

**LAFAYETTE PUBLIC POWER AUTHORITY  
& COMPONENT PART OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1994 AND 1993**

**(F) RECONCILIATION OF INCOME WITH BILLINGS - continued**

Differences 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 Revenue. For example, for statement presentation, the cost of capital items are billed and included as revenues 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, 1994 and 1993:

	1994	1993
Billing charges not treated as expenses for accounting purposes:		
Capital Items Additions	\$ 408,189	\$1,514,808
Accounting expenses not treated as charges for billing purposes:		
Depreciation of Capital Items	1144,328 <sup>1</sup>	1214,182 <sup>1</sup>
Net Income	\$ 222,022	\$1,822,412

**(G) CONTRACTS AND CONTINGENCIES**

**Restructuring Costs**

In 1993, CLECO restructured and downsized its organization at a cost of \$68,451,000. A portion of the cost, \$64,798, was allocated to the Authority in the 1993 Administrative and General True-up Billing, dated April 8, 1994. The Authority was not notified of CLECO's intent to bill this cost to the joint owners, prior to receiving the bill. As of June, 1995, an agreement was reached on the restructuring costs and various other calculations on the Administrative and General True-up Billing. The agreed upon settlement of \$275,814 will be paid to CLECO in three annual installments of \$91,938. The first installment was paid in August, 1995. As of October 31, 1994, 1995 owed the final installment of \$92,876 to CLECO. Annual restructuring costs are included in Revenue Expense for 1993 and 1994.

**Coal Purchase Commitment**

The Authority has contracted with Kerr-McGee to purchase its share of coal used in producing power at the Rockcreek Unit No. 2 facility. The purchase contract is for delivery of 14,000,000 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 7,000,000 tons over the term of the contract. Annual amounts are 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:

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

#### Fixed Asset Detail

During the examination of the Authority's fixed assets, it was noted that LPPA does not reconcile its Fixed Asset balances to current detail records of plant and equipment at the Bogalusa Unit No. 2 facility. The Authority should request annual detail listings and reconcile to those amounts in order to maintain accurate fixed asset balances.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in accounts that would be material in relation to the general purpose 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we consider the matter involving the fixed asset detail to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of Lafayette Public Power Authority for the year ended October 31, 1997.

This report is intended for the information of the management and board of commissioners of the Lafayette Public Power Authority and the legislative bodies of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

*Thugh, Moore, LeBlanc,  
Ripstein & Hutchinson*

WRIGHT, MOORE, LEBLANC,  
RIPSTEIN & HUTCHINSON  
CONSULTANTS, INC.

January 10, 1997

**LAFAYETTE PUBLIC POWER AUTHORITY  
& CONSOLIDATED UNIT OF THE CONSOLIDATED GOVERNMENT OF  
LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1984 AND 1985**

**14) COMMITMENTS AND CONTINGENCIES - continued**

**Coal Purchase Commitment - continued**

Calendar Year	Annual Quantity
1985	100,000
1986	200,000
1987-2008	875,000
2009	400,000

**15) PRIOR PERIOD ADJUSTMENTS**

**Low Billing**

The Authority charges LEP for the gross cost of all capital acquisitions not purchased with bond proceeds. In several prior periods, LEP has charged LPA for the net change in construction work in process which resulted in LPA being under billed in the amount of \$400,818. LPA has revised LEP of the amount payable which is reflected in LPA from the Lafayette Consolidated Government. Net Income for 1985 was increased by \$40,804 as a result of this correction. The following represents the increase in net income for each of the prior fiscal years as a result of this correction:

FISCAL YEAR	Amount
1984	100,280
1985	150,540
1986	210,280
	<u>\$461,200</u>

**Amortization Cost**

Amounts representing costs of issuance on the 1979 revenue refunding bonds were erroneously included in the base on issuance amount. This resulted in an error in the amortization of these amounts. The correction of the amortization or classification of these bond costs resulted in an \$8,342 increase in beginning Retained Earnings for the 1984 fiscal year. This change had no effect on net income for 1984 or 1985.

