SLEMCO POWER
MAY/JUNE 2014

Enjoy FAMILY FUN

Dance to Roddie Romero
& THE HUB CITY ALL STARS!

Visit WITH FRIENDS

SLEMCO'S 77TH ANNUAL MEETING

JUNE 7

Win a new car or truck!
FROM COURTESY AUTOMOTIVE

20 LUCKY STUDENTS WILL win a $2,000 scholarship!

SLEMCO POWER

Volume 63 No. 3 May/June 2014

The Official Publication of the Southwest Louisiana Electric Membership Corporation
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Lafayette, Louisiana 70509
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SLEMCO POWER (USPS 498-720, ISSN 0274-7685) is published bimonthly by Southwest Louisiana Electric Membership Corporation, 3420 NE Evangeline Thruway, Lafayette, LA 70509-0866. Periodicals postage paid at Lafayette, LA 70507.

POSTMASTER: send address changes to SLEMCO, P.O. Box 90866, Lafayette, LA 70509-0866.

Cover photos by P.C. Piazza
Annual report cover photo by Mary Laurent

TakeNote

OFFICIAL MEETING NOTICE

The 77th annual meeting of the members of the Southwest Louisiana Electric Membership Corporation (SLEMCO) will be held in Lafayette's Cajundome on Saturday, June 7, 2014. The business meeting begins at 10 a.m.

The following will be presented at the meeting:

1. Presentation of minutes of the previous meeting.
2. Reports from officers and the Chief Executive Officer/General Manager.
3. Election of three directors of the corporation to serve three years.
4. Twenty college scholarships will be awarded.
5. Any and all other business whatever, which may properly come before the meeting, or any adjournment thereof.

This notice in the *SLEMCO Power* magazine was mailed to the SLEMCO members in accordance with SLEMCO's bylaws.

Bryan Leonards Sr., *Secretary-Treasurer*

JOIN US JUNE 7 FOR OUR 77TH ANNUAL MEETING

SLEMCO customers know that our annual meeting will offer plenty of reasons to set alarm clocks a little earlier than usual on Saturday, June 7.

First, there will be the opportunity to win prizes—28 in all—such as HDTVs, laptops, iPads, gift cards or even a brand new 2014 car or truck from Courtesy Automotive of Lafayette. Giveaways also include 20 $2,000 college scholarships.

When the Cajundome's doors open at 6 a.m., you can enjoy free Community coffee with your friends and neighbors. At 6:30 a.m., Roddie Romero & the Hub City All Stars will turn the Cajundome into a dance hall for SLEMCO members. A balloon artist will add to the fun for the kids.

Roddie Romero & the Hub City All Stars will kick off our morning with music (Lucky Account Number 4509158500).

United Blood Services has been holding a blood drive at our meeting for 10 years. We are hoping SLEMCO's generous members will once again help out this worthwhile cause.

At 10 a.m., things get down to business with presentation of the minutes of the 2013 annual meeting, introduction of directors and guests, plus reports on SLEMCO's operations (Lucky Account Number 1413707000).

You will be asked to elect three members to the SLEMCO board. The slate of officers nominated in April by the 2014 nominating committee is: St. Landry Parish—Gary Soileau, 428 Moran Street, Krotz Springs, LA 70750; St. Martin Parish—Don Resweber, 1379 Burton Plantation Highway, St. Martinville, LA 70582, and Vermilion Parish—Joseph David Simon Jr., 30319 Highway 713, Gueydan, LA 70542.

Once the business meeting concludes, 20 lucky college students will each win $2,000 to help offset their education expenses. Finally, to cap the morning's events, one SLEMCO customer will win his or her choice of a new car or truck from Courtesy Automotive.

When it comes to SLEMCO's 77th annual meeting, you'll have plenty of reasons to get up a little early on a Saturday, especially if you're lucky enough to drive home from the Cajundome in style in our grand prize!

The community benefits when generous SLEMCO members contribute to our annual blood drive and kids will enjoy the balloon artist.

Photos by P.C. Piazza

SEE PAGE 16 TO LEARN HOW TO WIN SCHOLARSHIPS AND PRIZES AT OUR ANNUAL MEETING

Our grand prize will be a new 2014 car or truck from Courtesy Automotive

LUCKY NUMBER WINNERS

Two SLEMCO members called in to claim their $10 prizes when they found their account numbers in the March/April *SLEMCO Power*. They were **Raymond Mahfouz** of Youngsville and **Beverly Quebodeaux** of Church Point.

Eight others missed out on their $10 credits. They were **Larry Lene** of Broussard, **William Thomasson** of Melville, **Priscilla Ourso** of Lafayette, **Frank Urban** of Rayne, **David Rafal** of Abbeville, **Carolyn Nevis** of Sunset, **Francis Soileau** of Ville Platte and **Mitchell Polito** of Delcambre.

We've hidden 10 more numbers in this issue. Look now to see if yours is one of them. If it is, call Mrs. Gayle Babin at SLEMCO at 896-2504. If she verifies that you are a winner, she'll credit $10 to your account (Lucky Account Number 1416259000).

ENERGY SAVING IDEAS

SLIM DOWN HOME ENERGY GLUTTONS

Turning off unused lights in your home is an important way to save energy. However, lighting accounts for only a fraction of your home's energy usage, especially if you have already switched to more energy-efficient CFL and LED bulbs.

But our homes are full of other appliances and devices with a big appetite for electricity. Focusing on some of these energy hogs is a great way to save energy and reduce your electric bills (Lucky Account Number 3434485500).

Here's a clue: if the appliance produces heat in some manner, it uses more electricity.

Plasma TVs bring the cinema experience right into our living rooms, but the admission ticket is a higher electric bill. If you're considering a new TV, LED models may use half the electricity and cost half as much.

If you have a plasma TV, you can increase its energy efficiency by using standby mode (or better yet, turning it off completely with a power strip) when it's not used. Also check the screen brightness: the factory default setting may be brighter than required for your room and that will increase your electric bill. Another tip: if available, use its blank screen mode when listening to music through your TV system.

