SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

HOUMA, LOUISIANA

UNIFORM GUIDANCE COMPLIANCE REPORTING PACKAGE

FOR THE YEAR ENDED DECEMBER 31, 2023

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION
HOUMA, LOUISIANA

UNIFORM GUIDANCE COMPLIANCE REPORTING PACKAGE
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Board of Directors
South Louisiana Electric Cooperative Association
Houma, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited South Louisiana Electric Cooperative Association's 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 South Louisiana Electric Cooperative Association's major federal programs for the year ended December 31, 2023. South Louisiana Electric Cooperative Association'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, South Louisiana Electric Cooperative Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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 South Louisiana Electric Cooperative Association (the Cooperative) and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that 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 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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above 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 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 requirements 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 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.

- 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 schedule.

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 a 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control were not 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.

Purpose of This Report

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.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of South Louisiana Electric Cooperative Association as of and for the year ended December 31, 2023, and have issued our report thereon dated June 18, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures on the audited financial statements subsequent to the date of the auditor's report on those financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

June 20, 2024

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

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 South Louisiana Electric Cooperative Association (the Cooperative), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated June 20, 2024.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Cooperative's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2023-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

South Louisiana Electric Cooperative Association's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on South Louisiana Electric Cooperative Association's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. South Louisiana Electric Cooperative Association'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.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

June 20, 2024

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

I. Summary of Auditor's Results:

Financial Statements:

Type of Auditor's report issued on the financial statements: **Unmodified**

Internal Control over Financial Reporting

Material Weaknesses: **None Reported**

Significant Deficiencies: **Yes**

Noncompliance which is material to the financial statements: **No**

Federal Awards:

Type of Auditor's report issued on compliance for major programs: **Unmodified**

Internal Control over Major Federal Programs

Material Weaknesses: **None Reported**

Significant Deficiencies: **No**

Did the audit disclose findings which are required to be reported under 2 CFR 200.516(a): **No**

Major programs include: **97.036 Public Assistance Grant (Presidentially Declared Disasters)**

Dollar threshold used to distinguish between Type A and Type B programs: **$2,748,618**

Low risk auditee: **No**

II. Financial Statement Findings:

Significant Deficiency

2023-001 *Closing Work Orders upon completion of the project*

Condition and Criteria: Review of work orders the auditors found that several work orders from prior storms had been left opened for multiple years due to the cooperative waiting to close the work orders in question after funds had been received by GOHSEP.

Effect: Due to work orders being left open for extended periods of time, work orders can accumulate years of overhead cost and also understate depreciation costs from year to year.

Cause:	Procedure for the Cooperative has been to wait to close these work orders when all of the funds have been received from GOHSEP.
Recommendation:	The auditors recommend that the Cooperative implement a process for closing the storm work orders in a more timely manner and record a receivable for the obligated funds. The Cooperative can then determine how it intends to collect the unreimbursed costs.

Views of Responsible Officials and Planned Corrective Actions:

2023-001	The Cooperative will begin to record a receivable from the government upon declaration of the natural disaster. The Cooperative will track the amount remaining to be paid by the government which should allow the Cooperative to close storm work orders on a timely basis. The Cooperative will review open work orders on an annual basis to determine whether any stale projects exist and need to be abandoned.
Contact:	Sandi Click – Manager of Finance

III. Federal Award Findings and Questioned Costs

None Reported

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

SCHEDULE OF STATUS OF CURRENT AND PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

Current Year's Findings/Noncompliance

None for the year ended December 31, 2023.

Prior Year's Findings/Noncompliance

N/A – No Compliance Report in the Prior Year

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Matthew Peters, GM

Purpose	**Amount**
Salary	$ 0
Benefits - Insurance	0
Benefits - Retirement	0
Car Allowance	0
Vehicle Provided by Cooperative	0
Per Diem	0
Reimbursements	0
Travel	0
Registration Fees	0
Conference Travel	0
Continuing Professional Education	0
Housing	0
Unvouchered Expenses	0
Special Meals	0

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Amount Passed Through to Subrecipient
FEDERAL AWARDS				
U.S. Department of Homeland Security				
Federal Emergency Management Agency (FEMA) Passed through the Government Office of Homeland Security and Emergency Preparedness (GOHSEP)				
Public Assistance Grant (Presidentially Declared Disasters)	DR 4611	97.036	$ 91,620,601	$
Total Department of Homeland Security and Federal Awards			$ 91,620,601	$ 0

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of South Louisiana Electric Cooperative Association (the Cooperative) and is presented on the accrual basis of accounting. 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 SEFA presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Cooperative.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting or when the funds are obligated by the awarding entity. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – TOTAL FEMA FUNDS RECEIVED

The Cooperative received a total of $60,382,946 from FEMA during the year ended December 31, 2023.

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

HOUMA, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY
HOUMA, LOUISIANA

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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Independent Auditor's Report

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 accompanying consolidated financial statements of South Louisiana Electric Cooperative Association and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023, and the related consolidated statements of income and patronage capital, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Louisiana Electric Cooperative Association and Subsidiary as of December 31, 2023, and the results of its operations and its cash flows for the year 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 $5,303,141 as of December 31, 2023 and net loss from discontinued operations of $699,154 for the year then ended. Those statements were audited by other auditors, whose reports have been fully 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) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 South Louisiana Electric Cooperative Association and Subsidiary (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. The financial statements of TESI were not audited in accordance with *Government Auditing Standards*.

Prior Period Financial Statements

The consolidated financial statements of South Louisiana Electric Cooperative Association as of December 31, 2022, were audited by other auditors whose report dated July 5, 2023, expressed an unmodified opinion those statements.

As more fully described on Note 3 to the financial statements the Cooperative adjusted it's 2022 financial statements to retrospectively apply the change in accounting for interest on the Cooperative's emergency line of credit and the accounting for TESI's escrow account.

As part of our audit of the 2023 financial statements, we also audited the adjustments to the 2022 financial statements to retrospectively apply the change in accounting as described in Note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to South Louisiana Electric Cooperative Inc.'s 2022 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2022 financial statements as a whole.

The financial statements of TESI as of December 31, 2022, were audited by other auditors whose report dated June 30, 2023, expressed an unmodified opinion those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 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 consolidated 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 and *Government Auditing Standards* 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Cooperative's consolidated financial statements as a whole. The consolidating financial is presented for purposes of additional analysis and is not a required part of the basic 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 financial information is fairly stated, in all material respects, in relation to the consolidated 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 June 18, 2024 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 South Louisiana Electric Cooperative Association and Subsidiary's internal control over financial reporting and compliance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

