

SLEMCO POWER

MAY/JUNE
2017



**MORE
PRIZES!**



**MORE
CHOICES!**

**MORE
CHANCES
TO WIN!**



SLEMCO'S 80th ANNUAL MEETING

JUNE 3, 2017



YOU WON'T WANT TO MISS IT!

The Official Publication of the Southwest Louisiana Electric Membership Corporation
 3420 NE Evangeline Thruway
 P.O. Box 90866
 Lafayette, Louisiana 70509
 Phone 337-896-5384
 www.slemco.com

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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.

This institution is an equal opportunity provider and employer.

Cover annual meeting photos by P.C. Piazza

OFFICIAL MEETING NOTICE

The 80th annual meeting of the members of the Southwest Louisiana Electric Membership Corporation (SLEMCO) will be held in Lafayette's Cajundome on Saturday, June 3, 2017. 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*



SLEMCO members attending our 80th annual meeting on Saturday, June 3 will have more grand prizes, more prize choices, more chances to win big prizes—all in all, even more reasons to attend!

First, there will be not one but three grand prizes, with the first grand prize winner choosing between \$20,000 cash or a new car, truck, camper, bass boat or tractor (Lucky Account Number 2203030000). Second grand prize winner will go home with \$7,500 cash, with \$2,500 going to the lucky member whose name is drawn for the third grand prize. (See page 16 for complete information on all our prizes.)

Doors to the Cajundome in Lafayette will open at 6 a.m. and, starting at 6:30, you can enjoy music from Roddie Romero & the Hub City All Stars. Sweet Cecilia will also be performing a few songs just prior to our business meeting. Plan on getting to the Cajundome before 8 a.m., because you'll



want your prize stub in the barrel when we draw for an early bird prize: \$5,000 in cash! We will also be giving away 13 other valuable prizes throughout the morning.

United Blood Services will be on hand for our annual blood drive. And we haven't forgotten the kids: a balloon artist and face painter will be on

hand to entertain the youngsters (Lucky Account Number 1103005201).

At 10 a.m., things get down to business with presentation of the minutes of the 2016 annual meeting, introduction of directors and guests, plus reports on

THIS YEAR'S GRAND PRIZES!

FIRST GRAND PRIZE (choice of one of the following)



\$20,000 CASH



2017 LINCOLN MKC OR GMC SIERRA ELEVATION EDITION

• Courtesy Automotive



36 ft. 2018 PASSPORT 2670BH (BUNKHOUSE)

• Primeaux RV Superstore of Carencro



2017 TRACKER® PT 195 BASS BOAT
with Mercury 150ELPT & trailer

• Henderson Implement & Marine



KUBOTA L3901 DT TRACTOR with Front End Loader and Land Pride 5' Cutter
• Henderson Implement & Marine

SECOND GRAND PRIZE

\$7,500 CASH

THIRD GRAND PRIZE

\$2,500 CASH

8 A.M. EARLY BIRD PRIZE: \$5,000 CASH

SEE PAGE 16 FOR A COMPLETE LIST OF PRIZES AND HOW TO WIN SCHOLARSHIPS AND PRIZES



Sweet Cecilia

SLEMCO's operations.

You will be asked to elect three members to the SLEMCO board. The slate of officers nominated in April by the 2017 nominating committee is: St. Martin Parish—Don Resweber, Vermilion Parish—David Simon and St. Landry Parish—Gary Soileau.

After the conclusion of our business meeting, we'll draw for 20 \$2,000 college scholarships and the grand prizes (Lucky Account Number 3045703500).

This could be a Saturday you won't want to forget. You can't win unless you attend—and you won't want to miss your chance to win one of these great prizes. So join us at the Cajundome on Saturday, June 3, and good luck when you drop your prize stub in the barrel!



Last year's grand prize winners included Tammy Meadows (left photo) and Kimberly Talbot (right photo) with SLEMCO's St. Martin Parish Board Member Jeremy Melancon and CEO & General Manager Glenn Tamporello.

Annual meeting photos by P.C. Piazza

SUMMERTIME IN ACADIANA IS PICNIC TIME!

