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LAFAYETTE PUBLIC POWER AUTHORITY

A COMPONENT UNIT OF THE CONSOLIDATED GOVERNMENT OF LAFAYETTE, LOUISIANA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED OCTOBER 31, 2003 AND 2002

LAFAYETTE PUBLIC POWER AUTHORITY

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic 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, 2003 and 2002, as listed in the table of contents. 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 auditing standards generally accepted in the United States of America, 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 opinion, the financial statements referred above present fairly, in all material respects, the financial position of Lafayette Public Power Authority, as of October 31, 2003 and 2002, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the 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 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 15, 2004, 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.

Management's Discussion and Analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Wright, Moore, DeHart,
Dupuis & Hutchinson, LLC

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

January 15, 2004

Management's Discussion and Analysis

Our discussion and analysis of the Lafayette Public Power Authority's (LPPA) financial performance provides an overview of LPPA's financial activities for the fiscal year ended October 31, 2003. It is designed to focus on the current year's activities, resulting changes, and currently known facts. Please read it in conjunction with LPPA's basic financial statements, which follow this section.

Lafayette Public Power Authority (LPPA), a component unit of the Lafayette City-Parish Consolidated Government (LCG), constitutes a legal entity separate and apart from LCG and was created for the purpose of generating, purchasing and selling electric power to, or exchanging electric power with, the City of Lafayette Utilities System (LUS) and others.

FINANCIAL HIGHLIGHTS

- Assets of LPPA exceeded its liabilities at the close of the most recent fiscal year by $10.4 million (*net assets*). Unrestricted fund net assets amount to $27.1 million and may be used to meet ongoing operations and obligations.

- Total Net Assets of LPPA increased this year by $790,467, due mainly to decreased long-term debt outstanding. This compares to last year's increase in Net Assets of $944,601.

- Long-term debt outstanding decreased as a result of scheduled payments of bond principal as well as a bond refunding in August 2003. The final payment of all outstanding debt is currently 2013.

- There were no major changes to property, plant and equipment during this fiscal year.

USING THIS ANNUAL REPORT

This report consists of Management's Discussion and Analysis, the basic financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of LPPA's financial performance and activities for the year ended October 31, 2003. The basic financial statements provide readers with information about LPPA's activities and financial position, in a manner similar to private-sector business. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

- The Statement of Net Assets presents information on all of LPPA's assets and liabilities, with the difference between the two reported as net assets. Evaluating the changes (increases and decreases) in net assets over time may serve as a useful indicator of whether the financial position of LPPA is declining or improving.

- The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information on how LPPA's net assets changed during the most recent fiscal year. The statement uses the accrual basis of accounting, similar to that used by private-sector businesses. All revenues and expenses are reported regardless of the timing of when cash is received or paid.

- The Statement of Cash Flows presents information showing how LPPA's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

FINANCIAL ANALYSIS OF LPPA AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of financial position. Assets of the Lafayette Public Power Authority exceeded its liabilities at the close of the fiscal year by $10,356,309 (net assets). The total net assets at October 31, 2003 increased over the prior year by $790,467, or 8%. The increase is attributable in part to an increase in total inventory from $8,409,676 in 2002 to $11,829,927 in 2003. Additionally, bonded debt outstanding and bond reserve requirements decreased significantly due to a bond refunding in August 2003, and the scheduled payments of principal and interest on debt, while no new debt was issued.

LPPA has a power sales contract with the City of Lafayette Utilities System (LUS) by which LPPA has sold and the City has purchased all of LPPA's electrical generating capacity of the Rodemacher Power Station #2. In accordance with the terms and conditions of the power sales contract, the City of Lafayette Utilities System is obligated to pay LPPA's monthly power costs, which include operational costs, debt service requirements, and any other deposit requirements of LPPA's bond ordinance. However, since revenues are recognized based upon billings on a cash basis, revenues and expenses for accounting purposes may not match. Net differences in the amounts currently billable and expensed are to be recovered from future revenues and are classified as Costs to be Recovered from Future Billings.

Total revenues for 2003 increased 5% compared to 2002 as a direct result of increases in expenses. There was an overall increase in expenses as compared to the prior fiscal year as illustrated in Table 2. The major increase in Production (O&M) is directly related to boiler maintenance.

