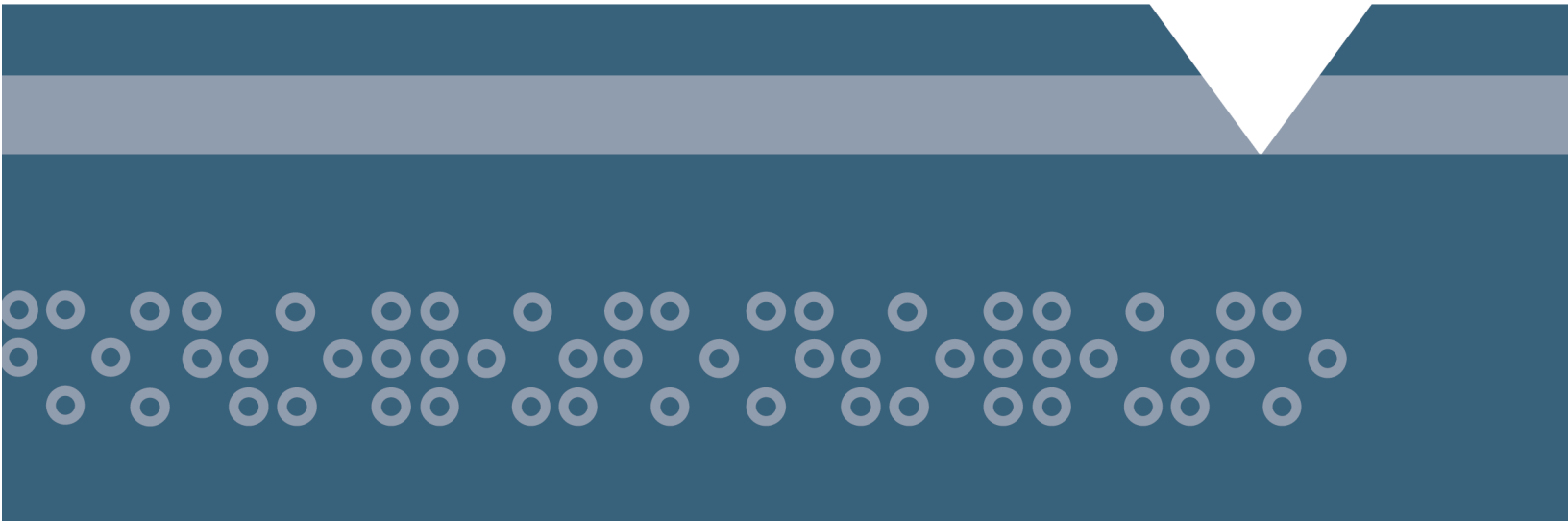


Greater Ouachita Water Company
Monroe, Louisiana

August 31, 2023



HMV
CERTIFIED PUBLIC
ACCOUNTANTS

GREATER OUACHITA WATER COMPANY

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AUDITED FINANCIAL STATEMENTS



REGIONS TOWER
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Board of Directors
Greater Ouachita Water Company
Monroe, Louisiana

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Greater Ouachita Water Company, which comprise the statement of financial position, as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Greater Ouachita Water Company as of August 31, 2023, 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.

Basis for Opinion

We conducted our 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. Our responsibility 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 Greater Ouachita Water Company 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 Statement

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 Greater Ouachita Water Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 generally accepted 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, including omissions, are considered material if there is 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 generally accepted 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 Greater Ouachita Water Company'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 Greater Ouachita Water Company'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 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 19 to 21 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 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 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 March 12, 2024, 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
March 12, 2024