In the laundry room, we're all aware that lowering heat settings for washing and drying is an energy saver. But here's a tip you may not have considered. Running an extra spin cycle at the end of washing may reduce drying time, saving energy.

GIVE YOUR KIDS A SAFER SUMMER

Preventable injuries are the leading cause of childhood deaths in the U.S., according to Safe Kids Worldwide, a child safety organization.

Want a safer summer for your children? Drowning and motor vehicles are the leading causes of death for children over age one. According to Safe Kids, parents can significantly reduce the risks to their children by making sure they learn to swim, wear a helmet, buckle up and watch out for vehicles (Lucky Account Number 4502814001).

Here in Louisiana water is everywhere, and swimming and boating are the summer activities of choice for many families. Drowning is the leading case of preventable deaths in kids aged 1 to 4, and 75 percent of such drownings occur at home pools. Enroll your child in swimming lessons as soon as possible: make sure they know how to float and tread water.

Safe Kids advises that the undivided attention of an adult is essential any time young children are around water. Infants and toddlers should be within arms reach at all times. A small child can drown in only inches of water so parents should never allow unsupervised play around even small inflatable backyard pools, which should be emptied after every use.

A properly fitted life vest is a requirement for safe boating: be a good role model and always wear yours as well. The overwhelming majority of fatalities in boating accidents were drowning, and four out of five victims were not wearing a life vest.

Actually, a Coast Guard approved life vest is a great idea whenever your child is near an open body of water. Always check for a snug fit. Safe Kids recommends having your child make a "touch down" signal, raising both arms straight up. If the jacket hits the child's chin or ears, it may be too big or the straps aren't tight enough.

Proper fit is also essential for bicycle helmets. According to the National Highway Traffic Safety Administration, one of the most important ways a parent can ensure their child's safety on a bicycle is to require they wear a helmet.

When your child tries on a new helmet—let them help pick one they like so they'll be more likely to wear it—it should fit snuggly and not rock side to side. Add or remove the supplied padding or adjust the universal fit ring to ensure proper fit before you leave the store.

The helmet should fit level on the head and low on the forehead, one or two finger-widths above the eyebrows. Center the left buckle under the chin and adjust the chin straps, which should form a V shape under or just in front of the ears. Once these straps are adjusted, buckle the chin strap and tighten until snug: only a finger or two should fit under the strap. Have your child make a big yawn: this should pull the helmet down on the head, otherwise pull the strap tighter (Lucky Account Number 3419056500).

Before shopping you can download and print out an illustrated guide to fitting a bike helmet from the NHTSA at *http://www.nhtsa.gov/people/injury/pedbimot/bike/doom.EasyStepsWeb.zzy/doom.index.doom.htm.*

Motor vehicle crashes are a leading cause of death for children. in a third of these fatalities, children weren't buckled in with a safety seat or seat belt that might have saved their lives, according to Safe Kids. Parents are sometimes lax on quick trips, which sends the wrong message, especially to teenagers who have the lowest rate of seat belt use of all age groups.

SLEMCO ANNUAL REPORT 2013

THE YEAR'S HIGHLIGHTS

SLEMCO's rates are the lowest of Louisiana's regulated utilities…striking a balance between **excellent service and lowest possible cost**… we will spend **$101 million over the next five years** on our system…began construction of the new **Sugarland substation** in Broussard/Youngsville, a $7.5 million project…**revenues totaled $194 million** with 2.4 million kWh sold.

Dear SLEMCO Members,

Unlike prices for gasoline, food or clothing, SLEMCO electricity remains a bargain. Recent comparisons issued by Louisiana's Public Service Commission place SLEMCO's rates at the lowest of all its regulated utilities. At just 7.4 cents per kilowatt hour for all-electric homes and a mere 7.9 cents per kilowatt hour for regular residential accounts, SLEMCO power is undoubtedly one of the best bargains on your list of monthly expenses. And, though our fuel costs have risen slightly in recent years, SLEMCO rates have not changed since 1997— that's 17 years and counting.

To ensure our rates would remain low, SLEMCO's directors and management have tightened belts and looked for ways to streamline procedures and achieve economies that have continued to help us improve our service to all 102,767 members without rate increases. We've invested revenues back into our infrastructure to help make it second to none and, looking forward, have embarked on an aggressive work plan, $101 million in the next five years to strengthen our system even more and build substations where they are needed most to improve the quality of our service to members.

In 2013, we began construction of our soon to be completed Sugarland Substation in the Broussard/Youngsville area at a cost of $4 million and we began an accompanying transmission line at a cost of $3.5 million. During 2014, we are expected to complete both of those projects and begin two more—a transmission line in St. Martin Parish and a connecting transmission line near Cypress Island. Those two projects will total $2.3 million.

Our 2013 revenues totaled $194 million and our kilowatt hour sales totaled 2.4 million. Due to extreme temperatures this past winter those sales figures are expected to rise for 2014 and are already up 31 percent for the months of January and February 2014, which were undoubtedly our coldest months in many years.

As always, your board of directors and management staff work diligently to make sure we strike a fine balance between excellent service and the lowest possible costs to each and every SLEMCO member. We look forward to continuing to reach this goal during 2014 and thank you for your support.

Sincerely,

David Simon

Joseph David Simon, Jr.
President of SLEMCO's Board of Directors

J.U. Gajan

J.U. Gajan
CEO and General Manager

BALANCE SHEETS

ASSETS	December 31	
	2013	2012
Utility plant *(Notes 1 and 2)*		
Electric plant in service – at cost	**$443,960,003**	$426,422,871
Construction work in progress	**14,751,061**	10,926,657
	458,711,064	437,349,528
Less accumulated provision for depreciation and amortization	**101,667,867**	94,704,868
Net utility plant	**357,043,197**	342,644,660
Other property and investment at cost:		
Investments in associated organizations *(Note 3)*	**3,108,916**	2,983,764
Other investments	**2,391**	1,544
Total property and investments	**3,111,307**	2,985,308
Current assets:		
Cash	**14,917,783**	2,708,042
Temporary cash investments	**169,476**	212,454
Accounts receivable – less allowance for doubtful accounts: **2013 – $858,768** 2012 – $685,364 *(Note 1)*	**27,410,999**	28,714,295
Material and supplies (at average cost)	**3,015,571**	3,393,323
Other current and accrued assets	**123,485**	116,182
Total current assets	**45,637,314**	35,144,296
Deferred debits *(Note 4)*	**8,694,101**	937,833
TOTAL ASSETS	**$414,485,919**	$381,712,097