**Plant in Service**

Charges to LPA for certain additions to Construction Work in Process had been paid in prior periods to LPA but not reclassified to Plant in Service. Due to this misclassification, depreciation was not recorded on these assets in prior periods. The following presents the fixed asset additions by year and the price depreciation not recorded. This amount reduces the beginning Retained Earnings for 1985. Net Income for 1985 was decreased by \$25,443 as a result of this correction.

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

**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 1994 AND 1993**

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

**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 amortized late 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 assume a liability for vacation and sick-leave 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 disclosures 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 these estimates.

**(B) INVESTMENTS AND DEPOSITS**

All bank balances of Deposits as of the balance sheet date are entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

The Authority's investments are categorized to indicate the level of risk assumed as October 31, 1994. Category 1 includes investments that are insured or for which the collateral is held by the Authority's agent in the Authority's name. All investments are Category 1 as October 31, 1994.

	<u>Carrying Value</u>	<u>Market Value of Underlying Securities</u>
<b>Investments stated at cost or amortized cost:</b>		
Repurchase Agreements	\$ 7,880,000	\$ 8,796,000
U.S. Government Securities	18,884,793	18,822,881
	<u>\$26,764,793</u>	<u>\$27,618,881</u>

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

NOTES TO FINANCIAL STATEMENTS  
NOVEMBER 31, 1988 AND 1987

(B) INVESTMENTS AND DEPOSITS - continued

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 Bonding 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, royalties, 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 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 \$1,000,000 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 amount required to be paid during each month in the bond fund. If on any business day following the date of commercial operation, the money 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 operation of the plant, the amount of such excess shall be applied by the Authority (i) to reduce existing power costs to the city of Lafayette under the power sales contract, (ii) to pay the cost of making repairs, renewals and replacements, additions, alterations and improvements to and maintenance of the plant operations, (iii) to the purchase or redemption of bonds (not for any other purpose in connection with the plant operations, or (iv) to any other lawful purpose of the Authority, including the payment of waterfired indebtedness.

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

**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 1994 AND 1993**

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

The fuel cost liability fund was established to allow level billings to the retail customer when the generating plant is out of service for a period of weeks, days or more. In those instances, a credit may be applied to the monthly power bill in 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, 1994, is as follows:

Vehicles	\$	344,867
Oper. Cars		54,851,434
Electric Plant		127,222,589
Land		281,804
Construction in Progress		883,212
Land: Accumulated Depreciation		(87,433,201)
		<u>\$ 183,249,705</u>

**(E) ELECTRIC REVENUE BONDS**

The Authority issues bonds where in place of 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, 1994 and 1993, are as follows:

	Face Amount	Issue Date	1994	1993
Electric Revenue Refunding Serial Bonds Series 1985 4,000-4,000		10/01/85	\$ 2,370,000	\$ 4,300,000
Electric Revenue Refunding Term Bonds Series 1987 3,1250 and 7,200		03/01/87	-	28,100,000
Electric Revenue Refunding Serial Bonds Series 1987 4,000-4,000		03/01/87	7,800,000	17,800,000
Electric Revenue Refunding Serial Bonds Series 1989 2,000-3,000		10/01/89	85,000,000	99,370,000
Electric Revenue Refunding Term Bonds Series 1990 5,200		12/01/90	28,400,000	28,400,000
Electric Revenue Refunding Serial Bonds Series 1990 2,700-3,000		09/01/90	<u>28,228,000</u>	-----
Total Principal Outstanding on Revenue Bonds			143,898,000	169,895,000

Continued on next page

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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1999 AND 1998

181 ELECTRIC REVENUE BONDS - continued

Prior Year Refunding - continued

A \$7,718,400 loss, which resulted from the issuance of the Series 1995 Electric Revenue Refunding Bonds, is being amortized over the original life of the issue. The balance of unamortized loss at October 31, 1998 and 1997 was \$4,976,144 and \$4,543,533, respectively. The loss amortization for the 1998 and 1999 fiscal years was \$183,874 each year.

