LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE
ASSOCIATION AND SUBSIDIARY
HOUMA, LOUISIANA

Audits of Consolidated Financial Statements

December 31, 2022 and 2021

LAPORTE
CPAs & BUSINESS ADVISORS

Contents

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Directors, Officers, and Management
December 31, 2022

Directors

Name	Address	Principal Business
Eroy Acosta	Stephensville, Louisiana	Retired
Trevor Benoit	Amelia, Louisiana	Semi-Retired - Transportation
Roger Dale Dehart	Theriot, Louisiana	Retired
Larry J. Daigle	Gray, Louisiana	Retired
Alexander Doyle	Houma, Louisiana	Retired
J. D. Boudreaux	Donner, Louisiana	Retired
David Luke	Houma, Louisiana	Self-Employed
Abbylynn R. LeBlanc	Gheens, Louisiana	Animal Hospital
Terry Trahan	Bayou Black, Louisiana	Retired

Advisor to the Board

Lloyd Gibson

Officers and Management

David Luke	President
Roger Dale Dehart	Vice-President
Larry J. Daigle	Secretary
Terry Trahan	Treasurer
Joe Ticheli	General Manager

LAPORTE
CPAs & BUSINESS ADVISORS

LaPorte, APAC
304 Corporate Blvd. | Suite E
Houma, LA 70360
985.851.2433 | Fax 985.851.2606
LaPorte.com

Independent Auditor's Report

The Board of Directors
South Louisiana Electric Cooperative Association and Subsidiary
Houma, Louisiana

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association (Cooperative) and its Subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of revenues and expenses, equities and margins, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Total Environmental Solutions, Inc. (TESI), a wholly-owned subsidiary, which statements reflect total assets of $11,587,131 and $12,216,372, as of December 31, 2022 and 2021, respectively, and net margins from discontinued operations of $1,976,019 and $1,165,484, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for TESI, is based solely on the reports of the other auditors

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Notes 2 and 20 to the financial statements, TESI has committed to exiting operations in all states and has entered into negotiations to sell all significant remaining assets and operations as of December 31, 2022. Our opinion is not modified with respect to this matter.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated July 5, 2023 on our consideration of the Cooperative'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 Cooperative'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 Cooperative's internal control over financial reporting and compliance.

LaPorte

A Professional Accounting Corporation

Houma, LA
July 5, 2023

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidated Balance Sheets
December 31, 2022 and 2021

	2022	2021
Assets		
Utility Plant		
Electric Plant in Service	**$ 139,410,625**	$ 135,828,067
Construction Work in Progress	**119,326,802**	131,468,821
	258,737,427	267,296,888
Less: Accumulated Depreciation	**(46,624,802)**	(47,068,407)
Net Utility Plant	**212,112,625**	220,228,481
Assets Held for Sale		
Water and Waste Water Plant, Net of Accumulated Depreciation	**879,257**	10,667,949
Investments in Associated Organizations	**5,176,633**	3,267,662
Total Other Property and Investments	**6,055,890**	13,935,611
Current Assets		
Cash and Cash Equivalents	**11,431,734**	1,308,688
Restricted Cash	**596,012**	10,280,524
Escrow Deposit	**650,000**	-
Accounts Receivable		
Consumers, Less Allowance for Doubtful Accounts of $212,868 in 2022; $517,802 in 2021	**4,637,760**	3,298,291
Accrued Unbilled Revenue	**2,855,138**	2,207,694
Other Accounts Receivable	**5,386,929**	1,668,264
Materials and Supplies Inventories	**2,546,896**	1,834,528
Prepayments	**3,134,159**	2,295,481
Total Current Assets	**31,238,628**	22,893,470
Other Assets		
Deferred Charges, Net of Amortization	**3,641**	4,567,735
Other Assets	**3,734**	7,303
Total Other Assets	**7,375**	4,575,038
Total Assets	**$ 249,414,518**	$ 261,632,600

The accompanying notes are an integral part of these consolidated financial statements.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidated Balance Sheets (Continued)
December 31, 2022 and 2021

	2022	2021
Liabilities and Other Credits		
Equities and Margins		
Memberships	$ 83,395	$ 83,870
Patronage Capital	48,828,366	48,539,385
Other Equities (Deficits)	6,165,469	4,189,756
Accumulated Other Comprehensive Loss	(5,853,100)	(5,853,100)
Total Equities and Margins	49,224,130	46,959,911
Long-Term Obligations, Net of Current Maturities		
Operating Leases Payable, Net of Current Portion	424,451	-
Notes Payable, Less Current Maturities	32,625,099	33,734,436
Long-Term Obligations, Net	33,049,550	33,734,436
Current Liabilities		
DEQ Settlement Payable, Current Portion	-	23,750
Current Maturities of Long-Term Obligations	1,152,873	2,613,611
Current Portion of Operating Leases Payable	165,942	-
Lines of Credit	132,563,042	82,779,382
Accounts Payable		
Purchased Power	3,557,071	6,961,001
Other	4,394,165	62,214,785
Consumer Deposits	2,206,703	2,177,512
Income Taxes Payable	3,808,005	-
Accrued Expenses and Other Liabilities	1,229,265	1,270,162
Accumulated Employee Benefit Liability	811,843	977,015
Total Current Liabilities	149,888,909	159,017,218
Other Liabilities		
Deferred Income Taxes	40,000	307,000
Regulatory Liabilities	3,631,992	-
Accumulated Employee Benefit Liability	13,579,937	21,614,035
Total Other Liabilities	17,251,929	21,921,035
Total Liabilities	200,190,388	214,672,689
Total Liabilities and Other Credits	$ 249,414,518	$ 261,632,600

The accompanying notes are an integral part of these consolidated financial statements.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidated Statements of Revenue and Expenses
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue	**$ 60,271,093**	$ 48,226,962
Operating Expenses		
Cost of Power	**40,673,898**	32,653,171
Distribution Expense	**3,013,965**	2,492,836
Consumer Account Expense	**1,724,144**	1,589,588
Customer Sales and Service	**254,997**	485,259
Depreciation and Amortization	**3,744,690**	3,688,565
Other Operating Expenses	**21,033**	5,198
Taxes	**1,594,086**	1,233,204
Maintenance		
Distribution and Transmission System	**3,028,403**	2,597,484
General Plant	**333,560**	274,224
Administrative and General		
General Office Salaries and Benefits	**1,351,821**	1,346,493
Property and Liability Insurance	**116,120**	118,121
Special Services	**197,011**	248,510
Office Supplies and Expense	**453,383**	326,200
National, State, and Local Meetings - Directors and Employees	**205,290**	145,508
Dues and Subscriptions	**178,736**	183,678
Miscellaneous	**515,258**	309,976
Total Operating Expenses	**57,406,395**	47,698,015
Operating Margins	**2,864,698**	528,947
Interest Expense	**5,466,788**	1,709,125
Net Operating Margins	**(2,602,090)**	(1,180,178)
Non-Operating Margins		
Interest Income	**64,804**	64,721
Gain on Disposition/Retirement of Property	**67,109**	12,017
Gain on PPP Loan Forgiveness	**-**	1,806,608
Other Non-Operating Income, Net	**212,958**	38,972
Cooperative Capital Credits - CFC	**2,546,200**	178,800
Total Non-Operating Margins	**2,891,071**	2,101,118
Net Margins from Continuing Operations	**288,981**	920,940
Margins from Discontinued Operations		
Margins from Discontinued Operations, Before Income Tax	**5,646,382**	1,349,028
Income Tax Expense from Discontinued Operations	**(3,670,363)**	(183,544)
Net Margins	**$ 2,265,000**	$ 2,086,424

