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GREATER OUACHITA WATER COMPANY
MONROE, LOUISIANA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001
AND
INDEPENDENT AUDITORS' REPORT

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/19/03

GREATER OUACHITA WATER COMPANY
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

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LEONARD MARK WEBB, CPA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying balance sheets of Greater Ouachita Water Company, as of August 31, 2002, and 2001, and the related statements of income, surplus, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2002 and 2001, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Webb and Webb
WEBB AND WEBB

Monroe, Louisiana
December 5, 2002

GREATER OUACHITA WATER COMPANY
BALANCE SHEET

ASSETS

	AUGUST 31	
	2002	2001
	-----	-----
PLANT & EQUIPMENT		
Cost of Systems	26,207,109.92	24,292,653.76
Accumulated Depreciation	8,630,652.26	7,808,145.26
	-----	-----
Net Plant & Equipment	17,576,457.66	16,484,508.50
SPECIAL FUNDS		
Revenue Fund	30,000.00	15,000.00
Interest Fund	134,818.75	139,678.75
Reserve Fund	269,637.50	279,357.50
Renewals, Replacements & Extensions Fund	111,200.16	85,288.32
Sinking Fund	190,000.00	180,000.00
Redemptions Payment Account	0.01	0.01
	-----	-----
Total Special Funds	735,656.42	699,324.58
CURRENT ASSETS		
General Fund Cash	198,878.65	176,343.72
Accounts Receivable - Customers	839,130.70	673,185.82
Accounts Receivable - Returned Checks	13,178.22	10,652.60
Accounts Receivable - Other	529.00	529.00
	-----	-----
Allowance for Bad Accounts	852,837.92	684,367.42
	4,467.74	3,590.47
	-----	-----
	848,370.18	680,776.95
Prepaid Expense	40,571.67	37,304.91
	-----	-----
Total Current Assets	1,087,820.50	894,425.58
DEFERRED CHARGES		
Unamortized Bond Discount	0.00	0.00
Unamortized Bond Issue Expense	116,008.32	131,355.60
	-----	-----
Total Deferred Charges	116,008.32	131,355.60
	-----	-----
TOTAL ASSETS	19,515,942.90	18,209,614.26
	=====	=====

GREATER OUACHITA WATER COMPANY
BALANCE SHEET

LIABILITIES

	AUGUST 31	
	2002	2001
	-----	-----
LONG-TERM DEBT		
Bonds Payable - Series 1994A	1,440,000.00	1,525,000.00
Bonds Payable - Series 97A&B Improvements	3,310,000.00	3,405,000.00
	-----	-----
Total Long-Term Debt	4,750,000.00	4,930,000.00
 FUNDED LIABILITIES		
Interest Payable	134,818.75	139,678.75
 CURRENT LIABILITIES		
Accounts Payable - Trade	224,575.15	388,634.71
Accounts Payable - West Ouachita Sewer	252,947.84	266,387.53
Accounts Payable - Other Sewer	76,223.20	60,798.98
Payroll Taxes Payable	637.83	579.86
Sales Taxes Payable	13,416.00	11,682.00
Notes Payable - Bank One	2,919,000.00	1,900,000.00
	-----	-----
Total Current Liabilities	3,486,800.02	2,628,083.08
 DEFERRED LIABILITIES		
Customer Meter Deposits	482,093.50	450,070.00
	-----	-----
TOTAL LIABILITIES	8,853,712.27	8,147,831.83
SURPLUS		
 CONTRIBUTION IN AID OF CONSTRUCTION (Non-Refundable)	3,566,169.33	3,214,527.92
 UNAPPROPRIATED SURPLUS	7,096,061.30	6,847,254.51
	-----	-----
	10,662,230.63	10,061,782.43
	-----	-----
 TOTAL LIABILITIES & SURPLUS	19,515,942.90	18,209,614.26
	=====	=====

GREATER OUACHITA WATER COMPANY
STATEMENTS OF INCOME

	TOTAL SYSTEM	
	YEAR ENDED AUGUST 31	
	2002	2001
	-----	-----
OPERATING REVENUE		
Revenue	4,304,747.78	3,644,930.09
Forfeited Discounts	86,244.55	79,157.94
Reconnect Charges	89,045.00	54,190.00
Sewer Inspection Fees	1,150.00	920.00
	-----	-----
Total Operating Revenue	4,481,187.33	3,779,198.03
DIRECT OPERATING EXPENSES		
Operating Contract	1,082,456.55	1,027,539.80
Power	462,269.64	644,296.32
Maintenance	378,374.31	371,643.62
Chemicals - Sewer	77,179.94	59,514.75
Testing - Sewer	16,805.00	24,094.00
Engineering Services	49,075.43	24,468.60
Water Purchased	656,731.70	643,763.68
Water Used in Sewer Plant	657.91	1,043.99
Service & Franchise Fees	11,354.19	10,489.14
Right of Way	5,620.00	16,500.00
	-----	-----
Total Direct Operating Expenses	2,740,524.67	2,823,353.90
NET OPERATING INCOME	1,740,662.66	955,844.13
ADMINISTRATIVE EXPENSES	330,783.48	229,811.90
NET OPERATING PROFIT	1,409,879.18	726,032.23
OTHER INCOME	29,602.08	39,654.87
	-----	-----
	1,439,481.26	765,687.10
OTHER EXPENSES	352,820.19	324,841.80
	-----	-----
NET INCOME BEFORE AMORTIZATION & DEP'N.	1,086,661.07	440,845.30
AMORTIZATION & DEPRECIATION		
Amort. of Bond Issue Exp.-1994A	3,357.60	3,357.60
Amort. Of Bond Issue Exp.-97A&B	11,989.68	11,989.68
Depreciation Expense	822,507.00	743,127.00
	-----	-----
Total Amortization & Depreciation	837,854.28	758,474.28
	-----	-----
NET INCOME FOR THE YEAR	248,806.79	(317,628.98)
	=====	=====

