

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**JENNINGS, LOUISIANA**

**FINANCIAL STATEMENTS**

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

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.  
JENNINGS, LOUISIANA**

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

**TABLE OF CONTENTS**

	<u>Statement Identification</u>	<u>Page No.</u>
Independent Auditor's Report		1
Financial Statements		
Balance Sheets	Exhibit A	4
Statements of Income and Patronage Capital	Exhibit B	5
Statements of Cash Flows	Exhibit C	6
Notes to Financial Statements		7
Compliance and Internal Control Section		
Letter to Board of Directors Regarding Policies Concerning Audits of CFC Borrowers		21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		22

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**Independent Auditor's Report**

Board of Directors  
Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Jefferson Davis Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and patronage capital, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jefferson Davis Electric Cooperative, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jefferson Davis Electric Cooperative, Inc. (the Cooperative) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025 on our consideration of the Cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control over financial reporting and compliance.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 8, 2025

## **FINANCIAL STATEMENTS**

## JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

Exhibit A

**BALANCE SHEETS**  
**DECEMBER 31, 2024 AND 2023**

**ASSETS**

	December 31,	
	2024	2023
UTILITY PLANT AT COST		
Electric Plant in Service	\$ 73,847,590	\$ 66,516,012
Right of Use Lease Asset	144,834	344,561
Construction Work in Progress	29,597,612	33,414,224
	<u>\$ 103,590,036</u>	<u>\$ 100,274,797</u>
Less: Accumulated Provision for Depreciation	17,776,067	16,853,956
	<u>\$ 85,813,969</u>	<u>\$ 83,420,841</u>
OTHER PROPERTY AND INVESTMENTS AT COST OR STATED VALUE		
Investments in Associated Organizations	\$ 3,794,869	\$ 3,410,418
Non-Utility Property (Net of Amortization)	108,014	
	<u>\$ 3,902,883</u>	<u>\$ 3,410,418</u>
CURRENT ASSETS		
Cash - General	\$ 491,645	\$ 476,069
Cash - Restricted	10,541,696	20,969,189
Temporary Cash Investments	57,108	54,621
Accounts Receivable (Less allowance for credit losses of \$341,150 in 2024 and \$243,772 in 2023)	1,664,697	1,723,853
Disaster Assistance Receivable	79,555,459	102,111,119
Accounts Receivable - Other	284,938	763,836
Unbilled Revenue	2,717,056	2,892,788
Materials and Supplies	2,538,013	2,815,332
Other Current Assets	131,676	7,336
	<u>\$ 97,982,288</u>	<u>\$ 131,814,143</u>
Deferred Charges	\$ 56,666,873	\$ 50,901,608
TOTAL ASSETS	<u>\$ 244,366,013</u>	<u>\$ 269,547,010</u>

**LIABILITIES AND EQUITIES**

EQUITIES		
Memberships	\$ 39,180	\$ 39,405
Patronage Capital	27,200,695	28,558,262
Other Equities (Deficits)	(6,074,829)	(6,624,098)
	<u>\$ 21,165,046</u>	<u>\$ 21,973,569</u>
LONG-TERM DEBT		
National Rural Utilities Cooperative Finance Corporation, Less Current Maturities	\$ 23,922,252	\$ 24,656,076
Lease Obligations, Less Current Maturities	27,144	144,834
	<u>\$ 23,949,396</u>	<u>\$ 24,800,910</u>
NON-CURRENT LIABILITIES		
Post-Retirement Benefit Obligation, Less Current Maturities	\$ 6,319,742	\$ 7,832,953
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 1,096,000	\$ 1,045,000
Current Portion of Post-Retirement Benefit Obligation	474,196	426,683
Current Maturities of Lease Obligations	117,690	199,727
Line of Credit, CFC	157,041,238	177,179,918
Accounts Payable Purchased Power	1,271,632	1,783,259
Accounts Payable - Other	30,715,406	33,927,282
Overbilled Wholesale Power Cost Adjustment	548,813	50,642
Member Deposits	144,814	132,614
Accrued Interest Payable	96,722	97,093
Other Accrued Liabilities	125,669	97,360
	<u>\$ 191,632,180</u>	<u>\$ 214,939,578</u>
Deferred Credits	\$ 1,299,649	\$ 0
TOTAL LIABILITIES AND EQUITIES	<u>\$ 244,366,013</u>	<u>\$ 269,547,010</u>

See accompanying notes to financial statements.