The largest expense of LPPA is that of Fuel Cost, which represents 50% of current year expenses. Fuel Cost is the cost of coal burned in the generation of electricity, and includes transportation and other costs. In 2003, the average cost per ton was $27.56, which was $1.71 more than the previous year's $25.85 average per ton. LPPA's coal inventory at fiscal year end was $10,344,248, representing 364,015 tons. The amount of coal burned for the year was 791,566 tons.

The following Table 1 reflects the comparative condensed Statement of Net Assets for 2002 and 2003.

Lafayette Public Power Authority
Condensed Statement of Net Assets
October 31, 2003

Table 1	2003	2002	Increase (Decrease)	
Assets				
Current Assets	$ 17,005,917	$ 15,441,818	$ 1,564,099	10.13%
Restricted Assets	29,064,031	31,052,746	(1,988,715)	(6.40%)
Capital Assets (Net of Depreciation)	53,958,705	57,832,360	(3,873,655)	(6.70%)
Other Assets	7,951,482	10,396,781	(2,445,299)	(23.52%)
Total Assets	$107,980,135	$114,723,705	$ (6,743,570)	(5.88%)

	2003	2002	Increase (Decrease)	
Liabilities				
Current Liabilities	$ 1,504,774	$ 1,691,762	$ (186,988)	(11.05%)
Other Liabilities	10,502,436	10,547,753	(45,317)	(0.43%)
Long term Debt Outstanding	85,616,616	92,918,348	(7,301,732)	(7.86%)
Total Liabilities	$97,623,826	$105,157,863	$ (7,534,037)	(7.16%)
Net Assets				
Invested in Capital Assets, net of related debt	$ (41,378,921)	$ (45,048,379)	$ 3,669,458	8.15%
Restricted for Debt Service	24,564,031	26,478,998	(1,914,967)	(7.23%)
Unrestricted	27,171,199	28,135,223	(964,024)	(3.43%)
Total Net Assets	$ 10,356,309	$ 9,565,842	$ 790,467	8.26%

The table below provides a summary of revenues and expenses for the year ended October 31, 2003:

Lafayette Public Power Authority

Revenues by Category

Table 2

	2003		2002	
Revenue Category	Amount	% of Total	Amount	% of Total
Energy Sales	$ 44,230,058	98.62%	$ 41,457,593	97.24%
Non-Operating Revenues	620,187	1.38%	1,176,760	2.76%
Total Revenues	$ 44,850,245	100.00%	$ 42,634,353	100.00%

Expenses by Category

	2003		2002	
Expense Category	Amount	% of Total	Amount	% of Total
Fuel (coal and gas)	$ 21,993,784	49.92%	$ 22,684,818	54.41%
Production (O & M)	5,747,509	13.04%	4,199,543	10.07%
Administrative & General	2,416,101	5.48%	2,055,977	4.93%
Depreciation	4,408,451	10.01%	4,408,955	10.58%
Other Non-Operating Expenses	9,493,933	21.55%	8,340,459	20.01%
Total Expenses	$ 44,059,778	100.00%	$ 41,689,752	100.00%

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Lafayette Public Power Authority's largest capital asset is its 50% ownership interest in the Rodemacher Power Station #2 located in Boyce, Louisiana. At the end of 2003, LPPA had $54 million (net of depreciation) invested in capital assets, and the electric plant represented 94% of those assets. Other assets include vehicles, coal cars, land, and construction in progress. This year major additions included $470,000 in electric plant improvements. The major component of work in progress is the automated generation control project, an upgrade to plant controls, which makes up $1,617,000.

Long-Term Debt
At October 31, 2003, LPPA had total bonded debt outstanding of $100,860,000. This is a decrease of $13,450,000 compared to the prior year. In August 2003, $61,210,000 of Electric Revenue Refunding Serial Bonds, Series 2003 A & B, were issued to refinance the Series 1993 Electric Revenue Refunding Serial Bonds. The refunding bonds, with an interest rate of 5 percent, refunded $66,400,000 of outstanding bonds with interest rates ranging from 2.8 to 5.25 percent. The refinancing will reduce debt service payments by $5.7 million over nine years.

