

GREATER OUACHITA WATER COMPANY

MONROE, LOUISIANA

AUGUST 31, 2021

GREATER OUACHITA WATER COMPANY

MONROE, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-15

SUPPLEMENTARY INFORMATION

Schedule I: Schedule of Revenues and Expenses by Program	16
Schedule II: Schedule of Administrative Expenses by Program	17
Schedule of Compensation, Benefits, and other Payments to Agency Head	18

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Schedule of Audit Findings and Responses	21

AUDITED FINANCIAL STATEMENTS



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February 28, 2022

Board of Directors
Greater Ouachita Water Company
Monroe, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Greater Ouachita Water Company, which comprise the statement of financial position, as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Greater Ouachita Water Company as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules presented on pages 16 to 18 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022, on our consideration of Greater Ouachita Water Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering Greater Ouachita Water Company's internal control over financial reporting and compliance.

Heard, McElroy + Vestal, LLC

Shreveport, Louisiana

GREATER OUACHITA WATER COMPANY
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2021

ASSETS

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost	\$ 103,137,002
Accumulated depreciation	<u>(43,925,605)</u>
Net property, plant and equipment	<u>59,211,397</u>

INVESTMENT SECURITIES

Revenue fund	187,842
Reserve fund	186,040
Renewals, replacements and extensions fund	568,968
2021 Water improvements fund	914,751
2021 Debt service fund	15,240
2019 Cost issuance fund	2,312
2019 Water project fund	20,777,470
2019 Debt services fund	2,644,055
2019 Reserve fund	<u>2</u>
Total investments securities	<u>25,296,680</u>

CURRENT ASSETS

General fund cash	1,892,889
Accounts receivable, net	2,797,668
Prepaid expenses	<u>888,540</u>
Total current assets	<u>5,579,097</u>

OTHER ASSETS

Unamortized bond issuance expense	<u>3,043,615</u>
Total other assets	<u>3,043,615</u>
Total assets	<u><u>\$ 93,130,789</u></u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AUGUST 31, 2021

LIABILITIES AND NET ASSETS

LONG-TERM DEBT

Bonds payable-Series 2019	\$ 71,800,000
Bonds reoffering Premium-Series 2019	4,743,867
Bonds payable-Series 2021	1,200,000
Less current maturities of long-term debt	<u>(1,330,000)</u>
Total long-term debt	<u>76,413,867</u>

FUNDED LIABILITIES

Interest payable	<u>1,300,425</u>
Total funded liabilities	<u>1,300,425</u>

CURRENT LIABILITIES

Accounts payable-trade	687,836
Accounts payable-other sewer districts	595,093
Current maturities of long-term debt	1,330,000
Payroll and sales taxes payable	8,958
Accrued insurance	<u>63,026</u>
Total current liabilities	<u>2,684,913</u>

DEFERRED LIABILITIES

Customer meter deposits	1,740,099
Pension fund liability	<u>2,322</u>
Total deferred liabilities	<u>1,742,421</u>
Total liabilities	82,141,626

NET ASSETS

Undesignated	10,489,225
Invested in capital assets, net of debt	<u>499,938</u>
Total net assets	<u>10,989,163</u>
Total liabilities and net assets	<u><u>\$ 93,130,789</u></u>

GREATER OUACHITA WATER COMPANY
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2021

	Without Donor Restrictions
OPERATING REVENUES	
Charges for services	\$ 16,931,644
Late payment charges	216,793
Reconnect charges	1,650
Water connect charges	194,850
Tapping fees	228,033
Sewer maintenance agreement	241,945
Safe drinking water fees program	22,708
Operations maintenance fees	202,786
Other income	144,396
	18,184,805
OPERATING EXPENSES	
Program expenses	13,569,495
Administrative expenses	1,611,536
	15,181,031
	3,003,774
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,598
Miscellaneous	6,508
Interest expense	(2,475,877)
Pension expense	(40,065)
	(2,503,836)
	499,938
CHANGE IN NET ASSETS	499,938
NET ASSETS AT BEGINNING OF YEAR	10,489,225
NET ASSETS AT END OF YEAR	10,989,163

