me.

A handwritten signature in blue ink, which appears to read "Kevin W. Bihm".

Kevin W. Bihm
General Manager