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LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED
GOVERNMENT OF LAFAYETTE, LOUISIANA

ANNUAL FINANCIAL REPORT AND
SUPPLEMENTARY INFORMATION

YEARS ENDED OCTOBER 31, 1999 AND 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 19 2000

LAFAYETTE PUBLIC POWER AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lafayette Public Power Authority
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements of the Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana, as of October 31, 1999 and 1998, and for the years then ended. These financial statements are the responsibility of the Lafayette Public Power Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our report dated January 12, 1999, we qualified our opinion on the 1998 general purpose financial statements because insufficient audit evidence existed to support Lafayette Public Power Authority's disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures About Year 2000 Issues*. As of the date of this report, the requirements of the Technical bulletin are no longer relevant and, therefore, the disclosures have been properly removed from these financial statements. Accordingly, our present opinion of the 1998 financial statements, as expressed herein, is different from our prior report on the 1998 financial statements.

In our opinion, the general-purpose financial statements referred above present fairly, in all material respects, the financial position of Lafayette Public Power Authority, as of October 31, 1999 and 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Lafayette Public Power Authority. Such information has been subjected to the auditing procedures applied in the audit of the

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general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2000, on our consideration of the Lafayette Public Power Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

WRIGHT, MOORE, DEHART,
DUPUIS & HUTCHINSON, L.L.C.
Lafayette, Louisiana

January 27, 2000

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

BALANCE SHEETS
OCTOBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,435,869	\$ 8,505,108
Accounts Receivable		
Other Accounts Receivable	20,394	71,908
Accrued Interest Receivable	116	1,074
Inventory	9,820,177	5,163,672
Prepaid Insurance	<u>6,535</u>	<u>5,993</u>
Total Current Assets	<u>13,283,091</u>	<u>13,747,755</u>
RESTRICTED ASSETS		
Cash with Paying Agent	12,786,103	12,548,239
Cash		
Bond Reserve	15,595	539,942
Reserve and Contingency	515,788	509,975
Fuel Cost Stability	18,613	16,100
Investments (Net of Unamortized Premiums and Discounts)		
Bond Reserve	16,184,121	15,952,321
Reserve and Contingency	975,152	988,827
Fuel Cost Stability	4,537,455	4,705,043
Accrued Interest Receivable		
Bond Reserve	164,675	186,987
Reserve and Contingency	13,067	14,048
Fuel Cost Stability	<u>46,943</u>	<u>39,000</u>
Total Restricted Assets	<u>35,257,512</u>	<u>35,500,482</u>
DEFERRED CHARGES		
Costs to be Recovered Through Future Billings	16,595,871	19,158,009
Preliminary Survey (Aluminum Railcars)	32,406	-
Unamortized Debt Expense	<u>791,349</u>	<u>873,895</u>
Total Deferred Charges	<u>17,419,626</u>	<u>20,031,904</u>
PROPERTY, PLANT AND EQUIPMENT		
Plant in Service	152,274,296	152,368,372
Construction in Process	<u>68,145</u>	<u>233,512</u>
	152,342,441	152,601,884
Less: Accumulated Depreciation	<u>(81,936,547)</u>	<u>(77,201,531)</u>
Net Property, Plant and Equipment	<u>70,405,894</u>	<u>75,400,353</u>
TOTAL ASSETS	<u>\$136,366,123</u>	<u>\$144,680,494</u>

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

BALANCE SHEETS
OCTOBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 377,277	\$ 1,382,353
Due to City of Lafayette Utilities System	422,357	255,654
Due to the Lafayette Consolidated Government	<u>47,024</u>	<u>44,270</u>
Total Current Liabilities	<u>846,658</u>	<u>1,682,277</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued Interest Payable	3,566,103	3,798,238
Current Portion of Revenue Bonds Payable	<u>9,220,000</u>	<u>8,750,000</u>
Total Current Liabilities Payable From Restricted Assets	<u>12,786,103</u>	<u>12,548,238</u>
NONCURRENT LIABILITIES		
Revenue Bonds Payable	131,835,000	141,055,000
Less: Unamortized Discount	(1,645,396)	(1,808,782)
Less: Unamortized Loss on Reacquired Debt	<u>(15,093,608)</u>	<u>(16,605,356)</u>
Total Noncurrent Liabilities	<u>115,095,996</u>	<u>122,640,862</u>
Total Liabilities	<u>128,728,757</u>	<u>136,871,377</u>
FUND EQUITY		
Retained Earnings-Reserved	<u>7,637,366</u>	<u>7,809,117</u>
Total Fund Equity	<u>7,637,366</u>	<u>7,809,117</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$136,366,123</u>	<u>\$144,680,494</u>

The Accompanying Notes are an Integral Part of These Statements.