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>Program</u>			
	<u>Water Services</u>	<u>Sewer Services</u>	<u>Administrative</u>	<u>Total</u>
Operating contract	\$ 4,241,717	\$ 940,037	\$ 6,145	\$ 5,187,899
Power	562,112	381,823	-	943,935
Maintenance	721,541	536,251	-	1,257,792
Chemicals	744,250	90,552	-	834,802
Testing	-	67,940	-	67,940
Water purchases	1,471,209	-	-	1,471,209
Water used in sewer plant	-	133,960	-	133,960
Sterlington franchise fee	60,000	-	-	60,000
Service and franchise fee	(3,907)	5,376	-	1,469
Accounting	-	-	26,250	26,250
Consulting fees	-	-	228,331	228,331
Bank charges	-	-	19,262	19,262
Dues and subscriptions	-	-	542	542
Engineering fees	53,324	2,197	-	55,521
Inspection and supervision fee	-	-	28,459	28,459
Insurance	-	-	269,474	269,474
Legal and administrative	-	-	223,617	223,617
Office expense	-	-	159,134	159,134
Postage	-	-	3,703	3,703
Rent	-	-	43,860	43,860
Right of way	76,838	29,890	-	106,728
Salaries	-	-	273,447	273,447
Taxes and licenses	-	-	43,568	43,568
Miscellaneous	-	-	2,395	2,395
Other	-	-	271,370	271,370
Trustee fees	-	-	7,500	7,500
Travel	-	-	4,479	4,479
Provision for bad debts	-	-	-	-
Amortization	69,430	38,940	-	108,370
Depreciation	2,387,937	958,078	-	3,346,015
Total operating expenses	<u>\$ 10,384,451</u>	<u>\$ 3,185,044</u>	<u>\$ 1,611,536</u>	<u>\$ 15,181,031</u>

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 499,938
Noncash items included in net income:	
Depreciation and amortization	3,454,385
Bond premiums amortized to interest expense	(169,424)
Change in operating assets and liabilities:	
Accounts receivable, net	147,272
Prepaid expenses	(36,917)
Accounts payable	(705,617)
Accrued expenses	(11,673)
	3,177,964
Net cash provided by operating activities	3,177,964

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(18,097,661)
Investment in special funds	14,109,300
	(3,988,361)
Net cash (used in) investing activities	(3,988,361)

CASH FLOWS FROM FINANCING ACTIVITIES

Customer meter deposits	101,118
Proceeds from bond issuance, net of expense	1,152,500
Payments on bonds payable	(500,000)
Accounts payable-sewers	(39,130)
	714,488
Net cash provided by financing activities	714,488
NET INCREASE IN CASH	(95,909)
CASH AT BEGINNING OF YEAR	1,988,798
CASH AT END OF YEAR	\$ 1,892,889

SUPPLEMENTARY DISCLOSURE OF CASH FLOW:

Interest paid	\$ 2,318,953
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The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2021

1. Nature of Operations

The Greater Ouachita Water Company was incorporated May 29, 1963, under the laws of the State of Louisiana, as a nonprofit organization. The Company was organized to consolidate various water companies operating in Ouachita Parish (Ouachita Parish Police Jury), a political subdivision of the State of Louisiana, into a single company in order to provide better service to the area residents.

By a contract dated June 12, 1963, between the Greater Ouachita Water Company and the Parish of Ouachita, the Company agreed to acquire and construct a waterworks, sewerage, and natural gas system within the Parish. Under terms of the contract, the Parish recognizes the Company's title to the system until all indebtedness of the Company, together with accrued interest thereon, incurred by the Company in the financing of the purchase, extension, and improvement of the Company is paid in full. When all such indebtedness of the Company is paid in full, all rights, title and interest of the Company and the system shall vest in the Parish.

The Company began operations September 28, 1964. Currently, it has an agreement with North East Louisiana Utilities of Louisiana to operate the system.