Current Year Refunding

On September 8, 1998, the Authority issued Electric Revenue Refunding Bonds, Series 1998, with a par value of \$50,518,000, which were dated August 1, 1998. The refunding bonds mature annually on November 1, 1999 through 2013 with interest rates ranging from 1.75% to 5.25%. The proceeds of the issue were used to refund in advance \$48,518,000 of Electric Revenue Refunding Bonds, Series 1997, maturing November 1, 1998, November 1, 1999, November 1, 2000, November 1, 2007, and November 1, 2013. The Series 1998 bonds were issued with a \$151,655 discount and, after paying issue costs of \$483,561, the net proceeds from the issue were \$50,147,074. The net proceeds from the issuance, along with a contribution by the Authority of \$2,145,270, were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until all Series 1997 bonds are called on November 1, 1998. The advance refunding met the requirements of an instantaneous debt defeasance and the Series 1997 bonds were removed from the long-term liabilities reported by the Authority.

As a result of the advance refunding, the authority reduced its total debt service requirements by \$4,543,533, which resulted in an economic gain (deficiency) between the present value of the debt service payments on the old and new debt of \$2,798,481.

The 1998 refunding resulted in a loss of \$3,433,614 which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1998, was \$3,887,143. The loss amortization for the 1998 fiscal year was \$183,874.

191 RECONCILIATION OF RECORDS WITH BILLING

PURSUANT to Section 7.2 of its bond covenants, Lafayette Public Power Authority is required to file, 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.

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LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1994 AND 1993**

**(B) ELECTRIC REVENUE BONDS - continued**

Total principal outstanding on Revenue Bonds-continued from previous page	265,479,000	249,894,000
Unamortized Bond Discount	(2,108,951)	(2,478,887)
Unamortized loss on Refunding	112,882,327	117,798,425
<b>Net Revenue Bonds Outstanding</b>	<b><u>\$155,252,376</u></b>	<b><u>\$164,616,728</u></b>

Revenue bond debt service requirements to maturity are as follows:

Years Ending October 31	Principal	Interest	Total
1997	\$ 7,318,000	\$ 7,543,368	\$ 14,861,368
1998	8,355,000	7,798,808	16,153,808
1999	8,780,000	7,388,381	16,168,381
2000	8,320,000	6,831,889	15,151,889
2001	8,685,000	6,478,381	15,163,381
2002-2007	84,318,000	38,842,868	123,160,868
2008-2013	<u>28,513,000</u>	<u>12,378,683</u>	<u>40,891,683</u>
	<b><u>\$155,479,000</u></b>	<b><u>\$56,512,718</u></b>	<b><u>\$212,000,718</u></b>

**Future Years Refunding**

On December 14, 1993, the Authority issued \$122,828,000 in Electric Revenue Refunding Bonds dated December 1, 1993. The bond proceeds were used to refund in advance of maturity, \$77,718,000 of its 1977 Series Bonds, \$1,638,000 of its Series 1980 Refunding Bonds, and \$23,472,000 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 are still outstanding.

The 1993 refunding resulted in a loss of \$4,478,818 which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1994 and 1993 was \$4,248,785 and \$4,729,328, respectively. The loss amortization for the 1994 and 1995 fiscal years was \$482,818 and \$496,489, respectively.

On April 15, 1997, the Authority issued \$86,845,000 in Electric Revenue Refunding Bonds dated March 1, 1997. The bond proceeds were used to refund in advance of maturity, \$21,085,000 of its 1980 Series Bonds and \$64,770,000 of its 1988 Series Bonds. All outstanding 1988 Bonds were called on November 1, 1999. The 1980 Series Bonds are defeased and were called during the 1994 fiscal year. Therefore, no bonds refunded by the 1997 issue are still outstanding.

The 1997 refunding resulted in a loss of \$12,482,056, which is being amortized over the life of the newly issued bonds. The balance of unamortized loss at October 31, 1994 and 1993 was \$7,783,103 and \$8,324,884, respectively. The loss amortization for the 1994 and 1995 fiscal years was \$485,893 each year.