June 18, 2024

FINANCIAL STATEMENTS

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Exhibit A

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

ASSETS

	December 31, 2023	December 31, 2022
UTILITY PLANT AT COST		
Electric Plant in Service	$ 143,735,403	$ 138,820,231
Right of Use Lease Assets	1,182,495	590,393
Construction Work in Progress	36,664,665	119,326,802
	$ 181,582,563	$ 258,737,426
Less: Accumulated Provision for Depreciation	48,208,972	46,624,803
	$ 133,373,591	$ 212,112,623
ASSETS HELD FOR SALE		
Water and Waste Water Plant, Net of Accumulated Depreciation	$	$ 879,257
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Investments in Associated Organizations	$ 6,070,386	$ 5,176,634
Investments in Affiliated Companies/Less Valuation Allowance	(197,994)	
	$ 5,872,392	$ 5,176,634
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,781,985	$ 12,027,746
Escrow Deposit	233,387	403,839
Accounts Receivable (Less allowance for credit losses of $274,147 in 2023 and $180,338 in 2022)	3,694,110	4,730,086
Disaster Assistance Receivable	33,446,741	5,298,086
Accrued Unbilled Revenue	3,717,954	2,855,138
Underbilled Wholesale Power Cost Adjustment	2,232,566	2,834,268
Materials and Supplies	2,567,221	2,546,896
Prepaid Income Taxes	89,907	
Other Current and Accrued Assets	283,841	299,893
	$ 52,047,712	$ 30,995,952
Deferred Charges	$ 3,983,565	$ 1,975,895
TOTAL ASSETS	$ 195,277,260	$ 251,140,361

LIABILITIES AND EQUITIES

	2023	2022
EQUITIES		
Memberships	$ 83,440	$ 83,395
Patronage Capital	49,758,297	49,634,500
Other Equities	6,382,524	7,081,677
Other Comprehensive Income (Loss)	(5,853,100)	(5,853,100)
	$ 50,371,161	$ 50,946,472
LONG-TERM DEBT		
RUS/FFB Mortgage Notes, Less Current Maturities	$ 28,059,784	$ 29,133,311
CFC Mortgage Notes, Less Current Maturities	3,231,871	3,437,594
Other Long Term Debt, Less Current Maturities		54,194
Lease Obligations, Less Current Maturities	811,100	424,451
	$ 32,102,755	$ 33,049,550
NON-CURRENT LIABILITIES		
Post-Retirement Benefit Obligation, Less Current Maturities	$ 14,163,781	$ 13,579,937
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 1,219,173	$ 1,152,873
Current Portion of Post-Retirement Benefit Obligation	804,409	811,843
Current Maturities of Lease Obligations	371,395	165,942
Notes Payable - Lines of Credit	84,035,303	132,563,042
Accounts Payable Purchased Power	4,342,618	3,557,071
Accounts Payable - Other	2,474,783	4,359,974
Consumer Deposits	1,165,053	2,206,703
Accrued Taxes	51,748	40,570
Income Taxes Payable		3,808,005
Accrued Interest Payable	627,912	642,634
Accrued Employee Compensated Absences	491,657	570,991
Other Current and Accrued Liabilities		5,797
	$ 95,584,051	$ 149,885,445
DEFERRED CREDITS		
Accumulated Provision for Post-Retirement Benefits - Actuarial Gain	$ 3,055,512	$ 3,631,992
Deferred Income Taxes		40,000
Other Deferred Credits		6,965
	$ 3,055,512	$ 3,678,957
TOTAL LIABILITIES AND EQUITIES	$ 195,277,260	$ 251,140,361

See accompanying notes to financial statements.

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Exhibit B

CONSOLIDATED STATEMENTS OF INCOME AND PATRONAGE CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Years Ended December 31,				
	2023		2022		Increase
	Amount	%	Amount	%	(Decrease)
OPERATING REVENUES					
Residential	$ 33,241,701	50.1	$ 30,385,300	49.4	$ 2,856,401
Commercial and Industrial - Small	24,386,506	36.7	21,826,707	35.5	2,559,799
Commercial and Industrial - Large	6,964,506	10.5	6,325,393	10.3	639,113
Public Street & Highway Lighting	860,231	1.3	854,120	1.4	6,111
Rent from Electric Property	363,302	0.5	363,152	0.6	150
Miscellaneous Electric Revenue	577,364	0.9	516,421	0.8	60,943
Water and Wastewater Revenue		0.0	1,206,351	2.0	(1,206,351)
Total Operating Revenues	$ 66,393,610	100.0	$ 61,477,444	100.0	$ 4,916,166
OPERATING EXPENSES					
Purchased Power	$ 40,898,686	61.6	$ 40,673,898	66.2	$ 224,788
Water and Wastewater		0.0	1,371,982	2.2	(1,371,982)
Distribution - Operation	3,903,146	5.9	3,013,965	4.9	889,181
Distribution - Maintenance	3,345,219	5.0	3,028,403	4.9	316,816
Customer Accounts	1,869,264	2.8	1,724,144	2.8	145,120
Customer Service and Information	476,386	0.7	243,290	0.4	233,096
Selling Expenses	17,664	0.0	11,706	0.0	5,958
Administrative and General	4,159,181	6.3	3,530,052	5.7	629,129
Depreciation	3,905,871	5.9	4,600,378	7.5	(694,507)
Taxes	1,514,861	2.3	1,594,085	2.6	(79,224)
Other Interest	6,447,169	9.7	2,314,757	3.8	4,132,412
Other Deductions	5,600	0.0	1,795	0.0	3,805
Total Operating Expenses	$ 66,543,047	100.2	$ 62,108,455	101.0	$ 4,434,592
OPERATING MARGINS (LOSS) - Before Fixed Charges	$ (149,437)	(0.2)	$ (631,011)	(1.0)	$ 481,574
FIXED CHARGES					
Interest on Long-Term Debt	$ 1,147,359	1.7	$ 1,184,712	1.9	$ (37,353)
OPERATING MARGINS (LOSS) - After Fixed Charges	$ (1,296,796)	(1.9)	$ (1,815,723)	(2.9)	$ 518,927
G&T Capital Credits	493,484	0.7	257,738	0.4	235,746
Other Capital Credits	894,521	1.3	2,288,462	3.7	(1,393,941)
NET OPERATING MARGINS	$ 91,209	0.1	$ 730,477	1.2	$ (639,268)
NONOPERATING MARGINS (LOSS)					
Interest Income	$ 65,079	0.1	$ 64,804	0.1	$ 275
Gain on Disposition of Assets	29,040	0.0	48,774	0.1	(19,734)
Income (Loss) From Discontinued Operations	(883,941)	(1.3)	3,171,135	4.8	(4,055,076)
Other Income	98,213	0.1	231,789	0.3	(133,576)
	$ (691,609)	(1.1)	$ 3,516,502	5.3	$ (4,208,111)
NET MARGINS (LOSSES) BEFORE INCOME TAX EXPENSE (BENEFIT)	$ (600,400)	(1.0)	$ 4,246,979	6.5	$ (4,847,379)
Income Tax Expense (Benefit)					
Current	$ 14,957	0.0	$ 15,750	0.0	$ (793)
Deferred	(40,000)	(0.1)	(2,275)	0.0	(37,725)
Total Income Tax Expense (Benefit)	$ (25,043)	(0.1)	$ 13,475	0.0	$ (38,518)
NET MARGINS (LOSSES)	$ (575,357)	(0.9)	$ 4,233,504	6.5	$ (4,808,861)
PATRONAGE CAPITAL - BEGINNING OF YEAR	49,634,500		48,539,385		
Transfer Prior Year Margins to Other Equities			(1,162,370)		
Transfer Subsidiary (Margins) Losses to Other Equities	699,154		(1,976,019)		
PATRONAGE CAPITAL - END OF YEAR	$ 49,758,297		$ 49,634,500		

See accompanying notes to financial statements.