GREATER OUACHITA WATER COMPANY

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

ASSETS	
CURRENT ASSETS	
General fund cash	\$ 2,129,572
Accounts receivable, net	3,580,012
Prepaid expenses	832,520
Total current assets	<u>6,542,104</u>
PROPERTY, PLANT AND EQUIPMENT	
Property, plant and equipment, at cost	131,998,805
Accumulated depreciation	<u>(52,410,012)</u>
Net property, plant and equipment	<u>79,588,793</u>
INVESTMENT SECURITIES	
Revenue fund	234,862
Reserve fund	23,965
Renewals, replacements and extensions fund	207,095
2021 Water improvements fund	2
2021 Debt service fund	589,208
2019 Water project fund	2,385,580
2019 Debt services fund	2,775,193
2019 Reserve fund	2
Total investment securities	<u>6,215,907</u>
OTHER ASSETS	
Unamortized bond issuance expense	<u>2,823,178</u>
Total other assets	<u>2,823,178</u>
Total assets	<u><u>\$ 95,169,982</u></u>

(Continued)

GREATER OUACHITA WATER COMPANY

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2023

LIABILITIES AND NET ASSETS	
LONG-TERM DEBT	
Bonds payable-Series 2019	\$ 69,070,000
Bonds reoffering Premium-Series 2019	4,405,020
Bonds payable-Series 2021	5,000,000
Less current maturities of long-term debt	<u>(1,970,000)</u>
Total long-term debt	<u>76,505,020</u>
FUNDED LIABILITIES	
Interest payable	<u>1,232,175</u>
Total funded liabilities	<u>1,232,175</u>
CURRENT LIABILITIES	
Accounts payable-trade	1,025,302
Accounts payable-other sewer districts	739,085
Current maturities of long-term debt	1,970,000
Payroll and sales taxes payable	10,441
Accured insurance	<u>63,026</u>
Total current liabilities	<u>3,807,854</u>
DEFERRED LIABILITIES	
Customer meter deposits	1,945,069
Pension fund liability	<u>2,322</u>
Total deferred liabilities	<u>1,947,391</u>
Total liabilities	83,492,440
NET ASSETS	
Undesignated	<u>11,677,542</u>
Total net assets	<u>11,677,542</u>
Total liabilities and net assets	<u><u>\$ 95,169,982</u></u>

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

GREATER OUACHITA WATER COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions
OPERATING REVENUES	
Charges for services	\$ 16,826,864
Late payment charges	249,182
Water connect charges	191,150
Tapping fees	226,574
Sewer maintenance agreement	449,041
Operations maintenance fees	615,182
Other income	708,097
Total operating revenues	19,266,090
OPERATING EXPENSES	
Program expenses	11,322,061
Administrative expenses	6,088,215
Total operating expenses	17,410,276
NET OPERATING INCOME	1,855,814
NONOPERATING REVENUES (EXPENSES)	
Interest income	216,602
Miscellaneous	797,890
Interest expense	(2,517,756)
Pension expense	(26,138)
Total nonoperating revenues (expenses)	(1,529,402)
CHANGE IN NET ASSETS	326,412
NET ASSETS AT BEGINNING OF YEAR	11,351,130
NET ASSETS AT END OF YEAR	\$ 11,677,542

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, 2023

	<u>Program</u>			<u>Total</u>
	<u>Water Services</u>	<u>Sewer Services</u>	<u>Administrative</u>	
Operating contract	\$ 4,557,758	\$ 1,062,220	\$ -	\$ 5,619,978
Tapping charges	4,100	-	-	4,100
Power	923,076	474,632	-	1,397,708
Maintenance	993,572	1,098,544	-	2,092,116
Chemicals	561,999	170,484	-	732,483
Carbon amortization	718,532	-	-	718,532
Testing	-	49,785	-	49,785
Water meter monitoring	292,742	-	-	292,742
Water purchases	269,102	-	-	269,102
Water used in sewer plant	-	791	-	791
Sterlington franchise fee	60,300	-	-	60,300
Service and franchise fee	352	5,368	-	5,720
Accounting	-	-	29,000	29,000
Bank charges	-	-	18,267	18,267
Consulting fees	-	-	72,760	72,760
Dues and subscriptions	-	-	655	655
Engineering fees	70,972	-	-	70,972
Inspection and supervision fee	-	-	25,960	25,960
Insurance	-	-	390,437	390,437
Legal and administrative	-	-	266,886	266,886
Office expense	-	-	194,171	194,171
Postage	-	-	4,681	4,681
Rent	-	-	64,450	64,450
Right of way	5,732	2,000	-	7,732
Salaries	-	-	310,708	310,708
Taxes and licenses	-	-	55,825	55,825
Trustee fees	-	-	2,500	2,500
Travel	-	-	5,310	5,310
Amortization	-	-	110,218	110,218
Depreciation	-	-	4,536,387	4,536,387
Total operating expenses	\$ 8,458,237	\$ 2,863,824	\$ 6,088,215	\$ 17,410,276