GREATER OUACHITA WATER COMPANY
STATEMENTS OF INCOME

WATER SYSTEM		SEWER SYSTEM	
YEAR ENDED AUGUST 31		YEAR ENDED AUGUST 31	
2002	2001	2002	2001
3,502,825.40	2,975,658.10	801,922.38	669,271.99
86,244.55	79,157.94	0.00	0.00
89,045.00	54,190.00	0.00	0.00
0.00	0.00	1,150.00	920.00
<u>3,678,114.95</u>	<u>3,109,006.04</u>	<u>803,072.38</u>	<u>670,191.99</u>
864,216.45	819,720.00	218,240.10	207,819.80
329,833.37	464,718.15	132,436.27	179,578.17
281,376.97	281,993.13	96,997.34	89,650.49
0.00	0.00	77,179.94	59,514.75
0.00	0.00	16,805.00	24,094.00
32,118.43	24,468.60	16,957.00	0.00
656,731.70	643,763.68	0.00	0.00
0.00	0.00	657.91	1,043.99
5,598.19	5,245.14	5,756.00	5,244.00
5,270.00	16,500.00	350.00	0.00
<u>2,175,145.11</u>	<u>2,256,408.70</u>	<u>565,379.56</u>	<u>566,945.20</u>
<u>1,502,969.84</u>	<u>852,597.34</u>	<u>237,692.82</u>	<u>103,246.79</u>
240,187.08	172,920.32	90,596.40	56,891.58
<u>1,262,782.76</u>	<u>679,677.02</u>	<u>147,096.42</u>	<u>46,355.21</u>
29,602.08	39,633.82	0.00	21.05
<u>1,292,384.84</u>	<u>719,310.84</u>	<u>147,096.42</u>	<u>46,376.26</u>
133,267.92	101,363.40	219,552.27	223,478.40
<u>1,159,116.92</u>	<u>617,947.43</u>	<u>(72,455.85)</u>	<u>(177,102.13)</u>
0.00	0.00	3,357.60	3,357.60
3,596.90	3,596.90	8,392.78	8,392.78
598,323.00	522,898.00	224,184.00	220,229.00
<u>601,919.90</u>	<u>526,494.90</u>	<u>235,934.38</u>	<u>231,979.38</u>
<u>557,197.02</u>	<u>91,452.53</u>	<u>(308,390.23)</u>	<u>(409,081.51)</u>

GREATER OUACHITA WATER COMPANY
STATEMENT OF SURPLUS

	AUGUST 31	
	2002	2001
	-----	-----
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Balance - Beginning	3,214,527.92	2,565,238.10
Additions		
Water Tap Fees	167,767.75	125,758.68
Sewer Tap Fees	22,837.16	20,635.00
Other	161,036.50	502,896.14
	-----	-----
Balance - Ending	3,566,169.33	3,214,527.92
	-----	-----
UNAPPROPRIATED SURPLUS		
Balance - Beginning	6,847,254.51	7,164,883.49
Additions		
Net Income For The Year	248,806.79	(317,628.98)
	-----	-----
Balance - Ending	7,096,061.30	6,847,254.51
	-----	-----
TOTAL SURPLUS - ENDING	10,662,230.63	10,061,782.43
	=====	=====

GREATER OUACHITA WATER COMPANY
STATEMENTS OF INCREASE (DECREASE) IN
CASH AND CASH EQUIVALENTS

	YEAR ENDED AUGUST 31	
	2002	2001
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	248,806.79	(317,628.98)
Noncash Items Included In Net Income		
Amortization of Bond Discount	0.00	0.00
Amortization of Bond Issue Expense	15,347.28	15,347.28
Depreciation	822,507.00	743,127.00
Changes in:		
Accounts Receivable	(167,593.23)	143,681.94
Prepaid Expenses	(3,266.76)	5,858.50
Deposits	0.00	12,500.00
Interest Payable	(4,860.00)	(4,681.25)
Accounts Payable - Trade	(164,059.56)	46,539.53
Accounts Payable - Sewers	1,984.53	34,768.86
Accounts Payable - Litigation Expense	0.00	0.00
Payroll Taxes	57.97	49.71
Sales Taxes	1,734.00	(957.90)
	-----	-----
Total Adjustments	(336,003.05)	237,759.39
	-----	-----
Net Cash Provided By (Used By) Operating Activities	750,658.02	678,604.69
CASH FLOWS FROM INVESTING ACTIVITIES		
Plant & Equipment	(1,914,456.16)	(2,141,972.92)
	-----	-----
Net Cash Provided By (Used By) Investing Activities	(1,914,456.16)	(2,141,972.92)
CASH FLOWS FROM FINANCING ACTIVITIES		
Investments in Special Funds	(36,331.84)	(16,411.32)
Customer Meter Deposits	32,023.50	19,535.50
Contributions in Aid of Construction	351,641.41	649,289.82
Loan From Central Bank	1,019,000.00	945,000.00
Redemption of Bonds Payable	(180,000.00)	(175,000.00)
	-----	-----
Net Cash Provided By (Used By) Financing Activities	1,186,333.07	1,422,414.00
	-----	-----
NET INCREASE (DECREASE) IN CASH	22,534.93	(40,954.23)
CASH AT BEGINNING OF YEAR	176,343.72	217,297.95
	-----	-----
CASH AT END OF YEAR	198,878.65	176,343.72
	=====	=====

GREATER OUACHITA WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

NOTE A - HISTORY AND ORGANIZATION

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, 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 system 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.

An Indenture of Mortgage, dated September 1, 1964, was made by and between the Greater Ouachita Water Company and the First National Bank of Commerce in New Orleans, Now Bank One, a national banking association having its principal office in New Orleans, Louisiana, as trustee. Supplemental Indentures of Mortgage have been made covering additions to the system.