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

Exhibit B

STATEMENTS OF INCOME AND PATRONAGE CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Year Ended December 31,				
	2024		2023		
	Amount	%	Amount	%	Increase (Decrease)
OPERATING REVENUES					
Electricity Sales	\$ 30,539,299	100.3	\$ 30,526,963	97.1	\$ 12,336
Unbilled Revenue	(175,733)	(0.6)	299,109	0.9	(474,842)
Fuel (Over) Under Collected	(498,171)	(1.6)	36,240	0.1	(534,411)
Rent from Electric Property	92,213	0.3	78,297	0.2	13,916
Miscellaneous Electric Revenue	490,044	1.6	546,877	1.7	(56,833)
Total Operating Revenues	\$ 30,447,652	100.0	\$ 31,487,486	100.0	\$ (1,039,834)
OPERATING EXPENSES					
Purchased Power	\$ 17,267,546	56.7	\$ 17,828,893	56.6	\$ (561,347)
Transmission - Maintenance	1,929	0.0	1,614	0.0	315
Distribution - Operation	2,320,235	7.6	2,024,179	6.4	296,056
Distribution - Maintenance	3,089,085	10.1	2,578,200	8.2	510,885
Customer Accounts	1,011,032	3.3	903,027	2.9	108,005
Customer Service and Information	27,243	0.1	23,812	0.1	3,431
Selling Expenses	8,540	0.0	6,097	0.0	2,443
Administrative and General	3,191,228	10.5	3,690,379	11.7	(499,151)
Depreciation	1,799,336	5.9	1,748,676	5.6	50,660
Taxes	339,333	1.1	332,643	1.1	6,690
Other Interest	1,725,824	5.7	1,293,629	4.1	432,195
Other Deductions	107,723	0.4	739,577	2.3	(631,854)
Total Operating Expenses	\$ 30,889,054	101.4	\$ 31,170,726	99.0	\$ (281,672)
OPERATING MARGINS (LOSS) - Before					
Fixed Charges	\$ (441,402)	(1.4)	\$ 316,760	1.0	\$ (758,162)
FIXED CHARGES					
Interest on Long-Term Debt	\$ 1,057,856	3.5	\$ 1,074,517	3.4	\$ (16,661)
Amortization of Prepayment Penalty	33,085	0.1	33,085	0.1	
	\$ 1,090,941	3.6	\$ 1,107,602	3.5	\$ (16,661)
OPERATING MARGINS (LOSS) - After					
Fixed Charges	\$ (1,532,343)	(5.0)	\$ (790,842)	(2.5)	\$ (741,501)
Other Capital Credits	724,577	2.4	1,008,173	3.2	(283,596)
NET OPERATING MARGINS (LOSS)	\$ (807,766)	(2.6)	\$ 217,331	0.7	\$ (1,025,097)
NONOPERATING MARGINS					
Interest Income	\$ 32,524	0.1	\$ 31,519	0.1	\$ 1,005
Gain (Loss) on Disposition of Assets	14,483	0.0	(311,269)	(1.0)	325,752
Other Income	13,828	0.0	(45,307)	(0.1)	59,135
	\$ 60,835	0.1	\$ (325,057)	(1.0)	\$ 385,892
NET MARGINS (LOSS)	\$ (746,931)	(2.5)	\$ (107,726)	(0.3)	\$ (639,205)
PATRONAGE CAPITAL - BEGINNING OF YEAR					
	28,558,262		24,911,926		
Estate Retirements	(60,959)		(41,169)		
Offset Prior Losses with Prior Year Non-Operating Margins			(101,394)		
Transfer Current Year Loss to Other Equities	746,931		107,726		
Transfer Prior Year Losses to Other Equities			3,788,899		
Cancel Prior Year G&T Allocations	(1,296,608)				
PATRONAGE CAPITAL - END OF YEAR	\$ 27,200,695		\$ 28,558,262		

See accompanying notes to financial statements.

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

Exhibit C

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Margins (Loss)	\$ (746,931)	\$ (107,726)
Reconciliation of Net Margins to Net Cash From Operating Activities		
Depreciation	2,125,454	2,262,619
Non-Utility Property Amortization	2,486	
(Gain) Loss on Disposition of Assets	(14,483)	311,269
Capital Credits - Non Cash	(436,979)	(536,878)
Post-Retirement Benefit Accruals	593,895	567,460
(Increase) Decrease:		
Accounts Receivable and Other Accounts Receivable	538,054	(816,454)
Unbilled Revenue	175,732	(299,108)
Materials and Supplies and Other Current Assets	152,979	1,654,231
Deferred Charges	185,693	(123,131)
Increase (Decrease):		
Accounts Payable and Other Accrued Liabilities	(2,773,540)	2,354,974
(Over) Under Collected Wholesale Power Cost Adjustment	498,171	(36,240)
Deferred Credits	92,739	(1,634)
Net Cash From Operating Activities	\$ 393,270	\$ 5,229,382
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Plant	\$ (4,031,706)	\$ (8,220,669)
Plant Removal Costs net of Salvage and Other Credits	(472,393)	(1,663,775)
Other Property and Investments	52,528	262,049
Non-Utility Property	(110,500)	
Entergy Interconnection	(9,907,586)	
Net Cash From Investing Activities	\$ (14,469,657)	\$ (9,622,395)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net Activity on Line of Credit	\$ (20,138,680)	\$ (38,731,599)
Payments on Long-Term Debt	(1,046,824)	(1,047,894)
Advances on Long-Term Debt	364,000	1,000,000
Disaster Assistance - Receivable, Deferral, and Construction	25,236,641	59,858,020
Payments on Right of Use Asset	(199,727)	(196,958)
Payments on Post-Retirement Benefits	(486,860)	(351,508)
Retirement of Capital Credits	(60,959)	(41,169)
Other Equities	(409)	
Net Change in Memberships	(225)	1,613
Net Cash From Financing Activities	\$ 3,666,957	\$ 20,490,505
<b>NET CHANGE IN CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH</b>	\$ (10,409,430)	\$ 16,097,492
<b>CASH, CASH EQUIVALENTS, &amp; RESTRICTED CASH - BEGINNING OF YEAR</b>	21,499,879	5,402,387
<b>CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH - END OF YEAR</b>	\$ 11,090,449	\$ 21,499,879
<b>CASH, CASH EQUIVALENTS &amp; RESTRICTED CASH CONSISTS OF:</b>		
Cash - General	\$ 491,645	\$ 476,069
Cash - Restricted	10,541,696	20,969,189
Temporary Cash Investments - Cash Equivalents	57,108	54,621
	\$ 11,090,449	\$ 21,499,879
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest on Long-Term Debt	\$ 1,056,229	\$ 1,073,135
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Nature of Operations**

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

**System of Accounts**

Although the Cooperative is no longer a Rural Utilities Service (RUS) borrower, the accounting records are maintained in accordance with the RUS Uniform System of Accounts (USOA). The financial statements and the accompanying notes to the financial statements have been prepared on the basis of U.S. generally accepted accounting principles (GAAP).

**Regulatory Accounting**

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

**Patronage Capital**

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

**Electric Plant, Maintenance, and Depreciation**

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

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

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

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

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

Cash and Cash Equivalents

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

Restricted Cash

Restricted cash represents advances from the Federal Emergency Management Agency (FEMA) that have not been disbursed to contractors and other approved vendors at the balance sheet date. The use of these funds are restricted for the use of rebuilding infrastructure damaged during Hurricane Laura.