**LAFAYETTE PUBLIC POWER AUTHORITY**  
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**LAFAYETTE, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS**  
**OCTOBER 31, 1999 AND 1998**

**(8) PRIOR PERIOD ADJUSTMENTS - continued**

**Amounts Not Closed to Plant in Service - continued**

Year of Admission	Amount	Prior Period Classification
1991	\$726,132	\$87,888
1992	3,280	183
<b>Totals</b>	<b><u>\$729,412</u></b>	<b><u>\$88,071</u></b>

**Total Prior Period Adjustments:**

Power Sales Revenue	\$465,918
Amortization Cost	8,963
Plant in Service	<u>189,717</u>
<b>Total increase in 1998 beginning</b> <b>Retained Earnings</b>	<b><u>\$664,603</u></b>

**(9) CHANGES IN PRESENTATION**

Various amounts shown as comparative prior year balances have been reclassified and certain other amounts have been restated to reflect prior period adjustments as described in Note (8). Also, the presentation of these amounts has been changed to better correspond to amounts reported for the current fiscal year.

**(10) CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt activity for Lafayette Public Power Authority for the year ended October 31, 1999:

Revenue Bonds Payable - October 31, 1999	\$550,895,000
Bonds Issued	50,918,000
Bonds Retired	<u>(150,918,000)</u>
<b>Revenue Bonds Payable - October 31, 1998</b>	<b><u>\$450,895,000</u></b>

## 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, 1984

	CASH WITH PAYING AGENT
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 1983	\$ 17,544,180
<b>CASH RECEIPTS</b>	
Interest Received	-
Reverend Interest Received	-
<b>CASH DISBURSEMENTS</b>	
Purchased Investments	-
Principal Paid on Bonds	(8,808,080)
Interest Paid on Bonds	(8,192,181)
Revenue Fund Contributions	-
<b>TRANSFERS AMONG FUNDS</b>	
Transfers From Bond Interest and Principal Fund	15,445,860
Transfers From Revenue Fund	-
Transfers To Paying Agent	-
Transfers To Revenue Fund	-
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 1984	\$ 18,652,180
RESTRICTED INVESTMENTS AND ACCRUED INTEREST OCTOBER 31, 1984	-
INDEBTEDNESS IN EXCESS OF PURCHASES (AT PAR)	-
INCREASE ACCRUED INTEREST RECEIVABLE	-
DECREASE UNRECOGNIZED DISCOUNT	-
INCREASE UNRECOGNIZED PREMIUM	-
RESTRICTED INVESTMENTS AND ACCRUED INTEREST OCTOBER 31, 1984	-
<b>TOTAL RESTRICTED CASH, INVESTMENTS, AND ACCRUED INTEREST AT OCTOBER 31, 1984</b>	<b>\$ 18,652,180</b>

<u>BOND</u> <u>RESERVE</u> <u>FUND</u>	<u>BOND</u> <u>INTEREST</u> <u>FUND</u>	<u>RESERVE AND</u> <u>COMMITMENT</u> <u>FUND</u>	<u>FUND COST</u> <u>STABILITY</u> <u>FUND</u>	<u>BOOKS</u>
\$ 3,508,382	\$ 0,000	41,508,768	22,287,888	\$ 28,474,800
881,998	388,248	84,554	328,880	1,485,408
-	247,348	-	-	887,368
12,888,382	-	100,188	(381,318)	(4,485,008)
-	-	-	-	28,888,888
-	-	-	-	(8,381,188)
15,745	(1,144,688)	-	-	(1,158,378)
-	-	-	-	15,488,888
-	18,388,377	-	-	18,388,377
-	118,488,888	-	-	118,488,888
<u>1881,888</u>	<u>328,888</u>	<u>(88,388)</u>	<u>(381,318)</u>	<u>(4,477,008)</u>
<u>44,888</u>	<u>88</u>	<u>488,388</u>	<u>8,888,888</u>	<u>14,388,378</u>
18,888,888	-	388,388	1,377,488	34,488,888
2,818,888	-	888,888	888,888	4,388,388
28,188	-	18,318	12,888	88,418
28,377	-	3,418	18,378	38,241
<u>78,788</u>	<u>-</u>	<u>3,388</u>	<u>3,558</u>	<u>88,888</u>
12,888,388	-	1,881,378	1,388,888	28,388,388
\$18,888,888	\$ 18	\$1,888,388	\$8,888,888	\$ 28,481,378

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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1998 AND 1995

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 various operating expenses, payment of debt principal and interest (both services and outputs in certain funds, all in compliance with the MCOB restrictions. 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:

	Years
Vehicles	5
Coal Cans	27
General Plant	48
Production Plant	18
Other	15

Investments - Marketable investment securities are carried at cost plus unamortized discount or minus unamortized premium unless there is a permanent impairment of value at which time the securities are valued at market. In the Authority's opinion, there is no indication of a permanent loss in value of the portfolio and there is no present intention to liquidate the securities at less than cost.