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
OPERATING REVENUES		
Sales of Electric Energy-Lafayette Consolidated Government	\$ <u>39,749,420</u>	\$ <u>41,866,263</u>
OPERATING EXPENSES		
Production	23,639,528	26,400,941
Transmission	156,107	148,278
Administrative and General	2,445,030	2,035,606
Depreciation	5,002,990	5,001,815
Less: Depreciation to be Recovered From Future Billings	<u>(520,844)</u>	<u>(520,844)</u>
Total Operating Expenses	<u>30,722,811</u>	<u>33,065,796</u>
Operating Income	<u>9,026,609</u>	<u>8,800,467</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	1,779,459	2,031,929
Interest Expense	(6,755,190)	(7,168,913)
Amortization of Debt Expense	(82,547)	(83,428)
Amortization of Loss on Reacquired Debt	(1,511,749)	(1,521,321)
Gain (Loss) on Disposition of Fixed Assets	130,699	(10,002)
Loss on Investments	(374,642)	176,355
Costs Recovered Through Billings to Lafayette Consolidated Government	(8,521,409)	(8,086,789)
Costs to be Recovered Through Future Billings to Lafayette Consolidated Government	<u>6,137,019</u>	<u>6,125,391</u>
Total Non-Operating Revenues (Expenses)	<u>(9,198,360)</u>	<u>(8,536,778)</u>
NET INCOME (LOSS)	(171,751)	263,689
RETAINED EARNINGS, BEGINNING OF YEAR	<u>7,809,117</u>	<u>7,545,428</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 7,637,366</u>	<u>\$ 7,809,117</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT
OF LAFAYETTE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Income	\$ 9,026,609	\$ 8,800,467
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	4,482,146	4,480,971
Debt Service on Coal Cars in Inventory	1,238,991	1,238,991
Changes in Assets and Liabilities		
Accounts Receivable	51,514	(59,061)
Accrued Interest Receivable	958	(1,074)
Inventory	(4,656,505)	2,793,954
Prepaid Insurance	(542)	(492)
Accounts Payable	(1,005,076)	604,178
Due to Other Governments	<u>169,457</u>	<u>(292,918)</u>
Net Cash Provided by Operating Activities	<u>9,307,552</u>	<u>17,565,016</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Payments	(8,750,000)	(8,355,000)
Interest Paid	(7,364,339)	(7,796,618)
Purchase and Construction of Fixed Assets	(207,403)	(205,880)
Proceeds on Disposition of Fixed Assets	<u>297,166</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities	<u>(16,024,576)</u>	<u>(16,357,498)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments-net	(425,181)	912,711
Interest Received	<u>1,794,809</u>	<u>2,057,958</u>
Net Cash Provided by Investing Activities	<u>1,369,628</u>	<u>2,970,669</u>
NET INCREASE (DECREASE) IN CASH	(5,347,396)	4,178,187
Cash-Beginning of Year		
(including restricted cash of \$13,614,256 and \$12,463,676 for 1999 and 1998, respectively)	<u>22,119,364</u>	<u>17,941,177</u>
Cash-End of Year		
(including restricted cash of \$13,336,099 and \$13,614,256 for 1999 and 1998, respectively)	<u>\$ 16,771,968</u>	<u>\$ 22,119,364</u>

The Accompanying Notes are an Integral Part of These Statements

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Annually the Consolidated Government of Lafayette, Louisiana issues general purpose financial statements which should include presentation of the activities contained in the accompanying financial statements.

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

LAFAYETTE PUBLIC POWER AUTHORITY
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LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Accounting - continued

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

Costs to be Recovered from Future Billings - The power sales contract with the City of Lafayette provides for billings to the City for output and services of the project to provide for payment of current operating expenses, payment of debt principal and interest (debt service) and deposits in certain funds, all in compliance with the Bond resolutions. Net costs in excess of the amounts currently billable to the City are to be recovered from future project revenues and are classified as a deferred charge. These net costs principally include depreciation of the utility plant in excess of debt principal billed to the City and certain interest charges and credits not currently reflected in the billings to the City.