Revenue bonds were issued in nine series. Proceeds of the first series (series 1964) were received on September 23, 1964, and the first purchase of systems was made. Proceeds of the second series (Series 1965) were received on April 12, 1965, and additional properties were added to the system. Proceeds of the third series (Series 1994A) were received on March 16, 1994, and of the fourth series (Series 97A&B) were received on December 11, 1997. Proceeds of the fifth Series (Series 2003) were received on August 7, 2003. Proceeds of the sixth series (Series 2009) were received on December 9, 2009. Proceeds from the seventh series (Series 2013) were received December 13, 2013. Proceeds from the eighth series (Series 2019) were received in September 2019. Proceeds from the ninth series (Series 2021) were received in April 2021.

2. Summary of Significant Accounting Policies

(a) *Method of Accounting*

The Company uses the accrual method of accounting in accordance with generally accepted accounting principles in the United States for non-profit organizations.

(b) *Depreciation*

Depreciation was computed using the straight-line method in amounts sufficient to amortize the cost of the depreciable assets over their estimated useful lives. The estimated useful lives used in computing depreciation are:

Cost of System	25 to 50 Years
Various Equipment	5 to 20 Years

2. Summary of Significant Accounting Policies (Continued)

(c) **Special Funds**

The Indentures of Mortgage require the Company twice each month to transfer from the general or operating bank accounts all monies in excess of a minimum amount that is shown by the annual budget to be necessary for operating expenses for the current fiscal year to the Trustee for credit to the Principal Fund and Interest Fund.

Special bond funds held by the Trustee are computed as follows:

- 1) Debt Service Fund is funded monthly to cover principal and interest payments on all outstanding bonds. On August 31, 2021, the balance in the Debt Service Fund was \$2,659,295. Interest payable at August 31, 2021, was \$1,300,425 and the current portion of bonds payable was \$1,330,000.
- 2) Water Project Fund (Construction Improvements), created in the indenture to pay for capital improvements to the system. During the period under review, additions and expenditures made to and from this fund for improvements to the system resulted in a balance of \$20,777,470.

(d) **Deferred Charges and Amortization**

Premiums on bonds redeemed by the Company are being amortized over the term of the new bonds issued.

Costs of issuing bonds are being amortized over the term of the bonds:

Balance at August 31, 2020	\$ 3,104,485
Add: Series 2021 bond cost	47,500
Less: Amortization	<u>(108,370)</u>
Balance at August 31, 2021	<u>\$ 3,043,615</u>

(e) **Cash and Cash Equivalents**

For Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

(f) **Accounts Receivable-Customers**

Accounts receivable are reported net of an allowance for doubtful accounts of \$509,523. Management believes that accounts receivable are substantially collectible and requires customers to provide meter deposits. Accounts are reviewed monthly, and management determines which accounts are not collectible. Accounts receivable also includes unbilled revenues of \$903,811, which consist of revenues earned but not billed.

(g) **Use of Estimates**

Management uses estimates and assumptions in preparing the financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (Continued)

(h) Income Taxes

The Company, a nonprofit corporation, is exempt from federal and state income taxes under Internal Revenue Code 501(a). Accordingly, no provision for income taxes has been made in the financial statements.

(i) Advertising Expenses

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended August 31, 2021, were immaterial.

(j) Contributions

The Company reports information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Board for specific purposes.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Company, and/or by the passage of time. Generally, the Company does not have any donor restricted assets.

Contributions received are recorded based on the existence and/or nature of any donor restrictions.

Donated services are recognized as contributions in accordance with professional standards, if the services create or enhance a non-financial asset or require specialized skills, are provided by entities or persons possessing those skills and would need to be purchased if they were not donated.

Donated facilities are recognized as contributions in accordance with professional standards.

During the fiscal year ended August 31, 2021, no contributions were received by the Company that meet the criteria for recognition in these financial statements.

(k) Liquidity and Availability

The Company strives to maintain liquid financial assets sufficient to meet its general operating expenditures. At August 31, 2021, the Company estimates that it has approximately one month of expenses in liquid assets. Accounts receivable are managed closely to ensure they are being paid promptly in order to provide for payment of accounts payable, and ongoing operations.

