LOUISIANA ENERGY AND POWER AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2020

LOUISIANA ENERGY AND POWER AUTHORITY

CONTENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Louisiana Energy and Power Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Energy and Power Authority, as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we have obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Louisiana Energy and Power Authority's basic financial statements. 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. This information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021, on our consideration of the Louisiana Energy and Power Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Wright, Moore, DeHart,
Dupuis & Hutchinson

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

April 15, 2021
Lafayette, Louisiana

LOUISIANA ENERGY AND POWER AUTHORITY

Management's Discussion and Analysis

December 31, 2020

The following Management's Discussion and Analysis is intended to serve as an introduction to the December 31, 2020, financial statements of the Louisiana Energy and Power Authority (LEPA), a political subdivision of the State of Louisiana. The discussion should be read in conjunction with the Audited Financial Statements and Notes to Financial Statements, which follow.

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

Basic Financial Statements

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

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

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

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

Financial Highlights

The increase in net assets at December 31, 2020, as compared to December 31, 2019, results from the net increase for the period of $4,307,349. This change is further allocated as an increase of $2,949,830 for the Rodemacher Project, $558,670 for the LEPA Unit 1 Project and an increase of $798,849 for non-project.

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

The net increase in assets for Rodemacher was $2,949,830. The following items accounted for this increase:

- Expenditures for capitalized assets at the Rodemacher facility. Rodemacher participants are billed for budgeted amounts to cover capital expenditures. The amounts billed are included in revenue with the offsetting expenditures being capitalized rather than expensed. The result is an increase in net assets equal to the amount expended for capital items.

- Actual expenditures for renewal and replacements in excess of collections for deposit into the renewals and replacement fund.

The net increase in assets for LEPA Unit 1 was $558,670. The following items accounted for this increase:

- Collections for deposit into the renewals and replacement fund and the contingency fund, as required by the bond resolution. Funds are invoiced to LEPA 1 participants and deposited into reserve accounts.

The change in the net assets for Non-Project activities was an increase of $798,849. The following items accounted for this difference:

- Transmission costs incurred in 2020 were lower than anticipated.
- Demand charges received in 2020 were lower than projected.

While the financial statements reflect an increase in net assets for Non-Project activities for 2020 of $798,849, LEPA incurred a non-project budget surplus for the year of $875,488.

The reconciliation of the change in net assets to the budget surplus (deficit) is as follows:

	Rodemacher	LEPA Unit 1	Non-Project	Total
Change in Net Assets	$ 2,949,830	$ 558,670	$ 798,849	$ 4,307,349
Depreciation	3,205,000	2,311,667	203,438	5,720,105
Robins & Morton Settlement	-	(110,000)	-	(110,000)
Debt Service	(3,205,000)	(2,311,667)	-	(5,516,667)
Capital expenditures	(419,019)	-	-	(419,019)
Renewal & Replacement Charge	(2,075,999)	(409,553)	-	(2,485,552)
Payments From Renewals	-	213,590	-	213,590
Contingency Charge	-	(240,000)	-	(240,000)
Amortization of Debt Premium	(454,812)	(67,820)	-	(522,632)
Debt Issuance Costs	-	55,113	-	55,113
GASB 68 Adjustment	-	-	(126,799)	(126,799)
Budget surplus (deficit)	$ -	$ -	$ 875,488	$ 875,488

LEPA's Membership in MISO RTO

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

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

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

Financial Analysis

Financial Position

Total assets, liabilities and net assets at December 31, 2020 and 2019 are as follows (stated in thousands):

	2020	2019
Current assets	$ 15,766	$ 12,967
Restricted assets	13,842	13,948
Property, plant and equipment	143,080	147,202
Deferred outflows of resources - pensions	726	793
Total assets	$ 173,414	$ 174,910
Current liabilities	$ 6,699	$ 6,648
Current liabilities payable from restricted assets	12,668	12,099
Non-current liabilities	128,209	134,887
Deferred inflows of resources - pensions	379	125
Total liabilities	147,955	153,759
Net assets:		
Invested capital net of related debt	6,496	6,100
Restricted assets for debt service	8,680	8,316
Unrestricted net assets	10,283	6,735
Total net assets	25,459	21,151
Total liabilities and net assets	$ 173,414	$ 174,910

The components of current assets for 2020 and 2019 are as follows (stated in thousands):

	2020	2019
Cash	$ 8,453	$ 6,175
Accounts receivable		
Rodemacher Project	156	138
LEPA Unit 1 Project	(136)	(73)
Non-project	4,112	4,385
Fuel inventory	2,883	2,162
Accrued interest receivable	-	12
Prepaid assets	298	168
Current assets	$ 15,766	$ 12,967

The coal inventory at Rodemacher increased from 49,650 tons valued at $2,162,036 at December 31, 2019 to 67,494 tons valued at $2,882,681 at December 31, 2020, an increase of 17,844 tons. Actual tons burned for the year totaled 145,065.

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

		2020		2019
Renewal and replacement fund - Rodemacher	$	2,364	$	2,136
Debt service fund - Rodemacher		3,458		3,379
Debt service reserve fund - Rodemacher		3,265		3,265
Contingency fund - Rodemacher		1,142		1,142
Sinking fund - LEPA Unit 1		1,957		1,672
Renewal and replacement fund - LEPA Unit 1		582		352
Contingency fund - LEPA Unit 1		1,074		835
Construction fund - LEPA Unit 1		-		1,160
Cost of issuance fund - LEPA Unit 1		-		7
Restricted assets	$	13,842	$	13,948

The increase in the renewal and replacement fund for the Rodemacher project is due to the difference between what is billed to the Rodemacher participants and what is paid to Cleco for capital project costs. The assessment to the participants for capital projects is set each year with the adoption of the Rodemacher budgets. The amount assessed is based upon the capital budget, as provided by Cleco, adjusted for any excess or shortage above the minimum balance for the renewal and replacement fund, as set by the Rodemacher project engineers. The amounts billed to the participants are transferred to the renewal and replacement fund as collected. Disbursements from the fund are made on a monthly basis, as Cleco invoices LEPA for the capital costs at the Rodemacher facility. The balance of the renewal and replacement fund increases or decreases based upon the difference between the amount collected and the amount disbursed.

The renewal and replacement fund for LEPA Unit 1 is being funded by assessment to the LEPA Unit 1 participants in accordance with the bond resolution which calls for deposits into the renewal and replacement fund of an amount not less than 5% of the bond service requirements until there has been accumulated a balance of $2,250,000. During 2020, payments for major repairs totaling $213,590 were made from the LEPA Unit 1 Renewals and Replacement Fund.