The accompanying notes are an integral part of these consolidated financial statements.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidated Statements of Equities and Margins
For the Years Ended December 31, 2022 and 2021

	Memberships	Patronage Capital	Other Equities	Accumulated Other Comprehensive Loss	Total Equities and Margins
Balances at December 31, 2020	$ 85,005	$ 47,612,459	$ 3,030,258	$ (5,853,100)	$ 44,874,622
Change in Memberships	(1,135)	-	-	-	(1,135)
Reclassification of Prior Year Amounts	-	5,986	(5,986)	-	-
Net Margins for the Year	-	920,940	1,165,484	-	2,086,424
Balances at December 31, 2021	83,870	48,539,385	4,189,756	(5,853,100)	46,959,911
Change in Memberships	(475)	-	-	-	(475)
Other Losses	-	-	(306)	-	(306)
Net Margins for the Year	-	288,981	1,976,019	-	2,265,000
Balances at December 31, 2022	$ 83,395	$ 48,828,366	$ 6,165,469	$ (5,853,100)	$ 49,224,130

The accompanying notes are an integral part of these consolidated financial statements.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Net Margins	**$ 2,265,000**	$ 2,086,424
Adjustments to Reconcile Net Margins to Net		
Cash (Used in) Provided by Operating Activities		
Provision for Depreciation and Undepreciated		
Costs on Utility Plant Retirements	**4,600,379**	4,606,357
Provision for Uncollectible Accounts	**99,336**	132,042
Bad Debt Recoveries	**107,616**	75,083
Provision for Amortization	**-**	40,018
Gain on Sale of Assets	**(13,537,687)**	(12,017)
Deferred Income Tax Benefit	**(267,000)**	(84,000)
Changes in Operating Assets and Liabilities		
Current Assets	**(6,146,175)**	(1,183,489)
Current Liabilities	**(57,438,938)**	62,269,564
Customer Deposits	**29,191**	50,917
Net Cash (Used in) Provided by Operating Activities	**(70,288,278)**	67,980,899
Cash Flows from Investing Activities		
Construction Expenditures for Utility Plant	**(18,116,997)**	(133,506,617)
Proceeds from Sale of Assets	**23,711,709**	12,017
Patronage Distributions Received	**535,378**	105,572
Proceeds from Sale of Investments	**97,160**	97,087
Proceeds from Contributions in Aid of Construction	**17,960,508**	406,011
Net Cash Provided by (Used in) Investing Activities	**24,187,758**	(132,885,930)
Cash Flows from Financing Activities		
Decrease in Membership and Other Equities	**(781)**	(1,135)
Repayment of Louisiana DEQ Settlement	**(23,750)**	(28,500)
Increase in Short-Term Borrowings, Net	**49,783,660**	74,676,595
Retirement of Long-Term Debt	**(2,570,075)**	(1,094,643)
Net Cash Provided by Financing Activities	**47,189,054**	73,552,317
Net Increase in Cash, Cash Equivalents, and Restricted Cash	**1,088,534**	8,647,286
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	**11,589,212**	2,941,926
Cash, Cash Equivalents, and Restricted Cash, End of Year	**$ 12,677,746**	$ 11,589,212

The accompanying notes are an integral part of these consolidated financial statements.

Note 1. Summary of Significant Accounting Policies

The following accounting policies and financial information of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association and Subsidiary (the Cooperative) are set forth to facilitate the understanding of data presented in the financial statements.

Organization and Jurisdiction
The Cooperative was chartered in 1939 to provide electric service to rural member customers. At December 31, 2022, the Cooperative had approximately 1,500 miles of line serving approximately 16,400 members in a five-parish area of South Louisiana. The Cooperative is subject to certain rules and regulations promulgated for rural electric borrowers by the Rural Utilities Service (RUS) and is also subject to the jurisdiction of the Louisiana Public Service Cooperative (LPSC). The Cooperative's accounting policies conform to generally accepted accounting principles as applied in the case of Rural Electric Cooperatives.

Total Environmental Solutions, Inc. (TESI) is a wholly-owned subsidiary of the Cooperative. TESI provides water and wastewater services to customers in Louisiana, North Carolina, and South Carolina, and is regulated by the public service commission of these states.

Consolidation
The consolidated financial statements include the accounts of the Cooperative and its wholly-owned subsidiary, TESI. Intercompany transactions and balances have been eliminated in consolidation.

Utility Plant and Other Property
The Cooperative's cost associated with electric plant additions and improvements are capitalized based upon the RUS guidelines established in Bulletin 1767B-2. This results in the capitalization of direct costs such as labor and materials expense and also includes capitalization of indirect costs including labor, material charges, taxes, insurance, transportation, depreciation, pensions, and other related expenses. These costs are accumulated in work-in-progress accounts and are capitalized to the proper plant accounts at the completion of the construction activity. The costs of depreciable property, when retired, is computed at the average unit cost along with removal costs less salvage. The net retirement cost is charged to accumulated depreciation. Maintenance and repairs, including minor items of property, are charged to maintenance expense as incurred.

Depreciation is computed using the straight-line method over the expected useful lives of the related assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Utility Plant and Other Property (Continued)

TESI's property is stated at cost, less accumulated depreciation. All property recorded is included in the determination of rates. Depreciation expense is computed principally by the straight-line method over the estimated useful lives of depreciable assets for financial statement purposes, whereas accelerated methods are used for income tax purposes. Gains and losses on asset sales or dispositions are reflected in the consolidated statement of revenue and expenses.

Investments in Associated Organizations

Investments in associated organizations include patronage capital and National Rural Utilities Cooperative Finance Corporation (NRUCFC) capital term certificates. Patronage capital is recorded at cost plus undistributed patronage capital allocations. NRUCFC capital term certificates are carried at cost.

Cash Equivalents and Restricted Cash

For purposes of the consolidated statements of cash flows, the Cooperative considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash consists of amounts borrowed on lines of credit which are restricted for the construction of utility plant assets.