BY MARCELLE BIENVENU



Photo © Curtis Derrah 2017

*Summertime, and the livin' is easy
Fish are jumpin' and the cotton is high
Oh, your daddy's rich and your ma is good
lookin'*

So hush, little baby, don't you cry

—Written in 1934 by George Gershwin
for his opera *Porgy and Bess*

As a kid, I adored picnics. My parents were avid outdoors people. As soon as mild weather set in, say about April, and until a chill was in the air, about late September, there weren't many weekends that didn't find us enjoying food in the open air. The old Ford station wagon would be loaded with hampers, baskets and ice chests for treks to the levee, an open field on Bayou Teche, or sometimes even to Avery Island or Cypremort Point (Lucky Account Number 3424452500).

The menu was fairly simple, for the most part—sandwiches, potato chips, a thermos of tea or lemonade. Cookies from the local bakery rounded out the repast.

And on weekday evenings Mama and Papa set up the old picnic table in our oak-

shaded backyard for fish fries, barbecues and seafood boils. Occasions such as the Fourth of July or Labor Day warranted Papa's special fried chicken, cooked in a huge cast-iron cauldron over a wood fire, and Mama's super-duper potato salad, tossed in her special homemade mayonnaise, followed by homemade ice cream.

So when the warm (okay, hot) days of summer arrive in Louisiana, I'm more than ready to picnic—I can't wait to get outdoors for alfresco meals. The location for such a repast can be **your own backyard**—lucky me, mine happens to be on the banks of Bayou Teche in St. Martinville! Then again, I might settle for a leisurely meal on a screen porch with a ceiling fan whirling overhead. Poolside is also a good choice. But if you want the great outdoors, just head for any of our state parks (Lucky Account Number 1207500000).

Chicot State Park, located near Ville Platte, is a wildlife reserve featuring 6,400 acres of rolling hills surrounding a 2,000-acre man-made lake stocked with bass, crappie, bluegill and red-ear sunfish.

It's an ideal spot to dip a line and maybe catch a fresh and tasty supper.

Lake Fausse Point State Park features more than 6,000 acres in the Atchafalaya Basin inhabited by egrets, ibis, herons and spoonbills (among about 400 other bird species). You can do a little birdwatching or bicycling throughout the park to work up an appetite for a memorable late afternoon picnic.

If you prefer the water, head to **Cypremort Point State Park** on Vermilion Bay for a gorgeous sunset before you enjoy an informal meal.

Palmetto Island State Park on the Vermilion River near Abbeville offers another wonderful south Louisiana outdoors experience. You can access the river for fishing and boating, or canoe or kayak in the interior lagoons to quietly observe native plants and animals.

Summer is the time to explore the saltwater marshes and freshwater lakes of south Louisiana, or to simply enjoy an impromptu picnic at home. You pick the spot and we've picked ideas for a memorable menu (*see pages 14 and 15*).

THE YEAR'S HIGHLIGHTS

Statistics for **2016**: **107,692** members, **10,727** miles of electric line, **272** employees and sales of **2.4 billion** kilowatt hours...Total utility plant of nearly **\$519 million**...Invested over **\$22.8 million** improving our electrical transmission and distribution system...Major projects included construction of the **Atchafalaya Substation** in St. Martin Parish, a new transformer in the **Veazie Substation** in St. Landry Parish and upgrades in the **Plaisance Substation** in St. Landry Parish and the **LeBlanc Substation** in Vermilion Parish...Expanded our **Washington Service Center**...Continually striving to provide the **most reliable electric service** at the **lowest possible cost**.

SLEMCO ANNUAL REPORT 2016



ANNUAL REPORT 2016

Dear SLEMCO Members,

As SLEMCO approaches its 80th year, we celebrate with some amazing statistics: 107,692 members, 10,727 miles of electric line, 272 employees and sales of 2.4 billion kilowatt hours during 2016. Our total utility plant is valued at nearly \$519 million. During 2016, we invested over \$22.8 million improving our electrical transmission and distribution system.

Major projects during 2016 included the construction of the Atchafalaya Substation in St. Martin Parish, installing a new transformer in the Veazie Substation in St. Landry Parish and upgrading equipment in the Plaisance Substation in St. Landry Parish and the LeBlanc Substation in Vermilion Parish. We also expanded our Washington Service Center.

As you can see, 2016 was a very busy year for SLEMCO. We are making sound investments in both our facilities and our distribution system so that we will be ready to face whatever challenges the future holds. We ask for your continued support of SLEMCO as we continually strive to provide you with the most reliable electric service at the lowest possible cost.

