

U-36836 ①
6-15-2023

ATTACHMENT A

RATE SCHEDULES AND REVENUE REQUIREMENT

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Schedule 1
Test Year

Test Year

Line No.		Audited 2022			Notes
		Actual	Adjustments	Test Year	
1	Operating Expenses				
2	Cost of Goods Sold	\$ 606,126	\$	606,126	
3	Advertising	966		966	
4	Auto Expense	89,567		89,567	
5	Bad Debt Expense	-		-	
6	Bank Charges	18,350		18,350	
7	Contractual Services	132,605		132,605	
8	Depreciation Expense	297,472	(297,472)	-	A
9	Donations	880	(880)	-	B
10	Dues and Subscriptions	5,010		5,010	
11	Equipment Rental	21,793		21,793	
12	Insurance Expense	109,372		109,372	
13	Miscellaneous	11,054		11,054	
14	Office Supplies	24,704		24,704	
15	Other Operating Expenses	16,935		16,935	
16	Repairs and Maintenance	113,489		113,489	
17	Payroll Expenses	972,703	194,758	1,167,461	C
18	Postage	12,617		12,617	
19	Taxes and Licenses	259,110	(15,843)	243,267	D
20	Utilities	6,529		6,529	
21	Interest Expense	610,565	(603,825)	6,740	E
22	Amortize Rate Case Expenses	-	70,000	70,000	F
23		\$ 3,309,847	\$ (653,261)	\$ 2,656,586	
24					
25	Total Operating Expenses	\$ 3,309,847	\$ (653,261)	\$ 2,656,586	
26					
27	Debt Service				
28	Principal	-	160,000	160,000	G
29	Interest	-	584,063	584,063	G
30		-	744,063	744,063	
31					
32	Cash Capital Outlay				
33		-	297,472	297,472	H
34	Management Fee				
35		-	300,000	300,000	I
36	Federal and State Income Taxes				
37		-	144,572	144,572	J
38	Gross Revenue Requirement	\$ 3,309,847	\$ 832,846	\$ 4,142,693	
39					

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Test Year

Line No.		Audited 2022			Test Year	Notes
		Actual	Adjustments			
40	Revenue					
41	Rate Revenue	\$ 3,397,156	\$ (3,397,156)	\$ -	-	K
42	Metered Revenue	\$ 3,397,156	\$ (3,397,156)	\$ -	-	
43						
44						
45	Other Revenue					
46	Late Payment Charges	\$ -	\$ -	\$ -	-	
47	Reconnect Charges	59,552		59,552		
48	LDH Fees	70,554	(70,554)	-	-	L
49	Tapping Fees	25,913		25,913		
50	Other/Misc Revenue	7,955		7,955		
51	NSF Fees	1,200		1,200		
52	Franchise Fees	58,753	(58,753)	-	-	L
53	Sales Tax	14,305	(14,305)	-	-	L
54	Contract Billing	42,598		42,598		
55	Interest Income	8,315		8,315		
56	Adjustment	(199,054)	199,054	-	-	M
57		\$ 90,091	\$ 55,442	\$ 145,533		
58						
59	Total Revenue	\$ 3,487,247	\$ (3,341,714)	\$ 145,533		
60						
61	2022: Net (Income)/Loss; Test Year: Net Revenue Requirement	\$ (177,400)	\$ 4,174,560	\$ 3,997,160		
62						
63	Net Revenues of the System			\$ 1,118,275	N, O	
64						
65	Debt Service			\$ 744,063	G	
66						
67	Debt Service Coverage Ratio			1.50		

Notes:

- A Depreciation expense was removed as a non-cash expense
- B Donations were removed just in case any were considered non-recoverable
- C Update payroll to reflect the current staff and 2023 pay
- D The adjustment removes the portion of this cost that is recovered directly from customers in a tax line-item on the bill
- E The majority of interest expense was moved to the debt service category in the test year, the amount remaining reflects interest paid on customer deposits
- F Amortization of estimated rate case expense, as shown on Schedule 3
- G Test Year debt service equals 2023 payment obligations on Series 2021 debt issue (see Schedule 5)
- H Cash capital outlay provides funding for renewals and replacements on the water system and is based on depreciation