Accounts Receivable

Consumers Receivable

The Cooperative extends credit to its customers who are primarily located in South Louisiana. The Cooperative does not require collateral on its receivables; however, a deposit is collected from customers which may be used to satisfy outstanding receivables. Trade receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables do not accrue interest. Trade receivables are written-off when deemed uncollectible. Recoveries of trade receivables previously written-off are recorded when received.

Accrued Unbilled Revenue

Accrued unbilled revenue consists of a system generated estimate of usage for the period not yet billed by the Cooperative. This estimate is calculated by the prior month and historical usage for the year.

Other Accounts Receivable

Other accounts receivable includes grants receivable from the Federal Emergency Management Agency (FEMA) as part of FEMA's disaster grant program totaling $5,298,086 and $1,421,057 as of December 31, 2022 and 2021, respectively.

Note 1. Summary of Significant Accounting Policies (Continued)

Materials and Supplies Inventories
Materials and supplies inventories are stated at the lower of weighted average cost or net realizable value, and includes materials consisting of poles, lights, and other materials and supplies used in repairs during the period.

Regulatory Asset and Liabilities
The Cooperative is subject to provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 980, “Regulated Operations”. Regular assets represent future revenues associated with certain costs that are expected to be recovered from customers through the ratemaking process. Regulatory liabilities represent probable future reductions in revenue associated with amounts that are expected to be credited to customers through the ratemaking process.

In accordance with LPSC Order No. S-32362, the Cooperative recognized regulatory assets in 2021 and liabilities in 2022 for changes to its other postretirement benefits (OPEB) liability other than amounts amortizable under the pay-as-you-go method of accounting.

In the event that a portion of the Cooperative’s operations is no longer subject to provisions of ASC 980, the Cooperative would be required to expense the related regulatory assets that are not specifically recoverable through regulated rates or allowed to recognize the regulatory liabilities as revenue. In addition, the Cooperative would be required to determine if any impairment to the asset exists, including the write down of the asset to its estimated fair value. All deferred charges and regulatory liabilities are reflected in rates.

Revenue and Cost Recognition
The Cooperative and TESI’s primary source of revenue is derived from service contracts for which power usage and wastewater utility usage is provided, respectively. These services are provided at predetermined rates established by the Cooperative and TESI. Services provided under the service contracts represent a single performance obligation satisfied over time. Customers are billed in cycle billings during the year and payment terms are generally 30 days.

Expenses are recognized in the period in which the costs are incurred.

Income Taxes
The Cooperative is a nonprofit organization. An exemption from federal income taxes has been obtained from the Internal Revenue Service. Over 85% of the income is received from members of the Cooperative; therefore, no federal taxes are due. The Cooperative has not identified any uncertain tax positions that would jeopardize its status as tax-exempt.

Note 1. Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

TESI is taxed as a corporation for income tax purposes. TESI accounts for income taxes using the asset and liability method. Temporary differences occur between the financial reporting and tax bases of assets and liabilities.

Deferred tax assets and liabilities are recognized for these differences based on enacted tax rates and laws that will be in effect when the differences are expected to reverse. TESI follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertainty in Income Taxes.* Management has determined that there was no impact to TESI's financial statements as a result of ASC 740-10. TESI's open audit periods are 2019 through 2022.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising costs incurred and charged to operations were $123,382 and $227,006 for the years ended December 31, 2022 and 2021, respectively.

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.

Leases and Adoption of New Accounting Standard

On January 1, 2022, the Cooperative adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases,* using the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Cooperative has applied Topic 842 to reporting periods beginning on January 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Cooperative's historical accounting treatment under ASC Topic 840, *Leases*.

The Cooperative elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Cooperative does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Cooperative has not elected to adopt the "hindsight" practical expedient, and therefore will measure the right-of-use (ROU) asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on January 1, 2022.

Note 1. Summary of Significant Accounting Policies (Continued)

Leases and Adoption of New Accounting Standard (Continued)

The Cooperative determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract, and (ii) the Cooperative obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Cooperative also considers whether its service arrangements include the right to control the use of an asset.

The Cooperative made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842).

The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Cooperative made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Cooperative has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Cooperative, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred. Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Cooperative’s operating leases. As of December 31, 2022, the ROU asset balances are $590,393. and the ROU lease liabilities balance is $590,393. The adoption of the new lease standard did not materially impact consolidated net margins or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of equity.

Note 2. Discontinued Operations - Assets Held for Sale

On February 28, 2022, TESI entered into the First Amendment to Purchase and Sale Agreement, which amended the previous Purchase and Sale Agreement for the sale of its water and wastewater systems located in Louisiana for $23,613,930. The sale was concluded on November 30, 2022. The majority of the proceeds were used to pay off CoBank debt of $1,984,442, and to settle with the United States and Louisiana Department of Environmental Quality (LEDQ) for $8,000,000 in penalties for which TESI was liable under the 2000 Consent Decree and the First and Second Consent Decree Modifications. An escrow account for $650,000 was established on the date of the sale to provide for any costs TESI may be liable for with regard to Louisiana operations. As of December 31, 2022, the balance of the escrow account was $650,000. TESI also entered into a Louisiana Services agreement with the purchaser of the Louisiana operations effective November 1, 2022. The agreement called for monthly payments to the purchaser of $355,000 through the sale date. The agreement was in effect for one month with TESI paying $166,889 in total to the purchaser after certain costs incurred by TESI were subtracted from the $355,000.

On February 4, 2021, TESI entered into an agreement to sell all remaining assets owned and operated in South Carolina for $698.598. The agreements are subject to certain conditions as well as regulatory approval by South Carolina regulatory agencies. The sale occurred on January 31, 2023.

On February 4, 2021, TESI entered into an agreement to sell all remaining assets owned and operated in North Carolina for $307,363 The sale is still pending as North Carolina regulatory agencies have not signed off on the sale. The sale, if consummated, is expected to close in the second half of 2023.

Amounts reported in the consolidated balance sheets consist of the following:

	2022	2021
Water and Wastewater Utility Plant	**$ 2,349,011**	$ 22,165,740
Accumulated Depreciation	**(1,469,754)**	(11,497,791)
Assets Held for Sale, Net	**$ 879,257**	$ 10,667,949

Note 3. Utility Plant

The following are the major classes of the utility plant as of December 31, 2022 and 2021:

	2022	2021
Distribution Plant	**$ 120,076,372**	$ 119,120,325
Transmission Plant	**7,621,660**	7,617,264
General Plant	**11,712,593**	9,090,478
	139,410,625	135,828,067
Construction Work in Progress	**119,326,802**	131,468,821
	$ 258,737,427	$ 267,296,888

Depreciation is computed using the straight-line method at the following rates:

Distribution Plant	3.22%
Transmission Plant	2.75%
Water and Waste Water Plant	2.5% - 5.0%
General Plant	
Office Furniture and Equipment	6.0% - 10.0%
Transportation	10.0% - 33.3%
Structure and Improvements	2.40%

Depreciation expense was $4,600,379 and $4,606,357 for 2022 and 2021, respectively. Essentially all property has been pledged to collateralize debt. See Note 8.