Sincerely,

David Simon
President of SLEMCO's Board of Directors



Glenn A. Tamporello
CEO and General Manager



ASSETS	December 31	
	2016	2015
Utility plant (Notes 1 and 2)		
Electric plant in service – at cost	\$506,960,724	\$488,757,459
Construction work in progress	11,584,783	12,325,064
	518,545,507	501,082,523
Less accumulated provision for depreciation and amortization	127,642,947	117,761,805
Net utility plant	390,902,560	383,320,718
Other property and investment at cost:		
Investments in associated organizations (Note 3)	3,935,654	3,656,984
Other investments	1,100	1,100
Total property and investments	3,936,754	3,658,084
Current assets:		
Cash and cash equivalents	1,453,925	1,468,309
Accounts receivable – less allowance for doubtful accounts: 2016 - \$960,331 2015 - \$868,243 (Note 1)	38,032,862	30,713,190
Material and supplies (at average cost)	3,214,722	3,210,673
Other current and accrued assets	200,720	100,595
Total current assets	42,902,229	35,492,767
Deferred debits (Note 4)	5,848,759	6,797,206
TOTAL ASSETS	\$443,590,302	\$429,268,775

LIABILITIES AND MEMBERS' EQUITY	December 31	
	2016	2015
Equities and margins:		
Memberships	\$ 386,495	\$ 383,810
Patronage capital (Note 5)	230,335,831	221,940,657
Accumulated other comprehensive income	(2,695,170)	(1,736,262)
Other equities (Note 6)	196,958	196,956
Total equities and margins	228,224,114	220,785,161
Long-term debt:		
Long-term debt less current maturities (Note 7)	153,691,776	149,102,781
Other non-current liabilities (Note 11)	20,693,200	18,476,300
Current liabilities:		
Current maturities of long-term debt (Note 7)	7,263,335	6,390,111
Line of credit	8,000,000	10,000,000
Accounts payable	13,981,360	13,870,927
Consumer deposits	7,985,882	7,823,517
Accrued taxes	55,033	3,735
Other current and accrued liabilities	3,146,329	2,389,018
Total current liabilities	40,431,939	40,477,308
Deferred credits (Note 8)	549,273	427,225
TOTAL LIABILITIES and MEMBERS' EQUITY	\$443,590,302	\$429,268,775

The accompanying notes are an integral part of these statements.

Report on the Financial Statistics We have audited the accompanying financial statements of Southwest Louisiana Electric Membership Corporation which comprise the balance sheets as of December 31, 2016 and 2015, 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, 2016 and 2015 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 10, 2017 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 10, 2017
Tulsa, Oklahoma

ANNUAL REPORT 2016

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL

	December 31	
	2016	2015
Operating revenues	\$224,384,140	\$211,861,256
Operating expenses:		
Cost of power	153,855,355	150,475,834
Transmission expense	769,862	677,699
Distribution expense – operations	12,939,073	12,734,266
Distribution expense – maintenance	11,211,102	10,860,767
Consumer accounts	6,022,489	6,229,757
Sales	296,803	466,804
Customer service and information	118,102	112,135
Administrative and general	7,099,518	6,742,154
Depreciation	16,439,753	15,311,651
Taxes	10,660	10,491
Interest on long-term debt	6,465,562	6,135,325
Other interest and deductions	868,624	679,711
Total operating expenses	216,096,903	210,436,594
Net operating margins	8,287,237	1,424,662
Nonoperating margins:		
Interest income	3,707	4,699
Gain on sale of assets	34,436	138,807
Total nonoperating margins	38,143	143,506
Generation and transmission cooperative and other capital credits	983,037	933,689
Net margins for year	9,308,417	2,501,857
Patronage capital – beginning of year	221,940,657	220,242,550
Retirement of capital credits	(913,243)	(803,750)
Patronage capital – end of year	\$230,335,831	\$221,940,657

STATEMENTS OF COMPREHENSIVE INCOME

	December 31	
	2016	2015
Net margins for year	\$9,308,417	\$2,501,857
Other comprehensive income:		
Amortization of actuarial (gain) loss	30,700	192,500
Current gain (loss) on postretirement APBO	(989,608)	1,415,299
Comprehensive income	\$8,349,509	\$4,109,656