LIABILITIES AND MEMBERS' EQUITY	December 31	
	2013	2012
Equities and margins:		
Memberships	**$ 373,115**	$ 365,620
Patronage capital *(Note 5)*	**215,439,474**	211,943,267
Accumulated other comprehensive income	**(2,419,181)**	(120,473)
Other equities *(Note 6)*	**196,953**	196,953
Total equities and margins	**213,590,361**	212,385,367
Long-term debt:		
Long-term debt less current maturities *(Note 7)*	**151,945,533**	123,370,981
Other non-current liabilities *(Note 11)*	**16,773,500**	13,608,100
Current liabilities:		
Current maturities of long-term debt *(Note 7)*	**6,226,560**	4,658,598
Line of credit	**–**	5,000,000
Accounts payable	**16,275,878**	13,237,117
Consumer deposits	**7,266,412**	7,058,771
Accrued taxes	**3,749**	3,885
Other current and accrued liabilities	**2,060,859**	2,031,703
Total current liabilities	**31,833,458**	31,990,074
Deferred credits *(Note 8)*	**343,067**	357,575
TOTAL LIABILITIES and MEMBERS' EQUITY	**$414,485,919**	$381,712,097

The accompanying notes are an integral part of these statements.

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements We have audited the accompanying financial statements of Southwest Louisiana Electric Membership Corporation which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of revenue and patronage capital, comprehensive income and cash flows for the years then ended, and the related notes to the financial statements.

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

Auditor's Responsibility Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and generally accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Louisiana Electric Membership Corporation as of December 31, 2013 and 2012 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Other Legal and Regulatory Requirements In accordance with Government Auditing Standards, we have also issued our report dated February 14, 2014, on our consideration of Southwest Louisiana Electric Membership Corporation'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 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 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 Southwest Louisiana Electric Membership Corporation's internal control over financial reporting and compliance.

Briscoe, Burke & Grigsby LLP
Certified Public Accountants

February 14, 2014
Tulsa, Oklahoma

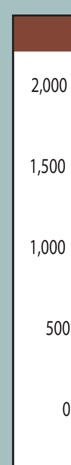
STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	December 31	
	2013	2012
Operating revenues	**$197,547,287**	$185,441,969
Operating expenses:		
Cost of power	**140,009,838**	132,834,624
Transmission expense	**666,583**	708,255
Distribution expense – operations	**11,097,690**	10,512,675
Distribution expense – maintenance	**9,223,285**	9,062,820
Consumer accounts	**5,845,961**	5,540,429
Sales	**336,148**	390,833
Customer service and information	**215,071**	285,646
Administrative and general	**6,166,484**	5,992,528
Depreciation	**13,964,089**	13,420,526
Taxes	**10,078**	9,883
Interest on long-term debt	**6,082,955**	5,591,009
Other interest and deductions	**540,656**	518,798
Total operating expenses	**194,158,838**	184,868,026
Net operating margins	**3,388,449**	573,943
Nonoperating margins:		
Interest income	**8,235**	1,673
Gain on sale of assets	**357,038**	549,539
Total nonoperating margins	**365,273**	551,212
Generation and transmission cooperative and other capital credits	**544,691**	557,310
Net margins for year	**4,298,413**	1,682,465
Patronage capital – beginning of year	**211,943,267**	211,065,229
Retirement of capital credits	**(802,206)**	(804,427)
Patronage capital – end of year	**$215,439,474**	$211,943,267

STATEMENTS OF COMPREHENSIVE INCOME

	December 31	
	2013	2012
Net margins for year	**$4,298,413**	$1,682,465
Other comprehensive income:		
Current (loss) on postretirement APBO	**(2,298,708)**	(389,172)
Comprehensive income	**$1,999,705**	$1,293,293

The accompanying notes are an integral part of these statements.



STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

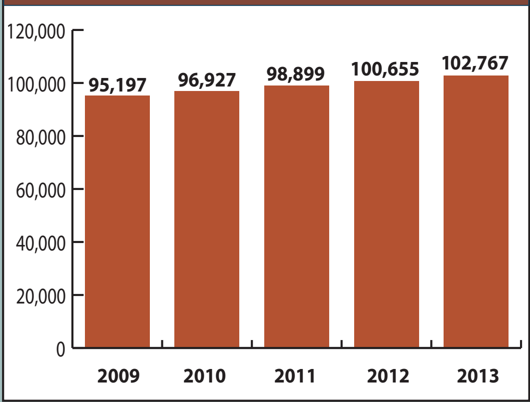
	December 31 2013	December 31 2012
Cash flows from operating activities:		
Net margins	**$ 4,298,413**	$ 1,682,465
Adjustments to reconcile net margins to net cash provided by operating activities:		
Items not requiring (providing) cash		
Postretirement benefits	**1,172,000**	1,151,820
Depreciation	**14,358,478**	13,837,347
Patronage allocations from associated organizations	**(544,691)**	(557,310)
Unbilled revenue	**2,817,990**	(3,981,339)
(Increase) Decrease in:		
Investments in associated organizations	**419,539**	331,614
Other investments	**(847)**	114
Accounts receivable	**(1,514,694)**	(1,155,498)
Materials and supplies	**377,752**	(585,981)
Other current and accrued assets	**(7,303)**	1,344
Deferred charges	**(7,756,268)**	2,048,541
Increase (Decrease) in:		
Accounts payable	**3,038,761**	865,712
Consumer deposits	**207,641**	160,597
Accrued taxes	**(136)**	72
Other current and accrued liabilities	**29,156**	(107,152)
Postretirement health benefits	**(305,308)**	(299,992)
Deferred credits	**(14,508)**	1,727
Net cash provided by operating activities	**16,575,975**	13,394,081
Cash flows from investing activities:		
Extension and replacement of plant	**(27,511,774)**	(29,138,428)
Plant removal cost	**(1 ,443,270)**	(1,818,939)
Material returned to stock from retirements	**198,029**	308,564
Net cash used for investing activities	**(28,757,015)**	(30,648,803)
Cash flows from financing activities:		
Membership fees and other equities	**7,495**	4,827
Advance from FFB	**26,247,000**	10,000,000
Advance from CoBank	**9,484,474**	-
Line of credit	**(5,000,000)**	5,000,000
Payments on long-term debt	**(5,588,960)**	(4,461,791)
Retirement of patronage capital	**(802,206)**	(804,427)
Net cash provided from financing activities	**24,347,803**	9,738,609
Net increase (decrease) in cash and cash equivalents	**12,166,763**	(7,516,113)
Cash and cash equivalents at beginning of year	**2,920,496**	10,436,609
Cash and cash equivalents at end of year	**$ 15,087,259**	$ 2,920,496
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	**$ 6,452,351**	$ 6,159,958
Income taxes	**–**	–