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

The construction fund for LEPA Unit 1 represents the undisbursed funds from the Louisiana Energy and Power Authority Power Project Revenue Bond Anticipation Note (LEPA Unit No. 1), Series 2019 (bond anticipation note). The note is discussed in subsequent paragraphs. The balance of the note proceeds were disbursed in the first quarter of 2020.

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

		2020		2019
Electric plant - Rodemacher Unit 2	$	125,278	$	123,292
Electric plant - LEPA Unit 1		122,252		122,252
Central dispatch facility		3,029		3,029
Non-utility property		1,518		1,518
Land		100		100
Capacitor bank		2,928		2,928
Construction work in progress:				
Rodemacher		2,091		1,594
LEPA Unit 1		4,125		5,022
Accumulated depreciation		(118,241)		(112,533)
Property and equipment	$	143,080	$	147,202

Construction projects at the Rodemacher facility are transferred to the electric plant account when Cleco informs LEPA that a project work order is completed and has been closed. Similarly, retirement of an asset occurs when Cleco informs LEPA that an asset is being taken out of service. During 2020, capital projects totaling $1,997,913 were closed and transferred to the electric plant. In addition, during 2020, Cleco informed LEPA that assets costing $12,399 (LEPA's cost) were being retired from service.

During 2019, the Authority issued a purchase order to replace the original GE LM6000PG gas turbine with an in-kind GE LM6000PG gas turbine. This project began in December 2019 and the plant was returned to service in March 2020. The purchase order to GE was for $5,991,300. The total cost of the project was $6,124,313. During 2020, the Authority received an insurance settlement for damages related to the gas turbine in the amount of $2,000,000, reducing the net cost of the project to $4,124,313.

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

	2020	2019
Accounts payable:		
Rodemacher project	$ 959	$ 915
LEPA Unit 1 project	277	830
Non-project	2,635	2,308
Due to participants:		
Coal pile responsibility	1,298	741
Renewal and replacement assessments	1,530	1,854
Current portion of revenue bonds payable:		
Series 2013 bonds (Rodemacher)	3,205	3,050
Series 2013a bonds (LEPA Unit 1)	2,520	2,020
Series 2019 bond anticipation note (LEPA Unit 1)	6,200	6,200
Accrued interest payable:		
Series 2013 bonds (Rodemacher)	253	329
Series 2013a bonds (LEPA Unit 1)	487	494
Series 2019 bond anticipation note (LEPA Unit 1)	3	6
Current liabilities	$ 19,367	$ 18,747

The coal pile responsibility liability represents amounts collected from Rodemacher participants to fund the cost of maintaining the coal inventory. LEPA has the responsibility to maintain the base inventory (25,556 tons totaling $1,204,571) which represents the inventory purchased when LEPA acquired the Rodemacher facility. The Rodemacher participants are responsible for funding all inventory levels above the base level. The funds are collected from or refunded to the Rodemacher participants as inventory levels fluctuate each month. The coal inventory levels at Rodemacher increased from 49,950 tons at December 31, 2019 to 67,494 tons at December 31, 2020.

The balance for renewal and replacement assessments represents the assessments included in the monthly billings to the Rodemacher participants for the capital expenditures at the Rodemacher facility. The assessment is calculated each year in preparing the Rodemacher budget based upon the projected capital expenditures for the year, as provided by Cleco. Since the amounts collected exceeded the amounts expended, the liability to the participants increased.

In December 2019, the Authority issued the Louisiana Energy and Power Authority Power Project Revenue Bond Anticipation Note (LEPA Unit No. 1), Series 2019 (bond anticipation note). The proceeds of this note, as previously discussed, were used to fund the replacement of the original GE LM6000PG gas turbine with an in-kind GE LM6000PG gas turbine. The note was renewed on December 21, 2020, with a maturity date of December 31, 2021. In February 2021, the Authority applied the $2,000,000 insurance settlement, less the cost of issuance for the renewal of the note, to the balance of the note, reducing the outstanding balance to $4,255,213. The Authority plans to refund the bond anticipation note with long-term financing prior to the maturity date.

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

	2020	2019
Revenue bonds payable		
Series 2013 bonds (Rodemacher)	$ 6,910	$ 10,115
Series 2013a bonds (LEPA Unit 1)	112,695	115,215
Unamortized bond premium		
Series 2013 bonds (Rodemacher)	981	1,435
Series 2013a bonds (LEPA Unit 1)	3,330	3,398
Accrued compensated absences	372	354
Net pension liability	3,921	4,370
Non-current liabilities	$ 128,209	$ 134,887

LEPA had no new bond issues in 2020.

Operations

Components of LEPA's operating revenues, operating expenses, and non-operating and investment income (loss) for the years ended December 31, 2020 and 2019 follows (stated in thousands):

	2020	2019
Operating revenues	$ 77,385	$ 86,277
Operating expenses:		
Cost of power produced	19,179	23,337
Power purchased	32,910	39,258
Transmission costs	6,851	7,044
General and administrative	2,425	2,855
Depreciation	5,720	5,095
Operating expenses	67,085	77,589
Operating income	10,300	8,688
Investment and other income	27	250
Debt expenses	(6,026)	(6,142)
Nonemployer Pension Contribution	61	67
Debt issuance costs	(55)	(100)
Change in net assets	$ 4,307	$ 2,763

The operating income for 2020 and 2019 shown in the schedule above is comprised of the following components (stated in thousands):

	2020	2019
Rodemacher power sales - participants	$ 15,763	$ 16,482
LEPA Unit 1 power sales - participants	12,372	11,754
Full requirement power sales	25,693	28,319
Load control power sales	10,475	12,665
MISO power sales	12,953	17,094
Hydro power sales	104	(62)
Other operating income	25	25
Operating revenues	$ 77,385	$ 86,277

MISO sales proceeds represent funds received from MISO for the sale of generation from Rodemacher Unit No. 2, LEPA Unit No. 1 and Terrebonne Parish Consolidated Government as well as hydropower received from the Southwestern Power Administration, the Sidney Murray Hydroelectric Project (City of Vidalia) and two bilateral purchase agreements with The Energy Authority (as discussed in subsequent paragraphs). The energy volume is deemed to have been delivered to the project participants and the proceeds are then credited to the appropriate project participants or the Full Requirements pool.