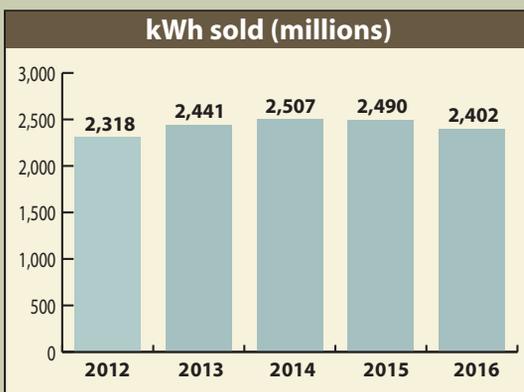
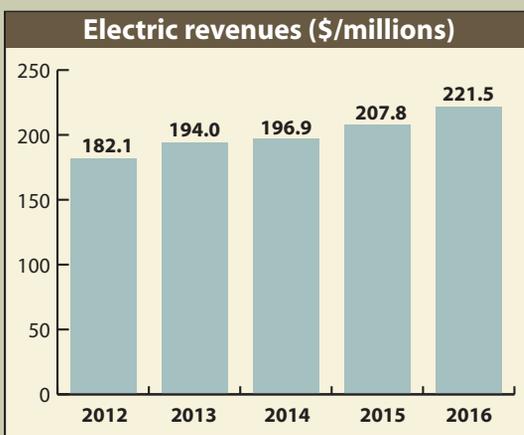
The accompanying notes are an integral part of these statements.

ANNUAL REPORT 2016

STATEMENTS OF CASH FLOWS

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

December 31



16 average residential kWh consumption



Cash flows from operating activities:

Net margins **\$9,308,417** 2016 \$2,501,857 2015

Adjustments to reconcile net margins to net cash provided by operating activities:

Items not requiring (providing) cash

Postretirement benefits **1,497,500** 1,476,300
 Depreciation **17,079,351** 15,879,550
 Amortization **979,147** 1,140,948
 Patronage allocations from associated organizations **(983,037)** (933,689)
 Unbilled revenue **(3,011,022)** (9,090,813)

(Increase) Decrease in:

Investments in associated organizations **704,367** 668,689
 Accounts receivable **(4,308,650)** (911,047)
 Materials and supplies **(4,049)** 391,062
 Other current and accrued assets **(100,125)** (118)

Increase (Decrease) in:

Accounts payable **110,433** (449,886)
 Consumer deposits **162,365** 231,014
 Accrued taxes **51,298** (51)
 Other current and accrued liabilities **757,311** 236,941
 Postretirement health benefits **(270,208)** (233,001)
 Deferred credits **122,048** (116,837)

Net cash provided by operating activities 22,095,146 10,790,919

Cash flows from investing activities:

Extension and replacement of plant **(22,919,092)** (26,286,995)
 Plant removal cost **(1,963,264)** (1,784,900)
 Material returned to stock from retirements **221,163** 209,633

Net cash used for investing activities (24,661,193) (27,862,262)

Cash flows from financing activities:

Membership fees and other equities **2,687** 5,737
 Advance from CoBank **12,000,000** 10,000,000
 Line of credit **(2,000,000)** 10,000,000
 Payments on long-term debt **(6,537,781)** (6,454,612)
 Retirement of patronage capital **(913,243)** (803,750)

Net cash provided (used) from financing activities 2,551,663 12,747,375

Net increase (decrease) in cash and cash equivalents (14,384) (4,323,968)

Cash and cash equivalents at beginning of year **1,468,309** 5,792,277

Cash and cash equivalents at end of year 1,453,925 1,468,309

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest **\$6,520,520** \$6,538,217
 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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

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 corporation 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.

Accounts Receivable – Included in the balance of accounts receivable at December 31, 2016 and 2015 is **\$22,956,479** and \$19,945,457, 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.

Advertising Costs – Advertising costs are expensed as incurred.

Subsequent Events – In preparing these financial statements management has evaluated and disclosed all material subsequent events through February 10, 2017, 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, 2016 and 2015:

	2016	2015
Intangible plant	\$ 377,022	\$ 377,022
Transmission plant	41,523,804	41,310,240
Distribution plant	444,474,339	426,229,857
General plant	20,585,559	20,840,340
Electric plant in service	506,960,724	488,757,459
Construction work in process	11,584,783	12,325,064
	\$518,545,507	\$501,082,523

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%

ANNUAL REPORT 2016

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

3. INVESTMENTS IN ASSOCIATED ORGANIZATIONS

Investments in associated organizations consisted of the following at December 31, 2016 and 2015:

	2016	2015
CoBank capital stock	\$ 3,174,554	\$ 2,943,892
Other	761,100	713,092
	\$ 3,935,654	\$ 3,656,984

4. DEFERRED DEBITS

Deferred debits at December 31, 2016 and 2015 consisted of the following:

	2016	2015
NRECA R & S prepayment	\$5,848,759	\$6,797,206
	\$5,848,759	\$6,797,206

The Corporation 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 years ended December 31, 2016 and 2015 was \$948,447.