Disclosure of accounting policy:

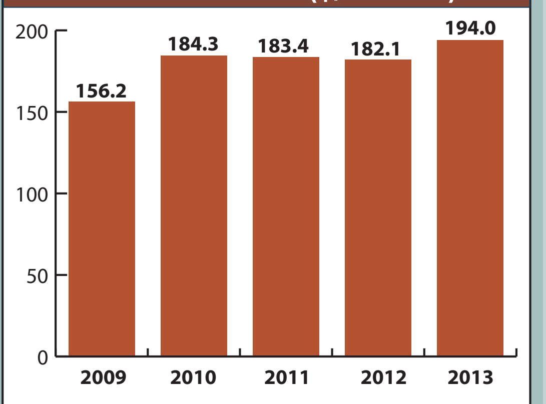
For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The accompanying notes are an integral part of these statements.

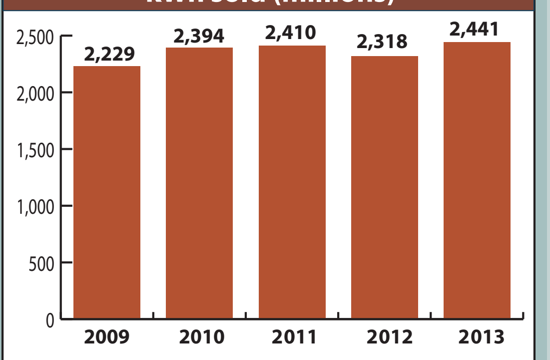
Total active consumers



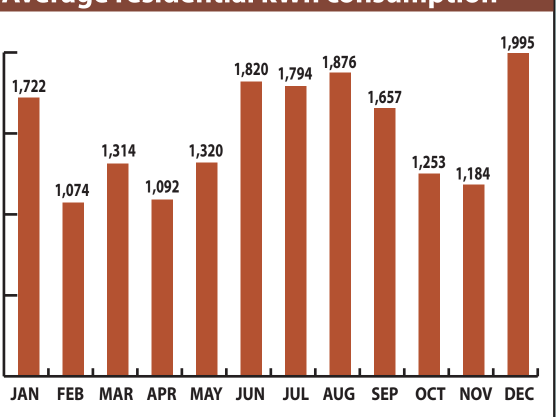
Electric revenues ($/millions)



kWh sold (millions)



Average residential kWh consumption



NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Corporation is subject to regulation by the Rural Development Utilities Programs. The Corporation's accounting policies conform to generally accepted accounting principles, as applied in the case of Rural Electric Cooperatives and are in accordance with the accounting and requirements and rate-making practice of the regulatory authorities having jurisdiction. A description of the Corporation's significant accounting policies follows.

Nature of Operations – The Corporation is a not-for-profit corporation organized to provide electric service to its members. The Corporation operates as a cooperative whereby all monies in excess of the cost of providing electric service is capital, at the moment of receipt, and is credited to each member's capital account.

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

Utility Plant and Depreciation – The capitalized cost of additions to the utility plant include the cost of materials, contract services and direct labor, and charges for indirect costs such as engineering, supervision and similar overhead items. The average unit cost of property retired or otherwise disposed of is deducted from utility plant and together with removal costs less any salvage, is charged to accumulated depreciation. The cost of repairs and minor renewals are charged to maintenance expense.

The provision for depreciation results from the application of straight line rates to the original cost, by groups, of depreciable properties.

Inventory – Inventories are stated at the lower of cost (average cost) or market.

Fair Value of Financial Instruments – Financial instruments include cash, temporary cash investments and long-term debt. Investments in associated organizations are not considered a financial instrument because they represent nontransferable interests in associated organizations.

The carrying value of cash and temporary cash investments approximates fair value because of the short maturity of those instruments. It is not practicable to estimate the fair value of long-term debt; additional information pertinent to its value is provided in the footnote for long-term debt.

Significant Group Concentrations of Credit Risk – The Corporation maintains deposits in a financial institution that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Corporation believes that there is no significant risk with respect to these deposits.

Income Taxes – The Corporation is exempt from income taxes under Section 501(c)(12) of the Internal Revenue Code and, accordingly, no provision has been made for income taxes.

Management has considered whether the Corporation has any uncertain tax positions, embedded or otherwise, that would materially impact the financial statements. Management believes no such material uncertainties exist, therefore, no provision is provided. The tax years prior to 2010 generally are not subject to examination by the U.S. Federal and most state tax authorities.

Accounts receivable – Included in the balance of accounts receivable at December 31, 2013 and 2012 is $14,677,016 and $17,495,006, respectively, of unbilled accrued revenue.

Revenues – Operating revenues are recognized in the month that power is delivered. Costs of power are recognized in the month incurred.

Subsequent Events – In preparing these financial statements management has evaluated and disclosed all material subsequent events through February 14, 2014, which is the date these statements were available to be issued.