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ 326,412
Noncash items included in change in net assets:	
Depreciation and amortization	4,646,605
Bond premiums amortized to interest expense	(169,424)
Change in operating assets and liabilities:	
Accounts receivable, net	(302,098)
Prepaid expenses	(263,365)
Accounts payable	101,014
Accrued expenses	(35,517)
	<u>4,303,627</u>
Net cash provided by operating activities	<u>4,303,627</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	(8,651,035)
Investment in special funds	5,386,696
	<u>(3,264,339)</u>
Net cash (used in) investing activities	<u>(3,264,339)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Customer meter deposits	90,112
Payments on bonds payable	(1,400,000)
Accounts payable-sewers	61,287
	<u>(1,248,601)</u>
Net cash used in financing activities	<u>(1,248,601)</u>

NET DECREASE IN CASH	(209,313)
CASH AT BEGINNING OF YEAR	2,338,885
CASH AT END OF YEAR	<u>\$ 2,129,572</u>

SUPPLEMENTARY DISCLOSURE OF CASH FLOW:

Interest paid	<u>\$ 2,383,332</u>
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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, 2023

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 Northeast 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

(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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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, 2023, the balance in the Debt Service Fund was \$3,364,401 . Interest payable at August 31, 2023, was \$1,232,175 and the current portion of bonds payable was \$1,970,000.
- 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 \$2,385,580.

(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, 2022	\$ 2,933,397
Less: Amortization	<u>(110,219)</u>
Balance at August 31, 2023	<u><u>\$ 2,823,178</u></u>

(e) *Cash and Cash Equivalents*

The 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 as of August 31, 2023. 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. As of August 31, 2023, accounts receivable also includes unbilled revenues of \$1,159,983, 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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

(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, 2023, 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, 2023, 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, 2023, 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 \$ 11,925,491 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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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, 2023, totaled \$8,651,035. Shown below is an analysis of the cost of the system by expenditures from various funds:

	Balance as of August 31, 2022	2023 Additions	2023 Retirements	Balance as of August 31, 2023
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	94,128,861	8,651,035	-	102,779,896
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	\$ 123,347,770	\$ 8,651,035	\$ -	\$ 131,998,805

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

The details of plant and equipment are as follows:

Water mains and extensions	\$ 33,020,196
Water service lines	8,316,535
Water meters	11,356,672
Water wells	27,791,352
Water chlorine equipment	1,032,882
Meter stations	170,637
Sewer	46,097,913
Buildings	83,325
Other equipment	1,151,832
Land	2,977,461
Total	<u>\$ 131,998,805</u>

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 was originally 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 was originally due in September 2029.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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 were originally subject to mandatory redemption starting in September 2024.

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>

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 were used to finance the construction of three new water wells and pay issuance costs.

The annual debt service requirements to maturity, including principal, interest, and bond amortization for long-term debt as of August 31, 2023, are as follows:

<u>Due September 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,205,000	2,386,428	4,591,428
2027-2031	12,575,000	10,323,431	22,898,431
2032-2036	11,870,000	7,793,050	19,663,050
2037-2041	13,565,000	5,447,950	19,012,950
2042-2046	16,570,000	3,198,600	19,768,600
2047-2049	11,185,000	677,700	11,862,700
	<u>\$ 74,070,000</u>	<u>\$ 37,527,310</u>	<u>\$ 111,597,310</u>

5. Regulatory Compliance

The Greater Ouachita Water Company is regulated by the Louisiana Department of Health (LDH), 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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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.