Revenue bonds were issued in four 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. These proceeds are to be used in the building of a new sewer treatment plant.

The company began operations September 28, 1964. It has an agreement with M-N Utilities, Inc., West Monroe, Louisiana to operate the system. Johnny D. Nichols, West Monroe, Louisiana, is the president of M-N Utilities, Inc.

GREATER OUACHITA WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

Officers and directors of the company and salaries paid to them as officers during the period under review were:

W. D. Carter, Chairman of the Board	16,675.61
Robert E. Bentz, President	12,777.50
Wood T Sparks, Secretary-Treasurer	<u>15,376.22</u>
	44,829.33
	=====

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

METHOD OF ACCOUNTING - The company uses the accrual method of accounting.

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 - 50 years
Various Equipment	5 - 20 years

By specific definition in the Indenture of Mortgage, depreciation is not to be included in the operating expenses of the company. Depreciation expense was therefore shown separately on the statement of income.

SPECIAL FUNDS - The Indenture of Mortgage requires 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 Revenue Fund.

Monies received in the Revenue Fund are in turn transferred to other funds in the following order:

1. Interest Fund until at least six months' interest on all outstanding bonds is accumulated or restored. On August 31, 2002, the balance in the Interest Fund was \$134,818.75. Interest payable at August 31, 2001, was \$139,678.75.
2. Reserve Fund until an amount equal to 100% of the maximum annual interest requirements on all outstanding bonds is accumulated or restored.

GREATER OUACHITA WATER COMPANY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2002

3. Renewals, Replacements & Extensions Fund until \$250,000.00 is accumulated or restored. During the period under review, additions and expenditures made to and from this fund for improvements to the system resulted in a balance of \$111,200.16.
4. Sinking Fund, an amount beginning September 15, 1998, which when and multiplied by the number of such monthly deposits to be made during the next twelve month period will equal the annual requirement for that year. To date, adequate deposits have been made and the requirements of the Indenture of Mortgage have been met as shown below:

DUE DATE	AMOUNT DUE
August 15, 1969 - 2001	4,170,000.00
August 15, 2002	190,000.00

	4,360,000.00
	=====

The annual amount due on August 15, 2003, will be \$200,000.00.

5. Mandatory Retirement Fund, all remaining monies. On August 23 of each year, beginning August 25, 1969, all monies in the Sinking Fund will be transferred to this fund. At August 31, 2002, this transfer had not been made, and there was no balance in this fund.

DEFERRED CHARGES AND AMORTIZATION - Discounts on bonds issued by the company are being amortized over the term of the bonds. Shown below is an analysis of unamortized bond discount:

Original Bond Discount	66,400.00
Less Prior Year Amortization	66,400.00
Less Current Year Amortization	0.00

Total Amortization	66,400.00

Balance at August 31, 2002	.00
	=====

GREATER OUACHITA WATER COMPANY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2002

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

Total Cost at August 31, 1999	257,560.28
Less Prior Year Amortization	126,204.68
Less Current Year Amortization	15,347.28

Total Amortization	141,551.96

Balance at August 31, 2002	116,008.32
	=====

In accordance with terms of the Indenture of Mortgage, amortization has not been shown as operating expenses of the company.

CONTRIBUTIONS IN AID OF CONSTRUCTION - Connecting and tapping fees charged to new customers to pay part of the cost of extensions to such customers are credited to this account. These costs are capitalized; therefore, this method of accounting for such fees more nearly matches operating revenues with operating expenses.

NOTE C - PLANT AND EQUIPMENT

Plant and Equipment is stated at the acquisition costs of the assets to the company, 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 value. 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, 2002, totaled \$1,914,456.16, and for the year ended August 31, 2001, totaled \$2,141,972.92. Shown below is an analysis of the cost of the system by expenditures from various funds:

	BALANCE 8/31/01	DURING YEAR	BALANCE 8/31/02
Bond Proceeds Series 1964	1,922,208.08		1,922,208.08
Bond Proceeds Series 1965	907,211.16		907,211.16
General Fund	14,735,515.44	1,852,644.57	16,588,160.01
Renewals, Replacements & Extensions Fund	3,092,039.61		3,092,039.61

continued on next page:

GREATER OUACHITA WATER COMPANY
 NOTES TO FINANCIAL STATEMENTS
 AUGUST 31, 2002

Revenue Fund	35,015.84		35,015.84
1994A Fund	1,670,072.24		1,670,072.24
97A&B Fund	1,849,399.59	61,811.59	1,911,211.18
Contributions			
Lakeview Utilities, Inc.			
Water & Sewer System	196,000.00		196,000.00
North LA Production Corp.			
Water System	71,800.00		71,800.00
B & W Utilities, Inc.			
Water System	44,658.00		44,658.00
	-----	-----	-----
	24,523,919.96	1,914,456.16	26,438,376.12
Less Retirements			
Gas System Transferred	(231,266.20)		(231,266.20)
	-----	-----	-----
Total	24,292,653.76	1,914,456.16	26,207,109.92
	=====	=====	=====

NOTE D - LONG TERM DEBT

The company originally issued bonds known as "Waterworks and Natural Gas System Revenue Bonds" in two series. Series 1964 bonds totaled \$2,270,000.00 and were issued September 1, 1964. They were paid off as of September 1, 1999. Series 1965 bonds totaled \$1,050,000.00 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 \$2,000,000.00. 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, now Bank One, Monroe, Louisiana on such date. Principal shall be payable annually on September 1 in each year commencing September 1, 1995.

GREATER OUACHITA WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

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 \$3,500,000.00. Interest is paid semi-annually on March 1, and September 1. The interest rate shall begin at 5.675%

During the year ended August 31, 2002, \$180,000.00 in bonds were redeemed, and during the year ended August 31, 2001, \$175,000.00 in bonds were redeemed, bringing the total of all bonds redeemed to \$4,070,000.00. The balance of bonds outstanding at August 31, 2001, was \$4,750,000.00.

