

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY  
HOUMA, LOUISIANA**

**CONSOLIDATED FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY  
HOUMA, LOUISIANA**

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FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

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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 Consolidated 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, 2024 and 2023, and the related consolidated statements of income (loss) and patronage capital, and cash flows for the years 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, 2024 and 2023, and the results of its operations and its 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 \$89,907 as of June 30, 2024 and net loss from discontinued operations of \$170,217 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 Consolidated 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*.

***Responsibilities of Management for the Consolidated 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 Consolidated 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 statements are presented for purposes of additional analysis and are 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 April 28, 2025 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

April 28, 2025

**CONSOLIDATED FINANCIAL STATEMENTS**

## SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Exhibit A

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2024 AND 2023

## ASSETS

	December 31,	
	2024	2023
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 144,285,601	\$ 143,735,403
Right of Use Lease Assets	1,013,270	1,182,495
Construction Work in Progress	40,435,869	36,664,665
	<u>\$ 185,734,740</u>	<u>\$ 181,582,563</u>
Less: Accumulated Provision for Depreciation	46,617,471	48,208,972
	<u>\$ 139,117,269</u>	<u>\$ 133,373,591</u>
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 6,962,330	\$ 6,070,386
Investments in Affiliated Companies (Less Valuation Allowance)		(197,994)
	<u>\$ 6,962,330</u>	<u>\$ 5,872,392</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,269,063	\$ 5,781,985
Escrow Deposit		233,387
Accounts Receivable (Less allowance for credit losses of \$228,498 in 2024 and \$274,147 in 2023)	4,568,978	3,694,110
Disaster Assistance Receivable	30,884,221	33,446,741
Accrued Unbilled Revenue	5,344,375	3,717,954
Income Tax Receivable	89,907	
Underbilled Wholesale Power Cost Adjustment	1,194,074	2,232,566
Materials and Supplies	3,122,936	2,567,221
Prepaid Income Taxes		89,907
Other Current and Accrued Assets	179,050	283,841
	<u>\$ 46,652,604</u>	<u>\$ 52,047,712</u>
Deferred Charges	\$ 107,713	\$ 3,983,565
TOTAL ASSETS	<u>\$ 192,839,916</u>	<u>\$ 195,277,260</u>

## LIABILITIES AND EQUITIES

EQUITIES		
Memberships	\$ 83,270	\$ 83,440
Patronage Capital	46,475,722	49,758,297
Other Equities	6,242,341	6,382,524
Accumulated Other Comprehensive Loss	(5,853,100)	(5,853,100)
	<u>\$ 46,948,233</u>	<u>\$ 50,371,161</u>
LONG-TERM DEBT		
RUS/FFB Mortgage Notes, Less Current Maturities	\$ 27,004,154	\$ 28,059,784
CFC Mortgage Notes, Less Current Maturities	3,029,635	3,231,871
Lease Obligations, Less Current Maturities	562,736	811,100
	<u>\$ 30,596,525</u>	<u>\$ 32,102,755</u>
NON-CURRENT LIABILITIES		
Post-Retirement Benefit Obligation, Less Current Maturities	\$ 14,215,769	\$ 14,163,781
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,260,381	\$ 1,219,173
Current Portion of Post-Retirement Benefit Obligation	836,519	804,409
Current Maturities of Lease Obligations	450,534	371,395
Notes Payable - Lines of Credit	85,679,533	84,035,303
Accounts Payable Purchased Power	3,411,803	4,342,618
Accounts Payable - Other	3,839,031	2,474,783
Consumer Deposits	1,091,237	1,165,053
Accrued Taxes	50,073	51,748
Accrued Interest Payable	610,695	627,912
Accrued Employee Compensated Absences	878,169	491,657
	<u>\$ 98,107,975</u>	<u>\$ 95,584,051</u>
DEFERRED CREDITS		
Accumulated Provision for Post-Retirement Benefits - Actuarial Gain	\$ 2,971,414	\$ 3,055,512
TOTAL LIABILITIES AND EQUITIES	<u>\$ 192,839,916</u>	<u>\$ 195,277,260</u>

See accompanying notes to financial statements.

## SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Exhibit B

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND PATRONAGE CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Years Ended December 31,				
	2024		2023		Increase
	Amount	%	Amount	%	(Decrease)
OPERATING REVENUES					
Residential	\$ 34,781,499	49.6	\$ 33,241,701	50.1	\$ 1,539,798
Commercial and Industrial - Small	26,589,622	37.9	24,386,506	36.7	2,203,116
Commercial and Industrial - Large	6,840,277	9.8	6,964,506	10.5	(124,229)
Public Street & Highway Lighting	848,654	1.2	860,231	1.3	(11,577)
Rent from Electric Property	363,152	0.5	363,302	0.5	(150)
Miscellaneous Revenue	675,951	1.0	577,364	0.9	98,587
Total Operating Revenues	\$ 70,099,155	100.0	\$ 66,393,610	100.0	\$ 3,705,545
OPERATING EXPENSES					
Purchased Power	\$ 46,697,125	66.6	\$ 40,898,686	61.6	\$ 5,798,439
Distribution - Operation	3,962,492	5.7	3,903,146	5.9	59,346
Distribution - Maintenance	3,327,401	4.7	3,345,219	5.0	(17,818)
Customer Accounts	1,732,204	2.5	1,869,264	2.8	(137,060)
Customer Service and Information	725,243	1.0	476,386	0.7	248,857
Selling Expenses	18,456	0.0	17,664	0.0	792
Administrative and General	3,983,559	5.7	4,159,181	6.3	(175,622)
Depreciation	4,279,986	6.1	3,905,871	5.9	374,115
Taxes	1,430,784	2.0	1,514,861	2.3	(84,077)
Other Interest	7,627,862	10.9	6,447,169	9.7	1,180,693
Other Deductions	37,826	0.1	5,600	0.0	32,226
Total Operating Expenses	\$ 73,822,938	105.3	\$ 66,543,047	100.2	\$ 7,279,891
OPERATING MARGINS (LOSS) - Before					
Fixed Charges	\$ (3,723,783)	(5.3)	\$ (149,437)	(0.2)	\$ (3,574,346)
FIXED CHARGES					
Interest on Long-Term Debt	\$ 1,124,444	1.6	\$ 1,147,359	1.7	\$ (22,915)
OPERATING MARGINS (LOSS) - After					
Fixed Charges	\$ (4,848,227)	(6.9)	\$ (1,296,796)	(1.9)	\$ (3,551,431)
G&T Capital Credits	41,757	0.1	33,761	0.1	7,996
Other Capital Credits	655,655	0.9	894,521	1.3	(238,866)
NET OPERATING MARGINS (LOSS)					
	\$ (4,150,815)	(5.9)	\$ (368,514)	(0.5)	\$ (3,782,301)
NONOPERATING MARGINS (LOSS)					
Interest Income	\$ 65,025	0.1	\$ 65,079	0.1	\$ (54)
Gain (Loss) on Disposition of Assets	(49,427)	(0.1)	29,040	0.0	(78,467)
Income (Loss) From Discontinued Operations	236,774	0.3	(883,941)	(1.3)	1,120,715
Other Income	417,874	0.6	557,936	0.8	(140,062)
	\$ 670,246	0.9	\$ (231,886)	(0.4)	\$ 902,132
NET MARGINS (LOSS) BEFORE INCOME TAX EXPENSE (BENEFIT)					
	\$ (3,480,569)	(5.0)	\$ (600,400)	(0.9)	\$ (2,880,169)
Income Tax Expense (Benefit)					
Current	\$	0.0	\$ 14,957	0.0	\$ (14,957)
Deferred		0.0	(40,000)	(0.1)	40,000
Total Income Tax Expense (Benefit)	\$ 0	0.0	\$ (25,043)	(0.1)	\$ 25,043
NET MARGINS (LOSS)					
	\$ (3,480,569)	(5.0)	\$ (575,357)	(0.8)	\$ (2,905,212)
PATRONAGE CAPITAL - BEGINNING OF YEAR					
	49,758,297		49,634,500		
Transfer Subsidiary (Margins) Loss to Other Equities	197,994		699,154		
PATRONAGE CAPITAL - END OF YEAR					
	\$ 46,475,722		\$ 49,758,297		