5. PATRONAGE CAPITAL

Patronage capital at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Assignable	\$ 9,837,087	\$ 2,954,125
Assigned	298,278,310	295,852,855
	308,115,397	298,806,980
Less: retired	(77,779,566)	(76,866,323)
Balance	\$ 230,335,831	\$ 221,940,657

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 \$913,243 and \$803,750 were paid in 2016 and 2015, respectively.

6. OTHER EQUITIES

At December 31, 2016 and 2015, other equities consisted of:

	2016	2015
Operating margins (prior to 1948)	\$ 196,939	\$ 196,939
Donated capital	19	17
	\$ 196,958	\$ 196,956

7. LONG-TERM DEBT

Long-term debt is represented by mortgage notes payable to the United States of America 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 from 8 to 34 years, each with principal and interest installments due either quarterly or monthly. Following is a summary of outstanding long-term debt as of December 31, 2016 and 2015:

	2016	2015
FFB – 2.328 to 4.123 percent notes due quarterly, requiring payments including principal and interest, of approximately \$900,000.	\$ 65,117,498	\$ 66,246,867
CoBank – 2.98 to 6.75 percent notes due monthly, requiring payments including principal and interest, of approximately \$820,000.	95,837,613	89,246,025
	160,955,111	155,492,892
Less: current maturities of long-term debt	(7,263,335)	(6,390,111)
	\$ 153,691,776	\$ 149,102,781

Unadvanced loan funds of \$0, \$0 and \$79,000,000 are available to the Corporation on loan commitments from FFB, RUS and CoBank, respectively.

As of December 31, 2016, the annual maturities of long-term debt outstanding for the next five years are as follows:

2017	\$7,263,335
2018	\$7,949,000
2019	\$7,922,000
2020	\$7,392,000
2021	\$5,514,000

CoBank line of credit has a current variable rate of 2.72% and NRUCFC line of credit has a 2.5% variable rate and the Capital One Bank line of credit has a 2.97% variable rate.

	2016	2015
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	(37,000,000)	(35,000,000)
Advanced funds	\$8,000,000	\$10,000,000

8. DEFERRED CREDITS

Deferred credits at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Consumer prepayments	\$ 404,851	\$ 427,225
CIA – LUS Facility	141,170	–
Other	3,252	–
Total deferred credits	\$ 529,273	\$ 427,225

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, 2016, a receivable of \$179,847 remained for this claim. During 2008 the Corporation’s system was hit by hurricanes Gustav and Ike. As of December 31, 2016, total costs in parishes eligible for FEMA reimbursement were \$15,488,873 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, 2016, the Corporation has been reimbursed \$12,368,741 for hurricane Gustav and \$512,266 for hurricane Ike. The Corporation has recorded a receivable of \$1,721,818 for the remaining portion owed by FEMA. Hurricane Isaac’s total claim was for \$1,551,525. The Corporation is expected to receive 75% of that total which is \$1,163,643. As of December 31, 2016, the Corporation has been reimbursed \$827,429 and the Corporation has recorded a receivable for the remaining portion of \$336,215. 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.

10. PENSION PLAN

The retirement Security Plan (RS Plan), sponsored by the National Rural Electric Cooperative Association (NRECA), is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is considered a multi-employer plan under the accounting standards. The plan sponsor’s Employer Identification Number is 53-0116145 and the Plan number is 333.

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 to the RS Plan in 2016 and 2015 represented less than 5 percent of the total contributions made to the RS plan by all participating employers. The Corporation made contributions to the RS Plan of \$2,455,168 in 2016 and \$1,951,085 in 2015.

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 RS Plan was over 80 percent funded on January 1, 2016 and over 80 percent funded on January 1, 2015 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.