Interest payments for the next five years are as follows:

Year Ended August 31,	Amount
2003	259,282.50
2004	248,282.50
2005	242,316.25
2006	230,050.00
2007	217,170.00

NOTE E - LOUISIANA DEPARTMENT OF ENVIRONMENTAL QUALITY

On or about March 16, 1990, the Louisiana Department of Environmental Quality ("LaDEQ") issued Compliance Order No. WC-90-014 to the Greater Ouachita Water Company ("GOWC") alleging certain violations of the Louisiana Water Control law, the Louisiana Water Regulations and previously issued compliance Order No. WC-88-149.

GOWC timely filed a request for hearing, which was granted, to challenge these allegations.

On or about April 5, 1990, LaDEQ issued a proposed penalty notice (WP-90-013) in the amount of \$6,000.00 to GOWC, and in response thereto, Respondent filed a timely request for hearing, which was granted.

These two proceedings were consolidated and a settlement has been reached in theory, although the actual settlement documents have not been executed. Pursuant to such, GOWC will pay the \$6,000.00 penalty in total settlement of the claims alleged by the compliance order and/or which could be alleged and GOWC will upgrade and/or close certain of its sewer facilities in accordance with a specified time schedule to meet LaDEQ's require-

GREATER OUACHITA WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

ments. It is believed that the settlement will give the company sufficient time to upgrade and/or close certain sewer facilities to meet LaDEQ's discharge requirements. This \$6,000.00 has been accrued as another expense to the sewer plant during the year ended August 31, 1990. This penalty has been paid.

The Louisiana Department of Environmental Quality (DEQ), issued compliance order WE-CN-00-0229, on the Lake Park sewage treatment plant on October 31, 2002 compliance order WE-CN-00-0254 on the Frenchman's Bend sewage treatment plant on October 31, 2000, and compliance order WE-C-00-0233 on the Wagonwheel road sewage treatment plant on November 2, 2000. The company has requested hearings on each order and believes that it has made good faith efforts to meet its obligation to DEQ with its available rate structure and will actively contest these proceedings.

The company has finalized plans to comply with the sewer discharge limitations in the permits issued by LaDEQ and EPA. Three regional sewage treatment facilities are contemplated and most of the present facilities will be closed and the sewage treated at the new plants. The first treatment plant located in the northeastern portion of Ouachita Parish adjacent to Highway 139 has been completed and is now in operation. Construction of the second plant located on Highway 165 South has also been completed and is now in operation.

Construction on the third sewage treatment plant should begin in mid-2003. The company has located a site for the facility and is currently having a topographical survey done on the land to determine its suitability. The estimated cost to construct the treatment plant with lift stations and force mains is approximately \$4,000,000.00

NOTE F - APPLICATION TO THE LOUISIANA PUBLIC SERVICE COMMISSION FOR
RATE INCREASE

The company applied to the Louisiana Public Service Commission for a water and sewer rate increase to eliminate its prior year loss and fund additional improvements to its water and sewer system.

GREATER OUACHITA WATER COMPANY
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2002

The Commission granted the rate increase in part and in phases on February 22, 2002. The first phase went into effect in March 2002. The second phase will go into effect when 50% of the capital projects to be constructed by the company are under contract. The Commission also approved the company's request to issue up to \$16,000,000.00 in new bonds to fund improvements to its water and sewer systems and construct additional sewer facilities to comply with DEQ permit requirements. The company plans to issue bonds in the amount of \$9,000,000.00 in April 2003. The proceeds from these bonds will be used to pay off the company's existing line of credit with Bank One and also fund capital improvements to its water and sewer system. The rate increase granted in March enabled the company to eliminate its loss and should provide sufficient revenues to amortize the new bond issue with adequate bond coverage ratios

NOTE G - PENSION PLAN

A money purchase pension plan was put into effect on September 1, 1995. All employees of the company are eligible. The company will contribute on the behalf of each participant 25% of the participant's compensation. The amount contributed during the year ended August 31, 2002 was \$11,375.00, and for August 31, 2001, was \$10,275.00.

SUPPLEMENTARY INFORMATION

WEBB AND WEBB
CERTIFIED PUBLIC ACCOUNTANTS

601 STUBBS AVENUE
P.O. BOX 2053
MONROE, LOUISIANA 71207

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

LEONARD MARK WEBB, CPA
BARRY P. WEBB, SR., CPA

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

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

Our report on our audit of the basic financial statements of Greater Ouachita Water Company for the years ended August 31, 2002, and 2001 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on the following pages is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements.

In our opinion, the supplementary information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Webb and Webb
WEBB AND WEBB

Monroe, Louisiana
December 5, 2002

GREATER OUACHITA WATER COMPANY
 PLANT AND EQUIPMENT AND DEPRECIATION
 AUGUST 31, 2002

	COST AT 08/31/01	ADDITIONS	COST AT 08/31/02
	-----	-----	-----
WATER SYSTEM			
Original Cost 9/28/64	1,277,027.07	0.00	1,277,027.07
Original Cost 3/12/65	675,686.86	0.00	675,686.86
	-----	-----	-----
	1,952,713.93	0.00	1,952,713.93
Additions & Renovations			
Mains & Extensions	6,306,077.72	859,513.10	7,165,590.82
Service Lines	4,138,617.77	211,547.31	4,350,165.08
Water Meters	851,714.43	33,902.65	885,617.08
Wells & Equipment	4,313,519.96	631,594.24	4,945,114.20
Chlorinator Equipment	131,204.13	0.00	131,204.13
Other Equipment	111,602.38	15,755.29	127,357.67
	-----	-----	-----
Total Additions	15,852,736.39	1,752,312.59	17,605,048.98
Total Water System	17,805,450.32	1,752,312.59	19,557,762.91
SEWER SYSTEM			
Original Cost 9/28/64	126,000.00	0.00	126,000.00
Original Cost 3/12/65	33,514.56	0.00	33,514.56
	-----	-----	-----
	159,514.56	0.00	159,514.56
Additions & Improvements	5,658,508.88	162,143.57	5,820,652.45
	-----	-----	-----
Total Sewer System	5,818,023.44	162,143.57	5,980,167.01
LAND	669,180.00	0.00	669,180.00
	-----	-----	-----
TOTAL PLANT & EQUIPMENT	24,292,653.76	1,914,456.16	26,207,109.92
	=====	=====	=====