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, 2024 AND 2023**

	December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Margins (Loss)	\$ (3,480,569)	\$ (575,357)
Reconciliation of Net Margins (Loss) to Net Cash From Operating Activities		
Depreciation	4,443,742	4,056,812
Capital Credits	(697,412)	(1,388,005)
(Income) Loss From Discontinued Operations	(236,774)	197,994
(Increase) Decrease		
Accounts Receivable and Other Accounts Receivable	(874,868)	925,495
Unbilled Revenue	(1,626,421)	(862,816)
(Over) Under Collected Wholesale Power Cost Adjustment	1,038,492	601,702
Materials and Supplies and Other Current Assets	(450,924)	(4,272)
Deferred Charges	3,875,852	(2,007,670)
Deferred Income Taxes		(40,000)
Increase (Decrease)		
Accounts Payable and Other Accrued Liabilities	727,237	(6,027,064)
Deferred Credits		(7,035)
Net Cash From Operating Activities	\$ 2,718,355	\$ (5,130,216)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Plant	\$ (4,054,145)	\$ (11,224,503)
Plant Removal Costs net of Salvage and Other Credits	(1,177,461)	(607,547)
Net Proceeds from Sale of TESI Assets	96,285	992,621
Change in Escrow Account	233,387	170,452
Other Property and Investments	(194,532)	503,915
Net Cash From Investing Activities	\$ (5,096,466)	\$ (10,165,062)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Activity on Line of Credit	\$ 1,644,230	\$ (48,527,739)
Payments on Long-Term Debt	(1,216,658)	(1,267,144)
Disaster Assistance - Receivables and Construction	(2,562,519)	58,844,355
Other Equities	306	
Net Change in Memberships	(170)	45
Net Cash From Financing Activities	\$ (2,134,811)	\$ 9,049,517
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ (4,512,922)	\$ (6,245,761)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	5,781,985	12,027,746
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,269,063	\$ 5,781,985
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest on Long-Term Debt	\$ 1,125,484	\$ 1,148,696
Income Taxes	\$ 0	\$ 3,643,148
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH FLOW INFORMATION</b>		
Assets Obtained Through Operating Right of Use Leases	\$ 249,780	\$ 592,102
Post-Retirement Benefit Obligation	\$ 84,098	\$ 576,410

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 except those from the subsidiary are allocated to members of the Cooperative and are reflected as patronage capital in the consolidated balance sheets.

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 recognizes a regulatory liability for changes to its other post-retirement benefits (OPEB) liability other than amounts amortizable under the pay-as-you-go method of accounting.

## **SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **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, 2024 and 2023 is \$5,344,375 and \$3,717,954 respectively.



# **SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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 underbilled wholesale power cost of \$1,194,074 and \$2,232,566 as December 31, 2024 and 2023, 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. 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 consolidated statement of income. 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 by the Board of Directors. Changes in the allowance for credit losses during the years ended December 31, 2024 and 2023 were as follows:

	December 31,	
	2024	2023
Balance, Beginning of Year	\$ 274,147	\$ 180,338
Write-Offs	(190,640)	(92,977)
Recoveries	9,427	17,248
Accruals	135,564	169,538
Balance, End of Year	<u>\$ 228,498</u>	<u>\$ 274,147</u>

### **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.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Group Concentrations of Credit Risk**

The Cooperative's headquarters facility is located in Houma, Louisiana. The service area includes five 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, 2024 and 2023, deposits on hand totaled \$1,091,237 and \$1,165,053, respectively.

**Patronage Capital Certificates**

Patronage capital from associated organizations is recorded at the stated amount of the certificates. During the year, the Cooperative records actual amounts allocated from its Generation and Transmission (G&T) power supply cooperative in the period earned. In accordance with the USOA, the Cooperative records this amount as income.