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, 2023, the breakdown of the fair value of Plan assets held is as follows:

	<u>Amount</u>	<u>Percentage</u>
Cash equivalents	\$ 117,571	6.61%
Mutual funds-equities	670,957	37.73%
Mutual funds-fixed income	989,897	55.66%
	<u>\$ 1,778,425</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, 2023, the net return on the Plan assets was \$102,578. 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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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, 2023.

1. Change in Benefits Obligation	
a. Benefit obligation at August 31, 2022	\$ 733,350
b. Employer service cost	132,269
c. Employee contributions for the year	-
d. Interest cost	32,965
e. Amendments	-
f. Actuarial (gain) loss	39,369
g. Changes in actuarial cost methods and/or systems	-
h. Benefits paid	(1,369)
i. Benefit obligation at August 31, 2023 (sum a through h)	<u><u>\$ 936,584</u></u>
2. Change in Plan Assets	
a. Assets at August 31, 2022	\$ 1,675,847
b. Actual return on Plan assets	103,947
c. Expenses	-
d. Employer contributions	-
e. Employee contributions	-
f. Benefits paid and transfers	(1,369)
g. Assets at August 31, 2023 (sum of a through f)	<u><u>\$ 1,778,425</u></u>
3. Funded (Unfunded) Status	
a. (Accrued) prepaid pension cost	\$ 841,841
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	<u>-</u>
c. Funded status (unfunded PBO) at August 31, 2023 (a + b4)	<u><u>\$ 841,841</u></u>

continued

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

4. Weighted-Average Assumptions at Year-End	
a. Interest rate used to calculate net periodic pension cost	4.50%
b. Interest rate used to calculate year-end disclosure information (discount rate)	4.50%
c. Expected return on Plan assets	5.00%
d. Salary scale to calculate NPPC for FY that began September 1,	5.00%
e. Salary scale for disclosure information as of August 31, 1899	5.00%

5. Components of Net Periodic Benefit Cost	
a. Service cost	\$ (132,269)
b. Interest cost	(32,965)
c. Expected return on Plan assets	83,753
d. Amortization of transition (asset) obligation	-
e. Amortization of prior service cost	-
f. Amortization of actuarial gain	71,195
g. Settlements or curtailments	-
h. Net periodic benefit cost (sum a through g)	<u><u>\$ (10,286)</u></u>

6. Projection of Benefits for Next Ten Fiscal Years

<u>Fiscal Years</u>	<u>Projected Benefits</u>
2024	\$ 246,686
2025	1,366
2026	1,364
2027	1,362
2028	1,360
Sum of fiscal years 2029 through 2033	6,742

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, 2023, the Company's uninsured cash balance was \$2,336,378.

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.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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 \$118,993 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 March 12, 2024, 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, 2023

	Water System	Sewer System	Total
OPERATING REVENUES			
Charges for services	\$ 13,156,399	\$ 3,670,465	\$ 16,826,864
Late payment charges	188,087	61,095	249,182
Water connect charges	191,150	-	191,150
Tapping fees	217,609	8,965	226,574
Sewer maintenance agreement	-	449,041	449,041
Operations maintenance fees	480,916	134,266	615,182
Other	708,097	-	708,097
Total operating revenues	14,942,258	4,323,832	19,266,090
DIRECT OPERATING EXPENSES			
Operating contract	4,557,758	1,062,220	5,619,978
Power	923,076	474,632	1,397,708
Maintenance	993,572	1,098,544	2,092,116
Chemicals	561,999	170,484	732,483
Carbon amortization	718,532	-	718,532
Water purchased	269,102	-	269,102
Other	434,198	57,944	492,142
Total operating expenses	8,458,237	2,863,824	11,322,061
NET OPERATING INCOME	6,484,021	1,460,008	7,944,029
ADMINISTRATIVE EXPENSES	1,157,862	283,748	1,441,610
NET OPERATING PROFIT	5,326,159	1,176,260	6,502,419
OTHER REVENUE	1,009,220	5,272	1,014,492
OTHER EXPENSES	(1,851,990)	(691,904)	(2,543,894)
NET INCOME BEFORE AMORTIZATION AND DEPRECIATION	4,483,389	489,628	4,973,017
AMORTIZATION AND DEPRECIATION			
Amortization	77,153	33,065	110,218
Depreciation	2,954,122	1,582,265	4,536,387
Total amortization and depreciation	3,031,275	1,615,330	4,646,605
EXCESS OF REVENUES OVER EXPENSES	\$ 1,452,114	\$ (1,125,702)	\$ 326,412