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Test Year

Line No.		Audited 2022			Test Year	Notes
		Actual	Adjustments			
I	Proposed management fee					
J	Income taxes as developed on Schedule 4					
K	Rate revenue is removed from the test year because this is the amount the revenue requirement is intended to identify					
L	This revenue is from a separate line-item on customer bills and is not retained by Peoples of Bastrop					
M	Adjustment needed for 2022 revenues to align the audit					
N	As defined in the Series 2021 Trust Indenture, Net Revenues exclude depreciation and interest expense from O&M					
O	Assumes rate revenues equal the net revenue requirement					

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Schedule 2
Payroll

Payroll

Line No.		First Quarter Actual	Second Quarter Estimate	Third Quarter Estimate ¹	Fourth Quarter Estimate	Total
1	2023					
2	Gross Pay	\$ 257,104	\$ 257,104	\$ 269,959	\$ 269,959	\$ 1,054,125
3	Simple IRA	5,541	5,541	5,818	5,818	22,719
4	Federal Payroll Tax	19,997	19,997	20,997	20,997	81,988
5	State Payroll Tax	2,105	2,105	2,210	2,210	8,629
6		\$ 284,747	\$ 284,747	\$ 298,984	\$ 298,984	\$ 1,167,461

Notes:

- 1 Reflective of a 5% across-the-board pay increase

Estimated Rate Case Expense

Line No.		Overall Estimate
1	Rate Case Expenses	
2	NewGen (rate consultant)	\$ 85,000
3	Kean Miller (legal counsel)	265,000
4		<u>\$ 350,000</u>
5		
6	Amortization Period (years)	5
7		
8	Annualized Amount	\$ 70,000
9		

Federal and State Income Taxes

Line No.		Test Year
1	Revenue	
2	Rate Revenue ¹	\$ 3,997,160
3	Other Revenue	145,533
4		<u>\$ 4,142,693</u>
5	Less	
6	Cash Operating Expenses ²	\$ (2,656,586)
7	Interest on Debt	(584,063)
8	Tax Depreciation	<u>(365,100)</u>
9		<u>\$ (3,605,748)</u>
10		
11	Taxable Income	<u>\$ 536,945</u>
12		
13	Tax Rates	
14	Federal	21.0%
15	State	7.5%
16	Combined	26.9%
17		
18	Income Tax	\$ 144,572

Notes:

- 1 Assuming rate revenues equal test year revenue requirement
- 2 Excluding interest on debt

Existing Debt Service

Line No.	Period Ending	Series 2021 Debt Issue		
		Principal	Interest	Debt Service
1	06/15/2022	\$ 100,000	\$ 589,313	\$ 689,313
2	06/15/2023	160,000	584,063	744,063
3	06/15/2024	165,000	575,663	740,663
4	06/15/2025	175,000	567,000	742,000
5	06/15/2026	185,000	557,813	742,813
6	06/15/2027	195,000	548,100	743,100
7	06/15/2028	205,000	537,863	742,863
8	06/15/2029	215,000	527,100	742,100
9	06/15/2030	225,000	515,813	740,813
10	06/15/2031	235,000	504,000	739,000
11	06/15/2032	250,000	491,663	741,663
12	06/15/2033	265,000	478,538	743,538
13	06/15/2034	275,000	464,625	739,625
14	06/15/2035	290,000	449,156	739,156
15	06/15/2036	310,000	432,844	742,844
16	06/15/2037	325,000	415,406	740,406
17	06/15/2038	345,000	397,125	742,125
18	06/15/2039	365,000	377,719	742,719
19	06/15/2040	385,000	357,188	742,188
20	06/15/2041	405,000	335,531	740,531
21	06/15/2042	430,000	312,750	742,750
22	06/15/2043	455,000	288,563	743,563
23	06/15/2044	480,000	262,969	742,969
24	06/15/2045	505,000	235,969	740,969
25	06/15/2046	535,000	207,563	742,563
26	06/15/2047	565,000	177,469	742,469
27	06/15/2048	595,000	145,688	740,688
28	06/15/2049	630,000	112,219	742,219
29	06/15/2050	665,000	76,781	741,781
30	06/15/2051	700,000	39,375	739,375
31		\$ 10,635,000	\$ 11,565,863	\$ 22,200,863