Note 4. Accounts Receivable Consumers

Accounts receivable consumers at December 31, 2022 consisted of the following:

	Accounts Receivable	Allowance	Accounts Receivable Net
Electric Consumers - Cooperative	$ 4,132,027	$ 180,337	$ 3,951,690
Water and Wastewater Consumers - TESI	718,601	32,531	686,070
Total	$ 4,850,628	$ 212,868	$ 4,637,760

Note 4. Accounts Receivable Consumers (Continued)

Accounts receivable consumers at December 31, 2021 consisted of the following:

	Accounts Receivable	Allowance	Accounts Receivable Net
Electric Consumers - Cooperative	$ 3,035,653	$ 183,203	$ 2,852,450
Water and Wastewater Consumers - TESI	780,440	334,599	445,841
Total	$ 3,816,093	$ 517,802	$ 3,298,291

Note 5. Details of Patronage Capital

	2022	2021
Assignable	**$ 523,406**	$ 234,425
Assigned	**48,304,960**	48,304,960
Total	**$ 48,828,366**	$ 48,539,385

Under the provisions of the mortgage agreement, until the equities and margins equal or exceed 40 percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to 25 percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The equities and margins of the Cooperative represent 20% and 18% of the total assets at December 31, 2022 and 2021, respectively.

Note 6. Details of Other Equities

	2022	2021
Retained Capital Credit Gain	**$ 183,282**	$ 183,282
Capital Gains and Losses	**(306)**	-
Donated Capital	**6,761**	6,761
Acquisition Adjustment and Equity in Undistributed Earnings of Subsidiary	**5,975,732**	3,999,713
Total	**$ 6,165,469**	$ 4,189,756

Note 7. Lines of Credit and Letters of Credit

At December 31, 2022 and 2021, the Cooperative had lines of credit as follows:

	2022	2021
SLECA		
$5,000,000 line of credit with CoBank, maturing September 30, 2023, with variable interest only payments due monthly (6.70% at December 31, 2022). This line is unsecured.	**$ 4,934,629**	$ 2,704,382
$6,000,000 line of credit with National Rural Utilities Cooperative Financing Corporation, maturing December 14, 2023, with variable interest only payments due quarterly (5.75% at December 31, 2022). This line is unsecured.	**6,000,000**	5,000,000
$7,000,000 line of credit with National Rural Utilities Cooperative Financing Corporation, maturing December 14, 2023, with variable interest only payments due quarterly (5.75% at December 31, 2022). This line is unsecured.	**7,000,000**	-
$125,000,000 line of credit with National Rural Utilities Cooperative Financing Corporation, maturing August 30, 2023, with variable interest only payments due quarterly (5.15% at December 31, 2022). This line is unsecured.	**114,628,413**	-
$85,000,000 line of credit with National Rural Utilities Cooperative Financing Corporation, maturing August 30, 2022, with variable interest only payments due quarterly (2.00% at December 31, 2021). This line is unsecured.	-	75,000,000.00
TESI		
$2,194,600 line of credit with CoBank, maturing August 31, 2022, bearing interest at 2.159%. This line is secured by real property of TESI.	**-**	75,000
Total	**$ 132,563,042**	$ 82,779,382

The Cooperative's loan agreement with CoBank above includes financial covenants including requirements to meet certain ratio calculations and delivery timing. At December 31, 2022 and 2021, the Cooperative was in compliance with the financial covenants. At December 31, 2022 and 2021, the Cooperative was not in compliance with the loan covenant regarding delivery of the financial statements within 120 days. The lender has waived the covenant by providing an additional 90 days for delivery.

Note 7. Lines of Credit and Letters of Credit (Continued)

CoBank issued TESI irrevocable letters of credit, maturing at various dates through February 2024, in the amount of $1,105,400 for the purpose of supporting TESI's obligation for certain modified consent decrees. The modified consent decree was settled in December 2022 subsequent to the sale of the Louisiana assets.

Note 8. Long-Term Obligations

Long-term debt as of December 31, 2022 and 2021 follows:

	2022	2021
SLECA		
Rural Utilities Services, 2.16% to 4.53% mortgage notes, due in quarterly principal and interest installments of approximately $492,000 through 2046.	**$ 30,077,388**	$ 31,037,993
National Rural Utilities Cooperative Finance Corporation, 1.98% to 5.6% mortgage notes, due in quarterly principal and interest installments of approximately $87,000 through 2036.	**3,623,824**	3,810,054
Altec Capital Services, LLC, 6.55% note payable, due in monthly principal and interest installments of $2,108 through June 2026, secured by transportation equipment.	**76,760**	-
TESI		
CoBank issued TESI a multiple advance term loan in the amount of $1,500,000 with a maturity date of March 31, 2022 and bearing a variable interest rate. (2.61% at December 31, 2021).	-	1,500,000
Total Long-Term Debt	**33,777,972**	36,348,047
Less: Current Maturities of Long-Term Debt	**(1,152,873)**	(2,613,611)
Total Long-Term Debt, Net of Current Maturities	**$ 32,625,099**	$ 33,734,436

Substantially all of the Cooperative's utility plant is pledged as collateral under the various mortgage notes. TESI's note is secured by real property of TESI.

Note 8. Long-Term Obligations (Continued)

In 2022 and 2021, respectively, total interest incurred was $5,467,972 and $1,800,821, of which all was charged to operations.

Scheduled maturities of long-term debt as of December 31, 2022 for each of the next five years and thereafter are as follows:

Year Ending Decmber 31,	Amount
2023	$ 1,152,873
2024	1,194,909
2025	1,236,107
2026	1,262,345
2027	1,293,180
2028 and Thereafter	27,638,558
Total	$ 33,777,972

Note 9. PPP Loan

The Cooperative and TESI obtained loans of $1,806,608 and $526,000, respectively, under the Paycheck Protection Program (PPP) in April 2020. Promissory notes provide for interest at 1%, with a maturity date twenty-four months from the date of the notes and a payment deferral period of six months. The PPP Flexibility Act of 2020 delayed repayment of principal and interest until the date that the forgiveness amount is remitted to the lender by the Small Business Administration (SBA).

Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses, and certain other requirements related to wage rates and maintenance of full-time equivalents are met. The Cooperative and TESI received forgiveness with the lender in 2021 in the amount of $1,806,608, and $526,000, respectively. The amount of the loan forgiveness is presented as a component of nonoperating margins in the consolidated statements of revenues and expenses as of December 31, 2021.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The timing and outcome of any SBA review is not known.