2. UTILITY PLANT AND DEPRECIATION RATES

Listed below are the major classes of utility plant as of December 31, 2013 and 2012:

	2013	2012
Intangible plant	**$ 377,022**	$ 377,022
Transmission plant	**36,509,710**	35,973,423
Distribution plant	**387,554,662**	370,570,207
General plant	**19,518,609**	19,502,219
Electric plant in service	**443,960,003**	426,422,871
Construction work in process	**14,751,061**	10,926,657
	$458,711,064	$437,349,528

Provision has been made for depreciation of distribution plant at a straight-line composite rate of 3.34% per annum, and transmission plant at a rate of 2.75% per annum. General plant depreciation rates have been applied on a straight-line basis as follows:

Structures and improvements	**2.0**	-	**4.0%**
Office furniture and equipment	**6.0**	-	**10.0%**
Transportation equipment	**5.0**	-	**33.0%**
Power-operated equipment	**6.67**	-	**20.0%**
Other general plant	**4.5**	-	**6.0%**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

3. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2013 and 2012:

	2013	2012
CoBank capital stock	**$ 2,502,933**	$ 2,378,694
Other	**605,983**	605,070
	$ 3,108,916	$ 2,983,764

4. DEFERRED DEBITS

Deferred debits at December 31, 2013 and 2012 consisted of the following:

	2013	2012
NRECA R & S prepayment	**$8,694,101**	$ –
Regulatory asset – Hurricanes Gustav, Ike and Isaac	**–**	937,833
	$8,694,101	$ 937,833

The Cooperative opted to prepay $9,484,474 of their NRECA Retirement Security Pension Plan in exchange for lower future billing rates. This is being amortized over 10 years. Amortization expense for the year ended December 31, 2013 was $790,373.

5. PATRONAGE CAPITAL

Patronage capital at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Assignable	**$ 4,792,231**	$ 2,165,327
Assigned	**285,848,135**	284,176,626
	290,640,366	286,341,953
Less: retired	**(75,200,892)**	(74,398,686)
Balance	**$215,439,474**	$211,943,267

Under the provisions of the Mortgage Agreement *(Note 7)*, until the equities and margins equal or exceed thirty percent of the total assets of the Corporation, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Corporation in the prior calendar year. The equities and margins of the Corporation represent 51.5% of the total assets at balance sheet date. Capital credit retirements of $802,206 and $804,427 were paid in 2013 and 2012, respectively.

6. OTHER EQUITIES

At December 31, 2013 and 2012, other equities consisted of:

	2013	2012
Operating margins (prior to 1948)	**$ 196,940**	$ 196,940
Donated capital	**13**	13
	$196,953	$196,953

7. LONG-TERM DEBT

Long-term debt is represented by mortgage notes payable to the United States of America (RDUP) and Federal Financing Bank (FFB). Other long-term debt consist of obligations to the CoBank with interest at variable rates. All assets are pledged as security for this debt. The notes are for 35-year periods each with principal and interest installments due either quarterly or monthly. Following is a summary of outstanding long-term debt as of December 31, 2013 and 2012:

	2013	2012
FFB – 2.328 to 4.123 percent notes due quarterly requiring payments including principal and interest, of approximately $916,000.	**$69,128,245**	$44,021,133
CoBank – 2.98 to 6.75 percent notes due monthly, requiring payments including principal and interest, of approximately $698,000.	**89,043,848**	84,008,446
	158,172,093	128,029,579
Less: current maturities of long-term debt	**(6,226,560)**	(4,658,598)
	$151,945,533	$ 123,370,981

Unadvanced loan funds of $0, $0 and $0 are available to the Corporation on loan commitments from FFB, RDUP and CoBank, respectively.

As of December 31, 2013, the annual maturities of long-term debt outstanding for the next five years are as follows:

2014	**$6,226,560**
2015	**$6,363,902**
2016	**$6,250,177**
2017	**$6,893,208**
2018	**$7,564,327**

CoBank line of credit has a current variable rate of 2.31% and NRUCFC line of credit has a 4.25% variable rate and the Capital One Bank line of credit has a 2.65% variable rate.

	2013	2012
Line of credit—CoBank	**$ 20,000,000**	$ 20,000,000
Line of credit—NRUCFC	**20,000,000**	20,000,000
Capital One Bank	**5,000,000**	5,000,000
Unadvanced funds	**(45,000,000)**	(40,000,000)
Advanced funds	**$ –**	$ 5,000,000

8. DEFERRED CREDITS

Deferred credits at December 31, 2013 and 2012 consisted of the following:

	2013	2012
Consumer prepayments	**$ 343,067**	$ 357,575
Total deferred credits	**$ 343,067**	$ 357,575

9. CONTINGENT LIABILITIES

Power Contract – On April 1, 2000, as part of the settlement of the Cajun bankruptcy, the Corporation has entered into a 25 year wholesale power purchase contract with Louisiana Generating, Inc. for the supply of electricity sold to the Corporation's members, which will expire in April 2025.

Litigation – Various suits and claims arising in the ordinary course of business, some of which involve substantial amounts, have been filed or are pending against the Corporation. In the opinion of management, all such matters are adequately covered by insurance, or if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Corporation.

Commitments – The Corporation has a continuing obligation to purchase additional shares of capital stock based upon future loan and interest payments on existing loans from CoBank.

FEMA – During 2005 the Corporation's electric distribution and transmission system was hit by a major hurricane and damage claims totaling $7,915,454 were filed with FEMA. The Corporation has been informed by FEMA representatives that 100% of the claim will be reimbursed by FEMA. As of December 31, 2013, a receivable of $209,697 remained for this claim. During 2008 the Corporation's system was hit by hurricanes Gustav and Ike. As of December 31, 2013, total costs in parishes eligible for FEMA reimbursement were $15,488,772 and $761,066, respectively, for hurricanes Gustav and Ike. The Corporation has been informed by FEMA representatives that 90% of the claims for hurricane Gustav and hurricane Ike will be reimbursed by FEMA. As of December 31, 2013, the Corporation has been reimbursed $12,368,741 for hurricane Gustav and $512,266 for hurricane Ike. The Corporation has recorded a receivable of $1,743,939 for the remaining portion owed by FEMA. Hurricane Isaac's total claim will be for $1,551,525. The Corporation is expected to receive 75% of that total which is $1,163,643. As of December 31, 2013, the Corporation has been reimbursed $66,366 and the Corporation has recorded a receivable for the remaining portion of $1,097,307. Although reimbursement is contingent on inspection and approval of the State of Louisiana Office of Homeland Security and Emergency Preparedness, the Corporation believes that all amounts have been recorded properly and fully expects reimbursement from FEMA.