Accounts Receivable

In the normal course of business, the Cooperative recognizes accounts receivable for energy delivered and billed. The Cooperative considers a service delinquent if a payment is not received by the specified due date.

Allowance for Credit Losses

Additions to the allowance for credit losses accounts are based on management's judgment, considering historical write-offs, review of specific past-due accounts, collections and current credit conditions. Generally, the Cooperative considers accounts receivable past due after 30 days. Balances which remain outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses accounts and a credit to the applicable accounts receivable. Payments received on accounts subsequent to being written off are considered a bad debt recovery.

Changes in the allowance for credit losses were as follows:

	December 31,	
	2024	2023
Balance, Beginning of Year	\$ 243,772	\$ 244,604
Accruals	97,220	12
Write-Offs		(2,141)
Recoveries	158	1,297
Balance, End of Year	\$ 341,150	\$ 243,772

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Financial Instruments with Off-Balance Sheet Risk**

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

**Group Concentrations of Credit Risk**

The Cooperative's headquarters facility is located in Jennings, Louisiana. The service area includes three parishes in Louisiana. The Cooperative records a receivable for electric revenues as billed on a monthly basis. The Cooperative requires a deposit from its members upon connection based on a credit check, which is applied to unpaid bills and fees in the event of default. The deposit accrues interest annually and is returned along with accrued interest after one year of prompt payments. As of December 31, 2024 and 2023, deposits on hand totaled \$144,814 and \$132,614.

At December 31, 2024, 73% of the Cooperative's 55 employees work under a collective bargaining agreement. Those employees are represented by the International Brotherhood of Electric Workers whose existing labor agreement will expire on December 31, 2027.

**Investments in Associated Organizations**

In the course of its business, the Cooperative has become a member of other cooperative organizations. Such membership required an investment in each cooperative for which the Cooperative periodically receives patronage which can be disbursed or reinvested. Patronage capital from associated cooperatives are recorded at the stated amount of the certificate.

**Materials and Supplies**

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

**Income Taxes**

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

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 which also requires the disclosure of open tax years subject to examination and the policy for classifying interest and penalties, the Cooperative has performed an evaluation and determined that no uncertain tax liabilities or positions exist for the year ended December 31, 2024. The Cooperative files income tax returns in the U.S. federal jurisdiction. The Cooperative is no longer subject to U.S. federal income tax examinations by tax authorities for a period of three years beyond the filing of those returns.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Advertising**

Advertising costs are charged to expense when incurred. Advertising expense was \$8,540 and \$6,097 for the years ended December 31, 2024 and 2023.

**2. Assets Pledged**

Substantially all assets are pledged as security for long-term debt due National Rural Utilities Cooperative Finance Corporation (CFC).

**3. Utility Plant**

Utility Plant consists of the following:

	December 31,	
	2024	2023
Transmission and Distribution Plant	\$ 68,250,202	\$ 61,258,689
General Plant	5,597,388	5,257,323
Right of Use Lease Assets	144,834	344,561
	\$ 73,992,424	\$ 66,860,573
Construction Work in Progress	29,597,612	33,414,224
Total	\$ 103,590,036	\$ 100,274,797
Accumulated Depreciation	(17,776,067)	(16,853,956)
Total Utility Plant, net	\$ 85,813,969	\$ 83,420,841

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

Transmission Plant	2.75%
Distribution Plant	2.30% - 3.90%
General Plant:	
Structures and Improvements	3.00%
Transportation Equipment	10.00% - 25.00%
Power Operating Equipment	6.00%
Other General Plant	2.75% - 6.00%

Depreciation was \$2,125,454 and \$2,262,619 for the years ended December 31, 2024 and 2023 of which \$1,799,336 and \$1,748,676 were charged to depreciation expense, and \$326,118 and \$513,943 were allocated to other accounts.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**4. Cash, Cash Equivalents, & Restricted Cash**

Cash, cash equivalents, & restricted cash consist of the following:

	December 31,	
	2024	2023
Working Funds	\$ 1,400	\$ 1,400
Cash in Bank	11,031,941	21,443,858
Cooperative Finance Corporation Daily Fund	57,108	54,621
	<u>\$ 11,090,449</u>	<u>\$ 21,499,879</u>

**5. Investments in Associated Organizations**

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

Investments in associated organizations consisted of the following:

	December 31,	
	2024	2023
Arkansas Electric Cooperative Corp.	\$ 202,382	\$ 74,861
Meridian Cooperative	107,875	109,421
Federated Rural Electric Insurance Exchange	430,302	428,343
CoBank Common Stock		9,002
Gresco Utility Supply, Inc.	984,821	966,569
National Rural Cooperative Finance Corporation (CFC):		
Patronage Capital	1,502,224	1,254,404
Capital Term Certificates (CTC):	567,265	567,818
Total Investments in Associated Organizations	<u>\$ 3,794,869</u>	<u>\$ 3,410,418</u>

**6. Non-Utility Property**

Non-Utility Property consisted of the following:

	December 31,	
	2024	2023
Rental Property - net	\$ 110,500	\$
Amortization	(2,486)	
	<u>\$ 108,014</u>	<u>\$ 0</u>

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

**7. Disaster Assistance Receivable**

In 2020, Southwest Louisiana was struck by two hurricanes, Laura and Delta, which caused significant damage to the Cooperative's transmission and distribution plant. The Cooperative has recorded a receivable for what has been approved by FEMA via the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) which will reimburse the Cooperative for hurricane recovery related to costs. The receivable represents the funds that have been considered obligated by FEMA. As a result of hurricanes Laura and Delta, FEMA has obligated funds to the Cooperative. The Cooperative continues to rebuild infrastructure as a result of the hurricane devastation. In 2023, FEMA approved the Cooperative to build a 230KV transmission line that is currently estimated to cost \$342,397,574. FEMA is expected to match 90% of the cost of the transmission line. The Cooperative is in the process of locating 10% in additional funds to fully pay for the transmission line. For the 230KV project, FEMA is allowing the Cooperative to receive advance payments prior to disbursement to the contractors. As of December 31, 2024, FEMA funds received are maintained in a separate account at a bank and are in excess of the FDIC insured limits. Upon final closeout of the project worksheets, FEMA and GOHSEP will have the ability to review the claims filed and disallow cost as deemed necessary.