Note 10. Provision for Income Taxes

TESI's provision (benefit) for income taxes consisted of the following:

2022	**Amount**
Current Income Tax Provision	
Federal Income Tax	**$ 2,873,293**
State Income Tax	**1,064,070**
Total Current Income Tax	**3,937,363**
Deferred Income Tax Provision	**(267,000)**
Total Provision (Benefit) for Income Taxes	**$ 3,670,363**

2021	Amount
Current Income Tax Provision	
Federal Income Tax	$ 231,007
State Income Tax	36,537
Total Current Income Tax	267,544
Deferred Income Tax Provision	(84,000)
Total Provision (Benefit) for Income Taxes	$ 183,544

TESI's tax effects of temporary differences that give rise to significant portions of the deferred tax asset (liability) are as follows:

	2022	2021
Noncurrent Net Deferred Tax Liability		
Allowance for Doubtful Accounts	**$ 11,500**	$ 81,000
Depreciation - Difference in Method	**(64,000)**	(400,500)
Deferred Contingency	**12,500**	12,500
Total Noncurrent Deffered Tax Liability	**$ (40,000)**	$ (307,000)

TESI's effective tax rate differs from what would be expected if the federal statutory rates were applied to income before income taxes primarily because of certain expenses deductible for financial reporting purposes that are not deductible for tax purposes.

Note 11. Deferred Charges and Regulatory Liabilities

The following is a summary of amounts recorded as deferred charges as of December 31, 2022 and 2021:

		2022		2021
Deferred Postretirement Benefits	**$**	**-**	$	4,567,278
Survey Costs		**3,641**		457
Deferred Charges	**$**	**3,641**	$	4,567,735

As of December 31, 2022, regulatory liabilities consist of changes to the postretirement benefit liability that have not been recognized as components of postretirement benefit costs in the amount of $3,631,992.

Note 12. Employee Retirement Benefits

NRECA Retirement and Security Program

Substantially all of the Cooperative's employees participate in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program (RS Plan). The program is a multi-employer defined benefit master pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. The basic benefit payable upon attainment of the normal retirement age is based on the highest five-year average of the base compensation during the last ten years of participation. Normal retirement age can be 62, or the earlier of age 62 or any age with thirty years of participation, as elected by the system. Benefits derived from employee contributions are fully vested. A portion of the benefits provided by system contributions is vested, increased at 10% a year after the first year of service to 100% after five-years of service or at age 55.

A unique characteristic of a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

Note 12. Employee Retirement Benefits (Continued)

The actuarial cost method used to determine the Cooperative's contributions necessary to meet Employee Retirement Income Security Act of 1974 (ERISA) funding requirements is the entry age normal cost method. The Cooperative made annual contributions to the RS Plan equal to the amounts accrued for pension expense. The Cooperative's pension contributions under this plan for 2022 and 2021 were $1,706,321 and $1,802,982, respectively, of which a portion was capitalized to construction work in progress based on payroll costs. This represents less than five percent of the total contributions made to the RS Plan by all participating employers. There have been no significant changes that affect the comparability of 2022 and 2021 contributions.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2016. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80% funded on January 1, 2022 and 2021, respectively, based on the PPA funding target and PPA actuarial value of assets on those dates.

Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

SelectRE Pension Plan (401k Savings Plan)
The 401k Savings Plan is a multi-employer defined contribution master pension plan. The Cooperative matches employee contributions up to 3% of an employee's annual base compensation. The Cooperative's pension contribution under the 401k Savings Plan for 2022 and 2021 was $156,668 and $263,078, respectively, of which a portion was capitalized to construction work in progress based on payroll costs.

Postretirement Health Care
The Cooperative also provides certain medical and dental benefits for retired employees and directors. The Cooperative pays the cost for retired employees as follows: years of service 8 through 15 - 25%; years 16 through 20 - 50%; years 21 through 25 - 75%; and greater than 26 years of service - 100%.

The Cooperative funds these benefits on a pay-as-you-go basis. Benefits paid under the plan amounted to $831,626 and $889,774 for the years ended December 31, 2022 and 2021, respectively.

Note 12. Employee Retirement Benefits (Continued)

A summary of the components of the net periodic postretirement benefit cost for the years ended December 31, 2022 and 2021 follows:

	2022	2021
Service Cost - Benefits Earned During the Period	**$ 678,463**	$ 549,290
Interest Cost	**608,215**	670,271
Amortization of Actuarial Loss	**392,811**	840,041
Net Periodic Postretirement Benefit Cost	**$ 1,679,489**	$ 2,059,602

The funded status of the Cooperative's postretirement plan is as follows at December 31, 2022 and 2021:

	2022	2021
Accumulated Postretirement Benefit Obligation (APBO)	**$ 14,391,780**	$ 22,591,050
Fair Value of Plan Assets	**-**	-
Excess of APBO over Fair Value of Plan Assets	**$ 14,391,780**	$ 22,591,050

Amounts not yet recognized as components of postretirement benefit cost at December 31, 2022 and 2021 are reported in the financial statements as follows:

	2022	2021
Accumulated Other Comprehensive Loss	**$ 5,853,100**	$ 5,853,100
Regulatory (Liability) Asset	**(3,631,922)**	4,567,278
Total	**$ 2,221,178**	$ 10,420,378

For participants age 65 and over, the assumed healthcare cost trend rate was 4.93% and decreases gradually to an ultimate rate of 4.30% through 2028. For participants under age 65, the assumed healthcare cost trend rate was 3.4% and increases gradually to an ultimate rate of 5.0% in 2028. The assumed discount rate used in measuring the APBO was 5.50% and 3.30% for 2022 and 2021, respectively.

Note 12. Employee Retirement Benefits (Continued)

Benefits expected to be paid in each of the next five years, and in the aggregate for the next five years thereafter, are estimated as follows:

2023	$	811,843
2024		798,604
2025		836,519
2026		890,106
2027		884,337
Aggregate for the Five Years Thereafter		4,466,225

Note 13. Rates and Regulation

In 1989, the Louisiana Supreme Court ruled that the LPSC has plenary authority over all rural electric cooperatives in the state. In June 2000, the Cooperative's rate schedules were filed with LPSC.

Note 14. Leases

The Cooperative leases real estate, vehicles, and other transportation equipment under operating lease agreements ranging from 1 to 5 years. None of the leases contain renewal or termination options. The Cooperative's operating leases generally do not contain any material restrictive covenants, variable consideration, or residual value guarantees.

Operating lease cost is recognized on a straight-line basis over the lease term. Components of lease expense are as follows for the year ended December 31, 2022:

Lease Costs		
Operating Lease Cost	$	145,992
Short-Term Lease Cost		222,644
Total Lease Cost	$	368,636

Total rent expense for operating leases was $257,046 for the year ended December 31, 2021.

Operating lease ROU assets included in Electric Plant in Service on the consolidated balance sheet total $590,393 at December 31, 2022.