The breakdown of the MISO proceeds were as follows (stated in thousands):

	2020	2019
Rodemacher Unit No. 2	$ 1,700	$ 3,790
LEPA Unit No. 1	4,240	4,767
SWPA hydropower	902	1,367
Sidney Murray hydropower	1,253	1,651
Bilateral purchase agreeements	3,649	2,407
Terrebonne Parish generation	1,209	3,112
Total MISO proceeds	$ 12,953	$ 17,094

The volumes of energy delivered during the years of 2020 and 2019 were:

	2020 MWH	2019 MWH
Rodemacher participants	167,618	287,343
LEPA Unit 1 participants	205,406	158,211
Full requirement members	550,857	580,365
Terrebonne Parish load control	371,660	370,996
Hydropower	14,691	18,821
Rodemacher auxillaries	4,702	2,089
LEPA Unit 1 auxillaries	2,657	2,207
Other power sales - MISO	333,605	351,511
Energy delivered	1,651,196	1,771,543

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

The amounts invoiced to the Rodemacher participants for energy delivered from the Rodemacher facility are a direct pass through of costs incurred. Generation at the Rodemacher facility for 2020 totaled 217,013 MWH, a decrease of 155,089 MWH from 2019 to 2020. The Rodemacher facility was out of service from September 20, 2020 to December 30, 2020 for a steam turbine major inspection. This outage of 103 days accounted for the reduction in generation. The components of Rodemacher costs (excluding MISO charges and credits) are as follows (stated in thousands):

	2020		2019	
	Costs	Cost per MWH	Costs	Cost per MWH
Energy related costs	$ 6,506	29.98	$ 11,445	30.76
Power related costs	8,785	40.48	7,594	20.41
Debt service costs	3,710	17.10	3,708	9.97
Renewal and replacement costs	2,076	9.57	1,500	4.03
Interest earnings	(20)	(0.09)	(157)	(0.42)
Rodemacher power costs	$ 21,057	97.04	$ 24,090	64.74

The total cost increased from $64.74 per MWH to $97.04 per MWH, as detailed above. The increase in the cost per MWH was primarily due to the extended outage in 2020, as detailed above.

The amounts invoiced to the LEPA Unit 1 participants for energy delivered from the LEPA Unit 1 facility are a direct pass through of costs incurred. Generation at the LEPA Unit 1 facility for 2020 totaled 205,406 MWH, an increase of 47,195 MWHs from 2019 to 2020. LEPA Unit No 1 was out of service from June 24, 2019 to March 5, 2020 and again from September 28, 2020 to February 11, 2021. The components of LEPA Unit 1 costs (excluding MISO charges and credits) are as follows (stated in thousands):

	2020		2019	
	Costs	Cost per MWH	Costs	Cost per MWH
Energy related costs	$ 3,827	18.63	$ 4,525	28.60
Power related costs	2,855	13.90	2,661	16.82
Administrative and general	894	4.35	892	5.64
Debt service costs	8,343	40.62	7,793	49.26
Renewal and replacement	410	2.00	389	2.46
Contingency	240	1.17	240	1.52
Interest earnings	(11)	(0.05)	(58)	(0.37)
LEPA Unit 1 costs	$ 16,558	80.62	$ 16,442	103.92

The total cost increased from $103.92 per MWH to $80.62 per MWH, as detailed above. However, due to the extensive outages in 2019 and 2020, the cost per MWH is higher than normal.

The full requirement revenues represent energy delivered to the seven full requirement members under the Full Requirements Service Agreements currently in place. The components of the full requirement revenue are as follows (stated in thousands):

	2020		2019	
	Revenue	Cost per MWH	Revenue	Cost per MWH
Energy charges	$ 15,428	$ 28.01	$ 17,934	$ 30.90
Demand charges	10,265	18.63	10,385	9.00
Full requirement power sales	$ 25,693	$ 46.64	$ 28,319	$ 48.79

The increase in the full requirements revenue was caused by changes in the following factors (stated in thousands):

Energy price	$ (1,592)
Energy volume	(914)
Demand price	290
Demand volume	(410)
Net Increase	$ (2,626)

The energy charge is a direct pass through of energy costs. The energy cost factor (ECF), which is the measurement of the cost of energy delivered to the full requirement members, is calculated on a monthly basis based upon the actual energy costs incurred for LEPA generation and purchases. The average ECF for the year decreased from $30.90 per MWH in 2019 to $28.01 per MWH in 2020. The volume of energy delivered decreased by 29,568 MWH, or 5.1%.

The demand rate is set at a level sufficient, at projected demand levels, to cover all budgeted non-project costs, excluding energy costs. The rate is set annually with the adoption of the full requirements budget. The average demand rate increased from $7.90 per KW for 2019 to $8.13 for 2020. The demand volume decreased by 51,928 KW, or 3.95%.

The load control power sales represent delivery of energy to the Terrebonne Parish Consolidated Government under the current load control services agreement. The average price per MWH for energy delivered to Terrebonne Parish under this agreement decreased from $29.66 per MWH in 2019 to $23.29 per MWH in 2020. The volume of energy delivered increased by 0.18%, from 370,996 MWH in 2019 to 371,660 MWH in 2020.

Energy for 2020 and 2019 was received from the following sources:

	2020 MWH	2019 MWH
Generation:		
Rodemacher power station	217,013	372,102
LEPA Unit 1 power station	205,406	158,211
Purchases		
MISO - LBA Requirements	917,672	954,234
Bilateral purchase	160,560	86,880
MISO - Rodemacher auxillaries	4,702	2,089
MISO - LEPA Unit 1 auxillaries	2,657	2,207
Sidney Murray hydropower	69,189	80,079
Southwestern Power Administration	42,795	54,827
Terrebonne Parish Consolidated Gov't	26,358	63,788
Energy received	1,646,352	1,774,417

Rodemacher generation increased by 155,089 MWH from 2019 to 2020, or 41.2%. Of the total Rodemacher generation of 217,013 MWH, 167,618 MWH were delivered to project participants and the remaining 49,395 MWH were delivered to the full requirements pool. As previously discussed, the Rodemacher facility was out of service from September 20, 2020 to December 30, 2020.

LEPA Unit 1 generation increased by 47,195 MWH from 2019 to 2020, or 29.8%. As previously discussed, LEPA Unit 1 was out of service from June 24, 2019 to March 5, 2020 and again from September 28, 2020 to February 11, 2021.

Contacting LEPA's Financial Management

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

Additional information pertaining to Rodemacher Unit No. 2 can be obtained by reviewing the 2020 Annual Engineering Report on Rodemacher Unit No. 2.

Additional information pertaining to LEPA Unit 1 can be obtained by reviewing the 2020 Annual Engineering Report on LEPA Unit No. 1.