As of October 31, 2003, the LPPA Revenue Bonds are rated as follows:

	Moody's Investors Service	**Standard & Poor's**
Insured Ratings	Aaa	AAA
Underlying Ratings	A3	A

Detailed information on LPPA's long-term debt can be found in Note E of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

There are no significant changes projected in LPPA 's rates or costs for the 2004 budget. Since the City of Lafayette Utilities System is LPPA's major customer and they share the same governing authority, their budget preparation processes run parallel to one another. Economic projections for LUS's electric kWh sales are conservative and based on historical growth trends. Wholesale electric sales are estimated based upon contracts in place at the time of budget preparation. For the 2004 budget, electric retail sales were projected to decrease 1.0%, and electric wholesale sales were projected to remain constant. Other economic indicators of the City of Lafayette are also considered, such as sales tax growth, unemployment rates, and residential and commercial permits. Economic factors considered were positive, but conservative estimates were included for budget purposes. LPPA sales projections are based upon 70% of LUS's kWh requirements.

CONTACTING THE LAFAYETTE PUBLIC POWER AUTHORITY FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Lafayette Public Power Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer, Lafayette Public Power Authority, P.O. Box 4017-C, Lafayette, Louisiana 70502.

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

STATEMENTS OF NET ASSETS
OCTOBER 31, 2003 AND 2002

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash	$ 3,032,892	$ 6,115,720
Accounts Receivable:		
Due From City of Lafayette Utilities	2,128,559	898,547
Other Accounts Receivable	14,539	17,875
Inventory	11,829,927	8,409,676
Total Current Assets	17,005,917	15,441,818
NON-CURRENT ASSETS		
RESTRICTED ASSETS		
Cash with Paying Agent	10,502,436	10,547,753
Cash		
Bond Reserve	352,070	10,294,178
Reserve and Contingency	511,017	1,500,000
Fuel Cost Stability	1,511,200	1,056,948
Due from City of Lafayette Utilities	2,988,800	-
Investments (Net of Unamortized Premiums and Discounts)		
Bond Reserve	13,140,302	4,074,952
Fuel Cost Stability	-	3,482,780
Accrued Interest Receivable		
Bond Reserve	58,206	62,115
Fuel Cost Stability	-	34,020
Total Restricted Assets	29,064,031	31,052,746
DEFERRED CHARGES		
Costs to be Recovered Through Future Billings	7,115,149	9,779,013
Preliminary Survey		
(Aluminum Railcars)	54,907	32,406
Unamortized Debt Expense	781,426	585,362
Total Deferred Charges	7,951,482	10,396,781
PROPERTY, PLANT AND EQUIPMENT		
Plant in Service	151,970,886	152,228,504
Construction in Process	2,325,636	1,485,411
Total	154,296,522	153,713,915
Less: Accumulated Depreciation	(100,337,817)	(95,881,555)
Net Property, Plant and Equipment	53,958,705	57,832,360
Total Non-Current Assets	90,974,218	99,281,887
TOTAL ASSETS	$ 107,980,135	$ 114,723,705

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 NET ASSETS
OCTOBER 31, 2003 AND 2002

	2003	2002
LIABILITIES AND FUND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 1,447,136	$ 1,595,699
Accrued Bond Costs	-	96,063
Due to Lafayette Consolidated Government	57,638	-
Due to City of Lafayette Utilities System	-	-
Total Current Liabilities	1,504,774	1,691,762
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued Interest Payable	1,422,436	2,287,753
Current Portion of Revenue Bonds Payable	9,080,000	8,260,000
Total Current Liabilities Payable From Restricted Assets	10,502,436	10,547,753
NON-CURRENT LIABILITIES		
Revenue Bonds Payable	91,780,000	106,050,000
Less: Unamortized Premium (Discount)	6,735,637	(852,049)
Less: Unamortized Loss on Reacquired Debt	(12,899,021)	(12,279,603)
Total Non-Current Liabilities	85,616,616	92,918,348
TOTAL LIABILITIES	$ 97,623,826	$ 105,157,863
FUND NET ASSETS		
Invested in Capital Assets, Net of Related Debt	$ (41,378,921)	$ (45,048,379)
Restricted for Debt Service	24,564,031	26,478,998
Unrestricted	27,171,199	28,135,223
TOTAL FUND NET ASSETS	$ 10,356,309	$ 9,565,842

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 FUND NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2003 AND 2002