GREATER OUACHITA WATER COMPANY
 PLANT AND EQUIPMENT AND DEPRECIATION
 AUGUST 31, 2002

PRIOR DEPRECIATION	CURRENT DEPRECIATION	ACCUMULATED DEPRECIATION 08/31/02	UNDEPRECIATED BALANCE 08/31/02
940,423.09	25,541.00	965,964.09	311,062.98
493,255.56	13,514.00	506,769.56	168,917.30
----- 1,433,678.65	----- 39,055.00	----- 1,472,733.65	----- 479,980.28
2,056,384.29	239,208.00	2,295,592.29	4,869,998.53
1,416,488.05	136,889.00	1,553,377.05	2,796,788.03
370,657.45	26,827.00	397,484.45	488,132.63
1,124,158.56	148,931.00	1,273,089.56	3,672,024.64
58,129.28	4,081.00	62,210.28	68,993.85
50,631.79	3,332.00	53,963.79	73,393.88
----- 5,076,449.42	----- 559,268.00	----- 5,635,717.42	----- 11,969,331.56
6,510,128.07	598,323.00	7,108,451.07	12,449,311.84
95,550.00	2,520.00	98,070.00	27,930.00
24,461.08	670.00	25,131.08	8,383.48
----- 120,011.08	----- 3,190.00	----- 123,201.08	----- 36,313.48
1,178,006.11	220,994.00	1,399,000.11	4,421,652.34
----- 1,298,017.19	----- 224,184.00	----- 1,522,201.19	----- 4,457,965.82
0.00	0.00	0.00	669,180.00
----- 7,808,145.26	----- 822,507.00	----- 8,630,652.26	----- 17,576,457.66
=====	=====	=====	=====

GREATER OUACHITA WATER COMPANY
SCHEDULE OF INSURANCE
AUGUST 31, 2002

RISK	MAXIMUM COVERAGE	FROM	TO	TOTAL PREMIUM	AMOUNT PREPAID
Items listed in policy include wells, water tanks, reservoirs, sewer life pump & treatment plants pressure pumps, tank, bldg.	10,000,000	07/31/01	07/31/02	46,320.00	40,530.00
Products - Completed Oper.	10,000,000				
Personal & Adv. Injury	10,000,000				
Fire Damage	1,000,000				
Medical	10,000				
Hired, Non-Owned Autos	10,000,000				
Employees	500,000				
Personal & Adv. Injury					
Products - Completed Oper.	10,000,000				
Environmental Insurance	10,000,000				
Robert E. Bentz	25,000	12/03/01	12/03/02	250.00	41.67
W. D. Carter	25,000				
Wood T. Sparks	25,000				
Same as above	500,000	01/01/01	01/01/02		
				----- 46,570.00 -----	----- 40,571.67 -----

COVERAGE PROVIDED BY M-N UTILITIES, INC., WEST MONROE, LOUISIANA
(CONTRACT OPERATOR OF THE SYSTEM)

Products - Completed Oper.	2,000,000	06/01/01	06/01/02
Personal & Adv. Injury	1,000,000		
Fire Damage	100,000		
Medical	5,000		
Automobiles	BI 1,000,000	06/01/01	06/01/02
Employees	100,000	04/01/01	04/01/02

GREATER OUACHITA WATER COMPANY
SCHEDULE OF INSURANCE
AUGUST 31, 2002

COMPANY	POLICY NO.	AGENT	TYPE
Special National Insurance Company	3XZ18209800	Troy & Montgomery	Fire and extended coverage, vandalism, malicious mischief General Liability " " " Auto Liability Directors & Officers Liability Environmental Remediation Costs rella & Liability
Western Surety Company	1228024	Troy & Montgomery	Fidelity Bond
LA Workers Compensation Corp.	6842	Troy & Montgomery	Workmen's Comp.

COVERAGE PROVIDED BY M-N UTILITIES, INC., WEST MONROE, LOUISIANA
(CONTRACT OPERATOR OF THE SYSTEM)

The American Central Insurance Co.	MER 526306	Troy & Montgomery	General Liability
The American Central Insurance Co.	MEAK 54234	Troy & Montgomery	Auto liability, collision, comprehensive coverage, medical payments uninsured motorist
CAN Insurance Company	176930731	Troy & Montgomery	Workmen's Comp.

GREATER OUACHITA WATER COMPANY
ANALYSIS OF REVENUE FUND BALANCE
August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	30,000.00

Total of Fund	30,000.00
	=====

REVENUE FUND
COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED AUGUST 31 2002	2001
	-----	-----
FUND BALANCE - BEGINNING	15,000.00	791.18
DEPOSITS IN FUND		
Transfers from Operating Fund	545,000.00	515,000.00
Transfers from Interest Fund	0.00	0.00
Transfers from Reserve Fund	13,553.25	7,561.92
Earnings from Investments	288.13	1,133.29
	-----	-----
Total Deposits	558,841.38	523,695.21
	-----	-----
	573,841.38	524,486.39
DISBURSEMENTS FROM FUND		
Transfers to Interest Fund	268,673.66	255,112.73
Transfers To Renewals, Replacements & Extensions Fund	86,411.75	97,923.34
Transfers To Sinking Fund	188,755.97	156,450.32
	-----	-----
Total Disbursements	543,841.38	509,486.39
	-----	-----
FUND BALANCE - ENDING	30,000.00	15,000.00
	=====	=====