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Exhibit C

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	December 31, 2023	December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Margins (Losses)	$ (575,357)	$ 4,233,504
Reconciliation of Net Margins to Net Cash From Operating Activities		
Depreciation	4,056,812	4,723,411
Capital Credits	(1,388,005)	(2,546,200)
Loss From Discontinued Operations	197,994	
(Increase) Decrease		
Accounts Receivable and Other Accounts Receivable	925,495	(1,170,732)
Unbilled Revenue	(862,816)	(647,444)
(Over) Under Collected Wholesale Power Cost Adjustment	601,702	(1,145,448)
Materials and Supplies and Other Current Assets	(4,272)	(405,600)
Deferred Charges	(2,007,670)	(1,968,117)
Deferred Income Taxes	(40,000)	
Increase (Decrease)		
Accounts Payable and Other Accrued Liabilities	(6,027,064)	402,086
Deferred Credits	(7,035)	(267,000)
Net Cash From Operating Activities	$ (5,130,216)	$ 1,208,460
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Plant	$ (11,224,503)	$ (7,771,682)
Plant Removal Costs net of Salvage and Other Credits	(607,547)	(772,828)
Net Proceeds from Sale of TESI Assets	992,621	10,174,022
Change in Escrow Account	170,452	(650,000)
Other Property and Investments	503,915	637,229
Net Cash From Investing Activities	$ (10,165,062)	$ 1,616,741
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Activity on Line of Credit	$ (48,527,739)	$ 49,783,660
Payments on Long-Term Debt	(1,267,144)	(2,670,585)
Advances on Long-Term Debt		76,760
Disaster Assistance - Receivables, and Construction	58,844,355	(49,575,720)
Other Equities		(307)
Net Change in Memberships	45	(475)
Net Cash From Financing Activities	$ 9,049,517	$ (2,386,667)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (6,245,761)	$ 438,534
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	12,027,746	11,589,212
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,781,985	$ 12,027,746
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest on Long-Term Debt	$ 1,148,696	$ 1,275,222
Income Taxes	$ 3,643,148	$ 6,621
SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION		
Assets Obtained Trough Operating Right of Use Leases	$ 592,102	$ 590,393
Post-Retirement Benefit Obligation	$ 576,410	$ (8,199,270)

See accompanying notes to financial statements.

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Operations

South Louisiana Electric Cooperative Association and Subsidiary (the Cooperative), is a Louisiana non-profit corporation organized to provide electric service at the retail level to residential and commercial accounts in a five-parish area of South Louisiana. Power delivered at retail is purchased wholesale primarily from Louisiana Generating, LLC. The Cooperative is regulated by the Louisiana Public Service Commission (LPSC). Any revenues earned in excess of costs incurred are allocated to members of the Cooperative and are reflected as patronage capital equity in the balance sheet.

Total Environmental Solutions, Inc. (TESI) is a wholly owned subsidiary of South Louisiana Electric Cooperative Association (SLECA). TESI was chartered in 2000 to purchase the assets of a water and wastewater utility through the Bankruptcy Court of the Middle District of Louisiana. 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. TESI's Louisiana water and wastewater assets were sold on November 30, 2022 and TESI no longer provides such services to customers in Louisiana. South Carolina water and wastewater assets were sold on January 31, 2023 and as of that sale date, TESI no longer provides water and wastewater utility services to South Carolina customers. A sale of North Carolina water and wastewater assets was transacted on December 29, 2023 and as of that date, TESI no longer provides water and wastewater utility services to North Carolina customers.

System of Accounts

The accounting records of the Cooperative are maintained in accordance with the Rural Utilities Service (RUS) Uniform System of Accounts (USOA) as prescribed by RUS electric borrowers.

Consolidation

The consolidated financial statements include the accounts of the Cooperative and its wholly-owned subsidiary, TESI. All material, intercompany transactions and balances have been eliminated during consolidation.

Regulatory Accounting

Due to regulation of its rates by the LPSC, the Cooperative follows regulatory accounting requirements. Regulatory accounting requirements recognize that the ratemaking process can result in differences in the application of generally accepted accounting principles between regulated and non-regulated businesses. Such differences generally involve the accounting period in which various transactions enter into the determination of net margin. Accordingly, certain costs and receipts may be capitalized as a regulatory asset or liability that would otherwise be charged to expense or revenues. Regulatory assets and liabilities (included in deferred charges and deferred credits) are recorded when it is probable that future rates will permit their recovery and are amortized over their expected recovery period as authorized by the Board of Directors.

In accordance with LPSC Order No. S-32362, the Cooperative recognized a regulatory liability in 2023 and 2022 for changes to its other post-retirement benefits (OPEB) liability other than amounts amortizable under the pay-as-you-go method of accounting.

Patronage Capital

In conformity with its bylaws, the Cooperative conducts its operations on a cooperative, nonprofit basis. Annual revenues in excess of the cost of providing service, commonly referred to as net margins, are allocated in the form of "capital credits" to the customers' capital accounts on the basis of patronage. Capital credits are returned to members in accordance with the Cooperative's policies and are classified as payable upon Board resolution authorizing retirement.

Electric Plant, Maintenance, and Depreciation

Electric plant is stated at the original cost of construction, which includes the cost of contracted services, direct labor, materials, and overhead items. Contributions from others toward the construction of electric plant are credited to the applicable plant accounts.

When property which represents a retirement unit is replaced or removed, the average cost of such property as determined from the continuing property records is credited to electric plant and such cost, together with cost of removal less salvage, is charged to the accumulated provision for depreciation.

Depreciation is recorded on the composite basis and is charged to capital and operating accounts at rates adopted by the Board of Directors in conformity with guidelines provided by RUS. When transmission and distribution units of property are retired, their average cost (specific unit cost for substantially all of the general plant) is removed from utility plant and the cost, less net salvage, is removed from allowances for depreciation.

Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets, and the replacement and renewal of items determined to be less than units of plant are charged to maintenance as incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Electric Revenues from Contracts with Customers

The Cooperative's primary source of revenue is from retail electric sales sold under tariff rates approved by LPSC. The Cooperative transmits and distributes electric power at retail to customers in south Louisiana.

Substantially all operating revenues and customer accounts receivables are derived from contracts with customers. Performance obligations related to the sale of energy are satisfied as energy is delivered to customers. The Cooperative recognizes revenue that corresponds to the price of the energy delivered to the customer. The measurement of energy sales to customers is generally based on the reading of their meters, which occurs throughout month. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are calculated, and the corresponding unbilled revenue is recognized. The Cooperative's unbilled revenue for delivered power usage which has not been billed to customers at December 31, 2023 and 2022 is $3,717,954 and $2,855,138 respectively.

The Cooperative's tariffs for electric service include power cost adjustment clauses under which billings to customers are adjusted to reflect changes in the cost of fuel and purchased power. In order to match power costs and related revenues, under-collected power cost to be billed to consumers in subsequent periods is recognized as a current asset and as an increase of classified operating revenues on the consolidated statement of income and patronage capital. Also, to match power cost and related revenues, over-collected power cost to be credited to consumers in subsequent periods is recognized as a current liability and as a reduction of classified operating revenues on the consolidated statement of income and patronage capital. The Cooperative had under-collected power cost of $2,232,566 and $2,834,268 as December 31, 2023 and 2022, respectively.