**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 (IRC). Accordingly, there is no provision for income taxes in the accompanying consolidated 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, 2024. 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.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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 \$32,497 and \$99,919 for the years ended December 31, 2024 and 2023, 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. Utility Plant**

Utility Plant consists of the following:

	December 31,	
	2024	2023
Electric Plant in Service		
Transmission Plant	\$ 8,826,196	\$ 8,680,702
Distribution Plant	125,613,964	123,955,607
General Plant	9,845,441	11,099,094
	<u>\$ 144,285,601</u>	<u>\$ 143,735,403</u>
Right of Use Lease Assets	1,013,270	1,182,495
Construction Work in Progress	40,435,869	36,664,665
Total	<u>\$ 185,734,740</u>	<u>\$ 181,582,563</u>
Accumulated Depreciation	<u>(46,617,471)</u>	<u>(48,208,972)</u>
Total Utility Plant, net	<u>\$ 139,117,269</u>	<u>\$ 133,373,591</u>

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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%
Laboratory Equipment	12.00% - 25.00%
Communications Equipment	4.99% - 20.00%
Miscellaneous Equipment	20.00%

Depreciation was \$4,443,742 and \$4,056,812 for the years ended December 31, 2024 and 2023, respectively of which \$4,279,986 and \$3,905,871 were charged to depreciation expense, and \$163,756 and \$150,941 were allocated to other accounts.

**4. 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,	
	2024	2023
Arkansas Electric Cooperative Corp.	\$ 1,117,056	\$ 1,119,405
1803 Electric Cooperative, Inc.		
Patronage Capital	119,857	78,064
Contributed Capital	1,211,997	710,518
Meridian Cooperative	122,260	121,597
Federated Rural Electric Insurance Exchange	879,024	875,504
CoBank Common Stock	177,674	192,427
Gresco Utility Supply, Inc.	1,043,986	789,838
National Rural Cooperative Finance Corporation (CFC):		
Patronage Capital	789,443	682,000
Capital Term Certificates	1,489,579	1,489,579
Memberships	11,210	11,210
Other	244	244
Total Investments in Associated Organizations	\$ 6,962,330	\$ 6,070,386

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. 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, 2024, FEMA has obligated funds to the Cooperative totaling \$133,896,965 of which \$14,528,697 has been obligated in advance of the Cooperative submitting eligible expenditures. The Cooperative has received funds from FEMA passed through GOHSEP totaling \$88,484,047 through December 31, 2024. As of December 31, 2024 and 2023, the Cooperative has a receivable on its' consolidated balance sheets in the amount of \$30,884,221 and \$33,446,741, respectively.

**6. Materials and Supplies**

Materials and supplies consist of the following:

	December 31,	
	2024	2023
Plant Material and Operating Supplies	\$ 3,100,628	\$ 2,545,689
Transportation Supplies	22,308	21,532
	<u>\$ 3,122,936</u>	<u>\$ 2,567,221</u>

**7. Deferred Charges**

Deferred charges consist of the following:

	December 31,	
	2024	2023
Regulatory Asset - Power Cost	\$ 105,919	\$ 1,822,233
Regulatory Asset - Hurricane Ida - Interest	1,794	2,149,694
Other	107,713	11,638
	<u>\$ 107,713</u>	<u>\$ 3,983,565</u>

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 which was collected during 2024.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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 13.32 mils per kWh sold. During 2024, the Cooperative filed their rate application with the LPSC so that any under-collected interest is collected through the formula rate plan.

ELOC interest paid and collected for the years ended December 31, 2024 and 2023 is as follows:

	December 31,	
	2024	2023
Beginning Balance	\$ 2,149,694	\$ 1,968,504
Interest Paid to Lenders	4,529,542	5,392,278
Less: Interest Collected through Rate Rider	(6,573,317)	(5,211,088)
	<u>\$ 105,919</u>	<u>\$ 2,149,694</u>

**8. Income Taxes**

Income Tax Expense (Benefit) consists of the following:

	December 31,	
	2024	2023
Current Income Tax Expense		
Federal Income Tax	\$	\$ 4,447
State Income Tax		10,510
Total Current Income Tax Expense	\$ 0	\$ 14,957
Deferred Income Tax Expense (Benefit)		(40,000)
Total Income Tax Expense (Benefit)	<u>\$ 0</u>	<u>\$ (25,043)</u>



**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. Mortgage Notes – RUS and FFB**

The following is a summary of long-term debt due RUS and Federal Financing Bank (FFB) and maturing at various times from 2042 to 2046:

	December 31,	
	2024	2023
<b>RUS Mortgage Notes</b>		
Fixed Rate Notes - 3.030% - 4.530%	\$ 13,226,359	\$ 13,727,036
<b>FFB Mortgage Notes</b>		
Fixed Rate Notes - 2.163% - 3.340%	14,835,941	15,358,441
Total RUS and FFB Mortgage Notes	\$ 28,062,300	\$ 29,085,477
Less: Current Maturities	1,058,146	1,025,693
	<u>\$ 27,004,154</u>	<u>\$ 28,059,784</u>

Principal and interest installments on the above notes are due in monthly and quarterly amounts. As of December 31, 2024, annual maturities of long-term debt due RUS and FFB for the next five years are as follows:

2025	\$ 1,058,146
2026	1,093,976
2027	989,599
2028	1,163,452
2029	1,356,739

**10. 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,	
	2024	2023
Fixed Rate Notes - 3.290% - 6.530%	\$ 3,231,870	\$ 3,425,350
Less: Current Maturities	202,235	193,479
	<u>\$ 3,029,635</u>	<u>\$ 3,231,871</u>

Principal and interest installments on the above notes are due in quarterly amounts. As of December 31, 2024, annual maturities of long-term debt due CFC for the next five years are as follows:

2025	\$ 202,235
2026	211,439
2027	221,116
2028	231,293
2029	241,999



**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**11. Lines of Credit**

Lines of credit consists of the following:

	December 31,	
	2024	2023
As of December 31, 2024, the Cooperative has five lines of credit facilities totaling \$144,000,000 with the National Rural Utilities Cooperative Finance Corporation (NRUCFC). The interest rates on the lines of credits were 5.90% and 6.50%, as of December 31, 2024. The lines of credit have ranging maturities from April 25, 2025 through December 19, 2025. As of December 31, 2023, the Cooperative had four lines of credit facilities totaling \$139,000,000 with the NRUCFC. The interest rate on the lines of credit were 6.65% and 7.25%, respectively as of December 31, 2023.	\$ 85,679,533	\$ 79,230,279
As of December 31, 2024, the Cooperative had an unsecured \$5,000,000 line of credit with CoBank. The interest rate on the line of credit was 6.59% and 7.76% as of December 31, 2024 and 2023, respectively. The line of credit matures September 30, 2025.		4,805,024
	<u>\$ 85,679,533</u>	<u>\$ 84,035,303</u>

**12. Lease Obligations**

The Cooperative executed lease agreements with Altec leasing for bucket and service trucks, digger derricks and a 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 and the Cooperative has recorded a right of use (ROU) lease asset and corresponding liability associated with the leases.