Note 14. Leases (Continued)

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the consolidated balance sheet as follows as of December 31, 2022:

Year Ending December 31,	**Amount**
2023	$ 165,942
2024	165,942
2025	165,942
2026	79,267
2027	13,300
Thereafter	-
Total Lease Payments	590,393
Less Imputed Interest	-
Total present value of lease liabilities	$ 590,393

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable leases are as follows as of December 31, 2021:

Year Ending December 31,	**Amount**
2023	$ 126,042
2024	126,042
2025	126,042
2026	39,367
2027	-
Thereafter	-
Total Future Minimum Lease Payments	$ 417,493

Note 15. Revenues from Contracts with Customers

The revenues of the Cooperative are primarily derived from providing retail electric service to its members. Revenues from contracts with customers represent over 95% of all Cooperative revenues from continuing operations for the years ended December 31, 2022 and 2021. Below is a disaggregated view of the Cooperative's revenues from contracts with customers.

Operating revenues consist of retail electric power sales to members, who are located within the Cooperative's defined service territory, through the membership agreement and the Cooperative's bylaws. All of the electric revenue meets the criteria to be classified as revenue from contracts with customers and are recognized over time as energy is delivered. Revenue is based on the metered quantity of electricity delivered at the applicable rates approved by the LPSC.

	Operating Revenues	
Disaggregated Revenue Streams	**2022**	2021
Member Electric Sales - Residential	**$ 31,263,164**	$ 24,522,301
Member Electric Sales - Small Commercial and Industrial	**21,173,791**	17,972,319
Member Electric Sales - Large Commercial and Industrial	**6,112,037**	4,176,441
Member Electric Sales - Other	**1,722,101**	1,555,901
Total Revenues from Contracts with Customers	**$ 60,271,093**	$ 48,226,962

Contract assets consist of billed and unbilled accounts receivable from contracts with customers of $6,806,828, $5,075,724, and $5,906,997 as of December 31, 2022, 2021 and 2020, respectively, net of uncollectible amounts.

Contract liabilities consist of customer deposits and accrued interest payable on customer deposits of $1,683,325, $1,665,013, and $1,689,613 as of December 31, 2022, 2021 and 2020, respectively.

Note 16. Contingencies

Several suits and claims arising in the ordinary course of operations are pending against TESI. The majority of these claims are covered by insurance or other defenses.

Note 16. Contingencies (Continued)

On August 29, 2021, Hurricane Ida struck the Louisiana Gulf Coast and heavily impacted Terrebonne and Lafourche Parishes. The Cooperative suffered heavy damage to its facilities and electric plant in service. As discussed in Note 7, the Cooperative obtained an emergency line of credit to cover the costs of repairing its electric system and restoring power to the members. The utility plant assets are not insured and the Cooperative expects that approximately 90% of the costs related to the repair and restoration of its utility plant will be reimbursed by the federal government through FEMA Public Assistance Grants. As of December 31, 2022, FEMA has approved approximately $23 million in costs for reimbursement. Of this amount, approximately $18 million in grant funding was received prior to December 31, 2022, and there is a balance of approximately $5 million in grants receivable on the December 31, 2022 consolidated balance sheet.

TESI is currently operating under a modified consent decree (MCD) and consolidated compliance order and notice of potential penalty (CCONOPP) with state and federal environmental regulatory agencies. The MCD states that TESI will make necessary refurbishments to bring existing systems into compliance with state and federal operating standards. It is the opinion of management that the refurbishments to meet the terms of the MCD can be completed within the specified time limits. Costs associated with the refurbishments are expected to be capital in nature and are capitalized as incurred. Upon the sale of the Louisiana water and wastewater systems in November 2022, TESI was assessed penalties totaling $8,000,000 by the United States Department of Justice (DOJ) and the Louisiana Department of Environmental Quality (LDEQ) for noncompliance. This settlement is expected to relieve TESI of any future liabilities related to the MCD and the CCONOPP.

In October 2020, TESI settled with the state of Louisiana relating to compliance issues with TESI facilities not subject to the MCD. The settlement was for $57,000, with monthly payments of $2,375 beginning November 2020. As of December 31, 2022, the balance outstanding on the settlement was $-0-.

In April 2020, the LPSC issued an order authorizing utilities to record as a regulatory asset expenses incurred from the suspension of disconnections and collection of late fees imposed by LPSC order associated with the COVID-19 pandemic. In addition, utilities may seek future recovery, subject to LPSC review and approval, of losses and expenses incurred due to compliance with LPSC's COVID-19 orders. The suspension of late fees and disconnects for non-pay was extended until the first billing cycle after July 16, 2020. Utilities seeking to recover the regulatory asset must formally petition the LPSC to do so, identifying the direct and indirect costs for which discovery is sought. As of December 31, 2022 the Cooperative and TESI had not recorded any regulatory assets for costs associated with the COVID-19 pandemic.

Note 16. Contingencies (Continued)

In April 2021, TESI received notice from the LPSC of their intention to audit TESI's compliance of all drinking water systems and wastewater systems, including compliance and clearance under the MCD. The audit shall also include compliance with all past and current regulatory issues with all relevant regulatory agencies, as well as TESI's past transactions with related parties. The impact, if any, to the financial position and operations of TESI upon conclusion of the planned audit is unknown.

Management of the Cooperative and TESI are not aware of any unrecorded material environmental commitments or contingent environmental liabilities. Environmental contingencies have been mitigated by testing of the water and sewer systems on a regular basis and providing the test results to the proper environmental authorities.

The Cooperative is subject to other legal proceedings. In the opinion of management, the outcome of these proceedings will not materially affect the accompanying financial statements, and accordingly, no provision for any liability has been recorded.

Note 17. Commitments

Under its wholesale power agreement, the Cooperative is committed to purchase all of its electric power and energy requirements from CLECO Cajun, LLC through March 2025. The rates paid for such purchases are subject to review annually, and are regulated by the LPSC. Future operating results could be materially affected in the event of an interruption of the supply of electric power from the company.

Note 18. Supplemental Disclosures of Cash Flow Information

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheet to the total shown in the consolidated cash flow statement:

	2022	2021
Cash and Cash Equivalents	**$ 11,431,734**	$ 1,308,688
Escrow Deposit	**650,000**	-
Restricted Cash	**596,012**	10,280,524
Total of Cash, Cash Equivalents and Restricted Cash Reported in the Consolidated Cash Flow Statement	**$ 12,677,746**	$ 11,589,212

Note 18. Supplemental Disclosures of Cash Flow Information (Continued)

Cash payments for interest and income taxes were as follows:

	2022	2021
Total Interest Paid	$ 5,556,656	$ 1,812,546
Income Taxes	$ 6,621	$ 495,053

Noncash Financing and Investing Activities
Noncash investing and financing activities are as follows:

	2022	2021
Retirement of Plant Assets, Adjusted for Removal Costs and Material Salvaged	$ 4,188,295	$ 2,168,149
Deferred Postretirement Benefit Costs	$ (8,199,270)	$ 79,640
Right-of-Use Assets Acquired Under Leases	$ 590,393	$ -