Inventory - Coal inventory is stated at the lower of cost or market as determined by the average cost method. Coal inventory amounted to \$7,957,319 representing 279,442 tons, and \$7,452,981 representing 264,349 tons at October 31, 1998 and 1995, 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 \$3,447,481 and \$1,423,289 at October 31, 1998 and 1995, respectively.

Amortized 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.

Amortized Loss on Recquired Debt - Losses incurred upon refunding of debt are treated as deferred charges and amortized over the life of the new bonds issued. The 1986 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 1994 loss amortizations were calculated on the Interest Method based on Present Value of Principal outstanding in accordance with GASB Statement No. 21.

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON

Chartered Public Accountants

P. O. Box 11148 • 104 Representative Row

Lafayette, Louisiana 70501-1148

TELEPHONE 231-9000 • FAX 231-9001 • TELE-TELETYPE 231-9550

LANCE E. DEHART, CPA

CHARLES H. DEHART, CPA

JOHN W. WRIGHT, CPA

WILLIAM J. HUTCHINSON, CPA

JOHN W. WRIGHT, CPA  
LANCE E. DEHART, CPA  
CHARLES H. DEHART, CPA  
WILLIAM J. HUTCHINSON, CPA  
JOHN H. DUPUIS, CPA  
JOHN H. DEHART, CPA  
JOHN H. DEHART, CPA  
JOHN H. DEHART, CPA  
JOHN H. DEHART, CPA  
JOHN H. DEHART, CPA

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

\* A MEMBER FIRM OF PWC

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

We have audited the general purpose 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, 1997, and have issued our report thereon dated January 10, 1997.

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 Statute 24:113 and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Lafayette Public Power Authority, is the responsibility of Lafayette Public Power Authority's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items listed, Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not listed, nothing came to our attention that caused us to believe that the Authority had not complied, in all material respects, with those provisions.

This report is intended for the information of management, and the Board of Commissioners of Lafayette Public Power Authority and the legislative bodies 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  
Lafayette, Louisiana

January 10, 1997

WRIGHT

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON

Certified Public Accountants

P. O. Box 11146 • 104 Regencycenter Bldg.

Lafayette, Louisiana 70504-1146

(504) 211-9633 • (318) 255-8491 • FAX: (504) 211-6553

LANCE E. TRAFFER, CPA

CHRIS L. HARTY III, CPA

LEO G. GIBSON, CPA

BRAD J. MORTON, CPA

JOHN W. BRIDGE, CPA\*

W. THOM MOORE, CPA\*

MICHAEL G. DEHART, CPA\*

JAMES H. DUPUIS, CPA\*

JOE D. HUTCHINSON, CPA\*

JAN H. COOPER, CPA\*

THOMAS C. CLEGGAN, CPA\*

\* a successful candidate

## ADDITIONAL INFORMATION

The reports on Internal Control Structure and Compliance presented on the following pages are prepared by Government Auditing Standards promulgated by the United States Comptroller General and the Louisiana Governmental Audit Guide.