	2003	2002
OPERATING REVENUES		
Sales of Electric Energy-Lafayette Consolidated Government	$ 44,230,058	$ 41,457,593
OPERATING EXPENSES		
Production	27,577,374	26,712,063
Transmission	163,919	172,298
Administrative and General	2,416,101	2,055,977
Depreciation	4,906,237	4,892,044
Less: Depreciation to be Recovered From Future Billings	(497,786)	(483,089)
Total Operating Expenses	34,565,845	33,349,293
Operating Income	9,664,213	8,108,300
NON-OPERATING REVENUES (EXPENSES)		
Interest Income	586,186	1,143,816
Interest Expense	(5,095,158)	(4,877,403)
Amortization of Debt Expense	(82,542)	(102,373)
Amortization of Loss on Reacquired Debt	(1,668,587)	(1,374,547)
Loss on Disposition of Fixed Assets	(276,879)	(17,279)
Loss on Investments	(80,794)	(407,683)
Gain on Disposition of Allowance	34,001	32,944
Costs Recovered Through Billings to Lafayette Consolidated Government	(8,208,324)	(7,499,534)
Costs to be Recovered Through Future Billings to Lafayette Consolidated Government	5,918,351	5,938,360
Total Non-Operating Revenues (Expenses)	(8,873,746)	(7,163,699)
CHANGE IN FUND NET ASSETS	790,467	944,601
FUND NET ASSETS, BEGINNING OF YEAR	9,565,842	8,621,241
FUND NET ASSETS, END OF YEAR	$ 10,356,309	$ 9,565,842

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, 2003 AND 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	$ 40,076,535	$ 40,324,123
Cash Paid to Suppliers	(38,196,613)	(30,402,618)
Cash Paid to Employees	(115,110)	(204,850)
Other Expenses	5,724,126	1,335,054
Net Cash Provided By Operating Activities	7,488,938	11,051,709
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds From Bond Issuance	66,151,169	29,118,068
Principal Payments	(74,660,000)	(38,260,000)
Interest Paid	(6,247,884)	(5,994,041)
Purchase of Survey	(22,501)	-
Purchase and Construction of Fixed Assets	(1,309,460)	(1,900,356)
Net Cash Used in Capital and Related Financing Activities	(16,088,676)	(17,036,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments-Net	(5,663,362)	12,315,637
Interest Received	624,115	1,187,906
Proceeds From Sale of Allowances	34,001	32,944
Net Cash Provided By (Used In) Investing Activities	(5,005,246)	13,536,487
NET INCREASE (DECREASE) IN CASH	(13,604,984)	7,551,867
Cash-Beginning of Year (Including Restricted Cash of $23,398,879)	29,514,599	21,962,732
Cash-End of Year (Including Restricted Cash of $12,876,723)	$ 15,909,615	$ 29,514,599

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

	2003	2002
Operating Income	$ 9,664,213	$ 8,108,300
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	4,408,451	4,408,955
Debt Service on Coal Cars in Inventory	1,238,991	1,238,991
Changes in Assets and Liabilities:		
Accounts Receivable	3,336	10,407
Due From Other Governments	(4,161,176)	(1,327,283)
Inventory	(3,420,251)	(2,824,723)
Accounts Payable	(244,626)	1,340,999
Accrued Bond Costs	-	96,063
Net Cash Provided By Operating Activities	$ 7,488,938	$ 11,051,709

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, 2003 AND 2002

(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, reported in these statements as a proprietary fund, 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.

The Authority maintains its books and records on the full 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.

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.

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003 AND 2002

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting- continued

On November 1, 2001, the Authority adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board "*Basic Financial Statements - and Management's Discussion and Analysis-for State and Local Governments.*" Statement 34 established standards for external reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows. It requires the classification of fund net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt - This component of net assets 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 are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted - This component of net assets 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 assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Statement No. 34 had no effect on the basic financial statements except for the classification of net assets in accordance with the Statement and the reflection of capital contributions as a change in net assets.

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:

	Years
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.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventory - Coal Inventory is stated at the lower of cost or market as determined by the average cost method. Coal inventory amounted to $10,344,248 representing 364,015 tons at October 31, 2003 and $6,868,154 representing 260,905 tons at October 31, 2002.

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 $1,485,679 and $1,541,522 at October 31, 2003 and 2002, respectively.

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.

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 an original 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.