The Company has \$30,875,777 of financial assets available within one year of the balance sheet date, consisting of cash, accounts receivable and short term investments as noted on page 3. None of the financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

3. Property, Plant and Equipment

Property, plant, and equipment is stated at the acquisition costs of the assets, with the exception of the systems of Lakeview Utilities, Inc., North Louisiana Production Corporation, and B & W Utilities, Inc., which were contributed by their owners and are stated at their appraised values. Maintenance and repairs are charged to operations currently, and major renewals and betterments are capitalized. Additions to the system during the year ended August 31, 2021, totaled \$18,097,661; of which \$1,937,330 was expended from the 2019 Series Bond project fund. Shown below is an analysis of the cost of the system by expenditures from various funds:

	Balance as of August 31, 2020	2021 Additions	2021 Retirements	Balance as of August 31, 2021
Bond Proceeds Series 2013	\$ 10,950,199	\$ -	\$ -	\$ 10,950,199
Bond Proceeds Series 1964	1,922,208	-	-	1,922,208
Bonds Proceeds Series 1965	907,211	-	-	907,211
General Fund	55,820,432	18,097,661	-	73,918,093
Renewals, Replacements and Extensions Fund	3,272,892	-	-	3,272,892
Improvements Fund	8,237,642	-	-	8,237,642
Revenue Fund	35,016	-	-	35,016
1994A Fund	1,670,072	-	-	1,670,072
97A&B Fund Contributions	1,911,211	-	-	1,911,211
Lakeview Utilities, Inc. Water and Sewer System	196,000	-	-	196,000
North Louisiana Production Corp. Water System	71,800	-	-	71,800
B & W Utilities, Inc. Water System	44,658	-	-	44,658
Total	\$ 85,039,341	\$ 18,097,661	\$ -	\$ 103,137,002

The details of plant and equipment are as follows:

Water mains and extensions	\$ 32,066,987
Water service lines	6,989,724
Water meters	9,118,440
Water wells	20,040,505
Water chlorine equipment	958,387
Meter stations	170,637
Sewer	29,740,197
Buildings	46,917
Other equipment	1,095,354
Land	2,909,854
Total	\$ 103,137,002

4. Long-Term Debt

The Company originally issued bonds known as “Waterworks and Natural Gas System Revenue Bonds” in two series. For 1964, bonds totaled \$2,270,000 and were issued September 1, 1964. They were paid off as of September 1, 1999. Series 1965 bonds totaled \$1,050,000 and were issued March 1, 1965. They were paid off as of September 1, 1999.

On March 16, 1994, the Company issued bonds known as “Greater Ouachita Water Company Waterworks and Natural Gas System Bonds, Series 1994A” in the amount of \$2,000,000. Interest is paid semi-annually on March 1 and September 1. The interest rate is 6.25% through December 10, 1997, and thereafter shall bear interest at the rate determined by the Trustee on March 1, 2000, by adding 400 basis points to the five-year constant maturity treasury and multiplying such amount by the remainder of one minus the corporate tax rate applicable to Central Bank, J. P. Morgan, Monroe, Louisiana on such date. Principal shall be payable annually on September 1 in each year commencing September 1, 1995. Final payment was made in September 2013.

On December 11, 1997, the Company issued bonds known as “Waterworks and Natural Gas Revenue Bonds of the Greater Ouachita Water Company Series 1997” in the amount of \$3,500,000. Interest is paid semi-annually on March 1 and September 1. The interest rate shall begin at 5.675%. Final payment was made in September 2017.

On August 7, 2003, the Company issued bonds known as “Waterworks and Natural Gas System Revenue Bonds Series 2003” in the amount of \$9,000,000. Interest is paid semi-annually on March 1 and September 1. The interest rate began at 3.950%. Final payment is due in September 2024.

On December 9, 2009, the Company issued bonds known as “Waterworks and Natural Gas System Revenue Bonds Series 2009” in the amount of \$11,000,000. Interest is paid semi-annually on March 1 and September 1. The interest rate began at 4.100%. Final payment is due in September 2029.

On December 13, 2013, the Company issued bonds known as “Waterworks and Natural Gas System Revenue Bonds Series 2013” in the amount of \$10,000,000. Interest is paid semi-annually on March 1 and September 1. The interest rate is 3.25% through September 1, 2024; principal payments are September 1 of each year. The bonds are subject to mandatory redemption starting in September 2024. The bonds have limited covenants.