GREATER OUACHITA WATER COMPANY
ANALYSIS OF INTEREST FUND BALANCE
August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	134,818.75

Total of Fund	134,818.75
	=====

INTEREST FUND
COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED AUGUST 31 2002	2001
	-----	-----
FUND BALANCE - BEGINNING	139,678.75	150,868.72
DEPOSITS IN FUND		
Transfers from Revenue Fund	268,673.66	255,112.73
Transfers from Reserve Fund	0.00	14,644.34
Earnings from Investments	963.84	3,091.71
	-----	-----
Total Deposits	269,637.50	272,848.78
	-----	-----
	409,316.25	423,717.50
DISBURSEMENTS FROM FUND		
Interest on Bond Coupons Maturing	274,497.50	284,028.65
Transfers to Sinking Fund	0.00	10.10
	-----	-----
Total Disbursements	274,497.50	284,038.75
	-----	-----
FUND BALANCE - ENDING	134,818.75	139,678.75
	=====	=====

GREATER OUACHITA WATER COMPANY
 ANALYSIS OF RESERVE FUND BALANCE
 August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	269,637.50

Total of Fund	269,637.50
	=====

RESERVE FUND
 COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED 2002	AUGUST 31 2001
	-----	-----
FUND BALANCE - BEGINNING	279,357.50	288,720.00
DEPOSITS IN FUND		
Earnings from Investments	3,833.25	12,843.76
	-----	-----
Total Deposits	3,833.25	12,843.76
	-----	-----
	283,190.75	301,563.76
DISBURSEMENTS FROM FUND		
Transfers to Interest Fund	0.00	14,644.34
Transfers to Revenue Fund	13,553.25	7,561.92
	-----	-----
Total Disbursements	13,553.25	22,206.26
	-----	-----
FUND BALANCE - ENDING	269,637.50	279,357.50
	=====	=====

GREATER OUACHITA WATER COMPANY
ANALYSIS OF RENEWALS, REPLACEMENTS AND EXTENSIONS FUND BALANCE
August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	111,200.16

Total of Fund	111,200.16
	=====

RENEWALS, REPLACEMENTS AND EXTENSIONS FUND
COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED 2002	AUGUST 31 2001
	-----	-----
FUND BALANCE - BEGINNING	85,288.32	46,845.07
DEPOSITS IN FUND		
Transfers from Revenue Fund	86,411.75	97,923.34
Transfers from 97A&B Fund	0.00	718.35
Earnings from Investments	1,311.68	3,698.65
	-----	-----
Total Deposits	87,723.43	102,340.34
	-----	-----
	173,011.75	149,185.41
DISBURSEMENTS FROM FUND		
Plant and Equipment Purchased	61,811.59	63,897.09
	-----	-----
Total Disbursements	61,811.59	63,897.09
	-----	-----
FUND BALANCE - ENDING	111,200.16	85,288.32
	=====	=====

GREATER OUACHITA WATER COMPANY
ANALYSIS OF SINKING FUND BALANCE
August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	190,000.00

Total of Fund	190,000.00
	=====

SINKING FUND
COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED AUGUST 31	
	2002	2001
FUND BALANCE - BEGINNING	180,000.00	195,000.00
DEPOSITS IN FUND		
Transfers from Revenue Fund	188,755.97	156,450.32
Transfers from Interest Fund	0.00	10.10
Refund of Overpayment of Bonds	0.00	19,989.90
Earnings from Investments	1,139.32	3,549.68
	-----	-----
Total Deposits	189,895.29	180,000.00
	-----	-----
	369,895.29	375,000.00
DISBURSEMENTS FROM FUND		
Bond Redemption Payment	180,000.00	195,000.00
Transfers to Interest Fund	1,244.03	0.00
	-----	-----
Total Disbursements	181,244.03	195,000.00
	-----	-----
FUND BALANCE - ENDING	188,651.26	180,000.00
	=====	=====

GREATER OUACHITA WATER COMPANY
 ANALYSIS OF SERIES 1994A BALANCE
 August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	0.00

Total of Fund	0.00
	=====

SERIES 1994A FUND
 COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED 2002	AUGUST 31 2001
	-----	-----
FUND BALANCE - BEGINNING	0.00	2,493.76
DEPOSITS IN FUND		
Earnings from Investments	0.00	8.52
	-----	-----
Total Deposits	0.00	8.52
	-----	-----
	0.00	2,502.28
DISBURSEMENTS FROM FUND		
Transfers to R. R. & E. Fund	0.00	2,493.76
Transfers to Interest Fund	0.00	8.52
	-----	-----
Total Disbursements	0.00	2,502.28
	-----	-----
FUND BALANCE - ENDING	0.00	0.00
	=====	=====

GREATER OUACHITA WATER COMPANY
 ANALYSIS OF 97A&B FUND BALANCE
 August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.00
INVESTMENTS	
Marquis Treasury Secs Money Market	0.00

Total of Fund	0.00
	=====

97A&B FUND
 COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED AUGUST 31 2002	AUGUST 31 2001
	-----	-----
FUND BALANCE - BEGINNING	(0.00)	688.28
DEPOSITS IN FUND		
Earnings from Investments	0.00	30.07
	-----	-----
Total Deposits	0.00	30.07
	-----	-----
	(0.00)	718.35
DISBURSEMENTS FROM FUND		
Transfers to RRE Fund	0.00	718.35
Sewer Plant	0.00	0.00
	-----	-----
Total Disbursements	0.00	718.35
	-----	-----
FUND BALANCE - ENDING	(0.00)	(0.00)
	=====	=====

GREATER OUACHITA WATER COMPANY
 ANALYSIS OF REDEMPTION PAYMENT ACCOUNT
 August 31, 2002

CASH IN FIRST NATIONAL BANK OF COMMERCE	0.01
INVESTMENTS	
Marquis Treasury Sec Money Market	0.00