The Authority's investments are categorized to indicate the level of risk assumed at October 31, 2003 and 2002. 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, 2003 and 2002.

During the years ended October 31, 2003 and 2002, 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 decrease in the fair value of investments during the years ended October 31, 2003 and 2002 was $80,794 and $407,683, respectively. These amounts take 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, 2003 and 2002 was $(29,351) and $51,443, respectively.

(B) CASH AND INVESTMENTS - 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 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 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.

The reserve and contingency fund cash balance at October 31, 2003 was $511,017, which is below the required minimum balance. These funds were used for their required purpose as outlined above; therefore the authority is not in violation of the funding requirements of this fund. All funds were replenished in the subsequent year.

(D) PROPERTY AND EQUIPMENT

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

	Beginning Balance 10/31/2002	Additions	Deletions	Ending Balance 10/31/2003
Vehicles	$ 750,379	$ -	$ -	$ 750,379
Coal Cars	13,439,131	-	-	13,439,131
Electric Plant	137,837,030	469,235	(726,853)	137,579,412
	152,026,540	469,235	(726,853)	151,768,922
Less: Accumulated Depreciation	(95,881,555)	(4,906,237)	449,975	(100,337,817)
Net Property and Equipment	$ 56,144,985	$ (4,437,002)	$ (276,878)	$ 51,431,105
Land	$ 201,964	$ -	$ -	$ 201,964
Construction Work in Progress	$ 1,485,411	$ 1,309,460	$ 469,235	$ 2,325,636

Depreciation expense for the years ended October 31, 2003 and 2002 was $4,906,237 and $4,892,044, respectively.

(E) ELECTRIC REVENUE BONDS

The following is a summary of the electric revenue bonds transactions for the year ended October 31, 2003:

	Balance 11/1/2002	Additions	Reductions	Balance 10/31/2003	Due Within One Year
Serial Bond - 1993	$ 61,650,000	$ -	$ 52,340,000	$ 9,310,000	$ 4,540,000
Term Bond - 1993	18,400,000	-	18,400,000	-	-
Serial Bond- 1996	3,920,000	-	3,920,000	-	-
Serial Bond - 2002	30,340,000	-	-	30,340,000	4,540,000
Serial Bond - 2003	-	61,210,000	-	61,210,000	-
	$ 114,310,000	$ 61,210,000	$ 74,660,000	$ 100,860,000	$ 9,080,000

NOTES TO FINANCIAL STATEMENTS
OCTOBER 31, 2003 and 2002

(E) ELECTRIC REVENUE BONDS - Continued

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, 2003 and 2002, are as follows:

Purpose	Issue Date	2003	2002
Electric Revenue Refunding Serial Bonds Series 1993 2.80%-5.25%	12/01/93	$ 9,310,000	$ 61,650,000
Electric Revenue Refunding Term Bonds Series 1993 5.25%	12/01/93	-	18,400,000
Electric Revenue Refunding Serial Bonds Series 1996 3.70%-6.00%	08/01/96	-	3,920,000
Electric Revenue Refunding Serial Bonds Series 2002 2.85%-4.00%	09/01/02	30,340,000	30,340,000
Electric Revenue Refunding Serial Bonds Series 2003 5.00%	08/04/03	61,210,000	-
Total Principal Outstanding on Revenue Bonds		100,860,000	114,310,000
Unamortized Bond Premium (Discount)		6,735,637	(852,049)
Unamortized Loss on Refunding		(12,899,021)	(12,279,603)
Net Revenue Bonds Outstanding		$ 94,696,616	$101,178,348

Revenue bond debt service requirements to maturity are as follows:

Years Ending October 31	Principal	Interest	Total
2004	9,080,000	3,554,791	12,634,791
2005	9,470,000	3,868,070	13,338,070
2006	9,410,000	3,493,290	12,903,290
2007	9,785,000	3,144,411	12,929,411
2008	10,215,000	2,762,734	12,977,734
2009 - 2013	52,9000,000	6,092,098	58,992,098
	$100,860,000	$22,915,394	$123,775,394