The Cooperative does not recognize a separate financing component of its collections from customers as contract terms are short-term in nature. The Cooperative presents its revenues net of any sales taxes.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount that management of the Cooperative expects to collect from outstanding balances. Generally, the Cooperative considers accounts receivable past due after 30 days. With the adoption of ASC 326 during the year ended December 31, 2023, the term allowance for uncollectible accounts was changed to allowance for credit losses. The allowance for credit losses represents an estimate of the expected credit losses inherent in trade receivables as of the balance sheet date. Additions to the allowance for credit losses, if any, are made by recording charges to uncollectible expense in the income statement. Recoveries consist of consumer payments for members with outstanding balances. The Cooperative’s methodology in determining the adequacy of the allowance for credit losses includes consideration of the aging of accounts receivable and identifying individual troubled accounts through review of specific past-due accounts. The delinquent accounts deemed uncollectible are written off upon approval of the Board of Directors. Changes in the allowance for credit losses during the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Balance, Beginning of Year	$ 180,338	$ 183,203
Write-Offs	(92,977)	(122,973)
Recoveries	17,248	20,772
Accruals	169,538	99,336
Balance, End of Year	$ 274,147	$ 180,338

Financial Instruments with Off-Balance Sheet Risk

The Cooperative maintains checking accounts in financial institutions located in its service area. The balances are insured by the Federal Deposit Insurance Corporation. Deposits at times exceeded insured amounts.

Group Concentrations of Credit Risk

The Cooperative's headquarters facility is located in Houma, Louisiana. The service area includes three parishes in Louisiana. The Cooperative records a receivable for electric revenues as billed on a monthly basis. The Cooperative requires a deposit from its members upon connection based on a credit check, which is applied to unpaid bills and fees in the event of default. The deposit accrues interest annually and is returned along with accrued interest upon disconnection of service. As of December 31, 2023 and 2022, deposits on hand totaled $1,165,053 and $2,206,703, respectively.

Investments in Associated Organizations

In the course of its business, the Cooperative has become a member of other cooperative organizations. Such membership required an investment in each cooperative for which the Cooperative periodically receives patronage which can be disbursed or reinvested. These investments are carried at cost adjusted for any reinvested patronage.

Materials and Supplies

Inventories consist primarily of materials and supplies for construction and maintenance of the Cooperative's transmission and distribution system and are stated at average unit cost, as prescribed by RUS. Usable material from plant retirements is returned to inventory at current average cost.

Income Taxes

The Cooperative is exempt from federal income taxes under Section 501 (c) (12) of the Internal Revenue Code. Accordingly, there is no provision for income taxes in the accompanying financial statements.

In accordance with the Financial Accounting Standards Board (FASB) ASC 740-10 *Accounting for Uncertainty in Income Taxes* (ASC 740-10) which also requires the disclosure of open tax years subject to examination and the policy for classifying interest and penalties, the Cooperative has performed an evaluation and determined that no uncertain tax liabilities or positions exist for the year ended December 31, 2023. The Cooperative files income tax returns in the U.S. federal jurisdiction. The Cooperative is no longer subject to U.S. federal income tax examinations by tax authorities for a period of three years beyond the filing of those returns.

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 basis 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 ASC 740-10. Management has determined that there was no impact to TESI's financial statements as a result of ASC 740-10.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) 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.

Advertising

Advertising costs are charged to expense when incurred. Advertising expense was $99,919 and $115,423 for the years ended December 31, 2023 and 2022, respectively.

Comparative Financial Information

Certain reclassifications have been made in prior year's consolidated financial statements to conform to current year's presentation.

2. Assets Pledged

All assets are pledged as security for the long-term debt due to the National Rural Utilities Cooperative Finance Corporation (CFC), RUS, and CoBank.

3. Restatement of Previously Issued Financial Statements

The Cooperative has restated its previously issued financial statements for 2022, primarily to reflect the correction of errors related to its recording of the rate rider implanted during 2022 to collect Hurricane Ida interest and to correct an overstatement of the escrow deposit recorded for TESI.

Due to the Louisiana Public Service Commission approval of a rate rider to collect interest incurred on Hurricane Ida, any under or over collection of interest should be reflected on the balance sheet. The Cooperative expensed the interest as incurred and recorded revenue for the amount collected thus recording the under collection as an expense on the income statement. TESI overstatement the escrow deposit recorded in the prior year and an adjustment was made to other equities to reflect this correction.

The effect of correction of these errors on results of operations for the above mentioned financial statements is as follows for the 2022 calendar year:

		December 31, 2022
Patronage Capital		
As previously reported	$	48,828,366
As restated	$	49,634,500
Other Equities		
As previously reported	$	6,165,469
As restated	$	7,081,677
Totals		
As previously reported	$	54,993,835
As restated	$	56,716,177

4. Utility Plant

Utility Plant consists of the following:

	December 31, 2023	December 31, 2022
Transmission Plant	$ 8,680,702	$ 7,621,661
Distribution Plant	123,955,607	120,076,372
General Plant	11,099,094	11,122,198
	$ 143,735,403	$ 138,820,231
Property Under Lease	1,182,495	590,393
Construction Work in Progress	36,664,665	119,326,802
Total	$ 181,582,563	$ 258,737,426
Accumulated Depreciation	(48,208,972)	(46,624,803)
Total Utility Plant, net	$ 133,373,591	$ 212,112,623

Depreciation expense is provided by the straight-line method over the composite rate or a specific unit basis for transportation and power operated equipment as follows:

Transmission Plant	3.00%
Distribution Plant	1.80% - 3.90%
General Plant:	
Structures and Improvements	3.00% - 30.60%
Office Furniture and Equipment	3.34% - 20.00%
Transportation Equipment	10.00% - 20.00%
Stores Equipment	12.00% - 20.00%
Labatory Equipment	12.00% - 25.00%
Communications Equipment	4.99% - 20.00%
Miscellaneous Equipment	20.00%

Depreciation was $4,056,812 and $4,723,411 for the years ended December 31, 2023, and 2022, respectively of which $3,905,871 and $4,600,378 were charged to depreciation expense, and $150,941 and $123,033 were allocated to other accounts.

5. Investments in Associated Organizations

The Cooperative has business relationships with various other cooperatives. As a result, the Cooperative holds membership rights in these organizations, which include the right to receive patronage allocations.