Property and Equipment - Property and equipment are recorded at cost and include direct and overhead costs and the costs of funds borrowed by the Authority and used for construction purposes.

Depreciation of property and equipment is computed using the straight-line method over the expected service lives of the assets as follows:

	<u>Years</u>
Vehicles	8
Coal Cars	27
General Plant	40
Production Plant	31
Other	15

Investments - Investments are shown at fair value; except that U.S. Treasury and agency obligations that have a remaining maturity at the time of purchase of one year or less are shown at amortized cost.

Inventory - Coal Inventory is stated at the lower of cost or market as determined by the average cost method. Coal inventory amounted to \$8,172,966 representing 324,522 tons, and \$3,598,053 representing 162,122 tons at October 31, 1999 and 1998, respectively.

The spare parts and supplies inventory is stated at the lower of cost or market as determined by the average cost method and amounted to \$1,647,211 and \$1,565,619 at October 31, 1999 and 1998, respectively.

LAFAYETTE PUBLIC POWER AUTHORITY
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LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Unamortized Debt Expense - Debt expense incurred at bond issuance is capitalized and amortized over the life of the bonds using the sum of the bonds outstanding method.

Unamortized Loss on Reacquired Debt - Losses incurred upon refunding of debt are treated as deferred charges and amortized over the life of the new bonds issued. The 1985 and 1987 Refunding losses are being amortized equally over the life of the new issue based on Federal Energy Regulatory Commission Regulations. The 1993 and 1996 loss amortizations were calculated on the Interest Method based on Present Value of Principal outstanding in accordance with GASB Statement No. 23.

Retained Earnings-Reserved - Retained Earnings-Reserved are billings to the City which are deposited in the various accounts of the Authority and are subject to disposition in accordance with the provisions of the bond resolutions. Retained Earnings have not been restricted for amounts in the bond retirement accounts because these funds were established with bond proceeds and not from earnings.

Electric Revenue Bonds - Bonds outstanding are stated at face value less unamortized discount and unamortized loss on reacquired debt. The discount is amortized over the life of the bonds using the sum of the bonds outstanding method.

Salaries and Related Expenses - The Authority reimburses the Consolidated Government for salaries, benefits and related expenses of Consolidated Government employees who perform duties for LPPA. The Authority does not accrue a liability for vacation and sick-time benefits because it has no employees of its own. The Authority is not liable for compensated absences of employees of the Consolidated Government or CLECO who are associated with LPPA.

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

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.

(B) CASH AND INVESTMENTS

Cash and investments include bank balances and investments that at the balance sheet date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

LAFAYETTE PUBLIC POWER AUTHORITY
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LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(B) CASH AND INVESTMENTS - continued

The Authority's investments are categorized to indicate the level of risk assumed at October 31, 1999 and 1998. Category 1 includes investments that are insured or for which the securities are held by the Authority's agent in the Authority's name. All investments are Category 1 at October 31, 1999 and 1998.

During the years ended October 31, 1999 and 1998, 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. The increase (decrease) in the fair value of investments during the years ended October 31, 1999 and 1998 was \$(374,642) and \$176,355, respectively. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized gain (loss) on investments held at October 31, 1999 and 1998 was \$(42,024) and \$332,618, respectively.

The Authority is authorized to invest in the following:

1. Obligations of the United States Treasury, agencies and instrumentalities and the State of Louisiana, all of which are insured by the issuer.
2. Public Housing Bonds and Project Notes of public agencies and municipalities fully insured as to payment.
3. General obligation bonds which are nationally rated in the two highest categories.
4. Certificates of deposit which are insured by any of the above.