BASIC FINANCIAL STATEMENTS

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS		
Cash	$	8,452,792
Accounts Receivable		4,131,700
Fuel Inventory		2,882,681
Accrued Interest Receivable		321
Prepaid Expenses		298,530
Total Current Assets		15,766,024
NON-CURRENT ASSETS		
RESTRICTED ASSETS		
Cash		
Renewal and Replacement		2,945,919
Contingency		2,216,347
Debt Service		5,415,020
Debt Service Reserve		3,265,000
Total Restricted Assets		13,842,286
PROPERTY, PLANT AND EQUIPMENT		
Utility Plant		253,745,363
Central Dispatch Facility		3,129,155
Capacitor Bank		2,927,727
Non-utility Property		1,518,185
Total		261,320,430
Less: Accumulated Depreciation		(118,240,843)
Net Property, Plant and Equipment		143,079,587
Total Non-Current Assets		156,921,873
TOTAL ASSETS		172,687,897

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows of Resources - Pensions		725,701

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF NET POSITION
DECEMBER 31, 2020

LIABILITIES AND FUND NET POSITION

CURRENT LIABILITIES		
Accounts Payable	$	3,870,552
Due to Other Governments		2,828,038
Total Current Liabilities		6,698,590
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Accrued Interest Payable		743,292
Current Portion of Revenue Bonds Payable		5,725,000
Bond Anticipation Note		6,200,000
Total Current Liabilities Payable From Restricted Assets		12,668,292
NON-CURRENT LIABILITIES		
Revenue Bonds Payable		119,605,000
Unamortized Premium		4,310,649
Accrued Compensated Absences		372,349
Net Pension Liability		3,920,948
Total Non-Current Liabilities		128,208,946
TOTAL LIABILITIES		147,575,828
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources - Pensions		379,592
FUND NET POSITION		
Net Investment in Capital Assets		6,495,648
Restricted for Debt Service		8,680,020
Unrestricted		10,282,510
TOTAL FUND NET POSITION	$	25,458,178

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

OPERATING REVENUES	
Power Sales	$ 77,385,070
OPERATING EXPENSES	
Cost of Power Produced	19,178,643
Power Purchased	32,909,880
Transmission Costs	6,850,682
General and Administrative	2,425,141
Depreciation	5,720,105
Total Operating Expenses	67,084,451
Operating Income	10,300,619
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	31,111
Interest Expense	(6,026,481)
Debt Issuance Costs	(55,113)
Gain on Disposition of Allowance	1
Nonemployer Pension Contribution	61,525
Other	(4,313)
Total Non-Operating Revenues (Expenses)	(5,993,270)
CHANGE IN FUND NET POSITION	4,307,349
FUND NET POSITION, BEGINNING	21,150,829
FUND NET POSITION, ENDING	$ 25,458,178

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Received From Customers	$ 78,332,367
Received from Other Sources	(4,313)
Payments for Power Produced	(20,570,643)
Payments for Power Purchased	(32,837,457)
Payments for Transmission Costs	(6,920,400)
Payments for General and Administrative Expenses	(2,528,785)
Net Cash Provided By Operating Activities	15,470,769
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal Payments	(5,070,000)
Interest Paid	(6,634,366)
Purchase and Construction of Fixed Assets	(3,584,241)
Property Insurance Proceeds	2,000,000
Debt Issuance Costs	(53,387)
Net Cash Used In Capital and Related Financing Activities	(13,341,994)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Allowances	1
Interest Received	43,300
Net Cash Provided By Investing Activities	43,301
NET DECREASE IN CASH	2,172,076
Cash-Beginning of Year (including $13,947,758 of Restricted Cash)	20,123,002
Cash-End of Year (including $13,842,286 of Restricted Cash)	$ 22,295,078

The Accompanying Notes are an Integral Part of These Statements.

LOUISIANA ENERGY AND POWER AUTHORITY

STATEMENT OF CASH FLOWS - continued
FOR THE YEAR ENDED DECEMBER 31, 2020

Reconciliation of Operating Income to Net Cash Provided By Operating Activities:	
Operating Income	$ 10,300,619
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	5,720,105
Other Revenue	(4,313)
Provision for Net Pension Liability, Net	(65,274)
Changes in Assets and Liabilities:	
Accounts Receivable	318,008
Fuel Inventory	(720,645)
Prepaid Expenses	(130,968)
Accounts Payable	(197,996)
Due to Other Governments	233,343
Accrued Compensated Absenses	17,890
Net Cash Provided By Operating Activities	$ 15,470,769

The Accompanying Notes are an Integral Part of These Statements.

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Equity Classifications- continued

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

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

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

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

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

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

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

Inventory - Fuel Inventory is stated at the lower of cost or market as determined by the last-in, first-out method. Coal inventory amounted to $2,882,680 representing 67,494 tons at December 31, 2020.

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

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

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

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

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

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

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

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

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

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

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

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

(A) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accumulated Compensated Absences – continued

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

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.

2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

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

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

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

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS

The bond resolutions for the 2013 Series Bonds and the 2013A Series Bonds provide for the creation and maintenance of certain funds and accounts relative to the operations of the Rodemacher Project and LEPA Unit 1 Project. Management of the Authority believes they are in compliance with the requirements of the bond resolution. The Authority also maintains other accounts for its Full Requirements Approach operations.

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

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

Cash and cash equivalents included in the Cash Flow Statement as of December 31, 2020, are as follows:

Cash -	
Restricted	$ 13,842,286
Other	8,452,792
Cash and Cash Equivalents	$ 22,295,078

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS - continued

Funds and accounts at December 31 are as follows:

Rodemacher Project:	
Restricted Assets:	
Debt Service Fund, Debt Service Accounts	$ 3,457,875
Debt Service Reserve Account	3,265,000
Reserve and Contingency Fund:	
Renewal and Replacement Account	2,363,891
Contingency Account	1,142,000
Total Rodemacher Project Restricted Cash	10,228,766
Current Assets:	
Operations and Maintenance Trust	479,813
Revenue Fund	296,411
General Revenue Fund, Project Account	1,341,757
Total Rodemacher Project Current Assets	2,117,981
Total Rodemacher Project Funds and Accounts	12,346,747
LEPA Unit 1 Project:	
Restricted Assets:	
Sinking Fund	1,957,145
Renewal and Replacement Fund	582,028
Contingency Fund	1,074,347
Total LEPA Unit 1 Project Restricted Cash	3,613,520
Current Assets:	
Revenue Fund	390,213
Operating Account	190,002
Equity Fund	1,949,000
Total LEPA Unit 1 Project Current Assets	2,529,215
Total LEPA Unit 1 Project Funds and Accounts	6,142,735
Other Funds and Accounts at December 31:	
Currents Assets:	
Other Revenue Funds	3,625,596
Contract Operations Account	180,000
Total Other Funds and Accounts	3,805,596
Total Project and Other Funds and Accounts	$ 22,295,078

(B) CASH, SPECIAL DEPOSITS AND INVESTMENTS – continued

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

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

During the year ended December 31, 2020, the Authority realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year.