The Company issued bonds as of September 1, 2019 (Series 2019). The par value of the Bonds was \$72,300,000 and were issued with a premium of 5,082,715. The source and use of the funds from the Series 2019 Bonds was as follows:

Services (including \$37,337 from prior debt service fund)	<u>\$ 77,420,052</u>
Use of Funds:	
Deposit to Construction Fund	38,476,402
Payoff Bank Note (JP Morgan)	12,398,174
Payoff Series 2003, 2009, and 2013	
Bonds (includes premiums of \$1,010,405)	24,417,458
Cost (Insurance, Underwriters Discount, Cost to Issue, Surety)	<u>2,128,018</u>
	<u>\$ 77,420,052</u>

4. Long-Term Debt (Continued)

The Company issued bonds as of September 1, 2021 (Series 2021). The par value of the bonds was \$5,000,000. The proceeds of the loan will be used to finance the construction of three new water wells and pay issuance costs. The bonds will be drawn down over an 18-month period as follows:

<u>Draw Date</u>	<u>Amount</u>
April 23, 2021	\$ 1,200,000
September 1, 2021	1,400,000
December 1, 2021	1,900,000
March 1, 2022	500,000
	<u>\$ 5,000,000</u>

The annual debt service requirements to maturity, including principal, interest, and bond amortization for long-term debt as of August 31, 2021, are as follows:

<u>Due September 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	1,330,000	2,621,790	3,951,790
2022	1,400,000	2,708,850	4,108,850
2023	1,970,000	2,638,850	4,608,850
2024	2,020,000	2,577,300	4,597,300
2025	2,110,000	2,484,001	4,594,001
2026-2030	12,055,000	10,862,971	22,917,971
2031-2035	12,030,000	8,271,088	20,301,088
2036-2040	13,100,000	5,893,250	18,993,250
2041-2045	16,085,000	3,681,150	19,766,150
2046-2049	14,700,000	1,118,700	15,818,700
	<u>76,800,000</u>	<u>42,857,950</u>	<u>119,657,950</u>

5. Regulatory Compliance-LDHH

The Greater Ouachita Water Company is regulated by the Louisiana Department of Health and Hospitals (LDHH), the United States Environmental Protection Agency (EPA) and/or the Louisiana Department of Environmental Quality (LDEQ) regarding the water systems owned and/or operated by the Company.

The Company is subject to various inspections and possible orders from those agencies. The Company has corrected or is working to correct various inspection issues (orders) from regulatory agencies.

6. Pension Plan

A non-contributory defined benefit pension plan (the Plan) was put into effect on October 1, 2010. All employees of the Company are eligible to participate. The Company's funding policy is to contribute to the pension plan a monthly amount necessary to meet or exceed the minimum funding standards under the Employee Retirement Income Security Act.

Contributions to the benefit plan are invested in a managed asset portfolio consisting of cash and bonds. The investments are conservative and require maximum income from their investments.

6. Pension Plan (Continued)

Moderate growth will occur since the portfolio has an income with growth objective. Short-term volatility will come from changes in bond prices due to interest rate fluctuations in the marketplace.

The Plan's investment policy is periodically reviewed and revised to reflect the best interest of the Plan's participants and beneficiaries. At present, investments of the Plan's assets are divided into four categories: Cash Equivalents, Mutual Funds – Fixed Income, Mutual Funds – Equity, and Mutual Funds – International Stock Fund.

At August 31, 2021, the breakdown of the fair value of Plan assets held is as follows:

	Amount	Percentage
Cash equivalents	\$ 55,469	2.89%
Mutual funds-equities	837,282	43.66%
Mutual funds-fixed income	1,024,957	53.45%
	<u>\$ 1,917,708</u>	<u>100.00%</u>

All investments, excluding Cash Equivalents, are valued using market prices. Cash equivalents are reported at cost.

For the year ended August 31, 2021, the net return on the Plan assets was \$249,113. Greater Ouachita Water Company expects the long-term rate of return on the assets to be 5.00%. The assumed overall rate of return takes into account long-term return expectations of the underlying asset classes within the investment portfolio mix, and the expected duration of the Plan's liabilities. Return expectations are forward looking and, in general, not much weight is given to short-term experience. Unless there is a drastic change in investment policy or market environment, the assumed investment return of 5.00% on the Plan assets is expected to remain broadly the same each year. Generally accepted accounting principles require an actuarially determined assessment of the periodic cost.