FEMA information consisted of the following:

	December 31,	
	2024	2023
Obligated from FEMA	\$ 385,276,132	\$ 310,577,174
230KV Actual Cost	209,744,827	85,919,998
Category Z - Administrative Cost	29,751,048	20,781,122
Payments from FEMA	545,216,548	315,167,175
Receivable from FEMA	79,555,459	102,111,119
Unspent Cash Advances from FEMA - Restricted	10,541,696	20,969,189

**8. Deferred Charges**

Deferred charges consist of the following:

	December 31,	
	2024	2023
Prepayment Penalty	\$ 441,667	\$ 474,752
Regulatory Asset - Hurricane Laura - Generators	33,073,405	30,174,943
Regulatory Asset - Hurricane Laura - Interest	13,215,361	19,704,627
Post-Retirement Benefit Obligation - Actuarial Loss		365,824
Entergy Louisiana, LLC. Interconnect Fee	9,907,586	
Other	28,854	181,462
	<u>\$ 56,666,873</u>	<u>\$ 50,901,608</u>

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

In 2013, the Cooperative refinanced its debt with RUS through CFC. RUS charged the Cooperative a fee of \$827,127 for early prepayment of the debt. The fee was deferred and is being amortized over twenty-five years. Amortization expense for the years ended December 31, 2024 and 2023 was \$33,085 and \$33,085, respectively.

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

The damage from the aforementioned hurricanes has left several substations without power. In order to provide electricity to its members, the Cooperative has rented large generators at these substations. On May 20, 2021, the Cooperative's board of directors approved establishing a regulatory asset for these costs net of expected FEMA reimbursement. The amount currently deferred in the financial statements represents total generator rentals less obligated amounts from FEMA as of the year-end. Any amounts not reimbursed by FEMA is expected to be recovered through a rate rider application through the LPSC.

The Cooperative pays interest on emergency lines of credit (ELOC) financed by the Cooperative's primary lender, CFC. The interest is incurred due to the Cooperative financing payment of invoices associated with hurricanes in advance of reimbursement by FEMA. As a result, the Cooperative applied for and received rate relief related to the interest being paid on the ELOC. The Cooperative is expensing the interest payments at the same amount as being billed to members. Amounts being billed to members are recorded as revenue. The current rate rider associated with interest is 5.65mils per kWh sold. During 2024, FEMA paid interest on Category F storm damage associated with Hurricane Ida totaling \$8,580,370. The total obligated interest as of December 31, 2024 is \$15,237,579 of which the unpaid amount is reflected as part of the Disaster Assistance Receivable on the balance sheets.

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

	December 31,	
	2024	2023
Beginning Balance	\$ 19,704,627	\$ 10,312,623
Interest Paid to CFC	10,032,296	10,487,267
Less: Interest Collected through Rate Rider	1,283,983	1,095,263
Less: Interest Payments Obligated From FEMA	15,237,579	
	<u>\$ 13,215,361</u>	<u>\$ 19,704,627</u>

The Cooperative executed two Reimbursement Agreements with Entergy Louisiana, LLC to expand and build interconnection facilities to interconnect the Cooperative's converted 69 kV and 138 kV electrical system as a new 230 kV service, starting at Customer's Chalkley Bulk Substation ("Phase I") and ending at Crown Substation, a future proposed Cooperative-owned and operated station in or near Lake Charles, Louisiana ("Phase II") (collectively Phase I and Phase II are the "Project"); The Reimbursement Agreement amounts based on the project estimates for Phase I and Phase II are \$3,698,227 and \$12,918,532 respectively.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The Cooperative is responsible for all actual reasonable and necessary costs, expended by Entergy and directly attributable to the Project, including but not limited to materials costs, labor costs, labor costs adders, costs associated with third party vendors and consultants, costs associated with procurement of real property rights, costs associated with securing all necessary approvals, taxes, tax gross-up charges, capital suspense charges and overheads incurred by Entergy in connection with the front end work and/or the performance of its obligations under the Reimbursement Agreement. Accordingly, at the completion of the project a reconciliation between the Reimbursement Agreement amounts and the actual costs incurred by Entergy will occur with differences between the project actual costs and the paid Reimbursement Agreement amounts results being due to Entergy or Cooperative.

**9. Mortgage Notes – CFC**

The following is a summary of long-term debt due CFC and maturing at various times from 2025 to 2052:

	December 31,	
	2024	2023
Fixed Rate Notes - 2.710% - 3.840%	\$ 4,931,734	\$ 5,189,792
Fixed Rate Notes - 4.000% - 4.750%	13,692,560	14,369,439
Fixed Rate Notes - 5.000% - 5.890%	6,393,958	6,141,845
Total CFC Mortgage Notes	\$ 25,018,252	\$ 25,701,076
Less: Current Maturities	1,096,000	1,045,000
	<u>\$ 23,922,252</u>	<u>\$ 24,656,076</u>

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

2025	\$ 1,096,000
2026	1,126,000
2027	954,000
2028	937,000
2029	875,000

As of December 31, 2024, the Cooperative has \$1,141,000 in available loan funds from CFC.

**10. Lines of Credit - CFC**

As of December 31, 2024 and 2023, the Cooperative had available lines of credit totaling \$210,000,000 and \$210,000,000, respectively with CFC. As of December 31, 2024 and 2023, \$157,041,238 and \$177,179,918, respectively was advanced on the lines of credit at variable interest rates. As of December 31, 2024 and 2023, there were unfunded amounts totaling \$52,958,762 and \$32,820,082, respectively remaining on these facilities.