May 2011 Mississippi Flood Event – In May 2011, the Army Corps of Engineers opened the Morganza Spillway to divert water from the Mississippi River into the Atchafalya Basin. This was done to prevent the Mississippi River from flooding New Orleans. As a result, it was projected that Krotz Springs, La., and Melville, La., were at risk of flooding due to the opening of the Spillway. SLEMCO took action to protect the Krotz Springs substation that serves the Alon Refinery and the town. A temporary levee was constructed around the perimeter of the Krotz Springs substation. A majority of the construction was done over the weekend of May 13 -15. On May 9th, President Obama declared an emergency due to the flood event, making funding available for necessary emergency protective measures – FEMA category B.

SLEMCO filed a claim with FEMA. $4,588 was submitted for category B work done in St. Martin Parish and $755,168 for category B work done in St. Landry Parish. An additional $260,000 was submitted for St. Landry Parish to cover the expenses of removing the temporary levee. All amounts will be reimbursed at 75%.

	Expenses Submitted	75%
St. Martin	$ 4,588	$ 3,441
St. Landry	755,168	566,376
St. Landry (levee removal)	202,000	151,500
St. Landry (levee removal) actual over the estimate	58,000	43,500
Less: amount received		(706,797)
Less: GOHSEP adjustments		(14,520)
Remaining receivable		**$ 43,500**

10. PENSION PLAN

All employees of the Corporation participate in the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program, a defined benefit pension plan qualified under section 401 and tax exempt under section 501(a) of the Internal Revenue Code. It is a multi-employer plan under accounting standards. The plan sponsor's Employer Identification Number is 72-0323335 and the Plan number is 001.

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

The Corporation's contributions of the RS Plan in 2013 and 2012 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Corporation made contributions to the plan of $2,749,343 in 2013 and $3,403,113 in 2012. There have been no significant changes that affect the comparability of 2013 and 2012 contributions.

In 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 between 70 percent and 95 percent funded at January 1, 2012 and January 1, 2011 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 Corporation also has a 401(k) plan whereby employee contributions are partially matched by the Corporation. The total 401(k) plan expense for 2013 and 2012 was $782,598 and $781,556, respectively.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

Generally accepted accounting principles require measurement of defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position and also requires companies to recognize as a component of other comprehensive income, the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost. The Corporation is ineligible for the subsidy available to employers under the Medical Prescription Drug Improvement and Modernization Act of 2003, due to its participation in the NRECA Group Benefits Program.

The other component of the postretirement benefit cost, the current period cost $1,172,000 and $1,151,820 has been accrued currently for the estimate of benefits earned during 2013 and 2012, respectively. Neither amount has been funded to date and is shown as a non-current liability in the accompanying statements. Management of the Corporation intends to fund the plan as health care claims are required to be paid.

PLAN OBLIGATIONS AND FUNDED STATUS

	2013	2012
APBO beginning of year	**$13,608,100**	$12,367,100
Service cost	**416,300**	386,210
Interest cost	**755,700**	765,610
Benefits paid	**(305,308)**	(299,992)
Actuarial gain/loss	**2,298,708**	389,172
APBO end of year	**16,773,500**	13,608,100
Plan assets	**-**	-
Funded status at end of year	**$16,773,500**	$13,608,100

Amounts recognized in the statements of financial position consist of the following:

	2013	2012
Non-current liabilities	**$16,773,500**	$13,608,100
	$16,773,500	$13,608,100

Amounts recognized in accumulated other comprehensive income consist of the following:

	2013	2012
Unrecognized loss on APBO	**$2,419,181**	$120,473
Total recognized in accumulated other comprehensive income	**$2,419,181**	$120,473

Net periodic postretirement benefit cost for 2013 and 2012 included the following components:

	2013	2012
Service cost	**$416,300**	$386,210
Interest cost	**755,700**	765,610
Amortization of actuarial loss	**-**	-
Net periodic benefit cost	**$1,172,000**	$1,151,820

Total costs recognized in other comprehensive income include the following:

	2013	2012
Actuarial (loss)	**$(2,298,708)**	$(389,172)
Total recognized in other comprehensive income	**$(2,298,708)**	$(389,172)

The estimated actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year is $95,000.

No specific adjustments will be made for the Medicare Prescription Drug Improvement and Modernization Act of 2003 because the Association will not receive the employer subsidy available under Medicare Part D.

ASSUMPTIONS

Weighted average assumptions used in the accounting for the Corporation's postretirement benefit plans were:

	2013	2012
Discount rate	4.75%	6.0%
Health care cost trend rate assumed for next year	5.0%	8.5%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0%	5.0%
Year that the rate reaches the ultimate trend rate	2022	2022

CASH FLOWS

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid:

2014	$ 330,700
2015	$ 387,300
2016	$ 424,200
2017	$ 484,200
2018	$ 523,000
2019 - 2023	$4,118,900

12. FAIR VALUE DISCLOSURES

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Temporary Cash Investments – The carrying amount approximates fair value.

Investments in Associated Enterprises – Investments in other cooperatives' equities are carried at cost, calculated as the Corporation's share of allocated equities less patronage refunds. There is no market for these investments since the securities are redeemable only by the issuing cooperative at an established contract value. Because of the lack of marketability, the Cooperative believes it is not practicable to estimate the fair value of investments in associated enterprises.

Line of Credit and Long-term Debt – Certain of the Corporation's long-term debt was obtained at below-market rates through government subsidized programs. Alternative lending programs with similar terms do not exist. Because of the lack of similar lending programs, the Cooperative believes that it is not practicable to estimate the fair value of this debt.