The following amounts reported in the consolidated cash flow statement are related to discontinued operations:

	2022	2021
Total Cash (Used in) Provided by Operating Activities	$ (7,624,606)	$ 1,688,872
Total Cash Provided by (Used in) Investing Activities	$ 21,850,741	$ (1,585,045)
Depreciation	$ 855,689	$ 917,792
Amortization	$ -	$ 40,018
Payments for Acquisition of Property and Equipment	$ (1,241,019)	$ (1,682,132)

Note 19. Concentrations of Credit Risk

The Cooperative maintains cash in bank accounts in excess of insured limits. The Cooperative has not experienced any losses and does not believe that significant credit risk exists as a result of this practice

Note 20. Subsequent Events

The Cooperative and TESI have evaluated events and transactions for potential recognition or disclosure through July 5, 2023, the date the financial statements were available to be issued, and determined the following events occurred that require disclosure:

On April 26, 2023, the LPSC granted final approval of SLECA's request for a temporary rate increase to recover additional debt service costs related to hurricane damage, which had been conditionally approved on May 25, 2022. The rate increase was effective on July 1, 2022 and is expected to generate approximately $2.5 million in additional revenues over the time the increased rates are in effect. The April 26, 2023 approval increased the temporary rate from $0.00692 per kilowatt hour (kWh) sold to $0.01332 per kWh effective July 1, 2023.

On January 31, 2023, TESI sold its South Carolina water and wastewater operations for $698,598.

No further subsequent events occurring after July 5, 2023 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LaPorte
CPAs & BUSINESS ADVISORS

LaPorte, APAC
304 Corporate Blvd. | Suite E
Houma, LA 70360
985.851.2433 | Fax 985.851.2606
LaPorte.com

Independent Auditor's Report on Supplementary Information

The Board of Directors
South Louisiana Electric Cooperative Association and Subsidiary
Houma, Louisiana

We have audited the consolidated financial statements of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association and Subsidiary for the year ended December 31, 2022 and have issued our report thereon dated July 5, 2023 which expressed an unmodified opinion on those financial statement, appears on pages 2-4. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information, which insofar as it relates to Total Environmental Solutions, Inc. is based on the report of other auditors, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

LaPorte

A Professional Accounting Corporation

Houma, LA
July 5, 2023

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidating Balance Sheet
December 31, 2022

	SLECA	TESI	Eliminations	Consolidated
Assets				
Utility Plant				
Electric Plant in Service	$ 139,410,625	$ -	$ -	$ 139,410,625
Construction Work in Progress	119,326,802	-	-	119,326,802
	258,737,427	-	-	258,737,427
Less: Accumulated Depreciation	(46,624,802)	-	-	(46,624,802)
Net Utility Plant	212,112,625	-	-	212,112,625
Water and Waste Water Plant Held for Sale, Net of Accumulated Depreciation	-	879,257	-	879,257
Investment in Subsidiary	5,947,966	-	(5,947,966)	-
Investments in Associated Organizations	4,980,875	195,758	-	5,176,633
Total Other Property and Investments	10,928,841	1,075,015	(5,947,966)	6,055,890
Current Assets				
Cash and Cash Equivalents	2,461,777	8,969,957	-	11,431,734
Restricted Cash	596,012	-	-	596,012
Escrow Deposit	-	650,000	-	650,000
Accounts Receivable				
Consumers, Less Allowance for Doubtful Accounts	3,951,690	686,070	-	4,637,760
Accrued Unbilled Revenue	2,855,138	-	-	2,855,138
Other Accounts Receivable	5,401,486	9,663	(24,220)	5,386,929
Materials and Supplies Inventories	2,546,896	-	-	2,546,896
Prepayments	2,941,467	192,692	-	3,134,159
Total Current Assets	20,754,466	10,508,382	(24,220)	31,238,628
Other Assets				
Deferred Charges	3,641	-	-	3,641
Other Assets	-	3,734	-	3,734
Total Other Assets	3,641	3,734	-	7,375
Total Assets	$ 243,799,573	$ 11,587,131	$ (5,972,186)	$ 249,414,518

See independent auditor's report on supplementary information.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Consolidating Balance Sheet (Continued)
December 31, 2022

	SLECA	TESI	Eliminations	Consolidated
Liabilities and Other Credits				
Equities and Margins				
Memberships	$ 83,395	$ -	$ -	$ 83,395
Patronage Capital	48,828,366	-	-	48,828,366
Other Equities (Deficits)	6,165,469	5,947,966	(5,947,966)	6,165,469
Accumulated Other Comprehensive Loss	(5,853,100)	-	-	(5,853,100)
Total Equities and Margins	49,224,130	5,947,966	(5,947,966)	49,224,130
Long-Term Obligations, Net of Current Maturities				
Operating Leases Payable, Net	424,451	-	-	424,451
Notes Payable, Net	32,625,099	-	-	32,625,099
Long-Term Obligations, Net	33,049,550	-	-	33,049,550
Current Liabilities				
Current Maturities of Long-Term Obligations	1,152,873	-	-	1,152,873
Current Portion of Operating Leases Payable	165,942	-	-	165,942
Lines of Credit	132,563,042	-	-	132,563,042
Accounts Payable				
Purchased Power	3,557,071	-	-	3,557,071
Other	3,720,361	698,024	(24,220)	4,394,165
Consumer Deposits	1,113,567	1,093,136	-	2,206,703
Income Taxes Payable	-	3,808,005		3,808,005
Accrued Expenses and Other Liabilities	1,229,265	-	-	1,229,265
Accumulated Employee Benefit Liability	811,843	-	-	811,843
Total Current Liabilities	144,313,964	5,599,165	(24,220)	149,888,909
Other Liabilities				
Deferred Income Taxes	-	40,000	-	40,000
Regulatory Liabilities	3,631,992			3,631,992
Accumulated Employee Benefit Liability	13,579,937	-	-	13,579,937
Total Other Liabilities	17,211,929	40,000	-	17,251,929
Total Liabilities	194,575,443	5,639,165	(24,220)	200,190,388
Total Liabilities and Other Credits	$ 243,799,573	$ 11,587,131	$ (5,972,186)	$ 249,414,518

See independent auditor's report on supplementary information.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY
Houma, Louisiana
Consolidating Statement of Revenues and Expenses
December 31, 2022