The balance of the Right of Use assets are as follows:

	December 31,	
	2024	2023
Transportation Equipment - ROU	<u>\$ 1,013,270</u>	<u>\$ 1,182,495</u>

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

2025	\$	450,534
2026		376,984
2027		235,864
2028		112,143
2029		<u>63,014</u>
	\$	1,238,539
Less: Current Maturities		450,534
Less: Interest on Right of Use Assets		<u>225,269</u>
Present Value of Net Lease Obligations	\$	<u><u>562,736</u></u>

**13. Return of Capital**

The equities and margins of the Cooperative represent 24.35% 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% 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, 2024 and 2023, respectively.

**14. Patronage Capital**

Patronage Capital consists of the following:

	December 31,	
	2024	2023
Assigned	\$ 46,444,962	\$ 46,444,962
Assignable	<u>30,760</u>	<u>3,313,335</u>
	<u><u>\$ 46,475,722</u></u>	<u><u>\$ 49,758,297</u></u>

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**15. Other Equities**

Other Equities consist of the following:

	December 31,	
	2024	2023
Donated Capital	\$ 6,761	\$ 6,761
Retired Capital Credit Gain	183,282	182,976
Unbilled Revenue	(697,628)	(697,628)
Subsidiary Margins	4,889,929	5,030,418
Prior Margins - Unassigned	1,859,997	1,859,997
	<u>\$ 6,242,341</u>	<u>\$ 6,382,524</u>

**16. Deferred Credits**

Deferred Credits consist of the following:

	December 31,	
	2024	2023
Actuarial Gain	\$ 2,971,414	\$ 3,055,512

**17. 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 IRC. 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 2024 and 2023 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 \$1,628,266 in 2024 and \$1,620,781 in 2023. There have been no significant changes that affect the comparability of 2024 and 2023 contributions.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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, 2024 and at January 1, 2023 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 NRECA. 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 \$121,727 and \$119,659 for the years ended December 31, 2024 and 2023, 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 \$23,000 (plus an additional amount not to exceed \$7,500 for employees over the age of 50) of their annual compensation, pursuant to Section 401(k) of the IRC. TESI matches an electing participant's deferral up to 3% of compensation. TESI made profit sharing contributions of \$591 and \$6,926 during 2024 and 2023, respectively.

**18. 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 consolidated 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.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Disclosures for the plan for the years ended December 31, 2024 and 2023 are as follows:

	December 31,	
	2024	2023
I) Funded Status at End of Year:		
APBO Balance	\$ 15,052,288	\$ 14,968,190
Fair Value of Plan Assets		
APBO in Excess of Plan Assets	<u>\$ 15,052,288</u>	<u>\$ 14,968,190</u>
II) Amounts Recognized in the Balance Sheet:		
Current Liability	\$ 836,519	\$ 804,409
Noncurrent Liability	14,215,769	14,163,781
Net Accumulated Post-Retirement Benefit Obligation	<u>\$ 15,052,288</u>	<u>\$ 14,968,190</u>
III) Net Periodic Benefit Cost not Recognized	\$	\$
Accumulated Other Comprehensive Loss	5,853,100	5,853,100
Regulatory (Liability) Asset	(2,971,414)	(3,055,512)
Deferred Actuarial (Gain) Loss, End of Year	<u>\$ 2,881,686</u>	<u>\$ 2,797,588</u>
IV) Net Periodic Benefit Cost:		
Service Cost	\$ 764,844	\$ 746,897
Interest Cost	398,432	373,368
Amortization of Actuarial (Gain)/Loss	88,488	53,233
Net Post-Retirement Benefit Cost	<u>\$ 1,251,764</u>	<u>\$ 1,173,498</u>
V) Pay-as-you-go recognized as expense	<u>\$ 781,978</u>	<u>\$ 782,705</u>

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

Year	Annual Payments
2025	\$ 836,519
2026	890,106
2027	884,337
2028	888,521
2029	879,257
2030-2034	4,782,594

# **SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

### **Assumptions**

The weighted-average rate assumptions used to determine net periodic benefit cost for the year ended December 31, 2024 are as follows:

	<u>2024</u>
Discount Rate	5.25%
Healthcare Cost Trend for Next Year	5.00% & 6.25%
Ultimate Healthcare Cost Trend	4.60% & 4.75%
Year that the Rate Reaches the Ultimate Trend Rate	2031

A one percentage-point increase in the health care trend rates would have increased the accumulated benefit obligation by \$2,241,168 at December 31, 2024, and increased service and interest costs by \$173,203 for the year then ended.

### **19. 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 Louisiana Department Environment Quality (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 its Louisiana operations. As of December 31, 2024, 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 were transferred to the Cooperative during the 2024 period. The net amount of income from TESI including amounts from discontinued operations totaled \$236,774 for the year ended December 31, 2024.



**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**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.

**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 (GOHESP). 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 (DR-4611-LA) 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 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, 2024, the Cooperative estimates that of the total funds spent that approximately \$11.7M will not be reimbursed by FEMA.

On September 11, 2024, Hurricane Francine (DR-4817-LA) struck the Louisiana Gulf Coast and heavily impacted four parishes served by the Cooperative. The Cooperative suffered heavy damage to its facilities and electric plant in service. The utility plant assets are not insured and the Cooperative expects that approximately 75% of the costs related to the repair and restoration of its utility plant will be reimbursed by FEMA. FEMA has not obligated amounts associated with this storm. As of December 31, 2024, the Cooperative has incurred costs totaling approximately \$4.9M.

**20. Subsequent Events**

Effective January 1, 2025, the Cooperative's Formula Rate Plan went into to effect. For 2025, the Cooperative anticipates additional revenue totaling approximately \$4M based on the December 31, 2023 filing.

Subsequent events have been evaluated through April 28, 2025, which is the date the consolidated financial statements were available to be issued.