At the December 2012 meeting of the I&FS Committee of the NRECA Board of Directors, the Committee approved an option to allow participating corporations in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a corporation’s share, as of January 1, 2013, of future contributions required to fund the RS Plan’s unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a corporation’s annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most corporations the billing rate is reduced by approximately 25%, retroactive to January 1st of the year in which the amount is paid to the RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15 year period.

The Corporation also has a 401(k) plan whereby employee contributions are partially matched by the Corporation. The total 401(k) plan expense for 2016 and 2015 was \$927,316 and \$870,945, 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.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

The other component of the postretirement benefit cost, the current period cost \$1,528,200 and \$1,668,800 has been accrued currently for the estimate of benefits earned during 2016 and 2015, 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

	2016	2015
APBO beginning of year	\$18,476,300	\$18,648,300
Service cost	669,600	668,400
Interest cost	827,900	807,900
Benefits paid	(270,208)	(233,001)
Actuarial gain/loss	989,608	(1,415,299)
APBO end of year	20,693,200	18,476,300
Plan assets	–	–
Funded status at end of year	\$20,693,200	\$18,476,300

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

	2016	2015
Non-current liabilities	\$20,693,200	\$18,476,300
	\$20,693,200	\$18,476,300

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

	2016	2015
Unrecognized loss on APBO	\$2,695,170	\$1,736,262
Total recognized in accumulated other comprehensive income	\$2,695,170	\$1,736,262

Net periodic postretirement benefit cost for 2016 and 2015 included the following components:

	2016	2015
Service cost	\$669,600	\$668,400
Interest cost	827,900	807,900
Amortization of actuarial gain (loss)	30,700	192,500
Net periodic benefit cost	\$1,528,200	\$1,668,800

Total costs recognized in other comprehensive income include the following:

	2016	2015
Actuarial gain (loss)	\$ (989,608)	\$1,415,299
Amortization of actuarial (gain) loss	30,700	192,500
Total recognized in other comprehensive income	\$ (958,908)	\$1,607,799

The estimated actuarial loss that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year is \$81,400.

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:

	2016	2015
Discount rate	4.15%	4.50%
Health care cost trend rate assumed for next year:		
Medical	9.0%	8%
Drug	9.0%	11%
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	2025	2022

CASH FLOWS

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

2017	\$ 747,900
2018	\$ 764,500
2019	\$ 874,600
2020	\$ 966,300
2021	\$1,131,200
2022–2026	\$6,590,100

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 Corporation's 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 Corporation at an established contract value. Because of the lack of marketability, the Corporation 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 Corporation believes that it is not practicable to estimate the fair value of this debt.

These recipes come from by Marcelle Bienvenu's **No Baloney on my Boat!** This compact cookbook offers easy to prepare recipes that are way better than the same-old picnic sandwiches, plus useful tips in preparing food for camping, picnics, boat trips, the beach or backyard. It is available for \$17.95, plus shipping and handling, from www.acadianhouse.com.

Crabmeat Melt

1/4 lb. margarine or butter
5-oz. jar Kraft Old English Cheese
6 to 7 oz. crabmeat (if canned, drain well)
3 tbsp. minced onions
2 tbsp. chopped parsley
1/2 teaspoon garlic powder
1 1/2 tbsp. mayonnaise
1 pkg. (6-count) English muffins, split in halves

Melt the butter and cheese in a medium-size saucepan over medium heat. Stir to blend and cook until melted and smooth. Remove from heat and add remaining ingredients. Spread the mixture on the muffins halves. Place in a single layer on a cookie sheet and freeze for about 2 hours. Remove from freezer and store in an airtight container or plastic storage bag until read to use. Keep frozen until ready to serve, then bake on cookie sheet at 350 degrees for about 15 minutes.

If you want appetizer servings, after freezing the English muffins cut into quarters and heat before serving.

Note: It's always best to use fresh lump crabmeat, but the canned version is quite acceptable.

Deviled Eggs of All Kinds

Deviled eggs are a favorite of mine anytime and anywhere! I especially like them when I'm out on the water. Once made, I put two halves together, wrap them individually in plastic wrap, then store them in an airtight container to put

in the cooler or refrigerator. They don't look pretty, but they sure taste heavenly! If you want a firmer filling, add about 2 table-spoons of softened butter to the hard-boiled egg yolk mixture while mixing in a food processor.