GREATER OUACHITA WATER COMPANY
SCHEDULE II: SCHEDULE OF ADMINISTRATIVE EXPENSES BY PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2023

	Water System	Sewer System	Total
Accounting	\$ 22,674	\$ 6,326	\$ 29,000
Bank charges	14,282	3,985	18,267
Consulting fees	56,888	15,872	72,760
Dues	512	143	655
Inspection and supervision fee	20,297	5,663	25,960
Insurance	305,270	85,167	390,437
Legal and administrative	232,365	34,521	266,886
Office expense	151,816	42,355	194,171
Postage	3,662	1,019	4,681
Rent	50,391	14,059	64,450
Salaries	228,097	82,611	310,708
Taxes and licenses	66,206	(10,381)	55,825
Travel	4,152	1,158	5,310
Trustee fees	1,250	1,250	2,500
Total administrative expenses	<u>\$ 1,157,862</u>	<u>\$ 283,748</u>	<u>\$ 1,441,610</u>

GREATER OUACHITA WATER COMPANY
SCHEDULE III: SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED AUGUST 31, 2023

AGENCY HEAD: Philip McQueen, President

Salary	\$ 117,596
Benefits insurance	24,426

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

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 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 Greater Ouachita Water Company (a nonprofit organization), which comprise the statement of financial position as of August 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Greater Ouachita Water Company's basic financial statements, and have issued our report thereon dated March 12, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 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

As part of obtaining reasonable assurance about whether Greater Ouachita Water Company'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 these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Audit Findings and Responses as item 2023-1.

Greater Ouachita Water Company's Response to Finding

Greater Ouachita Water Company's response to the finding identified in our audit is described in the accompanying schedule, Schedule of Audit Findings and Responses. Greater Ouachita Water Company's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
March 12, 2024

GREATER OUACHITA WATER COMPANY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2023

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. An instance 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, 2023.

Section B - Financial Statement Findings

2023-1: Late Submission of Audit Report

Criteria

Louisiana Revised Statute 24:513 requires that all local auditees submit their audited financial statements to the Louisiana Legislative Auditor (LLA) no later than six months after their fiscal year end.

Condition

Greater Ouachita Water Company (GOWC) did not have all the information needed to submit the audited financial statements to the LLA within the six month timeframe.

Cause

Information related to the defined benefit pension plan needed to prepare disclosures to the financial statements was not submitted to GOWC in time for their financial statements and independent auditor's report to be available for our use.

Effect

GOWC was not able to provide us with all the information we needed to complete our audit and submit their audited financial statements to the LLA within the six-month deadline.

Recommendation

We recommend that GOWC make arrangements to have all the required information available in a timely manner so that we are able to complete our audit within the six-month deadline.

Name of Contact Person

Philip McQueen, President

GREATER OUACHITA WATER COMPANY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
FOR THE YEAR ENDED AUGUST 31, 2023

Corrective Action Planned/Management's Response

Management was reminded of the pension documents necessary to complete the audit on February 22, 2024. That same day, management sent a request to Aegis Pension Services requesting the ASC 715 Report for FYE 8.31.2023 and the Defined Benefit Actuarial Certification. Aegis provided a draft of the reports on February 28, 2024. A final report was received from Aegis on March 4, 2024, and provided to Auditors. In the meantime, a thirty-day extension request was submitted to the Louisiana Legislative Auditors on February 26, 2024, which was subsequently granted. Management will calendar a reminder for January each year moving forward to request the ASC 715 Report from the actuary to ensure this information is timely available to auditors.