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

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

(C) FLOW OF FUNDS: RESTRICTIONS ON USE

Rodemacher Unit 2:
Under the terms of the resolution providing for the issuance of electric revenue bonds of the Authority to finance the acquisition of an ownership interest in a fossil fuel steam electric generating plant and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. Such revenues consist of all income, fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the fossil fuel steam electric generating plant, other than certain money derived during the period of construction. Money in the revenue fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization.

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

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

LEPA Unit 1:
Under the terms of the resolution providing for the issuance of electric revenue bonds of the Authority to finance the construction of a 64 MW combined cycle combustion turbine electric generating unit and a gas transmission line for natural gas service and for other purposes relating thereto, the bonds are special obligations of the Authority payable solely from and secured by the revenues and other funds including bond proceeds. Such revenues consist of all income, fees, charges, receipts, profits, and other money derived by the Authority from its ownership and operation of the combined cycle combustion turbine electric generating unit, other than certain money derived during the period of construction. Money in the receipts fund shall be first applied to the payment of operating expenses of the plant, exclusive of depreciation and amortization.

Money in the receipts fund shall then be deposited into the sinking fund (debt service fund) to pay principal and interest on all bonds as they become due and payable and then to be used for maintenance of the debt service reserve fund to satisfy the reserve requirements for reserve secured bonds. After making the required payments into the operating account and sinking fund, the moneys in the receipts fund shall be used for the maintenance of the contingency fund. Pursuant to the bond resolution, LEPA shall, in each fiscal year, deposit an amount equal to $240,000 in the contingency fund until there has been accumulated in the contingency fund a balance of $1,500,000. After meeting the requirements of the contingency fund, moneys in the receipts fund shall be used for the maintenance of the renewal and replacement fund. LEPA shall, in each fiscal year, deposit an amount not less than 5% of the bond service requirements in the renewal and replacement fund until there has been accumulated in the renewals and replacement fund a balance of $2,250,000. Any remaining moneys in the receipts fund are to be transferred into the equity fund.

As of December 31, 2020, all accounts requiring minimum balances were in compliance with the bond resolution.

(D) PROPERTY AND EQUIPMENT

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

	Beginning Balance 12/31/2019	Additions	Deletions	Ending Balance 12/31/2020
Electric Plant	$ 245,544,198	$ 1,997,913	$ (12,399)	$ 247,529,712
Central Dispatch Facility	3,028,811	416	-	3,029,227
Non-Utility Property	1,518,185	-	-	1,518,185
Capacitor Bank	2,927,727	-	-	2,927,727
	253,018,921	1,998,329	(12,399)	255,004,851
Less: Accumulated Depreciation	(112,533,136)	(5,720,105)	12,399	(118,240,842)
Net Property and Equipment	$ 140,485,785	$ (3,721,776)	$ -	$ 136,764,009
Land	$ 99,928	$ -	$ -	$ 99,928
Construction Work in Progress:				
Rodemacher Electric Plant	$ 1,594,233	$ 2,495,018	$ (1,997,913)	$ 2,091,338
LEPA Unit 1 Electric Plant	5,021,706	(897,393)	-	4,124,313
Total Construction Work in Progress	$ 6,615,939	$ 1,597,625	$ (1,997,913)	$ 6,215,651

Depreciation expense for the year ended December 31, 2020 was $5,720,105.

(D) PROPERTY AND EQUIPMENT - continued

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

Participants in the Rodemacher Unit No. 2 are liable for decommissioning costs upon termination of the Project. The Authority has no liability accrued for decommissioning costs at December 31, 2020.

(E) ELECTRIC REVENUE BONDS

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

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

The following is a summary of the electric revenue bonds transactions for the year ended December 31, 2020:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due Within One Year
Serial Bond - 2013	$ 13,165,000	$ -	$ 3,050,000	$ 10,115,000	$ 3,205,000
Serial Bond - 2013a	117,235,000	-	2,020,000	115,215,000	2,520,000
Total	$ 130,400,000	$ -	$ 5,070,000	$ 125,330,000	$ 5,725,000

The Authority issues bonds where it pledges project power revenues, after payment of operating expenses, as well as assets of the Authority, as established by ordinance. Revenue bonds outstanding at December 31, 2020, are as follows:

Purpose	Issue Date	2020
Electric Revenue Bonds Series 2013 3.00% - 5.00%	5/1/2013	$ 10,115,000
Electric Revenue Bonds Series 2013A 3.00% - 5.25%	10/17/2013	115,215,000
Total Principal Outstanding on Revenue Bonds		125,330,000
Unamortized Bond Premium		4,310,649
Net Revenue Bonds Outstanding		$ 129,640,649

(E) ELECTRIC REVENUE BONDS - continued

Revenue bond debt service requirements to maturity are as follows:

Year Ending December 31,	Series 2013 Principal	Series 2013 Interest	Series 2013A Principal	Series 2013A Interest
2021	$ 3,205,000	$ 425,625	$ 2,520,000	$ 5,782,737
2022	3,370,000	261,250	2,650,000	5,653,488
2023	3,540,000	88,500	2,785,000	5,517,613
2024	-	-	2,930,000	5,371,075
2025	-	-	3,090,000	5,213,050
2026-2030	-	-	17,965,000	23,544,156
2031-2035	-	-	23,155,000	18,356,256
2036-2040	-	-	30,015,000	11,498,406
2041-2044	-	-	30,105,000	3,104,625
Totals	$ 10,115,000	$ 775,375	$ 115,215,000	$ 84,041,406

Year Ending December 31,	Total Principal	Total Interest	Total
2021	$ 5,725,000	$ 6,208,362	$ 11,933,362
2022	6,020,000	5,914,738	11,934,738
2023	6,325,000	5,606,113	11,931,113
2024	2,930,000	5,371,075	8,301,075
2025	3,090,000	5,213,050	8,303,050
2026-2030	17,965,000	23,544,156	41,509,156
2031-2035	23,155,000	18,356,256	41,511,256
2036-2040	30,015,000	11,498,406	41,513,406
2041-2044	30,105,000	3,104,625	33,209,625
Totals	$ 125,330,000	$ 84,816,781	$ 210,146,781

(F) BOND ANTICIPATION NOTE

In November 2019, the Authority issued the Power Project Revenue Bond Anticipation Note (LEPA Unit No.1) Series 2019 in the amount of $6,200,000. The Series 2019 Note was issued for the purpose of (i) providing interim financing for improvements to LEPA Unit No. 1 and (ii) paying costs of issuance of the Series 2019 Note. The Note bears interest at 2.475 percent per annum payable monthly commencing January 1, 2020. The Note matured on December 31, 2020.

On December 31, 2020, the Authority refinanced the Power Project Revenue Bond Anticipation Note (LEPA Unit No.1) Series 2019 (now referred to as 2020 Series) in the amount of $6,200,000. The Series 2020 Note was issued to pay out the 2019 Series Bond Anticipation Note.