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Proof of Revenue

Line No.	Rate Code	Inside/Outside City Limits	Franchise Tax	Fee	Volume Included in Block 1	Customer Count ¹	2022 Billing Data Annual Volume (Gallons)	
							Block 1	Block 2
1	Water Service							
2	0001 Domestic	Inside	No	Yes	2,000	3,613	72,825,700	120,334,200
3	0002 Domestic	Outside	No	Yes	2,000	1,649	35,112,600	64,327,700
4	0003 Commercial	Inside	Yes	Yes	2,000	515	7,401,400	37,471,900
5	0004 Commercial OP1	Inside	Yes	Yes	100,000	5	4,512,600	3,282,800
6	0005 Commercial OP2	Inside	Yes	Yes	50,000	1	600,000	482,200
7	0006 Commercial OP3	Inside	Yes	Yes	25,000	4	632,600	1,023,000
8	0007 Commercial	Outside	Yes	Yes	2,000	74	1,120,000	20,865,400
9	0013 Industrial OP2	Inside	Yes	No	50,000	1	600,000	24,726,200
10	0016 Industrial OP1	Outside	Yes	Yes	100,000	1	1,200,800	52,465,800
11	0019 Schools & Government	Inside	No	No	2,000	77	1,194,800	29,683,700
12	0021 Schools & Government OP2	Inside	No	No	50,000	1	21,000	-
13	0023 Schools & Government	Outside	No	No	2,000	6	119,000	2,344,600
14	0026 Schools & Government OP3	Outside	No	No	25,000	1	-	-
15	0061 Domestic MultiMin	Inside	No	Yes	2,000	398	7,951,800	5,478,400
16	0062 Domestic MultiMin	Outside	No	Yes	2,000	24	512,600	659,200
17						6,370	133,804,900	363,145,100

Hydrants and Fire Suppression

19	0054 Municipal Hydrants Inside City					1	-	-
20	0055 Company Owned Private Hydrants					13	-	-
21	0056 Individual Owned Private Hydrants					4	-	-
22	0057 Temporary Fire Hydrant Meter					1	25,000	3,400
23	0042 Two Inch Sprinklers					4	29,000	-
24	0044 Four Inch Sprinklers					9	-	-
25	0046 Six Inch Sprinklers					25	-	-
26	0048 Eight Inch Sprinklers					6	129,600	-
27								
28								
29								
30								

Notes:

- 1 For MultiMin accounts, the count is the number of units billed, rather than the number of physical connections