Photo © Curtis Darrah

SOMETHING GOOD IS ALWAYS COOKING

June is Beef Month in Louisiana. These recipes come from Louisiana Cattlemen's Association, which reminds us that it's easy to enjoy lean protein in every meal as part of a balanced, active lifestyle. Research indicates that high quality protein added to our diet offers benefits in weight management, muscle maintenance and disease prevention. More recipes can be found at www.beefitswhatsfordinner.com, *which offers lean recipes, quick and easy recipes and nutrition information.*

Cheesy BBQ Sloppy Joes

2 1/2 lbs. lean ground beef
2 cups ketchup
2 tsp. salt
1 cup Jack Miller BBQ Sauce
1 tsp. red pepper
1 cup Cattlemen's BBQ Sauce
1/2 tsp. black pepper
1/2 cup brown sugar
2 (14.5 oz) can diced tomatoes
2 packages frozen garlic Texas toast
1 cup shredded mild cheddar cheese

Brown seasoned ground beef in a large skillet over medium heat, stirring often, for 10 minutes or until beef crumbles and is no longer pink. Stir in tomatoes, ketchup, BBQ sauces and brown sugar. Cook 15 to 20 minutes. Meanwhile, prepare Texas toast according to package directions. Serve beef mixture over toast; sprinkle with cheese. Serve with Corn Salsa (below).

Corn Salsa

1 can sweet corn
3 tbsp. chopped fresh cilantro
1 small tomato chopped
1 tbsp. chopped jalapeno pepper
1/4 cup chopped purple onion
1 tbsp. lime juice
1/4 cup chopped red bell pepper
1 tbsp. olive oil
2 green onions chopped
1/2 tsp. salt

Drain the corn and combine all ingredients in a bowl. Serve with chips.

– First Place, 2013 Louisiana Cattleman's Association Junior Beef Cook-Off: Marcus Broussard, Victoria Frederick, and Bret Lee, Vermilion Parish Youth Cook-off Team

Combination Casserole

1 medium cabbage
1 lb. ground meat
1 lb. smoked sausage
1 tbsp. chili powder
1 1/2 tsp. salt
1 cup uncooked rice
1/2 cup cooking oil
1 egg
1 can whole tomatoes (16 oz.)
1 1/2 bell pepper, chopped
1 onion
1 tsp. garlic powder
few stalks of celery, chopped

Brown meat with onions, bell pepper and celery. Add remaining ingredients, stirring until well mixed. Cook for 1 1/2 hours in either covered pot in oven at 350° or on stovetop. (Can also be cooked in a rice pot.) Stir midway through.

–Lorraine LeBouef
Vermilion Parish Cattlewoman

Crock-Pot Beef and Corn Chowder

1 lb. lean ground beef
1/2 cup chopped onion
3 cups diced potatoes
1 can (10 1/2 oz.) condensed beef broth
3/4 cup water
1/4 tsp. salt
1/4 tsp. dried basil, crushed
dash pepper
shredded sharp American cheese

Brown beef and onion; drain. Place in crockery cooker. Stir in all remaining ingredients except cheese. Cover and cook on high 3 to 4 hours. Top each serving with shredded cheese. Serves 6 to 8.

–Lorraine LeBouef
Vermilion Parish Cattlewoman

Crock-Pot Lasagna

1 lb. ground beef
lasagna noodles
1 jar spaghetti sauce
1 1/2 cups cottage cheese
1 1/2 cups shredded mozzarella cheese
2 tbsp. grated Parmesan cheese

Brown ground beef and drain. Spoon 1 cup spaghetti sauce in bottom of 4-quart crock pot. Mix remaining sauce with beef. Place 2 uncooked lasagna noodles on sauce in crockery cooker. Spread 1/3 meat mixture on top of noodles. Spread 3/4 cup cottage cheese over meat. Sprinkle 1/2 cup mozzarella cheese over cottage cheese. Add another layer of uncooked noodles, 1/3 meat mixture, the remaining cottage cheese and 1/2 cup mozzarella cheese. Place another layer of uncooked noodles, meat mixture and mozzarella cheese. Sprinkle Parmesan cheese over top. Cook on low for 4 hours.

–Janice Choate
Vermilion Parish Cattlewoman

Italian Beef and Cheese Calzone

1 lb. ground beef
1/2 cup chopped green bell pepper
1 can (14 1/2 oz.) diced tomatoes with onions, drained
1/2 tsp. dried oregano leaves
1 cup shredded Italian cheese blend
1 tbsp. cornmeal
1 pkg. (13.8 ounces) refrigerated pizza crust dough

Heat oven to 400°. Heat large nonstick skillet over medium heat until hot. Add ground beef and bell pepper; cook 8 to 10 minutes, breaking into 3/4-inch crumbles and stirring occasionally. Pour off drippings. Stir in tomatoes and oregano; continue cooking 5 to 7 minutes or until liquid has evaporated. Remove from heat; stir in cheese. Set aside.

Sprinkle cornmeal evenly over rimmed baking sheet. Unroll pizza dough lengthwise on baking sheet, straightening edges of dough if necessary. Spoon beef filling over long half of dough, leaving 1-inch border on 3 sides. Gently lift and pull top half of dough over filling to enclose; pinch dough edges to seal.

Bake in 400° oven 15 to 20 minutes or until crust is golden brown. Cool 5 minutes. Cut crosswise into 8 slices.

Yield: 4 servings

Nutrition information per serving, using 80% lean ground beef: 563 calories; 26 g fat (10 g saturated fat; 7 g monounsaturated fat); 96 mg cholesterol; 764 mg sodium; 50 g carbohydrate; 2.2 g fiber; 37 g protein; 5.2 mg niacin; 0.4 mg vitamin B_6; 2.4 mcg vitamin B_{12}; 5.3 mg iron; 18.5 mcg selenium; 5.5 mg zinc.

Nutrition information per serving, using 95% lean ground beef: 496 calories; 17 g fat (7 g saturated fat; 3 g monounsaturated fat); 96 mg cholesterol; 758 mg sodium; 50 g carbohydrate; 2.2 g fiber; 39 g protein; 6.4 mg niacin; 0.4 mg vitamin B_6; 2.3 mcg vitamin B_{12}; 5.7 mg iron; 18.0 mcg selenium; 6.0 mg zinc.