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

Under the terms of the ordinance authorizing and providing for the issuance of electric revenue bonds of the Authority to finance the acquisition of an ownership interest in a fossil fuel steam electric generating plant and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. 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 bond fund to pay principal and premium, if any, and interest on all bonds as they become due and payable and then applied to maintain in the bond fund reserve account an amount equal to the maximum

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NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

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

annual debt service requirement on all bonds (initially funded from bond proceeds). After making the required payments into the operating account and bond fund, there shall be paid out of the revenue fund into the reserve and contingency fund an amount equal to \$1,500,000 or such greater amount as may be determined by the consulting engineer; provided that there shall not be required to be paid therein during any month an amount in excess of twenty-five percent (25%) of the amounts required to be paid during such month to the bond fund. If on any October 31st following the date of commercial operation, the monies credited (or to be credited as of such date) to the revenue fund shall exceed the Authority's required amount of working capital for the operations of the plant, the amount of such excess shall be applied by the Authority (i) to reduce monthly power costs to the City of Lafayette under the power sales contract, (ii) to pay the cost of making repairs, renewals and replacements, additions, betterments and improvements to and extensions of the plant operations, (iii) to the purchase or redemption of bonds (iv) to any other purpose in connection with the plant operation, or (v) to any other lawful purpose of the Authority, including the payment of subordinated indebtedness.

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

(D) PROPERTY AND EQUIPMENT

A summary of property and equipment at October 31, 1999 and 1998, was as follows:

	<u>1999</u>	<u>1998</u>
Vehicles	\$ 744,967	\$ 744,967
Coal Cars	13,778,519	14,061,656
Electric Plant	137,548,846	137,359,785
Land	201,964	201,964
Construction in Process	68,145	233,512
Less: Accumulated Depreciation	<u>(81,936,547)</u>	<u>(77,201,531)</u>
	<u>\$ 70,405,894</u>	<u>\$ 75,400,353</u>

LAFAYETTE PUBLIC POWER AUTHORITY
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LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(E) ELECTRIC REVENUE BONDS

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance. Revenue bonds outstanding at October 31, 1999 and 1998, are as follows:

<u>Purpose</u>	<u>Issue Date</u>	<u>1999</u>	<u>1998</u>
Electric Revenue Refunding Serial Bonds Series 1987 4.00%-6.80%	03/01/87	\$ -	\$ 4,255,000
Electric Revenue Refunding Serial Bonds Series 1993 2.80%-5.25%	12/01/93	73,570,000	77,215,000
Electric Revenue Refunding Term Bonds Series 1993 5.25%	12/01/93	18,400,000	18,400,000
Electric Revenue Refunding Serial Bonds Series 1996 3.70%-6.00%	08/01/96	<u>49,085,000</u>	<u>49,935,000</u>
Total Principal Outstanding on Revenue Bonds		141,055,000	149,805,000
Unamortized Bond Discount		(1,645,396)	(1,808,782)
Unamortized Loss on Refunding		<u>(15,093,608)</u>	<u>(16,605,356)</u>
Net Revenue Bonds Outstanding		<u>\$124,315,996</u>	<u>\$131,390,862</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Years Ending October 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 9,220,000	\$ 6,931,889	\$ 16,151,889
2001	9,605,000	6,478,161	16,083,161
2002	8,405,000	6,022,252	14,427,252
2003	8,260,000	5,628,025	13,888,025
2004	8,670,000	5,228,420	13,898,420
2005-2009	50,925,000	18,984,119	69,909,119
2010-2013	<u>45,970,000</u>	<u>4,555,744</u>	<u>50,525,744</u>
	<u>\$141,055,000</u>	<u>\$53,828,610</u>	<u>\$194,883,610</u>

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NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(E) ELECTRIC REVENUE BONDS - continued

Prior Year Refunding

On September 5, 1996, the Authority issued \$50,910,000 in Electric Revenue Refunding Bonds dated August 1, 1996. The bond proceeds were used to refund in advance of maturity \$48,530,000 of its 1987 Series Electric Revenue Refunding Bonds. The 1987 bonds which were defeased by the 1996 refunding issue were called on November 1, 1997. Therefore, no bonds refunded by the 1996 issue are still outstanding.

The 1996 refunding resulted in a loss of \$3,419,616 which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1999 and 1998, was \$1,993,194 and \$2,353,974. The loss amortization for the 1999 and 1998 fiscal year was \$360,779 and \$357,982, respectively.

On December 14, 1993, the Authority issued \$112,525,000 in Electric Revenue Refunding Bonds dated December 1, 1993. The bond proceeds were used to refund in advance of maturity, \$77,730,000 of its 1977 Series Bonds, \$3,525,000 of the Series 1980 Refunding Bonds, and \$25,265,000 Series 1987 Refunding Bonds. All outstanding 1977 and 1980 Bonds were called on February 1, 1994. All 1987 bonds which were defeased by the 1993 refunding issue were called on November 1, 1997. Therefore, no bonds refunded by the 1993 issue are still outstanding.