Investments in associated organizations consist of the following:

	December 31,	
	2023	2022
Arkansas Electric Cooperative Corp.	$ 1,119,405	$ 1,104,614
1803 Electric Cooperative, Inc.	788,582	295,098
Meridian Cooperative	121,597	110,540
Federated Rural Electric Insurance Exchange	875,504	845,390
CoBank Common Stock	192,427	285,754
Gresco Utility Supply, Inc.	789,838	601,820
National Rural Cooperative Finance Corporation (CFC):		
Patronage Capital	682,000	419,775
Capital Term Certificates	1,489,579	1,489,579
Memberships	11,210	1,210
Other	244	22,854
Total Investments in Associated Organizations	$ 6,070,386	$ 5,176,634

6. Disaster Assistance Receivable

During 2021, Southern Louisiana was struck by hurricane Ida, which caused significant damage to the Cooperative's transmission and distribution plant. The Cooperative has recorded a receivable for what has been approved by the Federal Emergency Management Agency (FEMA) via the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) which will reimburse the Cooperative for hurricane recovery related to costs. The receivable represents the funds that have been considered obligated by FEMA. As of December 31, 2023, FEMA has obligated funds to the Cooperative totaling $119,988,511 of which $4,375,413 is obligated in advance of the Cooperative expending the funds. The Cooperative has received funds from FEMA passed through GOHSEP totaling $82,166,358 through December 31, 2023. As of December 31, 2023 and 2022, the Cooperative has a receivable on its' consolidated balance sheets in the amount of $33,446,741 and $5,298,086, respectively.

7. Materials and Supplies

Materials and Supplies consist of the following:

	December 31,	
	2023	2022
Plant Material and Operating Supplies	$ 2,545,689	$ 2,523,227
Transportation Supplies	21,532	23,669
	$ 2,567,221	$ 2,546,896

8. Deferred Charges

Deferred charges consist of the following:

	December 31, 2023	December 31, 2022
Regulatory Asset - Power Cost	$ 1,822,233	$
Regulatory Asset - Hurricane Ida - Interest	2,149,694	1,968,504
Other	11,638	7,391
	$ 3,983,565	$ 1,975,895

Regulatory assets are recorded for expenses that are deferred and will be recovered through rates charged to members in future periods. Such deferrals are made at the discretion of the Cooperative's Board of Directors and the LPSC.

In December 2023, the Cooperative was notified of an expected increase in wholesale power priced from CLECO Cajun, LLC. According to Cleco Cajun, this increase was attributable to record low levels of the Mississippi River and thus, Cleco Cajun had been in force majeure with its logistics provider since late September 2023. The Cooperative applied and received approval under commission docket S-37108 to defer the power cost and collect the power cost over a 12 month period beginning February 2024. The total power cost and interest deferred amounted to $1,804,019 and $18,214, respectively.

The Cooperative pays interest on emergency lines of credit (ELOC) financed by the Cooperative's lenders, CFC and CoBank. The interest is incurred due to the Cooperative financing payment of invoices associated with hurricane Ida in advance of reimbursement by FEMA. Under commission order U-36339, the Cooperative applied for and received rate relief related to the interest being paid on the ELOC. Amounts being billed to members are recorded as revenue. The current rate rider associated with interest is 13.32mils per kWH sold. The Cooperative anticipates that any under-collected interest will be collected through the formula rate filing with the LPSC.

ELOC Interest paid and collected for the years ended December 31, 2023 and 2022 is as follows:

	December 31, 2023	December 31, 2022
Beginning Balance	$ 1,968,504	$ 205,556
Interst Paid to Lenders	5,392,278	3,610,463
Less: Interest Collected through Rate Rider	(5,211,088)	(1,847,515)
	$ 2,149,694	$ 1,968,504

9. Income Taxes

Income Tax Expense (Benefit) consists of the following:

		December 31, 2023		December 31, 2022
Current Income Tax Expense				
Federal Income Tax	$	4,447	$	
State Income Tax		10,510		15,750
Total Current Income Tax Expense	$	14,957	$	15,750
Deferred Income Tax Expense (Benefit)		(40,000)		(2,275)
Total Income Tax Expense (Benefit)	$	(25,043)	$	13,475

The tax effects of temporary differences of deferred tax assets (liabilities) are as follows:

		December 31, 2023		December 31, 2022
Deferred Tax Asset (Liability):				
Bad Debt Allowance	$		$	11,500
Property, Plant, and Equipment Due to Depreciation Difference				(64,000)
Deferred Contingency				12,500
Deferred Tax Asset (Liability), net	$	0	$	(40,000)

10. Mortgage Notes – RUS and FFB

The following is a summary of long-term debt due RUS and FFB and maturing at various times from 2042 through 2046:

		December 31, 2023		December 31, 2022
RUS Mortgage Notes				
Fixed Rate Notes - 3.030% - 4.530%	$	13,727,036	$	14,211,027
FFB Mortgage Notes				
Fixed Rate Notes - 2.551% - 3.340%		15,358,441		15,866,361
Total RUS and FFB Mortgage Notes	$	29,085,477	$	30,077,388
Less: Current Maturities		1,025,693		944,077
	$	28,059,784	$	29,133,311

Principal and interest installments on the above notes are due in monthly and quarterly amounts. As of December 31, 2023, annual maturities of long-term debt due RUS and FFB for the next five years are as follows:

2024	$ 1,025,693
2025	1,058,146
2026	1,093,976
2027	989,599
2028	1,163,452

11. Mortgage Notes – CFC

The following is a summary of long-term debt due CFC and maturing at various times from 2036 through 2041:

	December 31, 2023	December 31, 2022
Fixed Rate Notes - 3.290% - 5.600%	$ 2,568,983	$ 2,712,304
Fixed Rate Notes - Current Year 6.530% - 7.140% and Prior Year 1.980% - 5.090%	856,367	911,520
Total CFC Mortgage Notes	$ 3,425,350	$ 3,623,824
Less: Current Maturities	193,479	186,230
	$ 3,231,871	$ 3,437,594

Principal and interest installments on the above notes are due in quarterly amounts. As of December 31, 2023, annual maturities of long-term debt due CFC for the next five years are as follows:

2024	$ 193,479
2025	202,235
2026	211,439
2027	221,116
2028	231,293

12. Lines of Credit

Lines of credit consists of the following:

		December 31, 2023		December 31, 2022
As of December 31, 2023, the Cooperative has four lines of credit facilities totaling $139,000,000 with the National Rural Utilities Cooperative Finance Corporation (NRUCFC). The interest rates on the lines of credits were 6.65% and 7.25%, as of December 31, 2023. The lines of credit have ranging maturities from April 25, 2024 through December 19, 2024. As of December 31, 2022, the Cooperative had three lines of credit facilities totaling $138,000,000 with the NRUFC. The interest rate on the lines of credit were 5.15% and 5.75%, respectively as of December 31, 2022.	$	79,230,279	$	127,628,413
As of December 31, 2023, the Cooperative had an unsecured $5,000,000 line of credit with CoBank. The interest rate on the line of credit was 7.76% and 6.70% as of December 31, 2023 and 2022, respectively. The line of credit matures September 30, 2024.		4,805,024		4,934,629
	$	84,035,303	$	132,563,042

13. Lease Obligations

The Cooperative executed lease agreements with Altec leasing for seven bucket and service trucks, two digger derricks and one trailer with incremental borrowing interest rates ranging from 2.45% to 7.25%. The leases are multi-year leases ranging from 48 to 84 months. The leases are considered operating leases but the Cooperative has recorded a right of use (ROU) lease asset and corresponding liability associated with the leases.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, effective for annual reporting periods beginning after December 15, 2021. The previous effective date for this standard of December 15, 2020 was delayed by FASB ASU 2019-10. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP, which requires only financing leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. The ASU will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements providing additional information about the amounts recorded in the financial statements. The Cooperative adopted the provisions of this accounting standard effective December 31, 2023.