The Note bears interest at 1.9 percent per annum payable monthly commencing January 31, 2021. The Note will mature on December 31, 2021. The Authority plans to refund the bond anticipation note with long-term financing prior to the maturity date.

(G) PENSION PLAN

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

The employer pension schedules for the Municipal Employees' Retirement System of Louisiana are prepared using the accrual basis of accounting. Members' earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. The member's earnable compensation is attributed to the employer for which the member is employed as of December 31, 2020.

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

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

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

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

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

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

Retirement Benefits - Any member of Plan A hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years of creditable service at death of a member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

(G) PENSION PLAN - continued

Eligibility for Retirement for Plan A members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service.
2. Age 62 with ten (10) or more years of creditable service.
3. Age 55 with thirty (30) or more years of creditable service.
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

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

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

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

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

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

(G) PENSION PLAN - continued

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

Employer Contributions - According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending December 31, 2020, the actual employer contribution rate was 27.75% for Plan A.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Schedule of Employer Allocations – The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentage for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contributions to the System during the fiscal year ended June 30, 2020, as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2020. The employers' projected contribution effort was actuarially determined by the System's actuary.

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2020, the Authority reported a liability of $3,920,948 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Authority's proportion was 0.906911%, which was an decrease of 0.138% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Authority recognized pension expense of $438,552 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of $1,473.

(G) PENSION PLAN - continued

At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,818	$ 22,228
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	391,270	-
Change of Assumptions	65,964	-
Change in Proportion and Differences between the Employers' Contributions and the Employers' Proportionate Share of the Contributions	(3,504)	357,364
Employer Contributions Subsequent to the Measurement Date	270,153	-
	$ 725,701	$ 379,592

Deferred outflows of resources of $270,153 related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2020.

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

Fiscal Year Ended	
12/31/2020	$ 239,810
12/31/2021	$ 89,797
12/31/2022	$ 54,098
12/31/2023	$ 36,380

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

The components of the net pension liability of the System's employers as of June 30, 2020, are as follows:

	PLAN A
Total Pension Liability	$1,218,616,969
Plan Fiduciary Net Position	786,276,078
Total Net Pension Liability	$ 432,340,891

(G) PENSION PLAN - continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020, are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary Increases, including inflation and merit increases:	
- 1 to 4 years of service	6.4% for Plan A
- More than 4 years of service	4.5% for Plan A
Annuity and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disable Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Discount Rate

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

The target allocation and best estimate of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

(G) PENSION PLAN - continued

Sensitivity to Changes in Discount Rate – The following presents the net pension liability of the participating employer calculated using the discount rate of 7.0%, as well as what the employers net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2019:

	Plan A		
	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net Pension Liability	$ 5,100,722	$ 3,920,948	$ 2,923,397

Change in Net Pension Liability - The changes in the net pension liability for the year ended June 30, 2020, were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience - Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The difference between expected and actual experience resulted in a deferred inflow of resources in the amount of $22,228 for Plan A, for the year ended June 30, 2020.

Differences between Projected and Actual Investment Earnings - Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred outflow of resources in the amount of $391,270 for the year ended June 30, 2020.

Change of Assumptions - The changes in assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources in the amount of $65,964 for Plan A, for the year ended June 30, 2020.

Change in Proportion - Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The changes in proportion resulted in deferred outflows of resources in the amount of $(3,504) for Plan A.

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

(H) COMMITMENTS AND CONTINGENCIES

Coal Purchase Commitment

On November 7, 2020, the Authority entered into a contract with a coal supplier for delivery of coal to the Rodemacher facility for the period January 1 to December 31, 2021. Under the contract, the Authority will purchase from the contracted party a minimum of 12 trains (194,400 tons) to a maximum of 15 trains (243,000 tons). The committed cost is $11.20 per ton resulting in a minimum purchase commitment by the Authority of $2,177,280.

Transmission Contracts

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

Operating Costs

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

Rodemacher Power Sales Contracts

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

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

At December 31, 2020, the Participants' respective shares of the capacity and energy of the Project are as follows:

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

LEPA Unit 1 Power Contracts

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

(H) COMMITMENTS AND CONTINGENCIES - continued

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

At December 31, 2020, the Participants' respective shares of the capacity and energy of the LEPA Unit 1Project are as follows:

	Entitlement Share (MW)	Percent Share (%)
Terrebonne Parish Consolidated Government	25.00	40.90
City of Plaquemine	10.30	16.90
City of Morgan City	10.00	16.40
City of Rayne	7.90	12.90
City of Vidalia	6.30	10.30
Town of Jonesville	1.60	2.60
	61.10	100.00

Full Requirements Approach Operations Agreements

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

- As discussed in Note A, the Authority has agreements with two of the Participants, whereby the Authority purchases their entitlements in the Project. These contracts renew for succeeding one year periods until terminated by either party by written notice 24 months prior to termination. Cancellation of these agreements does not relieve the Participants of their obligations under the Rodemacher Power Sales Contracts discussed above.

- The Authority entered into a Load Matching Servicing Agreement with one Participant whereby the Authority administers load-matching services.

The Authority entered into an agreement with the Southwestern Power Administration (SWPA), whereby the Authority purchases hydroelectric power, which results from fixed power allocations of SWPA's available peaking capacity to certain member cities. The Authority resold hydroelectric power to one member city and retained the balance of the hydroelectric power for use under the Full Requirements Approach. Purchases under this contract for the year ended December 31, 2020, were $1,235,218. Sales to one member city for the year ended December 31, 2020, were $424,030.

(I) RISK MANAGEMENT

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

(J) CONCENTRATIONS

During 2020, four customers each accounted for more than ten percent and, in the aggregate, more than fifty percent, of the Authority's power sales. Following are the sales to each of these customers for the year ended December 31, 2020:

Terrebonne Parish Consolidated Government	$	19,232,975
MISO	$	12,952,895
City of Alexandria	$	11,728,805
City of Morgan City	$	9,737,840

(K) COMPENSATION OF BOARD MEMBERS

Members of the Board of Directors of the Authority received no compensation from the Authority for services rendered as directors during 2020.

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

A detail of compensation, benefits, and other payments paid to General Manager, for the year ended December 31, 2020.