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

**11. Lease Obligations**

The Cooperative executed lease agreements with Altec leasing for five bucket and service trucks with implicit interest rates ranging from 1.34% to 1.75%. The leases are multi-year leases for 48 months. The leases are considered operating leases but the Cooperative has recorded a right of use (ROU) lease asset and corresponding liability associated with the leases.

The balance of the assets are as follows:

	December 31,	
	2024	2023
Transportation Equipment - ROU	\$ 144,834	\$ 344,561

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

2025	\$ 122,505
2026	27,144
	\$ 149,649
Less: Current Maturities	117,680
Less: Interest	4,825
Present Value of Net Lease Obligations	\$ 27,144

**12. Return of Capital**

The mortgage agreement contains provision to make patronage capital retirements. These provisions include minimum equity, debt service and earnings ratios. The equities and margins of the Cooperative represent 8.66% of the total assets at the balance sheet date. Patronage capital estate retirements totaling \$60,959 and \$41,169 was retired during the years ended December 31, 2024 and 2023, and was within guidelines in the mortgage agreements for return of capital.

**13. Patronage Capital**

Patronage Capital consists of the following:

	December 31,	
	2024	2023
Assigned	\$ 26,384,328	\$ 19,471,055
Unbilled Revenue - Unassigned	816,367	816,367
Assignable		8,270,840
	\$ 27,200,695	\$ 28,558,262

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**14. Other Equities (Deficits)**

Other Equities (Deficits) consist of the following:

	December 31,	
	2024	2023
Donated Capital	\$ 4,808	\$ 4,808
Retired Capital Credit Gain	28,544	28,544
Prior Operating Losses	(6,108,181)	(6,657,450)
	<u>\$ (6,074,829)</u>	<u>\$ (6,624,098)</u>

In accordance with its bylaws, the Cooperative uses non-operating margins to offset operating deficits.

**15. Deferred Credits**

Deferred Credits consist of the following:

	December 31,	
	2024	2023
Post-Retirement Benefit Obligation - Actuarial Gain	\$ 1,206,910	\$
Other	92,739	
	<u>\$ 1,299,649</u>	<u>\$ 0</u>

**16. Pension Plan**

The Cooperative participates in the National Rural Electric Cooperative (NRECA) Retirement Security Plan (RS Plan), a multiemployer defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333.

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

The Cooperative's contributions to the RS Plan in 2024 and 2023 represented less than 5 percent of the total contributions made to the RS Plan by all participating employers. The Cooperative made contributions to the RS Plan of \$608,450 in 2024 and \$466,633 in 2023. There have been no significant changes that affect the comparability of 2024 and 2023 contributions.

For the RS Plan, a "zone status" determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was over 80 percent funded on January 1, 2024 and January 1, 2023, based on the PPA funding target and PPA actuarial value of assets on those dates.

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

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.

Substantially all full-time employees participate in a 401(k) plan administered by NRECA. Participants are required to contribute at least 2% of their income and the Cooperative matches the contribution up to 4%. The amount expensed for the 401(k) match totaled \$146,027 and \$60,250 for the years ended December 31, 2024 and 2023, respectively.

**17. Post-Retirement Benefits Other than Pensions**

In addition to providing pension benefits, the Cooperative provides certain medical and dental insurance benefits for retired employees. The Cooperative has adopted *Accounting Standards Codification (ASC) 715, Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires the Cooperative to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability, respectively, in its balance sheet and recognize changes in that funded status in the year in which the change occurs in other comprehensive income. However, for entities such as the Cooperative that are subject to *ASC 980 – Regulated Operations*, the net loss, prior service cost, and transition obligation are recorded as a regulatory asset or liability since the Cooperative has historically recovered and currently recovers pension and other postretirement benefits through its electric rates and there is no negative evidence that the existing regulatory treatment will change. If, in the future, the regulatory bodies indicate a change in policy related to the recovery of pension and other postretirement benefit costs, this could cause the regulatory asset or liability to be reclassified as other comprehensive income. Disclosures for the plan for the years ended December 31, 2024 and 2023 are as follows:

	December 31,	
	2024	2023
I) Funded Status at End of Year:		
APBO Balance	\$ 6,793,938	\$ 8,259,636
Fair Value of Plan Assets		
APBO in Excess of Plan Assets	\$ 6,793,938	\$ 8,259,636
II) Amounts Recognized in the Balance Sheet:		
Current Liability	\$ 474,196	\$ 426,683
Noncurrent Liability	6,319,742	7,832,953
Net Accumulated Post-Retirement Benefit Obligation	\$ 6,793,938	\$ 8,259,636
III) Deferred Actuarial (Gain) Loss, Beginning of Year	\$ 365,824	\$ (193,479)
Net Actuarial (Gain) Loss	(1,572,734)	559,303
Deferred Actuarial (Gain) Loss, End of Year	\$ (1,206,910)	\$ 365,824
IV) Net Periodic Benefit Cost:		
Service Cost	\$ 274,681	\$ 213,442
Interest Cost	319,204	354,018
Post-Retirement Benefit Cost	\$ 593,885	\$ 567,460



**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

Year	Annual Payments
2025	\$ 474,196
2026	498,852
2027	461,087
2028	453,461
2029	443,513
2030-2034	1,954,527

**Assumptions**

The weighted-average rate assumptions used to determine net periodic benefit cost for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Discount Rate	5.55%	4.50%
Healthcare Cost Trend for Next Year	6.25%	6.30%
Ultimate Healthcare Cost Trend	4.75%	5.00%
Year that the Rate Reaches the Ultimate Trend Rate	2031	2028

**18. Revenues from Contracts with Customers**

Revenues from electric service are recognized when services are transferred to the customer in an amount equal to what the Cooperative has the right to bill the customer because this amount represents the value of services provided to customers.

The Cooperative's primary source of revenue is from retail electric sales sold under tariff rates approved by LPSC. The Cooperative transmits and distributes electric power primarily to retail customers in southwestern Louisiana. Energy is provided on demand throughout the month, measured by a meter located at the customer's property. The Cooperative issues monthly bills to customers at rates approved by regulators for power and related services provided during the previous billing cycle.