*Wright, Moore, Dehart,  
Dupuis & Hutchinson*

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

JANUARY 10, 1997

WMDH

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

**SCHEDULE OF OPERATING EXPENSES  
FOR THE YEARS ENDED OCTOBER 31, 1976 AND 1975**

	1976	1975
<b>PRODUCTION</b>		
Steam Power Generation-Operations		
Supervision	\$ 515,973	\$ 480,745
Fuel Expenses	24,042,048	22,128,410
Steam Expenses	588,885	585,883
Electric Expenses	315,257	244,355
Miscellaneous	512,544	378,448
	<u>25,974,707</u>	<u>23,817,841</u>
Steam Power Generation-Maintenance		
Supervision and Engineering	184,428	188,373
Structures	70,888	28,452
Boiler Plant	1,208,557	1,248,228
Electric Plant	512,854	538,180
Miscellaneous Steam Plant	552,258	83,582
	<u>2,528,985</u>	<u>2,686,815</u>
Other Power Generation-Operation		
Auxiliary Power	87,378	124,672
Total Production Expenses	<u>\$28,590,670</u>	<u>\$26,627,461</u>
<b>TRANSMISSION</b>		
Load Dispatching Expenses	\$ 26,822	\$ 22,822
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Administrative and General Salaries	\$ 555,824	\$ 542,085
Miscellaneous General Expenses	47,254	52,888
Administrative and General Expenses	1,822,378	1,848,022
Outside Services Employed	75,718	58,915
Payroll Special Fees	2,300	18,888
Payroll Taxes	205,122	198,424
Property Insurance	84,000	88,000
Total Administrative and General Expenses	<u>\$ 2,892,626</u>	<u>\$ 2,836,222</u>
<b>DEPRECIATION EXPENSE</b>	<u>\$ 87,818</u>	<u>\$ 88,742</u>
<b>DEPRECIATION RESERVE (NET)</b>	<u>\$ 4,434,238</u>	<u>\$ 4,388,372</u>



LAFAVETTE PUBLIC POWER AUTHORITY

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

NOTES TO FINANCIAL STATEMENTS  
OCTOBER 31, 1994 AND 1993

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity - The Lafayette Public Power Authority (LPPA) 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 Woodrucker Unit No. 1. The project is owned jointly by the Authority (50%), CLECO (40%) and LEPA (10%). 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, 1975. 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.

Usually 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 24:417 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 instances, LPPA followed the FERC guidance, as directed by law. However, amounts reported, according to FERC regulations, did not differ materially from GAAP.

The Authority maintains its books and records on the accrual basis of accounting and on the flow of economic resources measurement basis.

FORM NO. 1  
LOUISIANA DEPARTMENT OF REVENUE  
97 000 02 01 0-85

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

**ANNUAL FINANCIAL REPORT**

**OCTOBER 31, 1996 and 1995**

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

Release Date APR 23 1997

# WHITTE, MOSEK, DELBART, DUPUIS & HUTCHINSON

Chartered Public Accountants

P. O. Box 51146 • 114 Baguette Row

Lafayette, Louisiana 70504-1146

(504) 231-5633 • (518) 155-0491 • FAX: (504) 231-5530

JOHN W. BRIDGE, CPA  
M. THOMAS WOOD, CPA  
MICHAEL G. GARNETT, CPA  
JAMES L. DUPUIS, CPA  
JANIS B. HUTCHINSON, CPA  
KATHLEEN M. GIBSON, CPA  
F. ROBERT GIBSON, CPA

JAMES D. TRAVEL, CPA  
CHRISTY L. BARRIS, CPA  
D. L. BARRIS, CPA  
MARC J. ANDERSON, CPA

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

\*\*\* UNCLASSIFIED \*\*\*

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

We have audited the general purpose financial statements of Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana for the year ended October 31, 1996, and have issued our report thereon dated January 18, 1997.

We have 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 (42:21) and the Louisiana Governmental Audit Guide. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of Lafayette Public Power Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana for the year ended October 31, 1996, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

WHITTE

# WRIGHT, MOORE, DEHART, DUPUIS & HUTCHINSON

Certified Public Accountants

P. O. Box 21344 - 114 Representative Row  
Lafayette, Louisiana 70501-2144

OUR TELEPHONE - (337) 281-9445 - FAX - (337) 281-8117

LARRY E. CRAYTEL, CPA  
LARRY L. BARTLEY, CPA  
R. E. INGRAM, CPA  
BRIAN T. ANDERSON, CPA

JOHN W. WRIGHT, CPA  
M. THOM MOORE, CPA  
MICHAEL G. DEHART, CPA  
DAVID M. DUPUIS, CPA  
JIM E. HUTCHINSON, CPA  
AND E. GORDON, CPA  
FORMERLY OF COMPTON, CPA

## INDEPENDENT AUDITORS' REPORT

1 - INDEPENDENT COMMISSION

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 for the year 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 did not audit the financial statements of Lafayette Public Power Authority as of and for the year ended October 31, 1998. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, in so far as it relates to the amounts included as of and for the year ended October 31, 1999, is based solely on the report of other auditors.