The 1993 refunding resulted in a loss of \$6,473,016 which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1999 and 1998 was \$3,309,332 and \$3,708,845, respectively. The loss amortization for the 1999 and 1998 fiscal years was \$399,513 and \$411,883, respectively.

On April 16, 1987, the Authority issued \$88,045,000 in Electric Revenue Refunding Bonds dated March 1, 1987. The bond proceeds were used to refund in advance of maturity, \$31,085,000 of its 1980 Series Bonds and \$44,770,000 of its 1985 Series Bonds. All outstanding 1980 Bonds were called on November 1, 1989. The 1985 Series Bonds are defeased and were called during the 1996 fiscal year. Therefore, no bonds refunded by the 1987 issue are still outstanding.

The 1987 refunding resulted in a loss of \$12,402,558, which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1999 and 1998 was \$6,312,558 and \$6,798,140, respectively. The loss amortization for the 1999 and 1998 fiscal years was \$485,581 each year.

A \$7,718,607 loss, which resulted from the issuance of the Series 1985 Electric Revenue Refunding Bonds, is being amortized over the original life of the issue. The balance of unamortized loss at October 31, 1999 and 1998 was \$3,478,523 and \$3,744,397, respectively. The loss amortization for the 1999 and 1998 fiscal years was \$265,874 each year.

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF
LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(F) RECONCILIATION OF INCOME WITH BILLINGS

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

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

The following is a reconciliation of net income with billings for the years ended October 31, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Billing charges not treated as expenses for accounting purposes:		
Capital Items Additions	\$ 174,997	\$ 205,880
Accounting expenses not treated as charges for billing purposes:		
Depreciation of Capital Items	(102,807)	(108,544)
Unrealized Gain/Loss on Investment	(374,642)	176,355
Gain/Loss on Disposition of Property	<u>130,699</u>	<u>(10,002)</u>
Net Income (Loss)	<u>\$ (171,753)</u>	<u>\$ 263,689</u>

(G) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

The Authority has contracted with Jacob's Ranch to purchase its share of coal used in producing power at the Rodemacher Unit No. 2 facility. The purchase contract is for delivery of 34,000,000 tons of coal in total of which the Authority has a fifty percent (50%) interest. Therefore, the Authority has contracted to purchase a minimum of 17,000,000 tons over the term of the contract. Annual amounts are

LAFAYETTE PUBLIC POWER AUTHORITY
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LAFAYETTE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 1999 AND 1998

(G) COMMITMENTS AND CONTINGENCIES - continued

Coal Purchase Commitment - continued

subject to increase or decrease by up to ten percent (10%). The term of the contract and annual quantities to be purchased are as follows:

Calendar <u>Year</u>	Annual <u>Quantity</u>
1981	210,000
1982	600,000
1983-2000	875,000
2001	440,000

SUPPORTING SCHEDULES

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF
LAFAYETTE, LOUISIANA

SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEAR ENDED OCTOBER 31, 1999

	CASH WITH PAYING <u>AGENT</u>
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 1998	\$ 12,548,239
CASH RECEIPTS	
Interest Received	-
CASH DISBURSEMENTS	
Purchased Investments	-
Principal Paid on Bonds	(8,750,000)
Interest Paid on Bonds	(7,364,341)
TRANSFERS AMONG FUNDS	
Transfers From Bond Interest and Principal Fund	16,352,205
Transfers From Revenue Fund	-
Transfers to Paying Agent	-
Transfers to Revenue Fund	-
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 1999	<u>12,786,103</u>
RESTRICTED INVESTMENTS AND ACCRUED INTEREST OCTOBER 31, 1998	-
PURCHASES IN EXCESS OF MATURITIES (AT PAR)	-
INCREASE (DECREASE) ACCRUED INTEREST RECEIVABLE	-
INCREASE (DECREASE) FAIR VALUE	-
DECREASE (INCREASE) UNAMORTIZED DISCOUNT	-
INCREASE (DECREASE) UNAMORTIZED PREMIUM	-
RESTRICTED INVESTMENTS AND ACCRUED INTEREST OCTOBER 31, 1999	<u>-</u>
TOTAL RESTRICTED CASH, INVESTMENTS, AND ACCRUED INTEREST AT OCTOBER 31, 1999	<u>\$ 12,786,103</u>