	SLECA	TESI	Eliminations	Consolidated
Operating Revenue	$ 60,271,093	$ -	$ -	$ 60,271,093
Operating Expenses				
Cost of Power	40,673,898	-	-	40,673,898
Distribution Expense	3,013,965	-	-	3,013,965
Consumer Account Expense	1,724,144	-	-	1,724,144
Customer Sales and Service	254,997	-	-	254,997
Depreciation and Amortization	3,744,690	-	-	3,744,690
Other Operating Expenses	21,033	-	-	21,033
Taxes	1,594,086	-	-	1,594,086
Maintenance				
Distribution and Transmission System	3,028,403	-	-	3,028,403
General Plant	333,560	-	-	333,560
Administrative and General				
General Office Salaries and Benefits	1,351,821	-	-	1,351,821
Property and Liability Insurance	116,120	-	-	116,120
Special Services	197,011	-	-	197,011
Office Supplies and Expense	453,383	-	-	453,383
National, State, and Local Meetings - Directors and Employees	205,290	-	-	205,290
Dues and Subscriptions	178,736	-	-	178,736
Miscellaneous	515,258	-	-	515,258
Total Operating Expenses	57,406,395	-	-	57,406,395
Operating Margins	2,864,698	-	-	2,864,698
Interest Expense	5,466,788	-	-	5,466,788
Net Operating Margins	(2,602,090)	-	-	(2,602,090)
Non-Operating Margins				
Interest Income	64,804	-	-	64,804
Gain on Disposition/Retirement of Property	67,109	-	-	67,109
Income (Loss) from Equity Investments	1,976,019	-	(1,976,019)	-
Other Non-Operating Income, Net	212,958	-	-	212,958
Cooperative Capital Credits - CFC	2,546,200	-	-	2,546,200
Total Non-Operating Margins	4,867,090	-	(1,976,019)	2,891,071
Net Margins from Continuing Operations	2,265,000	-	(1,976,019)	288,981
Margins from Discontinued Operations				
Margins from Discontinued Operations, Before Income Tax	-	5,646,382	-	5,646,382
Income Tax Expense from Discontinued Operations	-	(3,670,363)	-	(3,670,363)
Net Margins	$ 2,265,000	$ 1,976,019	$ (1,976,019)	$ 2,265,000

See independent auditor's report on supplementary information.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer
December 31, 2022

Agency Head
Joe Ticheli, General Manager

Purpose	**Amount**
Salary	$0
Benefits-Insurance	$0
Benefits-Retirement	$0
Deferred Compensation (CAA)	$0
Benefits-Executive Incentive	$0
Benefits-Administrative Retention	$0
Benefits-Vacation Payout	$0
Car Allowance	$0
Vehicle Provided by Government	$0
Cell Phone	$0
Dues	$0
Vehicle Rental	$0
Per Diem	$0
Reimbursements	$0
Travel	$0
Registration Fees	$0
Conference Travel	$0
Housing	$0
Unvouchered Expenses	$0
Special Meals	$0
Other	$0

No compensation, benefits, or other payments were paid to the General Manager from public funds received by the Cooperative.

See independent auditor's report on supplementary information.

SUPPLEMENTARY FINANCIAL REPORTS

LaPorte, APAC
304 Corporate Blvd. | Suite E
Houma, LA 70360
985.851.2433 | Fax 985.851.2606
LaPorte.com

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

The Board of Directors
South Louisiana Electric Cooperative Association
Houma, 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 Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association (Cooperative) and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the related consolidated statements of revenue and expenses, equities and margins, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated, July 5, 2023.

The financial statements of the Cooperative's wholly-owned subsidiary, Total Environmental Solutions, Inc., were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Total Environmental Solutions, Inc.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association'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.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and questioned costs as finding 2022-001.

Cooperative's Response to Finding
Government Auditing Standards requires the auditor to perform limited procedures on the Cooperative's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Cooperative's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

LaPorte

A Professional Accounting Corporation

Houma, LA
July 5, 2023

LaPorte, APAC
304 Corporate Blvd. | Suite E
Houma, LA 70360
985.851.2433 | Fax 985.851.2606
LaPorte.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Board of Directors
South Louisiana Electric Cooperative Association
Houma, Louisiana

Opinion on Each Major Federal Program
We have audited the Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association's (the Cooperative) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Cooperative's major federal programs for the year ended December 31, 2022. The Cooperative's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Cooperative complied, in all material respects, with the types of compliance requirements referred to above that could have a direct or material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Cooperative's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Cooperative's federal programs.

Auditor's Responsibility for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the Cooperative's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cooperative's compliance with the requirement of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Cooperative's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Cooperative's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

LaPorte

A Professional Accounting Corporation

Houma, LA
July 5, 2023

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
United States Department of Homeland Security			
Passed through the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4611 - Hurricane Ida	$ 22,941,840
Total United States Department of Homeland Security			22,941,840
Total Expenditures of Federal Awards			$ 22,941,840

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Louisiana 8 Terrebonne South Louisiana Electric Cooperative Association (the Cooperative) under programs of federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position, results of operations, or cash flows of the Cooperative.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. Relationship to the Financial Statements

All expenditures reported on the Schedule were incurred in the year ended December 31, 2021 and were reported as additions to Construction Work in Progress in the 2021 consolidated balance sheet. Federal award revenues were recognized in the year ended December 31, 2022, the year in which the awards were obligated, and are reported as reductions of Construction Work in Progress in the 2022 consolidated balance sheet.

Note 4. Indirect Cost Rate

The Cooperative has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 5. Passed Through to Sub Recipients

There were no awards passed through to sub recipients.

Part I - Summary of Auditor's Results

1.	Type of auditor's report	Unmodified
2.	Internal control over financial reporting	
	a. Material weaknesses identified?	None
	b. Significant deficiencies identified?	None
	c. Noncompliance material to the financial statements?	Yes
	d. Other matters identified?	None

Federal Awards

1.	Internal control over major programs	
	a. Material weaknesses identified?	None
	b. Significant deficiencies identified?	None
2.	Type of auditor's report issued on compliance for each major program	Unmodified
3.	Audit findings disclosed that are required in accordance with the Uniform Guidance	No
4.	Identification of major program	
	97.036 Disaster Grants - Public Assistance	
5.	Dollar threshold used to distinguish between Type A and B programs	$750,000
6.	Auditee qualified as a low-risk auditee?	No

Part II - Financial Statement Findings

2022-001 Late Submission of Audit Report to the Legislative Auditor

Criteria: Revised Statute 24:513A(5)(a)(i) requires that annual audits should be completed within six months of the close of the entity's fiscal year.

Condition: The Cooperative's annual financial statements were submitted to the Legislative Auditor in July 2023 which was later than the six-month requirement.

Cause: The late filing was due to a delay by the Cooperative in receiving the final audit report from its subsidiary, and delays caused by hurricane damage to the Cooperative's offices.

Effect: Noncompliance with state law.

Recommendation: The Cooperative should ensure that future annual financial statements are submitted within the six-month period.

Management's Response: The Cooperative will submit its future annual financial statements within the six-month period required by state law.

Part III - Federal Award Findings and Questioned Costs

None.

LOUISIANA 8 TERREBONNE
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
AND SUBSIDIARY
Houma, Louisiana
Summary Schedule of Prior Year Findings
December 31, 2022

Part I. Internal Control and Compliance Material to the Financial Statements

No findings were noted.

Part II. Internal Control and Compliance Material to Federal Awards

Not applicable.