To the extent that deliveries have occurred, but a bill has not been issued, the Cooperative records an estimate for energy delivered since the latest billings. The Cooperative calculates the unbilled revenue estimate based upon the subsequent month's billing cycles and prorated based upon the number of days in each cycle and the number of days that relate to the prior period. The Cooperative has calculated that its unbilled revenue for delivered power usage which has not been billed to customers at December 31, 2024 and 2023 amounted to \$2,717,056 and \$2,892,788, respectively. The unbilled amount is presented as a current asset on the balance sheets.

A portion of the members' billings relates to power cost adjustments. Due to the timing of when the adjustments are actually billed to the member, a cumulative under (overbilled) amount is recorded as an adjustment to electricity sales.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

The following is a disaggregated view of the Cooperative's revenues from contracts with customers:

	December 31,	
	2024	2023
Member Electric Sales - Residential	\$ 18,371,344	\$ 16,311,778
Member Electric Sales - Irrigation	2,231,772	3,229,648
Member Electric Sales - Small Commercial	2,926,128	3,230,059
Member Electric Sales - Large Commercial	6,186,454	6,599,846
Member Electric Sales - Lighting	65,085	63,247
Member Electric Sales - Other	758,516	1,092,385
	<u>\$ 30,539,299</u>	<u>\$ 30,526,963</u>

**19. Litigation and Commitments**

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

Under its wholesale power agreement, the Cooperative is committed to purchasing all of its electric power from Pelican Holdings, LLC. The rates for such purchases are subject to review annually and are regulated by LPSC. Future operating results could be materially affected in the event of an interruption of the supply of power from Pelican Holdings, LLC.

On July 15, 2021, the Cooperative entered into a full requirements power supply agreement with Nextera Energy Marketing, LLC. (Nextera) and the LPSC approved the power supply agreement during the year 2022. On November 23, 2022, finalized the full requirements power supply agreement with Nextera. The anticipated date the Cooperative will begin buying power from Nextera is the year 2025.

The Cooperative signed contracts to build a 230KV transmission line and to connect substations to the transmission line totaling \$360,984,532 with remaining amounts owed on these contracts totaling \$150,301,699. These contracts include; a 230KV transmission line, substations and engineering fees. The Cooperative has obtained substantially all of the easements to build the transmission line. FEMA obligated funds totaling \$354,144,895 to provide disaster relief assistance for the projects.

As of December 31, 2024 the Cooperative has two irrevocable letters of credit with CFC totaling \$4,455,446.

The Cooperative has a rate application in process with the LPSC. The amount of the rate adjustment, if any, is currently being negotiated and has yet to be determined.

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS

**20. Natural Disasters**

The Cooperative experiences natural disasters on occasion and as a result requests funding from FEMA based on the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act). As part of the process of requesting funds from Federal Emergency Management Agency, the Cooperative must comply with the provisions of the Louisiana Homeland Security and Emergency Assistance and Disaster Act (Louisiana Disaster Act). Compliance with the Louisiana Disaster Act, is administered by GOHSEP. FEMA and GOHSEP are in the process of evaluating the funds obligated and some of the amounts submitted for reimbursement could be disallowed. Due to the destruction caused by the storm, the Cooperative was required to rent generators to be able to continue to provide power to members in its service territory. The Cooperative is expected to be reimbursed for the cost of renting the generators. Any cost incurred by the Cooperative not reimbursed by FEMA is expected to be collected through a rate rider or the wholesale power cost adjustment. Any rate rider will require approval by the LPSC.

The Cooperative currently has two project worksheets in which GOHSEP has reduced amounts to be reimbursed for other natural disaster reimbursements as follows:

Project Worksheet #	Original Reduction by GOHSEP as of 8/26/2022	Appeal Amount On Hold/Approved	Appeal Amount Under Review	Amount Owed
1975	\$ 6,575,520	\$ 952,784	\$ 0	\$ 2,123,809
1737	9,238,854	3,890,327	665,523	470,593
	<u>\$ 15,814,374</u>	<u>\$ 4,843,111</u>	<u>\$ 665,523</u>	<u>\$ 2,594,402</u>

The amount the Cooperative owes for project worksheet 1737 does not include appeal amounts that are currently under review. Supporting documentation has been submitted for this project worksheet that is under review by GOHSEP. The Cooperative is expecting the overpayment balance to decrease. A payment plan has been set up for Project Worksheet 1975 for the amount of overpayment.

The Cooperative capitalized the storm costs net of reimbursements to electric plant in service for both projects. Any repayments will either be added to electric plant in service or the defer the payments to GOHSEP and seek a rate rider relief through the LPSC.

**21. Subsequent Events**

Subsequent events have been evaluated through April 8, 2025, which is the date the financial statements were available to be issued.

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

**LETTER TO BOARD OF DIRECTORS REGARDING POLICIES  
CONCERNING AUDITS OF CFC BORROWERS**

Board of Directors  
Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Jefferson Davis Electric Cooperative, Inc. (the Cooperative), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Cooperative's financial statements and have issued my report thereon dated April 8, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the Cooperative failed to comply with the terms of Article V of the National Rural Utilities Cooperative Finance Corporation (CFC) Loan Agreement insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the Board of Directors and management of the Cooperative and CFC and is not intended to be used and should not be used by anyone other than these specified parties.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 8, 2025

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

Board of Directors  
Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson Davis Electric Cooperative, Inc. (the Cooperative), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Jefferson Davis Electric Cooperative, Inc.'s basic financial statements, and have issued our report thereon dated April 8, 2025.

**Report on Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses or significant deficiencies may exist that were identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jefferson Davis Electric Cooperative, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Cooperative's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss L.L.P.*

Certified Public Accountants

Lubbock, Texas

April 8, 2025

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**JENNINGS, LOUISIANA**

**UNIFORM GUIDANCE COMPLIANCE REPORTING PACKAGE**

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

**AND**

**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**



**JEFFERSON DAVIS ELECTRIC COOPERATIVE  
JENNINGS, LOUISIANA**

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

**TABLE OF CONTENTS**

Page  
No.