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 Statute 24:109 and the Louisiana Governmental Audit Guide. These 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, and the report of other auditors, provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Lafayette Public Power Authority, a component unit of the consolidated government of Lafayette, Louisiana, as of October 31, 1999 and 1998, and the results of its operations and the cash flows for the years 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 on 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 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.

*Wright, Moore, Dehart,  
Dupuis & Hutchinson*

WRIGHT, MOORE, DEHART,  
DUPUIS & HUTCHINSON  
Lafayette, Louisiana

January 10, 1999

**WMDDH**

**LAFAYETTE PUBLIC POWER AUTHORITY  
& CONSOLIDATED utility OF THE CONSOLIDATED GOVERNMENT  
OF LAFAYETTE, LOUISIANA**

**BALANCE SHEET  
OCTOBER 31, 1934 AND 1935**

	1934	1935
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 4,488,000	\$ 5,500,138
Accounts Receivable		
Due from the Lafayette Consolidated		
Government-Power Sales	278,873	886,448
Other Accounts Receivable	21,850	31,344
Inventory	6,504,853	8,388,880
Prepaid Insurance	— 5,000	— 5,870
Total Current Assets	<u>11,272,723</u>	<u>14,802,630</u>
<b>DEFERRED ASSETS</b>		
Cash with Paying Agent	58,848,761	13,584,180
Cash		
Bond Reserve	814,617	3,588,380
Reserve and Contingency	488,523	1,108,750
Fuel Cost Stability	2,244,689	3,267,888
Bond Principal and Interest	44	1,000
Governmental Debt of Unconsolidated Entities		
and (Instruments)		
Bond Reserve	15,888,806	13,888,000
Reserve and Contingency	388,350	584,488
Fuel Cost Stability	1,348,171	1,448,040
Accrued Interest Receivable		
Bond Reserve	188,188	501,000
Reserve and Contingency	18,216	—
Fuel Cost Stability	<u>72,433</u>	<u>11,423</u>
Total Deferred Assets	<u>68,804,729</u>	<u>33,388,889</u>
<b>DEFERRED CHARGES</b>		
Costs to be Recovered Through		
Future Billings	28,843,761	28,871,801
Unamortized Bond Expenses	<u>1,843,388</u>	<u>188,851</u>
Total Deferred Charges	<u>30,687,149</u>	<u>29,060,652</u>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Plant in Service	182,341,178	183,278,889
Construction in Process	<u>— 383,258</u>	<u>— 3,888,211</u>
Less: Accumulated Depreciation	182,824,826	183,878,889
Net Property, Plant and Equipment	<u>— 366,156</u>	<u>387,210,000</u>
<b>TOTAL ASSETS</b>	<u>\$112,364,649</u>	<u>\$117,539,872</u>



In addition CIBCO had placed certain fixed assets in its Plant in Service Detail and did not notify LPPA of this action. Due to LPPA's lack of a detail listing, they were unable to determine that these assets had been placed in service for a number of years.

LPPA should request annual fixed asset detail reports from CIBCO and reconcile the totals on these detail reports to balances reported in its accounting records. The only reconciling items between years should be additions and retirements.

We wish to thank Becky Postema, Ann Mennick, and the rest of the accounting staff and HRB administration for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management and others within the Organization.