		Kevin Bihm
Salary	$	151,713
Retirement		42,490
Insurance		21,633
Car Lease/Mileage		8,724
Cell Phone		600
	$	225,160

(M) ENVIRONMENTAL REGULATIONS

Environmental Regulations

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

Air Quality

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

(M) ENVIRONMENTAL REGULATIONS - continued

Water Quality

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

Solid Waste Disposal

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

(N) OPERATING LEASES

On April 1, 2012, the Authority entered into a lease for land. The primary term of the lease commenced on the effective date and expired on December 31, 2013. There are multiple renewal options, the first being a fifty (50) year period and then nine (9) additional 5-year periods. The lease year is defined as any twelve-month period commencing January 1 and ending the last day of December. The annual base rent is $25,988 and will be adjusted every five (5) years of the fifty (50) year term based on current appraised value. The Authority exercised the second renewal option at the end of 2018.

Future minimum lease payments under this operating lease are as follows:

Year Ended December 31,

2021	$ 25,988
2022	25,988
2023	25,988
2024	25,988
2025	25,988
2026-2030	129,938
2031-2035	129,938
2036-2040	129,938
2041-2045	129,938
2046-2050	129,938
2051-2055	129,938
2056-2060	129,938
2061-2063	77,964
	$ 1,117,470

(O) SUBSEQUENT EVENT

The Authority has evaluated subsequent events through April 15, 2021, the date which these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

Year ended December 31,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	$ 520,537	$ 497,535	$ 23,002	$ 2,635,628	18.88%
2016	$ 457,961	$ 374,880	$ 83,081	$ 2,013,015	18.62%
2017	$ 462,975	$ 435,177	$ 27,798	$ 1,870,608	23.26%
2018	$ 491,599	$ 476,144	$ 15,455	$ 1,890,766	25.18%
2019	$ 548,183	$ 503,294	$ 44,889	$ 1,975,436	25.48%
2020	$ 553,455	$ 481,018	$ 72,437	$ 1,876,119	25.64%

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

SUPPORTING SCHEDULES

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Funds Held by Trustee				
	Rodemacher Project				
	Reserve and Contingency Fund		Debt Service Fund		
	Renewal and Replacement Fund	Contingency Fund	Debt Service Fund	Debt Service Reserve Fund	Revenue Fund
Fund Balances at December 31, 2019	$ 2,135,960	$ 1,142,000	$ 3,379,125	$ 3,265,000	$ 284,586
Receipts from Other Funds	2,076,000	-	3,710,750	-	7,364,914
Disbursements to Other Funds	(6,316)	(3,224)	(3,511)	(9,217)	(20,040,221)
Receipts from Participants	-	-	-	-	12,560,803
Capital Expenditures	(1,848,069)	-	-	-	-
Receipts of Investment Income	6,316	3,224	3,511	9,217	1,938
Payment of Bond Interest	-	-	(582,000)	-	-
Payment on Bond Anticipation Note Interest	-	-	-	-	-
Payment of Bond Principal	-	-	(3,050,000)	-	-
Payment of Cost of Issuance	-	-	-	-	-
Other Receipts (Disbursements)	-	-	-	-	124,391
Fund Balances at December 31, 2020	$ 2,363,891	$ 1,142,000	$ 3,457,875	$ 3,265,000	$ 296,411
Fund Balances at December 31, 2020 are comprised of:					
Cash	$ -	$ -	$ -	$ -	$ -
Temporary Cash Investments	2,363,891	1,142,000	3,457,875	3,265,000	296,411
	$ 2,363,891	$ 1,142,000	$ 3,457,875	$ 3,265,000	$ 296,411

	Funds Held by Trustee					
	LEPA Unit 1 Project					
	Reserve and Contingency Fund					
	Renewal and Replacement Fund	Contingency Fund	Debt Service Fund	Revenue Fund	Construction Fund	Cost of Issuance Fund
Fund Balances at December 31, 2019	$ 352,285	$ 834,342	$ 1,672,212	$ 527,979	$ 1,160,335	$ 6,500
Receipts from Other Funds	520,421	240,000	8,327,471	5,113,630	22,441	-
Disbursements to Other Funds	(291,621)	(2,382)	(5,596)	(14,558,859)	(110,867)	(4,113)
Receipts from Participants	-	-	-	7,305,576	-	-
Capital Expenditures	-	-	-	-	(1,056,195)	
Receipts of Investment Income	943	2,387	5,596	1,887	2,615	
Payment of Bond Interest	-	-	(5,886,138)	-	-	-
Payment on Bond Anticipation Note Interest	-	-	(136,400)		(18,329)	-
Payment of Bond Principal	-	-	(2,020,000)	-	-	-
Payment of Cost of Issuance	-	-	-	-	-	(2,387)
Other Receipts (Disbursements)	-	-	-	2,000,000	-	-
Fund Balances at December 31, 2020	$ 582,028	$ 1,074,347	$ 1,957,145	$ 390,213	$ -	$ -
Fund Balances at December 31, 2020 are comprised of:						
Cash	$ -	$ -	$ -	$ -	$ -	$ -
Temporary Cash Investments	582,028	1,074,347	1,957,145	390,213	-	-
	$ 582,028	$ 1,074,347	$ 1,957,145	$ 390,213	$ -	$ -

	Funds Held by the Authority						
	Rodemacher Project		LEPA Unit 1	Other			
	Operations and Maintenance Trust	Project Account	Equity Fund	Other Revenue Fund	LEPA 1 Operating Account	Contract Operations Account	TOTAL
Fund Balances at December 31, 2019	$ 1,543,488	$ 447,914	$ -	$ 2,675,009	$ 593,326	$ 102,942	$ 20,123,003
Receipts from Other Funds	13,006,343	3,070,473	2,000,000	2,844,326	7,671,585	7,062,904	63,031,258
Disbursements to Other Funds	(2,620)	(2,179,340)	(48,031)	(22,111,342)	(3,653,998)	-	(63,031,258)
Receipts from Participants	-	-		41,332,132	-	-	61,198,511
Capital Expenditures	-	-		-	-	-	(2,904,264)
Receipts of Investment Income	2,620	2,710	31	-	-	-	42,995
Payment of Bond Interest	-	-	-	-	-	-	(6,468,138)
Payment on Bond Anticipation Note Interest	-	-	-	-	-	-	(154,729)
Payment of Bond Principal	-	-	-	-	-	-	(5,070,000)
Payment of Cost of Issuance	-	-	(3,000)	-	(48,000)	-	(53,387)
Other Receipts (Disbursements)	(14,070,018)	-	-	(21,114,529)	(4,372,911)	(6,985,846)	(44,418,913)
Fund Balances at December 31, 2020	$ 479,813	$ 1,341,757	$ 1,949,000	$ 3,625,596	$ 190,002	$ 180,000	$ 22,295,078
Fund Balances at December 31, 2020 are comprised of:							
Cash	$ -	$ -	$ -	$ 3,625,596	$ 190,002	$ 180,000	$ 3,995,598
Temporary Cash Investments	479,813	1,341,757	1,949,000	-	-	-	18,299,480
	$ 479,813	$ 1,341,757	$ 1,949,000	$ 3,625,596	$ 190,002	$ 180,000	$ 22,295,078