The balance of the assets are as follows:

	December 31, 2023	December 31, 2022
Transportation Equipment - ROU	$ 1,182,495	$ 590,393

A schedule of future minimum lease payments under these leases is as follows:

2024	$ 400,578
2025	400,578
2026	327,028
2027	185,908
2028	62,187
Thereafter	33,873
	$ 1,410,152
Less: Current Maturities	371,395
Less: Interest on Right of Use Assets	227,657
Present Value of Net Lease Obligations	$ 811,100

14. Return of Capital

The equities and margins of the Cooperative represent 25.79% of the total assets at the balance sheet date. Under the provisions of the Mortgage Agreement, the Cooperative shall not, without written approval of RUS and National Rural Utilities Cooperative Finance Corporation, make any capital credit retirements to members or consumers, provided that the borrower may make capital credit retirements to estates of deceased patrons to the extent required or permitted by its articles of incorporation and bylaws so long as such capital credit retirements shall not in any year exceed 25 percent of the patronage capital and margins received by the borrower in the preceding year. No patronage capital was retired during the years ended December 31, 2023 and 2022, respectively.

15. Patronage Capital

Patronage Capital consists of the following:

	December 31, 2023	December 31, 2022
Assigned	$ 46,444,962	$ 46,444,962
Assignable	3,313,335	3,189,538
	$ 49,758,297	$ 49,634,500

16. Other Equities

Other Equities consist of the following:

	December 31,	
	2023	2022
Donated Capital	$ 6,761	$ 6,761
Retired Capital Credit Gain	182,976	182,976
Unbilled Revenue	(697,628)	(697,628)
Subsidiary Margins	5,030,418	5,729,571
Prior Margins - Unassigned	1,859,997	1,859,997
	$ 6,382,524	$ 7,081,677

17. Deferred Credits

Deferred Credits consist of the following:

	December 31,	
	2023	2022
Actuarial Gain	$ 3,055,512	$ 3,631,992
Deferred Income Taxes		40,000
Other		6,965
	$ 3,055,512	$ 3,678,957

18. Pension Benefits

Narrative Description
The Cooperative participates in the National Rural Electric Cooperative (NRECA) Retirement Security Plan (RS Plan), a multiemployer defined benefit 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.

A unique characteristic of a multiemployer 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.

Plan Information
The Cooperative's contributions to the RS Plan in 2023 and 2022 represented less than five percent of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of $1,620,781 in 2023 and $1,706,321 in 2022. There have been no significant changes that affect the comparability of 2023 and 2022 contributions.

For the RS Plan, a “zone status” determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was over 80% funded on January 1, 2023 and at January 1, 2022 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.

The employees also participate in a 401(k) plan, a defined contribution plan provided through National Rural Electric Cooperative Association. The Cooperative makes semi-monthly contributions to the plan matching up to three percent of an employee’s annual base compensation. The cost for the Cooperative was $119,659 and $156,668 for the years ended December 31, 2023 and 2022, respectively.

TESI maintains a 401(k) profit-sharing plan, which covers substantially all full-time employees. Contributions to the profit- sharing plan are discretionary as determined by management. The profit-sharing plan also includes a provision under which eligible employees may defer up to a maximum of $20,500 (plus an additional amount not to exceed $6,500 for employees over the age of 50) of their annual compensation, pursuant to Section 401(k) of the Internal Revenue Code. TESI matches an electing participant's deferral up to 3% of compensation. TESI made profit sharing contributions of $6,926 during 2023.

19. Post-Retirement Benefits Other than Pensions

In addition to providing pension benefits, the Cooperative provides certain medical and dental insurance benefits for retired employees. The Cooperative has adopted *Accounting Standards Codification (ASC) 715*, *Employer’s Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires the Cooperative to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability, respectively, in its balance sheet and recognize changes in that funded status in the year in which the change occurs in other comprehensive income. However, for entities such as the Cooperative that are subject to *ASC 980 – Regulated Operations*, the net loss, prior service cost, and transition obligation are recorded as a regulatory asset since the Cooperative has historically recovered and currently recovers pension and other postretirement benefits through its electric rates and there is no negative evidence that the existing regulatory treatment will change. If, in the future, the regulatory bodies indicate a change in policy related to the recovery of pension and other postretirement benefit costs, this could cause the regulatory asset to be reclassified as other comprehensive income.

Disclosures for the plan for the year ended December 31, 2023 are as follows:

	December 31, 2023	December 31, 2022
I) Funded Status at End of Year:		
APBO Balance	$ 14,968,190	$ 14,391,780
Fair Value of Plan Assets		
APBO in Excess of Plan Assets	$ 14,968,190	$ 14,391,780
II) Amounts Recognized in the Balance Sheet:		
Current Liability	$ 804,409	$ 811,843
Noncurrent Liability	14,163,781	13,579,937
Net Accumulated Post-Retirement Benefit Obligation	$ 14,968,190	14,391,780
III) Net Periodic Benefit Cost not Recognized	$	$
Accumulated Other Comprehensive Loss	5,853,100	5,853,100
Regulatory (Liability) Asset	(3,055,512)	(3,631,922)
Deferred Actuarial (Gain) Loss, End of Year	$ 2,797,588	$ 2,221,178
IV) Net Periodic Benefit Cost:		
Service Cost	$ 746,897	$ 678,463
Interest Cost	373,368	608,463
Amortization of Actuarial (Gain)/Loss	53,233	392,811
Net Post-Retirement Benefit Cost	$ 1,173,498	$ 1,679,737
V) Pay-as-you-go recognized as expense	$ 782,705	$ 831,626

Estimated future benefit payments for the next ten years are as follows:

Year	Payments
2024	$ 804,409
2025	842,696
2026	896,882
2027	890,612
2028	894,486
2029-2033	4,570,786

Assumptions

The weighted-average rate assumptions used to determine net periodic benefit cost for the year ended December 31, 2023 are as follows:

	2023
Discount Rate	5.40%
Healthcare Cost Trend for Next Year	4.53% & 6.30%
Ultimate Healthcare Cost Trend	4.30% & 5.00%
Year that the Rate Reaches the Ultimate Trend Rate	2028

A one percentage-point increase in the health care trend rates would have increased the accumulated benefit obligation by $2,135,222 at December 31, 2023, and increased service and interest costs by $159,807 for the year then ended.

20. Litigation, Contingencies, Risks, and Uncertainties

The Cooperative maintains insurance coverage through commercial insurance carriers for liability, property damage, and various other types of loss risk. Management is unaware of any claims or lawsuits against the Cooperative that would not be covered by insurance.

Discontinued Operations

On February 28, 2022 TESI entered into the First Amendment to Purchase and Sale Agreement, which amended the previous Purchase and Sale Agreement dated June 28, 2021. On November 30, 2022, TESI concluded the sale of its water and wastewater systems located in Louisiana for $23,613,930. The majority of the proceeds were used to pay off CoBank debt of $1,984,442 and to settle with the United States and LDEQ 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 in the amount of $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, 2023, the balance in the escrow account was $233,387 after deducting costs TESI was deemed responsible for.