Proof of Revenue

Line No.	Rate Code	2022 Rates				2022 Revenue					Grand Total		
		Monthly Fixed Charge	Volumetric (per 1,000 gallons)		Block 1	Block 2	Fixed Charge	Volumetric		Total		Franchise	
			Block 1	Block 2				Charge	Rate			Tax	Fee
1	Water Service												
2	0001	Domestic	\$ 22.80	\$ -	\$ 4.23	\$ 988,517	\$ 509,014	\$ 1,497,530	\$ -	\$ 29,951	\$ 1,527,481		
3	0002	Domestic	\$ 22.80	\$ -	\$ 4.23	451,166	272,106	723,273	-	14,465	737,738		
4	0003	Commercial	\$ 22.80	\$ -	\$ 4.23	140,904	158,506	299,410	5,988	5,988	311,387		
5	0004	Commercial OP1	\$ 366.00	\$ -	\$ 4.23	21,960	13,886	35,846	717	717	37,280		
6	0005	Commercial OP2	\$ 210.00	\$ -	\$ 4.23	2,520	2,040	4,560	91	91	4,742		
7	0006	Commercial OP3	\$ 126.00	\$ -	\$ 4.23	6,048	4,327	10,375	208	208	10,790		
8	0007	Commercial	\$ 22.80	\$ -	\$ 4.23	20,246	88,261	108,507	2,170	2,170	112,847		
9	0013	Industrial OP2	\$ 210.00	\$ -	\$ 4.23	2,520	104,592	107,112	2,142	-	109,254		
10	0016	Industrial OP1	\$ 366.00	\$ -	\$ 4.23	4,392	221,930	226,322	4,526	4,526	235,375		
11	0019	Schools & Government	\$ 22.80	\$ -	\$ 4.23	21,067	125,562	146,629	-	-	146,629		
12	0021	Schools & Government OP2	\$ 210.00	\$ -	\$ 4.23	2,520	-	2,520	-	-	2,520		
13	0023	Schools & Government	\$ 22.80	\$ -	\$ 4.23	1,642	9,918	11,559	-	-	11,559		
14	0026	Schools & Government OP3	\$ 126.00	\$ -	\$ 4.23	1,512	-	1,512	-	-	1,512		
15	0061	Domestic MultiMin	\$ 22.80	\$ -	\$ 4.23	108,893	23,174	132,066	-	2,641	134,708		
16	0062	Domestic MultiMin	\$ 22.80	\$ -	\$ 4.23	6,566	2,788	9,355	-	187	9,542		
17						\$ 1,780,474	\$ 1,536,104	\$ 3,316,577	\$ 15,843	\$ 60,945	\$ 3,393,365		
18													
19	Hydrants and Fire Suppression												
20	0054	Municipal Hydrants Inside City	\$ 1,785.74	\$ -	\$ -	\$ 21,429	\$ -	\$ 21,429	\$ -	\$ -	\$ 21,429		
21	0055	Company Owned Private Hydra	\$ 43.50	\$ -	\$ -	6,786	-	6,786	-	-	6,786		
22	0056	Individual Owned Private Hydra	\$ 9.11	\$ -	\$ -	437	-	437	-	-	437		
23	0057	Temporary Fire Hydrant Meter	\$ 126.00	\$ -	\$ 4.23	1,512	14	1,526	-	-	1,526		
24	0042	Two Inch Sprinklers	\$ 30.00	\$ -	\$ -	1,440	-	1,440	-	-	1,440		
25	0044	Four Inch Sprinklers	\$ 69.00	\$ -	\$ -	7,452	-	7,452	-	-	7,452		
26	0046	Six Inch Sprinklers	\$ 105.00	\$ -	\$ -	31,500	-	31,500	-	-	31,500		
27	0048	Eight Inch Sprinklers	\$ 139.00	\$ -	\$ -	10,008	-	10,008	-	-	10,008		
28						\$ 80,564	\$ 14	\$ 80,579	\$ -	\$ -	\$ 80,579		
29													
30						\$ 1,861,038	\$ 1,536,118	\$ 3,397,156	\$ 15,843	\$ 60,945	\$ 3,473,943		

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Proposed Billing Data (No Optional Rates)

Line No.	Rate Code	Inside/Outside	City Limits	Tax	Franchise Fee	Volume Included	2022 Billing Data		
							Customer Count ¹	Block 1	Block 2
1	Water Service								
2	0001 Domestic	Inside	No	Yes	Yes	2,000	3,613	72,825,700	120,334,200
3	0002 Domestic	Outside	No	Yes	Yes	2,000	1,649	35,112,600	64,327,700
4	0003 Commercial	Inside	Yes	Yes	Yes	2,000	515	7,401,400	37,471,900
5	0004 Commercial OP1	Inside	Yes	Yes	Yes	2,000	5	97,800	7,697,600
6	0005 Commercial OP2	Inside	Yes	Yes	Yes	2,000	1	24,000	1,058,200
7	0006 Commercial OP3	Inside	Yes	Yes	Yes	2,000	4	72,000	1,583,600
8	0007 Commercial	Outside	Yes	Yes	Yes	2,000	74	1,120,000	20,865,400
9	0013 Industrial OP2	Inside	Yes	No	No	2,000	1	24,000	25,302,200
10	0016 Industrial OP1	Outside	Yes	Yes	Yes	2,000	1	24,800	53,641,800
11	0019 Schools & Government	Inside	No	No	No	2,000	77	1,194,800	29,683,700
12	0021 Schools & Government OP2	Inside	No	No	No	2,000	1	18,200	2,800
13	0023 Schools & Government	Outside	No	No	No	2,000	6	119,000	2,344,600
14	0026 Schools & Government OP3	Outside	No	No	No	2,000	1	-	-
15	0061 Domestic MultiMin	Inside	No	Yes	Yes	2,000	398	7,951,800	5,478,400
16	0062 Domestic MultiMin	Outside	No	Yes	Yes	2,000	24	512,600	659,200
17							6,370	126,498,700	370,451,300
18									
19	Hydrants and Fire Suppression								
20	0054 Municipal Hydrants Inside City						1	-	-
21	0055 Company Owned Private Hydrants						13	-	-
22	0056 Individual Owned Private Hydrants						4	-	-
23	0057 Temporary Fire Hydrant Meter						1	2,000	26,400
24	0042 Two Inch Sprinklers						4	29,000	-
25	0044 Four Inch Sprinklers						9	-	-
26	0046 Six Inch Sprinklers						25	-	-
27	0048 Eight Inch Sprinklers						6	129,600	-
28									
29									
30									