**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**21. Related Party Transactions**

TESI incurred management fees from SLECA totaling \$82,918 and \$325,747 for the years ended December 31, 2024 and 2023, 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, 2024**

**ASSETS**

	<u>SLECA</u>	<u>TESI</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>UTILITY PLANT</b>				
Electric Plant in Service	\$ 144,285,601	\$	\$	\$ 144,285,601
Right of Use Lease Assets	1,013,270			1,013,270
Construction Work in Progress	40,435,869			40,435,869
	<u>\$ 185,734,740</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 185,734,740</u>
Less: Accumulated Provision for Depreciation	46,617,471			46,617,471
	<u>\$ 139,117,269</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,117,269</u>
<b>OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE</b>				
Investments in Associated Organizations	\$ 6,962,330	\$	\$	\$ 6,962,330
	<u>\$ 6,962,330</u>			<u>\$ 6,962,330</u>
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 1,269,063	\$	\$	\$ 1,269,063
Accounts Receivable				
Consumers and Other, Less Allowance for Credit Losses	4,568,978			4,568,978
Disaster Assistance Receivable	30,884,221			30,884,221
Accrued Unbilled Revenue	5,344,375			5,344,375
Income Tax Receivable		89,907		89,907
Underbilled Wholesale Power Cost Adjustment	1,194,074			1,194,074
Materials and Supplies	3,122,936			3,122,936
Other Current and Accrued Assets	179,050			179,050
Total Current Assets	<u>\$ 46,562,697</u>	<u>\$ 89,907</u>	<u>\$ 0</u>	<u>\$ 46,652,604</u>
<b>OTHER ASSETS</b>				
Deferred Charges	\$ 107,713	\$ 0	\$ 0	\$ 107,713
	<u>\$ 107,713</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 107,713</u>
<b>TOTAL ASSETS</b>	<u>\$ 192,750,009</u>	<u>\$ 89,907</u>	<u>\$ 0</u>	<u>\$ 192,839,916</u>

**LIABILITIES AND EQUITIES**

<b>EQUITIES AND MARGINS</b>				
Memberships	\$ 83,270	\$	\$	\$ 83,270
Patronage Capital	46,475,722			46,475,722
Other Equities	6,184,836	57,505		6,242,341
Accumulated Other Comprehensive Loss	(5,853,100)			(5,853,100)
Total Equities and Margins	<u>\$ 46,890,728</u>	<u>\$ 57,505</u>	<u>\$ 0</u>	<u>\$ 46,948,233</u>
<b>LONG-TERM DEBT</b>				
RUS/FFB Mortgage Notes, Less Current Maturities	\$ 27,004,154	\$	\$	\$ 27,004,154
CFC Mortgage Notes, Less Current Maturities	3,029,635			3,029,635
Lease Obligations, Less Current Maturities	562,736			562,736
Long-Term Obligations, Net	<u>\$ 30,596,525</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,596,525</u>
<b>NON-CURRENT LIABILITIES</b>				
Post-Retirement Benefit Obligation, Less Current Maturities	\$ 14,215,769	\$ 0	\$ 0	\$ 14,215,769
	<u>\$ 14,215,769</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,215,769</u>
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 1,260,381	\$	\$	\$ 1,260,381
Current Portion of Post-Retirement Benefit Obligation	836,519			836,519
Current Maturities of Lease Obligations	450,534			450,534
Notes Payable - Lines of Credit	85,679,533			85,679,533
Accounts Payable Purchased Power	3,411,803			3,411,803
Accounts Payable - Other	3,806,629	32,402		3,839,031
Consumer Deposits	1,091,237			1,091,237
Accrued Taxes	50,073			50,073
Accrued Interest Payable	610,695			610,695
Accrued Employee Compensated Absences	878,169			878,169
Total Current Liabilities	<u>\$ 98,075,573</u>	<u>\$ 32,402</u>	<u>\$ 0</u>	<u>\$ 98,107,975</u>
<b>DEFERRED CREDITS</b>				
Accumulated Provision for Post-Retirement Benefits - Actuarial Gain	\$ 2,971,414	\$	\$	\$ 2,971,414
	<u>\$ 2,971,414</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,971,414</u>
<b>TOTAL LIABILITIES AND EQUITIES</b>	<u>\$ 192,750,009</u>	<u>\$ 89,907</u>	<u>\$ 0</u>	<u>\$ 192,839,916</u>

## SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Schedule 2

**CONSOLIDATING INFORMATION**  
**STATEMENT OF INCOME (LOSS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>SLECA</u>	<u>TESI</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>OPERATING REVENUES</b>				
Residential	\$ 34,781,499	\$	\$	\$ 34,781,499
Commercial and Industrial - Small	26,589,622			26,589,622
Commercial and Industrial - Large	6,840,277			6,840,277
Public Street & Highway Lighting	848,654			848,654
Rent from Electric Property	363,152			363,152
Miscellaneous Revenue	649,067	26,884		675,951
Total Operating Revenues	<u>\$ 70,072,271</u>	<u>\$ 26,884</u>	<u>\$ 0</u>	<u>\$ 70,099,155</u>
<b>OPERATING EXPENSES</b>				
Purchased Power	\$ 46,697,125	\$	\$	\$ 46,697,125
Distribution - Operation	3,962,492			3,962,492
Distribution - Maintenance	3,327,401			3,327,401
Customer Accounts	1,732,204			1,732,204
Customer Service and Information	725,243			725,243
Selling Expenses	18,456			18,456
Administrative and General	3,869,376	197,101	(82,918)	3,983,559
Depreciation	4,279,986			4,279,986
Taxes	1,430,784			1,430,784
Other Interest	7,627,862			7,627,862
Other Deductions	37,826			37,826
Total Operating Expenses	<u>\$ 73,708,755</u>	<u>\$ 197,101</u>	<u>\$ (82,918)</u>	<u>\$ 73,822,938</u>
<b>OPERATING MARGINS (LOSS) - Before</b>				
Fixed Charges	\$ (3,636,484)	\$ (170,217)	\$ 82,918	\$ (3,723,783)
<b>FIXED CHARGES</b>				
Interest Expense	<u>\$ 1,124,444</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,124,444</u>
<b>OPERATING MARGINS (LOSS) - After</b>				
Fixed Charges	<u>\$ (4,760,928)</u>	<u>\$ (170,217)</u>	<u>\$ 82,918</u>	<u>\$ (4,848,227)</u>
G&T Capital Credits	\$ 41,757	\$	\$	\$ 41,757
Other Capital Credits	<u>655,655</u>	<u></u>	<u></u>	<u>655,655</u>
<b>NET OPERATING MARGINS (LOSS)</b>	<u>\$ (4,063,516)</u>	<u>\$ (170,217)</u>	<u>\$ 82,918</u>	<u>\$ (4,150,815)</u>
<b>NONOPERATING MARGINS</b>				
Interest Income	\$ 65,025	\$	\$	\$ 65,025
Loss on Disposition of Property	(49,427)			(49,427)
Other Income	500,792		(82,918)	417,874
Total Nonoperating Margins	<u>\$ 516,390</u>	<u>\$ 0</u>	<u>\$ (82,918)</u>	<u>\$ 433,472</u>
<b>NET MARGINS (LOSS) FROM CONTINUED OPERATIONS</b>	<u>\$ (3,547,126)</u>	<u>\$ (170,217)</u>	<u>\$ 0</u>	<u>\$ (3,717,343)</u>
<b>INCOME (LOSS) FROM DISCONTINUED OPERATIONS</b>				
Income from Discontinued Operations, Before Income Tax	<u>\$ 66,557</u>	<u>\$</u>	<u>\$ 170,217</u>	<u>\$ 236,774</u>
<b>NET MARGINS (LOSS)</b>	<u><u>\$ (3,480,569)</u></u>	<u><u>\$ (170,217)</u></u>	<u><u>\$ 170,217</u></u>	<u><u>\$ (3,480,569)</u></u>

## SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION AND SUBSIDIARY

Schedule 3

**CONSOLIDATING INFORMATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>SLECA</u>	<u>TESI</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Margins (Loss)	\$ (3,480,569)	\$ (170,217)	\$ 170,217	\$ (3,480,569)
Adjustments to Reconcile Net Margins (Loss) to Net Cash From Operating Activities				
Depreciation	4,443,742			4,443,742
Capital Credits	(697,412)			(697,412)
Income from Discontinued Operations	(236,774)			(236,774)
Affiliated Company Loss	170,217		(170,217)	
(Increase) Decrease				
Accounts Receivable and Other Accounts Receivable	(891,609)	16,741		(874,868)
Accounts Receivable - Intercompany	133,487		(133,487)	
Unbilled Revenue	(1,626,421)			(1,626,421)
(Over) Under Collected Wholesale Power Cost Adjustment	1,038,492			1,038,492
Materials and Supplies and Other Current Assets	(458,631)	7,707		(450,924)
Deferred Charges	3,875,852			3,875,852
Increase (Decrease)				
Accounts Payable and Other Current Liabilities	861,838	(134,601)		727,237
Accounts Payable - Intercompany		(133,487)	133,487	
Net Cash From Operating Activities	<u>\$ 3,132,212</u>	<u>\$ (413,857)</u>	<u>\$ 0</u>	<u>\$ 2,718,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to Plant	\$ (4,054,145)	\$	\$	\$ (4,054,145)
Plant Removal Costs Net of Salvage and Other Credits	(1,177,461)			(1,177,461)
Net Proceeds from Sale of TESI Assets		96,285		96,285
Change in Escrow Account		233,387		233,387
Other Property and Investments	(281,713)	87,181		(194,532)
Dividends from Affiliated Company	4,871,214		(4,871,214)	
Net Cash From Investing Activities	<u>\$ (642,105)</u>	<u>\$ 416,853</u>	<u>\$ (4,871,214)</u>	<u>\$ (5,096,466)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net Activity on Line of Credit	\$ 1,644,230	\$	\$	\$ 1,644,230
Payments on Long-Term Debt	(1,216,658)			(1,216,658)
Disaster Assistance Receivables	(2,562,519)			(2,562,519)
Dividends paid to Affiliated Company		(4,871,214)	4,871,214	
Other Equities	306			306
Net Change in Memberships	(170)			(170)
Net Cash From Financing Activities	<u>\$ (2,134,811)</u>	<u>\$ (4,871,214)</u>	<u>\$ 4,871,214</u>	<u>\$ (2,134,811)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 355,296</u>	<u>\$ (4,868,218)</u>	<u>\$ 0</u>	<u>\$ (4,512,922)</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>913,767</u>	<u>4,868,218</u>		<u>5,781,985</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,269,063</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,269,063</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>				
Cash Paid During the Year for:				
Interest on Long-Term Debt	<u>\$ 1,125,484</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,125,484</u>
Federal and State Income Taxes	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION</b>				
Assets Obtained Through Operating Right of Use Leases	<u>\$ 249,780</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 249,780</u>
Post-Retirement Benefit Obligation	<u>\$ 84,098</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 84,098</u>

**COMPLIANCE AND INTERNAL CONTROL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

CERTIFIED PUBLIC ACCOUNTANTS

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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  
CONSOLIDATED 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, 2024, 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 April 28, 2025.

**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.

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. 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 or significant deficiencies may exist that were not identified.



## **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

April 28, 2025

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION  
HOUMA, LOUISIANA**

**UNIFORM GUIDANCE COMPLIANCE REPORTING PACKAGE**

**FOR THE YEAR ENDED DECEMBER 31, 2024**

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION  
HOUMA, LOUISIANA**

**UNIFORM GUIDANCE COMPLIANCE REPORTING PACKAGE  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

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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, 2024. 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, 2024.

***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.

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 over compliance may exist that 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, 2024, and have issued our report thereon dated April 28, 2025, 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 5, 2025



**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

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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, 2024, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated April 28, 2025.

**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.

*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 weakness 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 or significant deficiencies may exist that were not identified.

## **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*.

## **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

April 28, 2025

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 Weakness(es): **None Reported**

Significant Deficiencies: **None Reported**

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 Weakness(es): **None Reported**

Significant Deficiencies: **None Reported**

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: **\$750,000**

Low risk auditee: **No**

**II. Financial Statement Findings:**

**None Reported**

**III. Federal Award Findings and Questioned Costs:**

**None Reported**

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION**

**SCHEDULE OF STATUS OF STATUS OF CURRENT AND PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

Current Year's Findings/Noncompliance

None for the year ended December 31, 2024.

Prior Year's Findings/Noncompliance

**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 Government Office of Homeland Security and Emergency Preparedness (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.

Auditor Follow Up:

The Cooperative was able to close the stale work orders during 2024. The issue that was identified has been resolved by the Cooperative.