The following table sets forth information on the funded status, amounts recognized in the financial statements, and weighted average assumptions related to Greater Ouachita Water Company's pension plan for the year ended August 31, 2021.

1. Change in Benefits Obligation	
a. Benefit obligation at August 31, 2020	\$ 1,219,191
b. Employer service cost	16,975
c. Employee contributions for the year	-
d. Interest cost	11,472
e. Amendments	-
f. Actuarial (gain) loss	53,430
g. Changes in actuarial cost methods and/or systems	-
h. Benefits paid	<u>(64,536)</u>
i. Benefit obligation at August 31, 2021 (sum a through h)	<u>\$ 1,236,532</u>

6. Pension Plan (Continued)

2. Change in Plan Assets	
a. Assets at August 31, 2020	\$ 1,705,031
b. Actual return on Plan assets	249,113
c. Expenses	(16,409)
d. Employer contributions	36,000
e. Employee contributions	-
f. Benefits paid and transfers	(56,026)
g. Assets at August 31, 2021 (sum a through f)	<u>\$ 1,917,709</u>
3. Funded (Unfunded) Status	
a. (Accrued) prepaid pension cost	\$ (2,322)
b. Balance in accumulated other comprehensive income account	-
1) Unrecognized net actuarial gain (loss)	-
2) Unrecognized prior service (cost) income	-
3) Unrecognized transition (obligation) asset	-
4) Total unrecognized (expense) asset	-
c. Funded status (unfunded PBO) at August 31, 2021 (a + b4)	<u>\$ (2,322)</u>
4. Weighted-Average Assumptions at Year-End	
a. Interest rate used to calculate net periodic pension cost	3.83%
b. Interest rate used to calculate year-end disclosure information (discount rate)	3.83%
c. Expected return on Plan assets	5.00%
d. Salary scale to calculate NPPC for FY that began September 1, 2020	5.00%
e. Salary scale for disclosure information as of August 31, 2021	5.00%
5. Components of Net Periodic Benefit Cost	
a. Service cost	(38,031)
b. Interest cost	(11,472)
c. Expected return on Plan assets	44,072
d. Amortization of transition (asset) obligation	-
e. Amortization of prior service cost	-
f. Recognized actuarial loss	(4,676)
g. Net periodic benefit cost (sum a through f)	<u>\$ (10,107)</u>

6. Pension Plan (Continued)

6. Projection of Benefits for Next Ten Fiscal Years

<u>Fiscal Years</u>	<u>Projected Benefits</u>
2022	100,033
2023	110,036
2024	111,456
2025	141,508
2026	141,508
Sum of fiscal years 2027 through 2031	313,068

7. Lawsuits

The Company, from time to time, is involved in various lawsuits incurred by operating in the normal course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position of the Company.

8. Concentration of Risk

The Company maintains its cash balances at institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2021, the Company's uninsured cash balance was \$1,423,633.

Concentration of credit risk with respect to water and sewer billing receivables is limited due to the large number of customers and small balances. The risk is minimized further by customer meter deposits.

9. Related Party Transactions

The following related party transactions were incurred in the normal course of business:

Webb & Webb, owned by Barry Webb, CPA, director, earned \$9,000 for accounting services performed for the Company.

Stewart Law Group (of which Philip McQueen is a Partner) earned \$148,297 for legal services performed for the Company.

10. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. The Company has determined that fund-raising costs are not material.

11. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through February 28, 2022, the date the report was available for issue, and concluded that no event required recognition in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

GREATER OUACHITA WATER COMPANY
SCHEDULE I: SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2021

	Water System	Sewer System	Total
OPERATING REVENUES			
Charges for services	\$ 13,254,474	\$ 3,677,170	\$ 16,931,644
Late payment charges	160,959	55,834	216,793
Reconnect charges	1,650	-	1,650
Water connect charges	194,850	-	194,850
Tapping fees	215,488	12,545	228,033
Sewer maintenance agreement	-	241,945	241,945
Safe drinking water fees program	22,708	-	22,708
Operations maintenance fees	157,327	45,459	202,786
Other income	144,396	-	144,396
Total operating revenues	14,151,852	4,032,953	18,184,805
DIRECT OPERATING EXPENSES			
Operating contract	4,241,717	940,037	5,181,754
Power	562,112	381,823	943,935
Maintenance	721,541	536,251	1,257,792
Chemicals	744,250	90,552	834,802
Testing-sewer	-	67,940	67,940
Engineering services	53,324	2,197	55,521
Water purchased	1,471,209	-	1,471,209
Water used in sewer plant	-	133,960	133,960
Service and franchise fees	(3,907)	5,376	1,469
Sterlington use fee	60,000	-	60,000
Right of way	76,838	29,890	106,728
Total operating expenses	7,927,084	2,188,026	10,115,110
NET OPERATING INCOME	6,224,768	1,844,927	8,069,695
ADMINISTRATIVE EXPENSES	1,269,233	342,303	1,611,536
NET OPERATING PROFIT	4,955,535	1,502,624	6,458,159
OTHER REVENUE	9,978	2,128	12,106
OTHER EXPENSES	(1,781,263)	(734,679)	(2,515,942)
NET INCOME BEFORE AMORTIZATION AND DEPRECIATION	3,184,250	770,073	3,954,323
AMORTIZATION AND DEPRECIATION			
Amortization	69,430	38,940	108,370
Depreciation	2,387,937	958,078	3,346,015
Total amortization and depreciation	2,457,367	997,018	3,454,385
EXCESS OF REVENUES OVER EXPENSES	\$ 726,883	\$ (226,945)	\$ 499,938

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
SCHEDULE II: SCHEDULE OF ADMINISTRATIVE EXPENSES BY PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2021

	Water System	Sewer System	Total
Accounting	\$ 20,562	\$ 5,688	\$ 26,250
Bank charges	15,089	4,173	19,262
Consulting fees	178,859	49,472	228,331
Dues	425	117	542
Inspection and supervision fee	22,293	6,166	28,459
Insurance	211,087	58,387	269,474
Legal and administrative	200,810	22,807	223,617
Miscellaneous	1,876	519	2,395
Office expense	124,655	34,479	159,134
Postage	2,901	802	3,703
Rent	34,357	9,503	43,860
Salaries	214,200	59,247	273,447
Taxes and licenses	15,293	28,275	43,568
Travel	3,509	970	4,479
Trustee fees	4,750	2,750	7,500
Operating contract	6,145	-	6,145
Other	213,993	57,377	271,370
Total administrative expenses	\$ 1,270,804	\$ 340,732	\$ 1,611,536

The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY
**SCHEDULE III: SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD**
FOR THE YEAR ENDED AUGUST 31, 2021

AGENCY HEAD: Philip McQueen, President

Salary	\$	105,600
Benefits insurance	\$	17,254

The accompanying notes are an integral part of these financial statements.

OTHER REPORTS



REGIONS TOWER
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318.429.1525 (P) | 318.429.2124 (F)

February 28, 2022

To the Board of Directors
Greater Ouachita Water Company
Monroe, Louisiana

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

We were engaged to audit, 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 Greater Ouachita Water Company (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2022.

Internal Control over Financial Reporting

In connection with our engagement to audit the financial statements of Greater Ouachita Water Company, we considered the Company's internal control over financial reporting (internal control) to determine the 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 Greater Ouachita Water Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company'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 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

In connection with our engagement to audit Greater Ouachita Water Company's financial statements, 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 determination of financial statement amounts. 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 organization's internal control or on compliance. This report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

GREATER OUACHITA WATER COMPANY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2021

Section A - Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Greater Ouachita Water Company.
2. No material weakness or significant deficiencies were noted, relating to the engagement to perform an audit of the basic financial statements.
3. No instances of noncompliance relating to the basic financial statements of the Greater Ouachita Water Company were disclosed during the audit.
4. The Greater Ouachita Water Company was not subject to a federal single audit for the year ended August 31, 2021.

Section B - Financial Statement Findings

No matters were reported.