*Therese Moore, Deborah  
Debus & Hutchinson*

MOORE, MOORE, DEBUS,  
DEBUS & HUTCHINSON  
Certified Public Accountants



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

**BALANCE SHEETS**  
**OCTOBER 31, 1984 AND 1983**

	1984	1983
<b>LIABILITIES AND FUND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,018,000	\$ 3,334,750
Due to the Lafayette Consolidated Government	_____ 718,882	_____ 783,848
<b>Total Current Liabilities</b>	<b>_____ 3,736,882</b>	<b>_____ 4,118,598</b>
<b>CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS</b>		
Accrued Interest Payable	3,040,787	4,784,308
Current Portion of Revenue Bonds Payable	_____ 7,328,800	_____ 6,890,800
<b>Total Current Liabilities Payable From Restricted Assets</b>	<b>_____ 10,369,587</b>	<b>_____ 11,675,108</b>
<b>NONCURRENT LIABILITIES</b>		
Revenue Bonds Payable	188,160,800	187,895,000
Lease: Unamortized Discount	18,385,951	22,878,887
Lease: Unamortized Loss on Recaptured Debt	178,481,817	177,308,425
<b>Total Noncurrent Liabilities</b>	<b>484,628,568</b>	<b>488,082,312</b>
<b>Total Liabilities</b>	<b>1,412,733,837</b>	<b>1,504,664,826</b>
<b>FUND EQUITY</b>		
Retained Earnings/Reserves	_____ 3,150,572	_____ 7,829,383
<b>Total Fund Equity</b>	<b>_____ 3,150,572</b>	<b>_____ 7,829,383</b>
 <b>TOTAL LIABILITIES AND FUND EQUITY</b>	 <b>\$1,415,884,409</b>	 <b>\$1,512,494,209</b>

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, 2016 AND 2015**

	2016	2015
<b>OPERATING REVENUES</b>		
Sales of Electric Energy-Lafayette Consolidated Government	\$42,570,502	\$42,881,314
<b>OPERATING EXPENSES</b>		
Production	\$7,889,138	\$6,873,783
Transmission	74,863	83,889
Administration and General	2,864,909	3,109,243
Amortization	87,418	88,744
Depreciation	-3,334,258	-4,244,212
Total Operating Expenses	\$8,031,517	\$8,199,369
Operating Income	\$3,538,985	\$3,681,945
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	3,414,659	2,128,280
Interest Expense	(8,345,342)	(46,385,178)
Costs Recovered Through Billings to Lafayette Consolidated Government	14,782,620	14,389,287
Costs to be Recovered Through Future Billings to Lafayette Consolidated Government	-6,078,281	-3,581,287
Total Non-operating Revenues (Expenses)	\$3,763,656	\$8,649,002
<b>NET INCOME</b>	\$7,302,641	\$12,330,947
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	7,489,303	5,821,887
Prior Period Adjustments	—	(1,288,882)
<b>RETAINED EARNINGS, BEGINNING OF YEAR (REVISED)</b>	\$7,489,303	\$4,532,995
<b>RETAINED EARNINGS, END OF YEAR</b>	\$14,792,284	\$16,873,942

The Accompanying Notes are an Integral Part of These Statements

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

STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED OCTOBER 31, 1986 AND 1985

	1986	1985
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Income	4,807,172	\$ 4,465,470
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	4,428,700	4,142,573
Amortization	87,410	25,743
Debt Service on Coal Cars in Inventory	3,338,991	3,128,893
Changes in Assets and Liabilities		
Accounts Receivable	884,356	(197,848)
Inventory	(389,863)	(8,832,713)
Prepaid Insurance	584	(123)
Accounts Payable	(4,397,773)	1,203,709
Due to Lafayette Consolidated Government	(481,782)	524,115
Net Cash Provided by Operating Activities	<u>22,258,728</u>	<u>12,028,332</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Long-Term Debt	20,808,648	-
Financial Expenses	(58,297,448)	(8,305,000)
Fund Status Paid	(908,321)	-
Interest Paid	(8,282,328)	(9,791,715)
Purchase and Construction of Fixed Assets	(1605,583)	(3,125,835)
Net Cash Used in Capital and Related Financing Activities	<u>(11,285,032)</u>	<u>(21,222,550)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments-net	(4,522,180)	(883,451)
Interest Received	3,785,886	3,389,139
Net Cash Provided by (Used in) Investing Activities	<u>(736,294)</u>	<u>(494,312)</u>
<b>NET DECREASE IN CASH</b>	<b>(7,862,617)</b>	<b>(18,688,724)</b>
Cash-Beginning of Year (Including restricted cash of \$28,474,060 and \$20,813,871 for 1986 and 1985, respectively)	<u>26,586,143</u>	<u>22,104,865</u>
Cash-End of Year (Including restricted cash of \$28,228,123 and \$18,474,802 for 1986 and 1985, respectively)	<u>18,723,526</u>	<u>3,416,141</u>

The Accompanying Notes are an Integral Part of These Statements