Contact:

Sandi Click – Manager of Finance

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION**

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
YEAR ENDED DECEMBER 31, 2024**

**Agency Head Name: Matthew Peters, General Manager**

<b>Purpose</b>	<b>Amount</b>
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, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Assistance Listing Number</u>	<u>Total Federal Expenditures</u>	<u>Amount Passed Through to Subrecipient</u>
<b>FEDERAL AWARDS</b>				
<u>U.S. Department of Homeland Security</u>				
Federal Emergency Management Agency (FEMA)				
Passed through the Government Office of Homeland				
Security and Emergency Preparedness (GOHSEP)				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	DR 4611	97.036	\$ 6,338,184	\$
Total Schedule of Federal Awards			\$ 6,338,184	\$ 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**

Spent and 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 either the 15% or the 10% de minimis cost rate allowed under Uniform Guidance.

**NOTE D – TOTAL FEMA FUNDS RECEIVED**

The Cooperative received a total of \$6,132,217 from FEMA during the year ended December 31, 2024.

**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION  
HOUMA, LOUISIANA**

**AGREED-UPON PROCEDURES REPORT  
RELATED TO LOUISIANA LEGISLATIVE AUDITOR'S  
STATEWIDE AGREED-UPON PROCEDURES**



**SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOCIATION**  
**AGREED-UPON PROCEDURES**  
**RELATED TO LOUISIANA LEGISLATIVE AUDITOR'S**  
**STATEWIDE AGREED-UPON PROCEDURES**

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**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3806**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

**Independent Accountant's Report**  
**on Applying Agreed-Upon Procedures**

South Louisiana Electric Cooperative Association  
Houma, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA'S) Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2024. South Louisiana Electric Cooperative Association's management is responsible for those C/C areas identified in the SAUPs.

South Louisiana Electric Cooperative Association (SLECA) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the year ended December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule A.

We were engaged by SLECA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

We are required to be independent of SLECA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

June 30, 2025

## **Schedule A – Agreed-Upon Procedures and Findings**

### **Procedures Performed and Associated Findings**

#### **Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

##### **1) *Written Policies and Procedures***

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
    - Findings were identified. SLECA does not have a formal written budgeting policy, but they are working on fully implementing a budgeting policy. The budget committee did however approve a budget in December 2024.
  - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
    - No exceptions were noted. We obtained the purchasing policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
  - iii. **Disbursements**, including processing, reviewing, and approving.
    - No exceptions were noted. We obtained the disbursements policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
  - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
    - No exceptions were noted. We obtained the receipts/collections policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
  - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

### **Schedule A – Agreed-Upon Procedures and Findings**

- No exceptions were noted. We obtained the payroll/personnel policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - No exceptions were noted. We obtained the contracting policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - No exceptions were noted. We obtained the travel and reimbursement policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - No exceptions were noted. We obtained the credit card policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - Not applicable. SLECA is organized as a 501 (C) – 12 Cooperative that is exempt for tax purposes and is deemed eligible for grant programs such as those received from the Department of Homeland Security through the Federal Emergency Management Agency (FEMA) disaster assistance program. The board of directors nor the management of SLECA is not considered a public servant under Louisiana Law. The board of directors are elected by the members of SLECA. The chief executive officer is hired by the board of directors. Other management is hired by the chief executive officer.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

## **Schedule A – Agreed-Upon Procedures and Findings**

- Not applicable. SLECA isn't required by its lenders to maintain written policies and procedures related to debt issuance. SLECA maintains loans including secured and unsecured obligations to entities that lend to Cooperatives. SLECA's board of directors approve any new loans which is documented in the SLECA board minutes. Compliance with debt service is provided by SLECA to its lenders but the lenders also determine compliance with respective debt service financial ratios. SLECA doesn't issue general obligation bonds that are required to be approved by the voters. Therefore, the policies provisions are not applicable to SLECA.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
  - Findings were identified. SLECA's data is managed by a third-party vendor, and therefore they do not have a written policy in regards to disaster recovery. There are several measures taken between SLECA and the vendor to ensure proper procedures and security measures are in place.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
  - Not applicable. Under the prevention of sexual harassment law R.S. 42:341-345, SLECA does not have individuals within the cooperative that are considered any of the following:
    - Agency Head – Chief executive or administrative officer of any agency or the chairman of a board or commission
    - Public Servant – Public employee or an elected official
    - Public Employee – anyone who is:
      - Administrative officer or official of a governmental entity who is not filling an elected office.
      - Appointed to a post or position created by rule, law, resolution, ordinance, charter, or executive order
      - Employed by an agency, officer, or official governmental entity.
    - Elected Official – any person holding an office in a governmental entity which is filled by the vote of the appropriate electorate.
  - Additionally, SLECA is not considered a governmental entity or an agency of the state of Louisiana thus the prevention of sexual harassment law is not applicable to SLECA. SLECA is organized as a 501 (C) – 12 and is considered tax exempt under the internal revenue code.

**Schedule A – Agreed-Upon Procedures and Findings**

**2) Board or Finance Committee**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
    - No exceptions noted. During the financial statement audit, we obtained the board meeting board minutes for each month and we noted there were full board meetings each month for the period ended December 31, 2024.
  - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
    - No exceptions noted. We noted that the December 2024 board minutes included a report from management regarding the funding received from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP). We also noted that the public funds did not exceed 10% of the entity's collections for the year ended December 31, 2024.
  - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
    - Not applicable. SLECA is an electric cooperative organized under the 501 (C)-12 of the internal revenue code and is not considered a governmental entity but rather is considered a tax exempt cooperative.
  - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
    - No exceptions noted. No audit findings were noted during the previous audit period and thus there is no written updates that are applicable.



**Schedule A – Agreed-Upon Procedures and Findings**

**3) Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
    - No exceptions noted. We tested all of the December 2024 bank reconciliations during the year ended December 31, 2024. We noted that the reconciliations included evidence that they were prepared within 2 months of the related statement closing date.
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
    - No exceptions noted. We tested all of the December 2024 bank reconciliations during the year ended December 31, 2024 financial statement audit. We noted that the reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared.
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
    - No exceptions noted. We tested all of the December 2024 bank reconciliations during the year ended December 31, 2024 financial statement audit. We noted that there were no reconciling items that have been outstanding for more than 12 months from the statement closing date.