Notes:

- For MultiMin accounts, the count is the number of units billed, rather than the number of physical connections

Proposed Billing Data (No Optional R):

Line No.	Rate Code	2022 Rates				2022 Revenue					Grand Total			
		Monthly Fixed Charge	Volumetric (per 1,000 gallons)		Block 1	Block 2	Fixed Charge	Volumetric Charge	Total	Rate Revenue		Tax	Franchise Fee	
1	Water Service													
2	0001 Domestic	\$ 22.80	\$ -	\$ -	\$ 4.23	\$ 988,517	\$ 509,014	\$ 1,497,530	\$ -	\$ 29,951	\$ 1,527,481			
3	0002 Domestic	\$ 22.80	\$ -	\$ -	\$ 4.23	451,166	272,106	723,273	-	14,465	737,738			
4	0003 Commercial	\$ 22.80	\$ -	\$ -	\$ 4.23	140,904	158,506	299,410	5,988	5,988	311,387			
5	0004 Commercial OP1	\$ 22.80	\$ -	\$ -	\$ 4.23	1,368	32,561	33,929	679	679	35,286			
6	0005 Commercial OP2	\$ 22.80	\$ -	\$ -	\$ 4.23	274	4,476	4,750	95	95	4,940			
7	0006 Commercial OP3	\$ 22.80	\$ -	\$ -	\$ 4.23	1,094	6,699	7,793	156	156	8,105			
8	0007 Commercial	\$ 22.80	\$ -	\$ -	\$ 4.23	20,246	88,261	108,507	2,170	2,170	112,847			
9	0013 Industrial OP2	\$ 22.80	\$ -	\$ -	\$ 4.23	274	107,028	107,302	2,146	-	109,448			
10	0016 Industrial OP1	\$ 22.80	\$ -	\$ -	\$ 4.23	274	226,905	227,178	4,544	4,544	236,266			
11	0019 Schools & Government	\$ 22.80	\$ -	\$ -	\$ 4.23	21,067	125,562	146,629	-	-	146,629			
12	0021 Schools & Government OP2	\$ 22.80	\$ -	\$ -	\$ 4.23	274	12	285	-	-	285			
13	0023 Schools & Government	\$ 22.80	\$ -	\$ -	\$ 4.23	1,642	9,918	11,559	-	-	11,559			
14	0026 Schools & Government OP3	\$ 22.80	\$ -	\$ -	\$ 4.23	274	-	274	-	-	274			
15	0061 Domestic MultiMin	\$ 22.80	\$ -	\$ -	\$ 4.23	108,893	23,174	132,066	-	2,641	134,708			
16	0062 Domestic MultiMin	\$ 22.80	\$ -	\$ -	\$ 4.23	6,566	2,788	9,355	-	187	9,542			
17						\$ 1,742,832	\$ 1,567,009	\$ 3,309,841	\$ 15,777	\$ 60,876	\$ 3,386,494			
18														
19	Hydrants and Fire Suppression													
20	0054 Municipal Hydrants Inside City	\$ 1,785.74	\$ -	\$ -	\$ -	\$ 21,429	\$ -	\$ 21,429	\$ -	\$ -	\$ 21,429			
21	0055 Company Owned Private Hydra	\$ 43.50	\$ -	\$ -	\$ -	6,786	-	6,786	-	-	6,786			
22	0056 Individual Owned Private Hydra	\$ 9.11	\$ -	\$ -	\$ -	437	-	437	-	-	437			
23	0057 Temporary Fire Hydrant Meter	\$ 22.80	\$ -	\$ -	\$ 4.23	274	112	385	-	-	385			
24	0042 Two Inch Sprinklers	\$ 30.00	\$ -	\$ -	\$ -	1,440	-	1,440	-	-	1,440			
25	0044 Four Inch Sprinklers	\$ 69.00	\$ -	\$ -	\$ -	7,452	-	7,452	-	-	7,452			
26	0046 Six Inch Sprinklers	\$ 105.00	\$ -	\$ -	\$ -	31,500	-	31,500	-	-	31,500			
27	0048 Eight Inch Sprinklers	\$ 139.00	\$ -	\$ -	\$ -	10,008	-	10,008	-	-	10,008			
28						\$ 79,326	\$ 112	\$ 79,437	\$ -	\$ -	\$ 79,437			
29														
30						\$ 1,822,158	\$ 1,567,121	\$ 3,389,278	\$ 15,777	\$ 60,876	\$ 3,465,932			