<u>BOND RESERVE FUND</u>	<u>BOND INTEREST FUND</u>	<u>RESERVE AND CONTINGENCY FUND</u>	<u>FUEL COST STABILITY FUND</u>	<u>TOTAL</u>
\$ 539,942	\$ -	\$ 509,975	\$ 16,100	\$ 13,614,256
977,250	303,530	65,946	265,285	1,612,011
(524,347)	-	5,813	2,513	(516,021)
-	-	-	-	(8,750,000)
-	-	-	-	(7,364,341)
-	-	-	-	16,352,205
-	16,352,205	-	-	16,352,205
-	(16,352,205)	-	-	(16,352,205)
<u>(977,250)</u>	<u>(303,530)</u>	<u>(65,946)</u>	<u>(265,285)</u>	<u>(1,612,011)</u>
<u>15,595</u>	<u>-</u>	<u>515,788</u>	<u>18,613</u>	<u>13,336,099</u>
16,139,308	-	1,002,875	4,744,043	21,886,226
475,000	-	-	(20,162)	454,838
(22,312)	-	(981)	7,943	(15,350)
(194,586)	-	(8,437)	(171,619)	(374,642)
965	-	(627)	24,193	24,531
<u>(49,578)</u>	<u>-</u>	<u>(4,612)</u>	<u>-</u>	<u>(54,190)</u>
<u>16,348,797</u>	<u>-</u>	<u>988,218</u>	<u>4,584,398</u>	<u>21,921,413</u>
<u>\$16,364,392</u>	<u>\$ -</u>	<u>\$1,504,006</u>	<u>\$ 4,603,011</u>	<u>\$ 35,257,512</u>

LAFAYETTE PUBLIC POWER AUTHORITY
A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF
LAFAYETTE, LOUISIANA

SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
PRODUCTION		
Steam Power Generation-Operation		
Supervision	\$ 216,338	\$ 262,741
Fuel Expense	19,759,803	22,956,902
Steam Expense	468,226	288,401
Electric Expense	257,935	249,837
Miscellaneous	<u>318,956</u>	<u>364,410</u>
	<u>21,021,258</u>	<u>24,122,291</u>
Steam Power Generation-Maintenance		
Supervision and Engineering	145,542	178,799
Structures	144,545	149,340
Boiler Plant	1,618,698	1,386,749
Electric Plant	102,512	128,231
Miscellaneous Steam Plant	<u>495,493</u>	<u>361,743</u>
	<u>2,506,790</u>	<u>2,204,862</u>
Other Power Generation-Operation		
Auxiliary Power and EPA Allowances	<u>111,480</u>	<u>73,788</u>
Total Production Expenses	<u>\$23,639,528</u>	<u>\$26,400,941</u>
TRANSMISSION		
Load Dispatching Expenses	\$ <u>156,107</u>	\$ <u>148,278</u>
ADMINISTRATIVE AND GENERAL EXPENSES		
Administrative and General Salaries	\$ 173,736	\$ 156,713
Miscellaneous General Expense	74,264	65,488
Administrative and General Expenses	1,841,746	1,450,303
Outside Services Employed	58,982	76,161
Paying Agent Fees	1,097	1,655
Payroll Taxes	211,209	201,286
Property Insurance	<u>84,000</u>	<u>84,000</u>
Total Administrative and General Expenses	<u>\$ 2,445,034</u>	<u>\$ 2,035,606</u>
AMORTIZATION EXPENSE	\$ <u>82,547</u>	\$ <u>83,428</u>
DEPRECIATION EXPENSE (NET)	\$ <u>4,482,146</u>	\$ <u>4,480,971</u>

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

To the Board of Commissioners
Lafayette Public Power Authority
Lafayette Parish, Louisiana

We have audited the financial statements of the Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana, as of and for the year ended October 31, 1999, and have issued our report thereon dated January 27, 2000. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Louisiana Revised Statutes 24:513 and the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Lafayette Public Power Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lafayette Public Power Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

WMDDH

This report is intended for the information of the management and Board of Commissioners of the Lafayette Public Power Authority and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Wright, Moore, DeHart,
Dupuis, & Hutchinson*

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

January 27, 2000