On February 4, 2021 TESI entered into agreements to sell all remaining assets owned and operated in South Carolina. The sale price under these agreements was $698,598. The agreements were subject to certain conditions as well as regulatory approval by South Carolina regulatory agencies. The sales occurred on January 31, 2023.

A sale of North Carolina water and wastewater assets was transacted on December 29, 2023 in the amount of $622,590 including tap fee reimbursements of $315,227.

The remaining assets of TESI are expected to be transferred to the Cooperative during the 2024 period. The Cooperative expects the amount of the net assets remaining to be short of the remaining investment in TESI. The Cooperative has determined that a loss from discontinued operations totaling $197,944 is to be recorded for year ended December 31, 2023. The impairment of the investment in TESI is recorded as a valuation allowance on the consolidated balance sheets.

Purchased Power Agreements

Effective March 27, 2000, the Cooperative is committed to purchasing all of its electric power from Cleco Cajun, LLC (CLECO) through March 31, 2025. The rates for such purchases are subject to review annually and are regulated by LPSC. Future operating results could be materially affected in the event of an interruption of the supply of power from Cleco. On December 30, 2019, the Cooperative notified Cleco of their intent to terminate the power supply agreement effective March 27, 2025.

Compliance Contingency

In April 2021 TESI received notice from LPSC of their intentions 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 the conclusion of the planned audit is unknown.

Natural Disasters

The Cooperative experiences natural disasters on occasion and as a result requests funding from Federal Emergency Management Agency (FEMA) based on the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). As part of the process of requesting funds from FEMA, the Cooperative must comply with the provisions of the Louisiana Homeland Security and Emergency Assistance and Disaster Act (Louisiana Disaster Act). Compliance with the Louisiana Disaster Act, is administered by Governor’s Office of Homeland Security & Emergency Preparedness. Based on the Stafford Act and the Louisiana Disaster Act, GOHSEP has the responsibility as the recipient of FEMA funds to disallow ineligible expenditures during the course of their audits.

On August 29, 2021, Hurricane Ida struck the Louisiana Gulf Coast and heavily impacted Terrebonne and Lafourche Parishes. The Cooperative suffered heavy damage to is facilities and electric plant in service. As discussed in Note 6, 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 FEMA. Of the currently obligated projects as of December 31, 2023, the Cooperative estimates that of the total funds spent that $10,203,952 will not be reimbursed by FEMA.

21. Subsequent Events

Subsequent to December 31, 2023, the Cooperative renewed a $7,000,000 line of credit with CFC.

Subsequent events have been evaluated through June 18, 2024, which is the date the financial statements were available to be issued.

22. Related Party Transactions

TESI incurred management fees from SLECA totaling $325,747 and $201,205 for the years ended December 31, 2023 and 2022, respectively.

TESI incurred $0 and $56,167 in utility services provided by SLECA for wastewater operations for the years ended December 31, 2023 and 2022, respectively.

The Cooperative is one of the five cooperatives represented on the Board of Directors of 1803 Electric Cooperative, Inc (1803). The Cooperative entered into a purchased power agreement with 1803 effective October 7, 2020 and will begin to purchase power from 1803 beginning April 1, 2025.

SUPPLEMENTARY INFORMATION

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Schedule 1

CONSOLIDATING INFORMATION
BALANCE SHEET
DECEMBER 31, 2023

ASSETS

	SLECA	TESI	Eliminations	Consolidated
UTILITY PLANT				
Electric Plant in Service	$ 143,735,403	$	$	$ 143,735,403
Right of Use Lease Assets	1,182,495			1,182,495
Construction Work in Progress	36,664,665			36,664,665
	$ 181,582,563	$ 0	$ 0	$ 181,582,563
Less: Accumulated Depreciation	48,208,972			48,208,972
Net Utility Plant	$ 133,373,591	$ 0	$ 0	$ 133,373,591
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE				
Investment in Subsidiary (Less Valuation Allowance)	$ 1,304,657	$	$ (1,502,651)	$ (197,994)
Investments in Associated Organizations	5,983,205	87,181		6,070,386
Total Other Property and Investments	$ 7,287,862	$ 87,181	$ (1,502,651)	$ 5,872,392
CURRENT ASSETS				
Cash and Cash Equivalents	$ 913,767	$ 4,868,218	$	$ 5,781,985
Escrow Deposit		233,387		233,387
Accounts Receivable				
Consumers and Other, Less Allowance for Credit Losses	7,310,856	16,741	(3,633,487)	3,694,110
Disaster Assistance Receivable	33,446,741			33,446,741
Accrued Unbilled Revenue	3,717,954			3,717,954
Underbilled Wholesale Power Cost Adjustment	2,232,566			2,232,566
Materials and Supplies	2,567,221			2,567,221
Prepaid Income Taxes		89,907		89,907
Other Current and Accrued Assets	276,134	7,707		283,841
Total Current Assets	$ 50,465,239	$ 5,215,960	$ (3,633,487)	$ 52,047,712
OTHER ASSETS				
Deferred Charges	$ 3,983,565	$ 0	$ 0	$ 3,983,565
TOTAL ASSETS	$ 195,110,257	$ 5,303,141	$ (5,136,138)	$ 195,277,260

LIABILITIES AND EQUITIES

	SLECA	TESI	Eliminations	Consolidated
EQUITIES AND MARGINS				
Memberships	$ 83,440	$	$	$ 83,440
Patronage Capital	49,758,297			49,758,297
Other Equities	6,382,524	1,502,651	(1,502,651)	6,382,524
Accumulated Other Comprehensive Loss	(5,853,100)			(5,853,100)
Total Equities and Margins	$ 50,371,161	$ 1,502,651	$ (1,502,651)	$ 50,371,161
LONG-TERM DEBT OBLIGATIONS, NET OF CURRENT MATURITIES				
RUS/FFB Mortgage Notes, Less Current Maturities	$ 28,059,784	$	$	$ 28,059,784
CFC Mortgage Notes, Less Current Maturities	3,231,871			3,231,871
Lease Obligations, Less Current Maturities	811,100			811,100
Long-Term Obligations, Net	$ 32,102,755	$ 0	$ 0	$ 32,102,755
NON-CURRENT LIABILITIES				
Post-Retirement Benefit Obligation, Less Current Maturities	$ 14,163,781	$ 0	$ 0	$ 14,163,781
CURRENT LIABILITIES				
Current Maturities of Long-Term Obligations	$ 1,219,173	$	$	$ 1,219,173
Current Portion of Post-Retirement Benefit Obligation	804,409			804,409
Current Maturities of Lease Obligations	371,395			371,395
Notes Payable - Lines of Credit	84,035,303			84,035,303
Accounts Payable Purchased Power	4,342,618			4,342,618
Accounts Payable - Other	2,369,571	3,738,699	(3,633,487)	2,474,783
Consumer Deposits	1,103,262	61,791		1,165,053
Accrued Taxes	51,748			51,748
Accrued Interest Payable	627,912			627,912
Accrued Employee Compensated Absences	491,657			491,657
Total Current Liabilities	$ 95,417,048	$ 3,800,490	$ (3,633,487)	$ 95,584,051
DEFERRED CREDITS				
Accumulated Provision for Post-Retirement Benefits - Actuarial Gain	$ 3,055,512	$	$	$ 3,055,512
TOTAL LIABILITIES AND DEFERRED CREDITS	$ 195,110,257	$ 5,303,141	$ (5,136,138)	$ 195,277,260