Total of Fund	0.01
	=====

REDEMPTION PAYMENT ACCOUNT
 COMPARATIVE ANALYSIS OF DEPOSITS AND DISBURSEMENTS
 FOR THE YEARS ENDED AUGUST 31, 2002 AND 2001

	YEAR ENDED 2002	AUGUST 31 2001
	-----	-----
FUND BALANCE - BEGINNING	0.01	0.01
DEPOSITS IN FUND		
Total Deposits	0.00	0.00
	-----	-----
	0.01	0.01
DISBURSEMENTS FROM FUND		
Total Disbursements	0.00	0.00
	-----	-----
FUND BALANCE - ENDING	0.01	0.01
	=====	=====

GREATER OUACHITA WATER COMPANY
 SCHEDULE OF ACCOUNTS PAYABLE
 August 31, 2002

BILLY J. TAYLOR, CONTRACTOR	174.40
BROOKS ELECTRONICS	92.36
CITY OF MONROE	43,000.00
D & W SYSTEM SALES, INC.	395.40
DELTA PROCESS & EQUIPMENT, INC.	1,278.93
DPC INDUSTRIES, INC.	4,997.72
ENTERGY	44,000.00
IMAGEMAX, INC.	197.11
L & R UTILITIES, INC.	34.90
LOUISIANA ONE CALL CONCEPTS, INC.	489.82
M-N UTILITIES, INC.	128,131.14
MONROE COMMUNICATIONS, INC.	39.50
PARSON & SANDERSON	53.53
THORNTON, MUSSO, & BELLEMIN, INC.	712.50
TYNER-PETRUS	42.50
WEBB AND WEBB CPAS	500.00
WEST FEED & FARM SUPPLY, INC.	435.34

	224,575.15
	=====

GREATER OUACHITA WATER COMPANY
 DETAILS OF ADMINISTRATIVE EXPENSES

	TOTAL SYSTEM	
	YEAR ENDED AUGUST 31	
	2002	2001
	-----	-----
ACCOUNTING	21,300.00	20,900.00
ADVERTISING	28.80	1,163.86
BANK CHARGES	758.17	114.18
DUES	1,662.50	1,288.75
INSPECTION & SUPERVISION FEE	5,119.10	7,451.49
INSURANCE	68,231.42	26,370.99
LEGAL & ADMINISTRATIVE	103,989.29	60,608.84
MISCELLANEOUS	5,775.00	3,965.00
OFFICE SUPPLIES & EXPENSE	40,006.97	35,382.22
PAYROLL TAXES	4,136.37	3,842.66
POSTAGE	7,074.33	4,917.36
RENT	1,080.00	1,064.64
SALARIES - OFFICERS	44,829.33	40,606.04
SALARIES - OFFICE	4,439.60	3,898.20
TAXES & LICENSES	13,180.28	8,665.08
TELEPHONE	2,755.56	2,718.26
TRAVEL	3,216.76	3,479.23
TRUSTEE FEES	3,200.00	3,375.10
	-----	-----
	330,783.48	229,811.90
	=====	=====

PRORATED IN THE FOLLOWING MANNER:

	YEAR ENDED AUGUST 31, 2002	
WATER REVENUE	3,678,114.95	82.079%
SEWER REVENUE	803,072.38	17.921%
	-----	-----
	4,481,187.33	100.000%
	=====	=====

GREATER OUACHITA WATER COMPANY
 DETAILS OF ADMINISTRATIVE EXPENSES

WATER SYSTEM		SEWER SYSTEM	
YEAR ENDED AUGUST 31		YEAR ENDED AUGUST 31	
2002	2001	2002	2001
-----	-----	-----	-----
17,482.83	17,193.66	3,817.17	3,706.34
23.64	957.46	5.16	206.40
622.30	93.93	135.87	20.25
1,364.56	1,060.21	297.94	228.54
4,201.71	6,130.06	917.39	1,321.43
56,003.69	21,694.44	12,227.73	4,676.55
64,277.44	41,612.30	39,711.85	18,996.54
4,740.06	3,261.86	1,034.94	703.14
32,837.33	29,107.64	7,169.64	6,274.58
3,395.09	3,161.21	741.28	681.45
5,806.54	4,045.33	1,267.79	872.03
886.45	875.84	193.55	188.80
36,795.48	33,405.08	8,033.85	7,200.96
3,643.98	3,206.90	795.62	691.30
963.95	1,006.45	12,216.33	7,658.63
2,261.74	2,236.21	493.82	482.05
2,640.29	2,862.23	576.47	617.00
2,240.00	1,009.50	960.00	2,365.60
-----	-----	-----	-----
240,187.08	172,920.32	90,596.40	56,891.58
=====	=====	=====	=====

PRORATED IN THE FOLLOWING MANNER:

YEAR ENDED AUGUST 31, 2001	
3,109,006.04	82.266%
670,191.93	17.734%
-----	-----
3,779,197.97	100.000%
=====	=====

GREATER OUACHITA WATER COMPANY
 DETAILS OF OTHER INCOME AND OTHER EXPENSES

	TOTAL SYSTEM	
	YEAR ENDED AUGUST 31	
	2002	2001
	-----	-----
OTHER INCOME		
Bad Debt Recovery	3,727.17	4,907.65
Cash Over	0.00	83.77
Discounts Earned	1,900.85	621.72
Interest Earned	7,640.93	24,347.16
Miscellaneous	8,605.49	4,849.65
NSF Check Charges	7,236.00	4,600.00
Oil & Gas Royalties	491.64	244.92
	-----	-----
Total Other Income	29,602.08	39,654.87
	=====	=====
 OTHER EXPENSE		
Interest Expense - Bonds S. 1994A	81,204.97	85,795.06
Interest Expense - Bonds 97 A&B	188,432.53	193,562.51
Interest Expense - Customer Deposits	23,287.28	22,324.22
Rate Increase Expenses	16,666.00	0.00
Pension Expense	11,375.00	10,275.00
NSF Check Charges	7,236.00	4,600.00
Provision For Bad Accounts	24,585.82	8,285.01
Cash Short	32.59	0.00
	-----	-----
Total Other Expense	352,820.19	324,841.80
	=====	=====