**4) Collections (excluding electronic funds transfers)**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that;

**Schedule A – Agreed-Upon Procedures and Findings**

- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.
    - Not applicable. Due to SLECA only federal program is from FEMA, and all of the funds from the pass-thru agency being electronic funds transfers the above procedures are not applicable to SLECA.

**Schedule A – Agreed-Upon Procedures and Findings**

**5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)***

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- No exceptions noted. SLECA's processing of payments are centralized to its headquarters office location where the accounting department is located. While SLECA has multiple office locations with warehouses that issue materials for FEMA projects, the payments associated with the FEMA program are disbursed from the accounting department located at the headquarters office location.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
    - No exceptions noted. We noted that all purchase orders selected required both an initiator and an approver of the purchase order.
  - ii. At least two employees are involved in processing and approving payments to vendors;
    - No exceptions noted. We noted that all invoices selected required both an initiator and an approver of the invoice.
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
    - No exceptions noted. During the financial statement audit, we noted during internal control walkthroughs that the accounts payable clerk is the employee responsible for adding and modifying vendors. They are prohibited from processing payments.
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
    - No exceptions noted. During the financial statement audit, we noted during internal control walkthroughs that the accounts payable department will print checks after dual authorization.

**Schedule A – Agreed-Upon Procedures and Findings**

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

- No exceptions noted. During the financial statement audit, we noted during internal control walkthroughs that only individuals authorized to sign checks approved the disbursement of funds.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

- No exceptions noted. During our testing of 61 disbursements for the single audit, we noted that the disbursement amount matched the itemized invoice and other supporting documentation.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- No exceptions noted. During our testing of 61 disbursements for the single audit, we noted that the disbursement documentation included evidence of segregation of duties regarding initiation, recording, and approval of the disbursement.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

- No exceptions noted. We selected 5 electronic disbursements from the main operating account from the December 2024 bank statement. No exceptions were noted.

6) ***Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)***

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.



**Schedule A – Agreed-Upon Procedures and Findings**

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection) . For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.
- Not applicable. We did not test the above procedures due to there being no credit cards, debit cards, fuel cards, or purchase cards that were used for disbursement of federal funds during the year ended December 31, 2024.

**7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation

**Schedule A – Agreed-Upon Procedures and Findings**

includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
  - Not applicable. We did not test the above procedures due to there being no travel and travel related expense reimbursements that were used for disbursement of federal funds during the current fiscal year.

**8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
  - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
    - Not applicable. Per the Compliance Matrix provided by the Office of Management and Budget, procurement is not applicable for program 97.036 – Disaster Grants-Public Assistance (Presidentially Declared Disaster).
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
    - Not applicable. Per the Compliance Matrix provided by the Office of Management and Budget, procurement is not applicable for program 97.036 – Disaster Grants-Public Assistance (Presidentially Declared Disaster).
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
    - Not applicable. There were no contract amendments made during the year ended December 31, 2024.
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
    - Not applicable. There were no contract amendments made during the year ended December 31, 2024

**Schedule A – Agreed-Upon Procedures and Findings**

9) ***Payroll and Personnel***

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- B. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- C. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.
  - Not applicable. We did not test the above procedures since there were no payroll expense reimbursements submitted related to federal fund reimbursements during the year ended December 31, 2024.

10) ***Ethics***

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and



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- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
  - Not applicable. Due to organizational structure of SLECA as a 501 (C) – 12 cooperative, ethics training is not required by SLECA because the board of directors, management, and employees do not meet the stated criteria of R.S. 42:1170 including the following:
    - Statewide Elected Official
    - Legislator
    - Public Service Commissioner
    - Public Servant
    - Registered Lobbyist

11) ***Debt Service***

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
  - Not applicable. SLECA only maintains loans including secured and unsecured obligations to entities that lend to Cooperatives. SLECA's board of directors approve any new loans which is documented in the SLECA board minutes. Compliance with debt service is provided by SLECA to its lenders but the lenders also determine compliance with respective debt service financial ratios. SLECA doesn't issue general obligation bonds that are required to be approved by the voters nor be approved by the State Bond Commission Therefore, the provisions of Debt Service are not applicable to SLECA.

12) ***Fraud Notice***

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

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- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.
- Not applicable. SLECA is an electric cooperative organized under the 501 (C)-12 of the internal revenue code and is not considered a governmental entity but rather is considered a tax-exempt cooperative. Both the board of directors and the chief executive officer of SLECA are not considered an "Agency Head" since SLECA is not considered an agency of the Louisiana Government. Agency is defined as a department, office, division, agency, commission, board, committee or other organizational unit of a governmental entity. Therefore, the Fraud notification is not applicable to SLECA.

**13) *Information Technology Disaster Recovery/Business Continuity***

Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- We performed the procedure and discussed the results with management.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- We performed the procedure and discussed the results with management.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- We performed the procedure and discussed the results with management.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- We performed the procedure and discussed the results with management.

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- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- i. Hired before June 9, 2020 - completed the training; and
  - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment
    - Not applicable. SLECA is an electric cooperative organized under the 501 (C)-12 of the internal revenue code and is not considered a governmental entity but rather is considered a tax-exempt cooperative. Both the board of directors and the chief executive officer of SLECA are not considered an "Agency Head" since SLECA is not considered an agency of the Louisiana Government. Agency is defined as a department, office, division, agency, commission, board, committee or other organizational unit of a governmental entity.

14) ***Prevention of Sexual Harassment***

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.
    - Not applicable. Under the prevention of sexual harassment law R.S. 42:343-344, SLECA does not have individuals within the cooperative that are considered any of the following:

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- Agency Head – Chief executive or administrative officer of any agency or the chairman of a board or commission
  - Public Servant – Public employee or an elected official
  - Public Employee – anyone who is:
    - Administrative officer or official of a governmental entity who is not filling an elected office.
    - Appointed to a post or position created by rule, law, resolution, ordinance, charter, or executive order
    - Employed by an agency, officer, or official governmental entity.
  - Elected Official – any person holding an office in a governmental entity which is filled by the vote of the appropriate electorate.
- Additionally, SLECA is not considered a governmental entity or an agency of the state of Louisiana thus the prevention of sexual harassment law is not applicable to SLECA. SLECA is organized as a 501 (C) – 12 and is considered tax exempt under the internal revenue code.