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Schedule 2

CONSOLIDATING INFORMATION
STATEMENT OF REVENUES AND EXPENSES
DECEMBER 31, 2023

	SLECA	TESI	Eliminations	Consolidated
OPERATING REVENUES				
Residential	$ 33,241,701	$	$	$ 33,241,701
Commercial and Industrial - Small	24,386,506			24,386,506
Commercial and Industrial - Large	6,964,506			6,964,506
Public Street & Highway Lighting	860,231			860,231
Rent from Electric Property	363,302			363,302
Miscellaneous Electric Revenue	577,364			577,364
Total Operating Revenues	$ 66,393,610	$ 0	$ 0	$ 66,393,610
OPERATING EXPENSES				
Purchased Power	$ 40,898,686	$	$	$ 40,898,686
Distribution - Operation	3,903,146			3,903,146
Distribution - Maintenance	3,345,219			3,345,219
Customer Accounts	1,869,264			1,869,264
Customer Service and Information	476,386			476,386
Selling Expenses	17,664			17,664
Administrative and General	4,159,181			4,159,181
Depreciation	3,867,621	38,250		3,905,871
Taxes	1,514,861			1,514,861
Other Interest	6,447,169			6,447,169
Other Deductions	5,600			5,600
Total Operating Expenses	$ 66,504,797	$ 38,250	$ 0	$ 66,543,047
OPERATING MARGINS (LOSS) - Before Fixed Charges	$ (111,187)	$ (38,250)	$ 0	$ (149,437)
FIXED CHARGES				
Interest Expense	$ 1,147,359	$	$	$ 1,147,359
OPERATING MARGINS (LOSS) - After Fixed Charges	$ (1,258,546)	$ (38,250)	$ 0	$ (1,296,796)
G&T Capital Credits	$ 493,484	$	$	$ 493,484
Other Capital Credits	894,521			894,521
NET OPERATING MARGINS	$ 129,459	$ (38,250)	$ 0	$ 91,209
NONOPERATING MARGINS				
Interest Income	$ 65,079	$	$	$ 65,079
Gain on Disposition/Retirement of Property	29,040			29,040
Income (Loss) From Subsidiary	(699,154)		699,154	0
Other Income	98,213			98,213
Total Nonoperating Margins (Loss)	$ (506,822)	$ 0	$ 699,154	$ 192,332
NET MARGINS LOSSES) FROM CONTINUED OPERATIONS	$ (377,363)	$ (38,250)	$ 699,154	$ 283,541
LOSS FROM DISCONTINUED OPERATIONS				
Loss from Discontinued Operations, Before Income Tax	$ (197,994)	$ (685,947)	$	$ (883,941)
Income Tax Expense from Discontinued Operations		25,043		25,043
NET MARGINS (LOSSES)	$ (575,357)	$ (699,154)	$ 699,154	$ (575,357)

SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Schedule 3

CONSOLIDATING INFORMATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	SLECA	TESI	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Margins (Losses)	$ (575,357)	$ (699,154)	$ 699,154	$ (575,357)
Adjustments to Reconcile Net Margins to Net Cash From Operating Activities				
Depreciation	4,018,562	38,250		4,056,812
Capital Credits	(1,388,005)			(1,388,005)
Loss from Discontinued Operations	197,994			197,994
Affiliated Company Loss	699,154		(699,154)	
(Increase) Decrease				
Accounts Receivable and Other Accounts Receivable	346,073	579,422		925,495
Accounts Receivable - Intercompany	(3,598,356)		3,598,356	
Unbilled Revenue	(862,816)			(862,816)
(Over) Under Collected Wholesale Power Cost Adjustment	601,702			601,702
Materials and Supplies and Other Current Assets	(189,257)	184,985		(4,272)
Deferred Charges	(2,011,404)	3,734		(2,007,670)
Deferred Income Taxes		(40,000)		(40,000)
Increase (Decrease)				
Accounts Payable and Other Current Liabilities	(630,033)	(5,397,031)		(6,027,064)
Accounts Payable - Intercompany		3,598,356	(3,598,356)	
Deferred Credits	(7,035)			(7,035)
Net Cash From Operating Activities	$ (3,398,778)	$ (1,731,438)	$ 0	$ (5,130,216)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to Plant - Net of Aid to Construction	$ (11,072,889)	$ (151,614)	$	$ (11,224,503)
Plant Removal Costs Over Salvage and Other Credits	(607,547)			(607,547)
Net Proceeds from Sale of TESI Assets		992,621		992,621
Change in Escrow Deposit		170,452		170,452
Other Property and Investments	385,675	118,240		503,915
Dividends from Affiliated Company	3,500,000		(3,500,000)	
Net Cash From Investing Activities	$ (7,794,761)	$ 1,129,699	$ (3,500,000)	$ (10,165,062)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Activity on Line of Credit	$ (48,527,739)	$	$	$ (48,527,739)
Payments on Long-Term Debt	(1,267,144)			(1,267,144)
Disaster Assistance - Receivables, and Construction	58,844,355			58,844,355
Dividends paid to Affiliated Company		(3,500,000)	3,500,000	0
Net Change in Memberships	45			45
Net Cash From Financing Activities	$ 9,049,517	$ (3,500,000)	$ 3,500,000	$ 9,049,517
CHANGE IN CASH AND CASH EQUIVALENTS	$ (2,144,022)	$ (4,101,739)	$ 0	$ (6,245,761)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,057,789	8,969,957		12,027,746
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 913,767	$ 4,868,218	$ 0	$ 5,781,985
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid During the Year for:				
Interest on Long-Term Debt	$ 1,135,930	$ 12,766	$ 0	$ 1,148,696
Federal and State Income Taxes	$ 0	$ 3,643,148	$ 0	$ 3,643,148
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION				
Assets Obtained Trough Operating Right of Use Leases	$ 592,102	$ 0	$ 0	$ 592,102
Post-Retirement Benefit Obligation	$ 576,410	$ 0	$ 0	$ 576,410

COMPLIANCE AND INTERNAL CONTROL SECTION

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

Board of Directors
South Louisiana Electric Cooperative Association and Subsidiary
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 South Louisiana Electric Cooperative Association and Subsidiary (the Cooperative), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise South Louisiana Electric Cooperative Association and Subsidiary's basic financial statements, and have issued our report thereon dated June 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the following deficiency in South Louisiana Electric Cooperative Association's internal control to be a significant deficiency:

During the audit, we noted that the Cooperative had several work order in process related to prior storms that have been opened for many years. We recommend that the Cooperative implement a process for closing these storm work orders in a more timely manner. Items to consider are recording receivables for obligated funds along with determining how the Cooperative intends to collect unreimbursed storm costs. Historically, the Cooperative has waited to close these work orders when all of the funds have been received from GOHSEP.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Louisiana Electric Cooperative Association and Subsidiary'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 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 Cooperative'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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

June 18, 2024