You can be creative here. Use crabmeat or chopped boiled shrimp. I love topping the eggs with a bit of caviar when I have some on hand. Hey, I've even added a teaspoon or two of potted meat or crumbled bacon bits. Chopped black or green olives are great! A spoonful of canned tuna is not bad, either.

PIMENTO DEVILED EGGS

6 hard-cooked eggs, peeled, cut in half and yolks mashed in a bowl
1/4 cup finely shredded sharp Cheddar cheese
1 tbsp. plus 1 tsp. canned drained and chopped pimentos
2 tbsp. mayonnaise
2 tsp. Dijon mustard
2 tsp. chopped Vidalia or other sweet onions
1/2 tsp. grated garlic
Salt and pepper to taste
Chopped pimentos for garnish

Combine the thoroughly mashed yolks with the cheese, pimentos, mayonnaise,

mustard, onion and garlic: this can be done in a food processor. Taste, then season with salt and pepper. Fill the whites evenly with the mixture and garnish with chopped pimentos. Yield: 12

SPICY DEVILED EGGS

12 hard-boiled eggs
1/2 cup mayonnaise
2 tsp. Dijon mustard
1 tsp. sweet pickle relish
1/2 tsp. minced jalapeño peppers
1/2 tsp. hot sauce
1 1/2 tsp. Creole or Cajun seasoning mix
Minced parsley for garnish

Slice the eggs in half lengthwise and remove the yolks. Set the whites aside.

Combine the yolks and the remaining ingredients in a food processor and pulse several times to make a smooth mixture. Spoon equal amounts of the mixture into the egg whites. Cover and chill for at least 1 hour before serving. When ready to serve, sprinkle with the parsley. Yield: 24

Sausages with Aioli

Cook your choice of sausages before leaving home and pack them in plastic storage bags. Make the aioli and store it in a jar fitted with a lid. Put all in the ice chest. This makes a great appetizer but it can also be the main course for a quick supper.

3/4 cup good-quality mayonnaise
1/2 tsp. coarsely ground black pepper
2 medium-size garlic cloves, pressed
2 lbs. assorted cooked sausages, such as smoked pork, Italian and fresh pork
Several sprigs of fresh oregano or rosemary
Thinly sliced Italian bread

Combine the mayonnaise, black pepper and garlic in a small bowl and mix well. Refrigerate for at least one hour.

To serve, cut the sausages cross-wise into bite-size pieces. Arrange



Sausages with Aioli

Photos © Curtis Darrach 2017

on a platter lined with the fresh oregano or rosemary. Accompany with the aioli and bread. Yield: about 12 appetizer portions

Gazpacho, My Way

1 (46-ounce) can tomato juice
4 large ripe tomatoes, chopped
1 medium-size green bell pepper, chopped
2 ribs celery, chopped
1 medium-size sweet onion (such as Vidalia or Bermuda), chopped
3 tbsp. green onions, chopped
1 medium-size cucumber, peeled and seeded, chopped
1/2 tsp. minced garlic
1 tbsp. finely chopped fresh basil leaves
1 tbsp. finely chopped fresh cilantro leaves
1/2 tsp. salt (more or less, to taste)
1/4 tsp. fresh ground black pepper (more or less, to taste)
2 tbsp. extra-virgin olive oil (optional)
1 tbsp. red wine vinegar
1 tbsp. fresh lime juice
2 tsp. Worcestershire sauce
1/4 tsp. hot sauce (more or less, to taste)

Combine all of the ingredients in a large bowl and stir to mix. If you wish to purée, do so in a food processor. Cover and chill in the refrigerator for at least four hours before serving. Yield: about 8 servings

Note: This healthy dish can be made ahead and stored for up to a week in the refrigerator or ice chest—it only gets better with time. I sometimes add a splash of ice-cold vodka when serving and call it my Bloody Mary soup!

Marinated Mixed Vegetables

3 garlic cloves, crushed
3/4 cup olive oil
2 tbsp. fresh lemon juice
2 tbsp. red wine vinegar
1/4 tsp. sugar
2 tsp. Dijon mustard
Salt and freshly ground black pepper to taste
1 small head cauliflower, broken into florets
3 carrots, cut crosswise into 1/4-inch slices



Sour Cream Pound Cake

Sour Cream Pound Cake

1 stick butter, softened
1 cup sugar
3 eggs
1 1/4 cups all-purpose flour
1 tsp. baking soda
1 tsp. ground cinnamon
1 cup sour cream
1 tsp. vanilla extract
Fresh blueberries

Preheat the oven to 350°. Lightly grease a loaf pan then lightly dust with flour and set aside.