This recipe is an excellent source of protein, niacin, vitamin B_6, vitamin B_{12}, iron, selenium and zinc.

-www.beefitswhatsfordinner.com

Unstuffed Cabbage Rolls

1 1/2 to 2 lbs. lean ground beef
1 tbsp. oil
1 large onion, chopped
1 clove garlic, minced
1 small cabbage, chopped
2 cans (14.5 ounces each) diced tomatoes
1 can (8 oz.) tomato sauce
1/2 cup water
1 tsp. ground black pepper
1 tsp. sea salt

In a large skillet, heat olive oil over medium heat. Add the ground beef and onion and cook, stirring, until ground beef is no longer pink and onion is tender. Add the garlic and continue cooking for 1 minute. Add the chopped cabbage, tomatoes, tomato sauce, pepper and salt. Bring to a boil. Cover and simmer for 20 to 30 minutes, or until cabbage is tender.

Yield: Serves 6 to 8

Variation: Top cooked whole wheat egg noodles with unstuffed cabbage rolls.

–Janice Choate
Vermilion Parish Cattlewoman


Italian Beef and Cheese Calzone

iStockphoto © Sarah Bossert

Skillet Chili Beef with Corn Biscuits

1 1/2 lbs. ground beef
2 cans (14 1/2 oz. each) chili-seasoned diced tomatoes, undrained
1 can (11 oz.) Mexican-style corn, undrained
1 pkg. (6 1/2 to 8 1/2 oz.) corn muffin and bread mix
1/2 cup instant mashed potato flakes
1/2 cup plus 2 tbsp. milk
3/4 cup shredded cheddar cheese
chopped cilantro

Heat large nonstick skillet over medium heat until hot. Add ground beef; cook 8 to 10 minutes, breaking into 3/4-inch crumbles and stirring occasionally. Pour off drippings. Add tomatoes, corn and 1 tbsp. corn muffin mix; bring to boil, stirring frequently. Reduce heat to medium-low; simmer 5 to 10 minutes, stirring occasionally.

Meanwhile combine remaining corn muffin mix, potato flakes and 1/2 cup milk in medium bowl. Stir until blended, adding enough of remaining milk until batter is just stiff enough to hold its shape. Stir in cheese.

Drop batter in 12 mounds on top of simmering beef mixture. Cover skillet and continue cooking over medium-low heat 15 to 20 minutes or until biscuits are done (the tops will appear dry). Garnish with cilantro.

Nutrition information per serving: 527 calories; 25 g fat (11 g saturated fat; 1 g monounsaturated fat); 105 mg cholesterol; 1544 mg sodium; 45 g carbohydrate; 3.9 g fiber; 33 g protein; 5 mg niacin; 0.4 mg vitamin B_6; 2.7 mcg vitamin B_{12}; 4.1 mg iron; 21.4 mcg selenium; 6 mg zinc.

This recipe is an excellent source of protein, niacin, vitamin B_6, vitamin B_{12}, iron, selenium, zinc and fiber.

-www.beefitswhatsfordinner.com

For extra copies of these recipes or to e-mail a copy to a friend, visit *SLEMCO Power* magazine online at *www.slemco.com.*

HOW TO WIN A 2014 SLEMCO SCHOLARSHIP

Keep your fingers crossed: our drawing to win one of 20 college scholarships of $2,000 each is right around the corner (Lucky Account Number 2311325000).

But in order to participate, you must prequalify. Sponsoring members will receive entry cards in the mail by late May for all prequalified applicants. Bring the entry card to the annual meeting. It must be placed in the scholarship barrel, so please arrive at the Cajundome no later than 10 a.m.

The scholarships will be awarded immediately after the business portion of our meeting, which begins at 10 a.m. If you arrive late and your card is not in the barrel when it is brought to the stage, you will lose your opportunity to enter the drawing.

The SLEMCO member who sponsored each applicant must attend the annual meeting and be prepared to claim the scholarship with his or her drivers license. We do not need the student's drivers license—only the drivers license of the sponsoring member. The student isn't required to attend the meeting, but is encouraged to come and join in the fun.

In case of SLEMCO members sponsoring their spouse or themselves, either spouse can attend to claim a scholarship, but one of them must be present to win.

Winners will need to provide SLEMCO with an official transcript from either their university or high school, whichever applicable, within 30 days after the June 7 meeting (Lucky Account Number 2317227000).

If you have questions, call SLEMCO at 896-5384.

iStock © Pacom Stevens

ANNUAL MEETING PRIZE LIST

Throughout the morning we will draw the names of lucky members in attendance for 28 door prizes, including:

- Black Max Electric Pressure Washer
- Dyson Tower Fans
- Swann Professional Home Security System
- I-Pad Minis with Retina Display
- LG 42' LED 1080p HDTVs
- Lenovo 15.6' Touch-Screen Laptops
- $100 Visa Gift Cards
- $500 Credits for SLEMCO Electricity
- Cajun Microwave (Donated by Carl Comeaux)

HOW TO WIN PRIZES

Winning prizes at the annual meeting couldn't be easier. Arrive at the Lafayette Cajundome on Saturday, June 7, before 8 a.m., put your stub in the prize barrel and listen for your name when the prize drawings begin.

Between 8 and 10 a.m., we'll give away every prize except the scholarships and our grand prize—a 2014 car or truck from Courtesy Automotive (Lucky Account Number 3015795500).

You should receive your invitation card in the mail during the week of May 27. Bring that card with you to the Cajundome on June 7. Half the card will be placed in the prize barrel; you'll keep the remaining half to claim your prize if your name is called as a winner.

You or your spouse must be present to claim a prize. No one else can claim a prize for you: not a neighbor, relative or by power of attorney. If you have a commercial account and wish to participate in the drawings, bring a letter to SLEMCO's office by June 6 stating you will be your company's authorized representative (Lucky Account Number 1106075000).

But if you misplace your invitation card, come to the meeting anyway: we'll be happy to make you a new one.