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2020

ASSETS	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
CURRENT ASSETS					
Cash	$ 2,117,981	$ 2,529,215	$ 3,805,596	$ -	$ 8,452,792
Accounts Receivable	155,631	(135,845)	4,927,607	(815,693)	4,131,700
Fuel Inventory	2,882,681	-	-	-	2,882,681
Accrued Interest Receivable	218	103	-	-	321
Prepaid Expenses	-	-	298,530	-	298,530
Total Current Assets	5,156,511	2,393,473	9,031,733	(815,693)	15,766,024
NON-CURRENT ASSETS					
RESTRICTED ASSETS					
Cash					
Renewal and Replacement	2,363,891	582,028	-	-	2,945,919
Contingency	1,142,000	1,074,347	-	-	2,216,347
Debt Service	3,457,875	1,957,145	-	-	5,415,020
Debt Service Reserve	3,265,000	-	-	-	3,265,000
Construction Fund	-	-	-	-	-
Cost of Issuance Fund	-	-	-	-	-
Total Restricted Assets	10,228,766	3,613,520	-	-	13,842,286
PROPERTY, PLANT AND EQUIPMENT					
Utility Plant	127,368,109	126,377,254	-	-	253,745,363
Central Dispatch Facility	-	-	3,129,155	-	3,129,155
Capacitor Bank	-	-	2,927,727	-	2,927,727
Non-utility Property	-	-	1,518,185	-	1,518,185
Total	127,368,109	126,377,254	7,575,067	-	261,320,430
Less: Accumulated Depreciation	(105,626,751)	(7,025,000)	(5,589,092)	-	(118,240,843)
Net Property, Plant and Equipment	21,741,358	119,352,254	1,985,975	-	143,079,587
Total Non-Current Assets	31,970,124	122,965,774	1,985,975	-	156,921,873
TOTAL ASSETS	37,126,635	125,359,247	11,017,708	(815,693)	172,687,897
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources - Pensions	$ -	$ -	$ 725,701	$ -	$ 725,701

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF NET POSITION
DECEMBER 31, 2020

LIABILITIES AND NET POSITION	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
CURRENT LIABILITIES					
Accounts Payable	$ 1,259,358	$ 792,159	$ 2,634,728	$ (815,693)	$ 3,870,552
Due to Other Governments	2,828,038	-	-	-	2,828,038
Total Current Liabilities	4,087,396	792,159	2,634,728	(815,693)	6,698,590
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS					
Accrued Interest Payable	252,875	490,417	-	-	743,292
Current Portion of Revenue Bonds Payable	3,205,000	2,520,000	-	-	5,725,000
Bond Anticipation Note	-	6,200,000	-	-	6,200,000
Total Current Liabilities Payable From Restricted Assets	3,457,875	9,210,417	-	-	12,668,292
NON-CURRENT LIABILITIES					
Revenue Bonds Payable	6,910,000	112,695,000	-	-	119,605,000
Unamortized Premium	980,578	3,330,071	-	-	4,310,649
Accrued Compensated Absences	-	47,454	324,895	-	372,349
Net Pension Liability	-	-	3,920,948	-	3,920,948
Total Non-Current Liabilities	7,890,578	116,072,525	4,245,843	-	128,208,946
TOTAL LIABILITIES	15,435,849	126,075,101	6,880,571	(815,693)	147,575,828
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources - Pensions	-	-	379,592	-	379,592
FUND NET POSITION					
Net Investment in Capital Assets	10,392,906	(5,883,234)	1,985,976	-	6,495,648
Restricted for Debt Service	6,722,875	1,957,145	-	-	8,680,020
Unrestricted	4,575,005	3,210,235	2,497,270	-	10,282,510
TOTAL FUND NET POSITION	$ 21,690,786	$ (715,854)	$ 4,483,246	$ -	$ 25,458,178

LOUISIANA ENERGY AND POWER AUTHORITY

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

	Rodemacher Unit 2	LEPA Unit 1	Other	Eliminations	Combined
OPERATING REVENUES					
Power Sales	$ 21,184,252	$ 16,611,820	$ 43,311,383	$ (3,722,385)	$ 77,385,070
OPERATING EXPENSES					
Cost of Power Produced	12,337,017	6,827,832	13,794	-	19,178,643
Power Purchased	-	-	36,632,265	(3,722,385)	32,909,880
Transmission Costs	1,745,640	-	5,105,042	-	6,850,682
General and Administrative	35,455	302,311	2,087,375	-	2,425,141
Depreciation	3,205,000	2,311,667	203,438	-	5,720,105
Total Operating Expenses	17,323,112	9,441,810	44,041,914	(3,722,385)	67,084,451
Operating Income	3,861,140	7,170,010	(730,531)	-	10,300,619
NON-OPERATING REVENUES (EXPENSES)					
Interest Income	19,851	10,956	304	-	31,111
Interest Expense	(50,938)	(5,975,543)	-	-	(6,026,481)
Debt Issuance Costs	-	(55,113)	-	-	(55,113)
Gain on Disposition of Allowance	1	-	-	-	1
Nonemployer Pension Contribution	-	-	61,525	-	61,525
Other	(880,224)	(591,640)	1,467,551	-	(4,313)
Total Non-Operating Revenues (Expenses)	(911,310)	(6,611,340)	1,529,380	-	(5,993,270)
CHANGE IN FUND NET POSITION	2,949,830	558,670	798,849	-	4,307,349
FUND NET POSITION, BEGINNING	18,740,954	(1,274,524)	3,684,399	-	21,150,829
FUND NET POSITION, ENDING	$ 21,690,784	$ (715,854)	$ 4,483,248	$ -	$ 25,458,178

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Louisiana Energy and Power Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wright, Moore, DeHart,
Dupuis & Hutchinson

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

April 15, 2021
Lafayette, Louisiana

LOUISIANA ENERGY AND POWER AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

We have audited the financial statements of the Louisiana Energy and Power Authority as of and for the year ended December 31, 2020 and have issued our report thereon dated April 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by Comptroller General of the United States. Our audit of the financial statements as of December 31, 2020, resulted in an unmodified opinion.

Section I – Summary of Auditors' Reports

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

Internal Control

Material Weaknesses	____Yes _x_ No
Control Deficiency	____Yes _x_ No

Compliance

Compliance Material to Financial Statements	_____Yes _x_ No

Section II – Financial Statement Findings

There were no current year findings.

Section III – Federal Award Findings and Questioned Costs.

This section is not applicable for the year ended December 31, 2020.

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

There were no prior year findings.