Prior Year Refunding

On August 4, 2003, the Authority issued $61,210,000 of Electric Revenue Refunding Bonds dated August 4, 2003, with an interest rate of 5.00 percent to advance refund $66,400,000 of outstanding 1993 Series bonds with an interest rate ranging from 2.80 to 5.25 percent. The net proceeds of 67,638,981 (after premiums of $7,393,484 and payment of 964,503 in underwriting fees, insurance, and other issuance costs) plus an additional $1,636,481 of 1993 Series bonds sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1993 Series bonds. As a result, the 1993 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

(E) ELECTRIC REVENUE BONDS – Continued

Prior Year Refunding - Continued

The 1993 Series bonds were called on the optional call date of November 1, 2003, for a partial legal defeasance.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,989,680. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2013. The loss amortization for the 2003 fiscal year was $188,582, and the remaining unamortized loss at October 31, 2003 was $3,801,098. The government completed the advance refunding to reduce its total debt service payments over the next nine years by $6,478,124 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $5,732,007.

On September 12, 2002, the Authority issued $30,340,000 of Electric Revenue Refunding Bonds dated September 1, 2002, with interest rates ranging from 2.85 to 4.00 percent to advance refund $29,855,000 of outstanding 1996 Series bonds with an interest rate ranging from 3.70 to 5.25 percent. The net proceeds of $30,121,607 (after premiums of $223,760 and payment of $442,153 in underwriting fees, insurance, and other issuance costs) plus an additional $736,943 of 1996 Series bonds sinking fund monies were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1996 Series bonds. As a result, the 1996 Series bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The 1996 Series bonds were called on the optional call date of November 1, 2002, for a complete legal defeasance.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $10,252,646. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2012. The loss amortization for the years ended October 31, 2003 and 2002 was $ 1,366,103 and $168,076, respectively. The remaining unamortized loss at October 31, 2003 and 2002 was $8,718,466 and $10,084,569, respectively. The government completed the advance refunding to reduce its total debt service payments over the next 10 years by $2,260,203 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,779,886.

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 was being amortized over the life of the newly issued bonds. As of October 31, 2002, the 1996 bonds were considered defeased, and the unamortized loss was removed.

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. On August 4, 2003, $66,400,000 of the Authority's outstanding 1993 Series Bonds were considered defeased, and a proportionate amount of the unamortized refunding loss was written off to calculate the loss on the 2003 Series Bond issue. The balance of unamortized loss at October 31, 2003 and 2002 was $190,875 and $2,195,034, respectively. The loss amortization for the years ended October 31, 2003 and 2002 was $ 302,484 and $356,326, respectively.

(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 includes 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, 2003 and 2002:

Billing charges not treated as expenses for accounting purposes:	2003	2002
Capital Expenditures	$1,309,460	$1,503,588
Accounting expenses not treated as charges for billing purposes:		
Principal (net of Coal Cars)	8,208,327	7,499,537
Depreciation	(4,408,451)	(4,408,955)
Cost to be Recovered	(2,289,973)	(1,561,175)
Amortization of:		
Debt Issue Expense	(82,542)	(102,373)
(Loss) on Reacquired Debt	(1,668,587)	(1,374,547)
Bond (Premium) Discount	79,906	(186,510)
Unrealized Gain/Loss on Investment	(80,794)	(407,683)
Gain/Loss on Disposition of Property	(276,879)	(17,279)
Net Income	$ 790,467	$ 944,601

(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 36,520,000 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 18,260,000 tons over the term of the contract. Annual amounts are subject to increase or decrease by up to ten percent (10%). On December 11, 2002, this contract was extended for an additional two years. The term of the contract and annual quantities to be purchased are as follows:

Calendar Year	Annual Quantity
1981	210,000
1982	600,000
1983-2000	875,000
2001	850,000
2002	850,000
2003	900,000
2004	900,000

(H) RECLASSIFICATIONS

Certain 2002 amounts have been reclassified to conform to the 2003 classifications. The reclassifications had no effect on reported net income.

(I) LITIGATION

There is no litigation pending against the Authority at October 31, 2003.

(J) 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 is insured to reduce the exposure to these risks.