Compliance and Internal Control

Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control over Compliance and Report on the Schedule of  
Expenditures of Federal Awards Required by the Uniform Guidance

1

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of the Financial Statements  
Performed in Accordance with *Government Auditing Standards*

5

Schedule of Findings and Questioned Costs

7

Schedule of Status of Current and Prior Year Findings

9

Schedule of Compensation, Benefits and Other Payments  
To Agency Head or Chief Executive Officer

10

Schedule of Expenditures of Federal Awards

11

Notes to the Schedule of Expenditures of Federal Awards

11

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

Board of Directors  
Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Program***

We have audited Jefferson Davis Electric Cooperative, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Jefferson Davis Electric Cooperative, Inc.'s major federal programs for the year ended December 31, 2024. Jefferson Davis Electric Cooperative, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Jefferson Davis Electric Cooperative, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

## **Report on Internal Control over Compliance**

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

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

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

## **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Jefferson Davis Electric Cooperative, Inc. as of and for the year ended December 31, 2024, and have issued our report thereon dated April 8, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures on the audited financial statements subsequent to the date of the auditor's report on those financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

June 2, 2025

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

CERTIFIED PUBLIC ACCOUNTANTS

PHONE: (806) 747-3806

FAX: (806) 747-3815

8215 NASHVILLE AVENUE

LUBBOCK, TEXAS 79423-1954

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

Board of Directors  
Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson Davis Electric Cooperative, Inc. (the Cooperative), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated April 8, 2025.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our Consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses and significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

April 8, 2025

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

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

I. Summary of Auditor's Results:

**Financial Statements:**

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

Internal Control over Financial Reporting

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

Significant Deficiencies: **None Reported**

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

**Federal Awards:**

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

Internal Control over Major Federal Programs

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

Significant Deficiencies: **None Reported**

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

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

Dollar threshold used to distinguish between Type A and Type B programs: **\$5,487,544**

Low risk auditee: **No**

II. Financial Statement Findings

**None Reported**

III. Federal Award Findings and Questioned Costs

**None Reported**



**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

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

Current Year's Findings/Noncompliance

None for the year ended December 31, 2024.

Prior Year's Findings/Noncompliance

**Financial Statements:**

**Material Weakness(es)**

**2023-001**

*Closing Completed Work Orders to Incorrect Record Units*

Condition and Criteria: Testing of closed Work Orders during the audit revealed that the Cooperative is closing work orders to the incorrect record units.

Effect: Incorrect allocation of cost can impact the rates that members are paying the cooperative.

Cause: Procedures were not in place to review as-built staking sheets before closing work orders into electric plant in service.

Recommendation: Create a procedure to reconcile the staking sheet, materials and the record units prior to closing work orders to electric plant in service.

Views of Responsible Officials and Planned Corrective Actions:

2023-001

The Cooperative reviewed all construction units to ensure that materials were updated to reflect the materials to be used to build electric plant in service. The Cooperative also halted the closing of work orders for several months while the Cooperative hired their software supplier to train the Cooperative's employees on the procedures to close work orders to the appropriate record units.

Auditor Follow Up: Cooperative was able to update construction units appropriately in software. Record units were closed appropriately to plant as noted during the financial statement audit procedures, for the year ended December 31, 2024.

Contact: Tara Guinn – Chief Financial Officer

**Significant Deficiency**

**2023-002**

*Write Off of Bad Debts*

Condition and Criteria: The Board of Directors approves write offs of uncollectible accounts and rather than writing off the account in the software, the Cooperative sends the uncollected amounts to collections. The amount approved for write off does not match the amount approved by the Board of Directors.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

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

Effect: Written off amounts will appear on the aging report as owed and thus increasing the past due amounts.

Cause: Bad Debts approved for write off are not being written off in the billing system.

Recommendation: The Cooperative should write off amounts approved by the Board of Directors so that the amounts written off on the general ledger match the amount approved by the Board of Directors.

**Views of Responsible Officials and Planned Corrective Actions:**

2023-002 The Cooperative plans to implement a procedure so that amounts approved for write off by the Board of Directors are changed to written off status in the Cooperative billing system. The Cooperative will continue to send the amounts to collections but the amounts will appear in a write off status rather than a sent to collections status.

Auditor Follow Up: No write offs occurred during current year financial statement audit. No additional procedures were performed.

Contact: Tara Guinn – Chief Financial Officer

**Federal Awards: None Reported**

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

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

**Agency Head Name: Michael Heinen, Chief Executive Officer**

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

JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Assistance Listing Number	Total Federal Expenditures	Amount Passed Through to Subrecipient
<b>FEDERAL AWARDS</b>				
<u>U.S. Department of Homeland Security</u>				
Federal Emergency Management Agency (FEMA) Passed through the Government Office of Homeland Security and Emergency Preparedness (GOHSEP)				
Public Assistance Grant (Presidentially Declared Disasters)	DR 4559	97.036	\$ 182,918,136	\$
Total Schedule of Expenditures of Federal Awards			\$ 182,918,136	\$ 0

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Jefferson Davis Electric Cooperative, Inc. (the Cooperative) and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Cooperative.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The Cooperative has elected not to use either the 15% or the 10% de minimis cost rate allowed under Uniform Guidance.

NOTE D – AMOUNTS INCLUDED IN THE SEFA

The Cooperative includes Expenditures of Federal Awards from Category Z costs (Management Costs). Eligible costs up to 5% of total expenditures are able to be claimed and cover costs of management of projects such as consulting and auditing services. The Cooperative included obligated funds for Category Z costs in the SEFA totaling \$5,205,843. For the year ended December 31, 2024, the Cooperative paid \$11,132,921 to their Federal Emergency Management Agency (FEMA) consultant.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE E –TOTAL FEMA FUNDS RECEIVED**

The Cooperative received a total of \$229,969,287 for Hurricane Laura from FEMA during the year ended December 31, 2024.