GREATER OUACHITA WATER COMPANY
 DETAILS OF OTHER INCOME AND OTHER EXPENSES

WATER SYSTEM		SEWER SYSTEM	
YEAR ENDED AUGUST 31		YEAR ENDED AUGUST 31	
2002	2001	2002	2001
3,727.17	4,907.65	0.00	0.00
0.00	83.77	0.00	0.00
1,900.85	621.72	0.00	0.00
7,640.93	24,326.11	0.00	21.05
8,605.49	4,849.65	0.00	0.00
7,236.00	4,600.00	0.00	0.00
491.64	244.92	0.00	0.00
29,602.08	39,633.82	0.00	21.05
0.00	0.00	81,204.97	85,795.06
56,529.76	58,068.75	131,902.77	135,493.76
23,287.28	22,324.22	0.00	0.00
16,666.00	0.00	0.00	0.00
9,336.49	8,716.49	2,038.51	1,558.51
7,236.00	4,600.00	0.00	0.00
20,179.80	7,653.94	4,406.02	631.07
32.59	0.00	0.00	0.00
133,267.92	101,363.40	219,552.27	223,478.40

GREATER OUACHITA WATER COMPANY
INTEREST EARNED ON INVESTMENTS
AUGUST 31, 2001

	YEAR ENDED AUGUST 31 2002	2001
	-----	-----
GENERAL FUND	0.00	0.00
REVENUE FUND	288.13	1,133.29
RESERVE FUND	3,833.25	12,843.76
RENEWALS, REPLACEMENTS & EXTENSIONS FUND	1,311.68	3,698.65
SINKING FUND	1,244.03	3,549.68
INTEREST FUND	963.84	3,091.71
SERIES 1994A FUND	0.00	0.00
SERIES 97A&B FUND	0.00	30.07
	-----	-----
TOTAL	7,640.93	24,347.16
	=====	=====

GREATER OUACHITA WATER COMPANY
COMPARATIVE STATISTICS

	AUGUST 31 2002	AUGUST 31 2001	AUGUST 31 2000	AUGUST 31 1999	AUGUST 31 1998
Total number of water customers at end of year	15,736	15,342	15,051	14,674	14,674
Average monthly consumption per water customer	7.3 M gal.	8.0 M gal.	8.0 M gal.	8.0 M gal.	8.0 M gal.
Average monthly bill per water customer	\$17.37	\$16.90	\$16.74	\$16.70	\$16.70
Total number of sewer customers at end of year	3,190	3,073	2,931	2,381	2,381
Average monthly bill per sewer customer	\$21.25	\$18.82	\$18.91	\$18.21	\$18.21

WEBB AND WEBB
CERTIFIED PUBLIC ACCOUNTANTS
801 STUBBS AVENUE
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LEONARD MARK WEBB, CPA
BARRY P. WEBB, SR., CPA

318/388-0627

We have audited the financial statements of Greater Ouachita Water Company as of August 31, 2002, and 2001, and have issued our report thereon, dated December 5, 2002.

We conducted our audit in accordance with general accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

Compliance with laws, regulations, contracts, and grants applicable to Greater Ouachita Water Company is the responsibility of Greater Ouachita Water Company's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Greater Ouachita Water Company's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

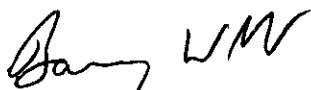
Material instances of noncompliance are failures to follow requirements, or violation of prohibitions, contained in laws, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from these failures or violations is material to the financial statements. The results of our tests of compliance disclosed the following instance of noncompliance that is not material to the financial statements.

The required copies of financial statements were not mailed to the Office of Legislative Auditor by the statutory completion date of February 28, 2003. These copies were completed by the CPA firm of Webb and Webb, before the due date and were inadvertently set aside and mailed late. Steps have been taken by the CPA firm of Webb and Webb to insure that all copies are mailed before any due date has past.

We considered this instance of noncompliance in forming our opinion on whether Greater Ouachita Water Company's 2002 and 2001 financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles and this report does not affect our report dated December 5, 2002, on those financial statements.

Except as described above, the results of our test of compliance indicated that, with respect to the items tested, Greater Ouachita Water Company complied, in all material respects, with the provisions referred to in the third paragraph of the report; and, with respect to items not tested, nothing came to our attention that caused us to believe that Greater Ouachita Water Company had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


Barry Webb

March 12, 2003

WEBB AND WEBB
CERTIFIED PUBLIC ACCOUNTANTS

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We have audited the financial statements of Greater Ouachita Water Company as of August 31, 2002, and 2001, and have issued our report thereon, dated December 5, 2002.

We conducted our audit in accordance with general accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

In planning and performing our audit of the financial statements of Greater Ouachita Water Company for the years ended August 31, 2002, and 2001, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Greater Ouachita Water Company is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but no absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitation in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report we have classified the significant internal control structure policies and procedures in the following categories:

1. Financial statement captions:
 - a. Plant & Equipment
 - b. Special Funds
 - c. Cash
 - d. Receivables
 - e. Other Assets
 - f. Debt
 - g. Payables & Accrued Liabilities
 - h. Surplus

2. Accounting applications:
 - a. Billings
 - b. Receivables
 - c. Cash Receipts

- d. Accounts Payable
 - e. Cash Disbursements
 - f. General Ledger
3. Cycles of the entity's activities
4. Controls used in administering compliance with laws and regulations:
- a. General Controls
 - b. Specific Controls

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


Barry Webb

December 5, 2002