Cream the butter and sugar together in a bowl until the mixture is light and fluffy. Beat in the eggs one at a time. Sift the flour with the baking soda and cinnamon and stir half the dry ingredients into the batter. Beat in the sour cream and vanilla, then stir in the rest of the dry ingredients.

Pour the mixture into the pan and rap the pan sharply on the table to remove any air pockets. Bake for about one hour until the top of the cake is golden brown and lightly spongy. Remove from the oven and cool before removing from the pan. Wrap in plastic wrap and then in foil.

Rinse the blueberries then pat dry. Add a splash of brandy then store in an airtight container or in an ice chest to serve with the cake. Yield: 8 to 10 servings

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

1 large green or red pepper, seeded and cut into strips
1/2 lb. green beans, trimmed and blanched in salted boiling water
1 large zucchini, cut into strips
1/2 lb. cherry tomatoes

Combine the garlic, oil, lemon juice, vinegar, sugar and Dijon mustard in a small bowl. Whisk to blend, then season with salt and freshly ground black pepper.

Put the vegetables into a large shallow container fitted with a lid. Pour in the marinade and toss to coat evenly. Cover with the lid and marinate for at least 24 hours before serving, tossing the vegetables two to three times. Yield: 6 to 8 servings

Note: So easy and so good! Make in advance and store the container with the marinated vegetables in an ice chest or refrigerator. This can be offered as a salad or as a side to sandwiches or grilled steaks.

LUCKY NUMBER WINNERS

We know our readers look for their lucky numbers: due to a production error only nine numbers were printed in the last issue instead of 10. We sure got a lot of phone calls!

To make up, there are 11 numbers in this issue. Look now to see if your SLEMCO account number is among them. If it is, call Mrs. Michelle Courvelle at 896-2504: she will verify whether you are a winner. If so, she will credit \$25 to your SLEMCO account (Lucky Account

Number 1401070003).

The only sharp-eyed member who called in to claim her prize in the last issue was **Laura Tindell** of Carencro. Members who missed out on a \$25 credit included **Adrienne Quoyeser** of Broussard, **Marla Ratzlaff** of Youngsville, **Linda Wotipka** of Abbeville, **Michael Yachera** of Eunice, **Wynne Zacharie** of Lafayette, **Tiffany Voiselle** of Plaucheville and **Keith Arabie** of Duson.



HOW TO WIN PRIZES

Winning prizes at the annual meeting couldn't be easier. Arrive at the Lafayette Cajundome on Saturday, June 3, 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 grand prizes (Lucky Account Number 2328755000). Winners of any grand prize will not be eligible to win another grand prize at this meeting.

You should receive your invitation card in the mail during the week of May 22. Bring that card with you to the Cajundome on June 3. Half the card will go in the prize barrel; you'll keep the remaining half to claim your prize if your name is drawn.

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 2 stating you will be your company's authorized representative (Lucky Account Number 2103850000).

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

COMPLETE PRIZE LIST

FIRST GRAND PRIZE *(choice of one of the following)*

\$20,000 CASH | 2017 **GMC SIERRA ELEVATION EDITION** OR **LINCOLN MKC** • Courtesy Automotive

36 ft. **2018 PASSPORT 2670BH (BUNKHOUSE)**

• Primeaux RV Superstore of Carencro

2017 **TRACKER® PT 195 BASS BOAT**

with Mercury 150ELPT & trailer
• Henderson Implement & Marine

KUBOTA L3901 DT TRACTOR

with Front End Loader and Land Pride 5' Cutter • Henderson Implement & Marine

SECOND GRAND PRIZE
\$7,500 CASH

THIRD GRAND PRIZE
\$2,500 CASH

8 A.M. EARLY BIRD PRIZE
\$5,000 CASH

THIRTEEN OTHER PRIZES Home theater systems (2 winners), iPads (2 winners), Laptop computers (2 winners), GoPro Camera Package (2 winners) and \$500 cash (5 winners)

HOW TO WIN A 2017 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 2410071000).

Sponsoring members who have already prequalified will receive entry cards in the mail the week of May 22 for their 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 (Lucky Account Number 2054147500).

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 April 16 meeting (Lucky Account Number 3054207504).

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