**NOTE F–CREDIT RISK**

As of December 31,2024, the Cooperative had cash received from FEMA deposited in a checking account located at a local financial institution totaling 10,541,696. The Cooperative is advanced funds from FEMA that are used to build transmission line as part of the Cooperative’s FEMA claim. The account is interest bearing and is insured up to \$250,000 by the Federal Deposit Insurance Corporation.

**JEFFERSON DAVIS ELECTRIC COOPERATIVE, INC.**

**JENNINGS, LOUISIANA**

**AGREED-UPON PROCEDURES REPORT**

**LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES**

**JEFFERSON DAVIS ELECTRIC COOPERATIVE INC.**  
**AGREED-UPON PROCEDURES**  
**RELATED TO LOUISIANA LEGISLATIVE AUDITOR'S**  
**STATEWIDE AGREED-UPON PROCEDURES**

**TABLE OF CONTENTS**

	<u>Page Number</u>
Independent Accountant's Report on Applying Agreed-Upon Procedures	1
Schedule A – Agreed-Upon Procedures and Findings	3-17

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

**CERTIFIED PUBLIC ACCOUNTANTS**

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

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

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

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

Jefferson Davis Electric Cooperative, Inc.  
Jennings, Louisiana

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

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

The procedures and associated findings are described in Schedule A.

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

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



Lubbock, Texas  
June 30, 2025

Certified Public Accountants

*Bolinger, Segars, Gilbert & Moss LLP*

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

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

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

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

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

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

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

- No exceptions noted. We obtained the payroll/personnel policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - No exceptions noted. We obtained the contracting policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - No exceptions noted. We obtained the travel and reimbursement policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - No exceptions noted. We obtained the credit card policy. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
  - Not applicable. JDEC is organized as a 501 (C) – 12 Cooperative that is exempt for tax purposes and is deemed eligible for grant programs such as those received from the Department of Homeland Security through the Federal Emergency Management Agency (FEMA) disaster assistance program. Neither the board of directors nor the management of JDEC is considered a public servant under Louisiana Law. The board of directors are elected by the members of JDEC. The chief executive officer is hired by the board of directors. Other management is hired by the chief executive officer.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

- Not applicable. JDEC isn't required by its lenders to maintain written policies and procedures related to debt issuance. JDEC maintains loans including secured and unsecured obligations to entities that lend to Cooperatives. JDEC's board of directors approve any new loans which is documented in the JDEC board minutes. Compliance with debt service is provided by JDEC to its lenders but the lenders also determine compliance with respective debt service financial ratios. JDEC doesn't issue general obligation bonds that are required to be approved by the voters.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- No exceptions noted. We obtained the Information Technology Disaster Recovery/Business Continuity plans. No issues were noted between policy and standards applicable to public funds in regard to not-for-profit organizations.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- Not applicable. Under the prevention of sexual harassment law R.S. 42:341-345, JDEC does not have individuals within JDEC that are considered any of the following:
    - Agency Head – Chief executive or administrative officer of any agency or the chairman of a board or commission
    - Public Servant – Public employee or an elected official
    - Public Employee – anyone who is:
      - Administrative officer or official of a governmental entity who is not filling an elected office.
      - Appointed to a post or position created by rule, law, resolution, ordinance, charter, or executive order
      - Employed by an agency, officer, or official governmental entity.
    - Elected Official – any person holding an office in a governmental entity which is filled by the vote of the appropriate electorate.
  - Additionally, JDEC is not considered a governmental entity or an agency of the state of Louisiana thus the prevention of sexual harassment law is not applicable to JDEC. JDEC is organized as a 501 (C) – 12 and is considered tax exempt under the internal revenue code.

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

**2) Board or Finance Committee**

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

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

3) ***Bank Reconciliations***

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

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

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

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

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

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

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- No exceptions noted. JDEC's processing of payments are centralized to its headquarters office location where the accounting department is located. While JDEC has multiple office locations with warehouses that issue materials for FEMA projects, the payments associated with the FEMA program are disbursed from the accounting department located at the headquarters office location.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
    - No exceptions noted.
  - ii. At least two employees are involved in processing and approving payments to vendors;
    - No exceptions noted.
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
    - No exceptions noted.
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
    - No exceptions noted.
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
    - No exceptions noted.



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

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
    - No exceptions noted. During our testing of 60 disbursements for the single audit, we noted that the disbursement amount matched the itemized invoice and other supporting documentation.
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
    - No exceptions noted. During our testing of 60 disbursements for the single audit, we noted that the disbursement documentation included evidence of segregation of duties regarding initiation, recording, and approval of the disbursement.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
- No exceptions noted. We selected 5 electronic disbursements from the main operating account from the December 2024 bank statement.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

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

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

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana ([doa.la.gov/doa/ost/ppm-49-travel-guide/](http://doa.la.gov/doa/ost/ppm-49-travel-guide/)) or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

- Not applicable. We did not test the above procedures due to there being no travel and travel related expense reimbursements that were used for disbursement of federal funds during the current fiscal year.

**8) Contracts**

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

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

9) ***Payroll and Personnel***

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

10) ***Ethics***

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

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

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

11) ***Debt Service***

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

12) ***Fraud Notice***

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

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

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

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

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

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

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

- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- i. Hired before June 9, 2020 - completed the training; and
  - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment
- We performed the procedure and discussed the results with management.

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

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

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

- Appointed to a post or position created by rule, law, resolution, ordinance, charter, or executive order
  - Employed by an agency, officer, or official governmental entity.
  - Elected Official – any person holding an office in a governmental entity which is filled by the vote of the appropriate electorate.
- Additionally, JDEC is not considered a governmental entity or an agency of the state of Louisiana thus the prevention of sexual harassment law is not applicable to JDEC. JDEC is organized as a 501 (C) – 12 and is considered tax exempt under the internal revenue code.