SUPPORTING SCHEDULES

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

SCHEDULE OF CHANGES IN RESTRICTED ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2003 AND 2002

	CASH WITH PAYING AGENT
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 2002	$ 10,547,753
CASH RECEIPTS	
Interest Received	
Other Receipts	
CASH DISBURSEMENTS	
Purchased Investments	
Principal Paid on Bonds	(8,260,000)
Interest Paid on Bonds	(4,691,538)
TRANSFERS AMONG FUNDS	
Transfers From Bond Interest and Principal Fund	12,906,222
Transfers From Revenue Fund	
Transfers to Paying Agent	
Transfers to Revenue Fund - Interest	
Transfers to Renveue - Other	
Transfers due to Refunding	
RESTRICTED CASH AND CASH EQUIVALENTS OCTOBER 31, 2003	10,502,436
RESTRICTED INVESTMENTS AND ACCRUED INTEREST OCTOBER 31, 2002	-
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, 2003	-
TOTAL RESTRICTED CASH, INVESTMENTS, AND ACCRUED INTEREST AT OCTOBER 31, 2003	$ 10,502,436

BOND RESERVE FUND	BOND INTEREST FUND	RESERVE AND CONTINGENCY FUND	FUEL COST STABILITY FUND	TOTAL
$ 10,294,178	$ -	$ 1,500,000	$ 1,056,948	$ 23,398,879
328,383	58,919	3,147	73,819	464,268
-	4,815		497,334	502,149
(9,166,113)	-	-	3,443,052	(5,723,061)
				(8,260,000)
				(4,691,538)
				12,906,222
	13,761,893			13,761,893
	(12,906,222)			(12,906,222)
(328,383)	(58,919)	(3,147)	(73,819)	(464,268)
		(988,983)	(3,486,134)	(4,475,117)
(775,995)	(860,486)	-	-	(1,636,481)
352,070	-	511,017	1,511,200	12,876,723
4,137,067	-	-	3,516,800	7,653,867
9,130,000	-	-	(3,500,000)	5,630,000
(3,909)	-	-	(34,020)	(37,929)
(74,614)	-	-	(6,180)	(80,794)
(332)	-	-	23,400	23,068
10,296	-	-	-	10,296
13,198,508	-	-	-	13,198,508
$ 13,550,578	$ -	$ 511,017	$ 1,511,200	$ 26,075,231

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

SCHEDULES OF OPERATING EXPENSES
FOR THE YEARS ENDED OCTOBER 31, 2003 AND 2002

	2003	2002
PRODUCTION		
Steam Power Generation-Operation		
Supervision	$ 248,418	$ 232,683
Fuel Expense	21,993,784	22,684,818
Steam Expense	742,418	723,992
Electric Expense	306,912	302,505
Miscellaneous	331,012	268,021
Total	23,622,544	24,212,019
Steam Power Generation-Maintenance		
Supervision and Engineering	333,708	243,312
Structures	250,558	228,233
Boiler Plant	1,889,313	1,047,269
Electric Plant	113,486	111,865
Miscellaneous Steam Plant	913,660	777,230
Total	3,500,725	2,407,909
Other Power Generation-Operation		
Auxiliary Power and EPA Allowances	454,105	92,135
Total Production Expenses	$ 27,577,374	$ 26,712,063
TRANSMISSION		
Load Dispatching Expenses	$ 163,919	$ 172,298
ADMINISTRATIVE AND GENERAL EXPENSES		
Administrative and General Salaries	$ 172,748	$ 204,850
Miscellaneous General Expense	69,312	66,120
Administrative and General Expenses	1,857,227	1,481,603
Outside Services Employed	37,213	92,329
Paying Agent Fees	31,609	1,050
Payroll Taxes	20,673	126,025
Property Insurance	227,319	84,000
Total Administrative and General Expenses	$ 2,416,101	$ 2,055,977
DEPRECIATION EXPENSE (NET)	$ 4,408,451	$ 4,408,955

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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, 2003, and have issued our report thereon dated January 15, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

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, LLC

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

January 15, 2004

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED OCTOBER 31, 2003

We have audited the financial statements of Lafayette Public Power Authority, a component unit of the Consolidated Government of Lafayette, Louisiana as of and for the year ended October 31, 2003, and have issue our report thereon dated January 15, 2004. 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 of October 31, 2003 resulted in an unqualified 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
Reportable Conditions ____Yes __x__ No

Compliance
Compliance Material to Financial Statements _____Yes __x__ No

Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs.

This section is not applicable for the year ended October 31, 2003.

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

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED OCTOBER 31, 2003

There were no prior year findings.

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

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED OCTOBER 31, 2003

No current year findings were noted, therefore, no response is deemed necessary.