Proposed Rate

Line No.		Current Rate/Billing Structure	Proposed Rate/Billing Structure
1	Net Revenue Requirement		\$ 3,997,160
2			
3	Fixed Charge (\$ per month)		
4	Regular	\$ 22.80	\$ 25.00
5	Option 1	\$ 366.00	\$ 25.00
6	Option 2	\$ 210.00	\$ 25.00
7	Option 3	\$ 126.00	\$ 25.00
8			
9	Hydrants and Fire Suppression		
10	0054 Municipal Hydrants Inside City	\$ 1,785.74	\$ 1,785.74
11	0055 Company Owned Private Hydrants	\$ 43.50	\$ 43.50
12	0056 Individual Owned Private Hydrants	\$ 9.11	\$ 9.11
13	0057 Temporary Fire Hydrant Meter	\$ 126.00	\$ 25.00
14	0042 Two Inch Sprinklers	\$ 30.00	\$ 30.00
15	0044 Four Inch Sprinklers	\$ 69.00	\$ 69.00
16	0046 Six Inch Sprinklers	\$ 105.00	\$ 105.00
17	0048 Eight Inch Sprinklers	\$ 139.00	\$ 139.00
18			
19	Volume of Water Included with Monthly Fixed Charge		
20	Regular	2,000	2,000
21	Option 1	100,000	2,000
22	Option 2	50,000	2,000
23	Option 3	25,000	2,000
24			
25	Volumetric Rate (\$ per 1,000 gallons)	\$ 4.23	\$ 5.42
26			
27	Customer Count ¹		
28	Regular	6,356	6,370
29	Option 1	6	-
30	Option 2	3	-
31	Option 3	5	-
32			
33	Hydrants and Fire Suppression		
34	0054 Municipal Hydrants Inside City	1	1
35	0055 Company Owned Private Hydrants	13	13
36	0056 Individual Owned Private Hydrants	4	4
37	0057 Temporary Fire Hydrant Meter	1	1
38	0042 Two Inch Sprinklers	4	4
39	0044 Four Inch Sprinklers	9	9

Proposed Rate

Line No.		Current Rate/Billing Structure	Proposed Rate/Billing Structure
40	0046 Six Inch Sprinklers	25	25
41	0048 Eight Inch Sprinklers	6	6
42			
43	Annual Billed Volume (gallons) ²	363,148,500	370,477,700
44			
45	Annual Revenue		
46	Fixed Charge	\$ 1,861,038	\$ 1,990,352
47	Volumetric Charge	1,536,118	2,007,989
48		\$ 3,397,156	\$ 3,998,341
49			
50	Over/(Under) Recovery		\$ 1,181
51			
52	Future Debt Issue (estimated)		
53	Principal	\$ 5,700,000	
54	Interest Rate	2.45%	
55	Term (years)	20	
56			
57	Annual Debt Service ³	\$ 362,213	
58			
59	Monthly Pass-Through per Customer	\$ 4.74	
60			
61	Debt Service Coverage After Future Debt Issued		
62	Net Revenues of the System	\$ 1,481,669	
63			
64	Debt Service	\$ 1,106,275	
65			
66	Debt Service Coverage Ratio	1.34	

Notes:

1. For MultiMin accounts, the count is the number of units billed, rather than the number of physical connections
2. Volume in excess of the water included in the fixed charge
3. Assumes level, semi-annual payments

Peoples of Bastrop, LLC
Water Cost of Service and Rate Design

Sample Bill Impact

Sample Bill Impact										
		Current Rates				Proposed Rates				
Line No.	Estimated Monthly Consumption	Consumption Included in Fixed Charge	Fixed Charge	Volumetric Charge	Total	Consumption Included in Fixed Charge	Fixed Charge	Volumetric Charge	Total	Increase %
1	Initial Rate									
2	Domestic ¹	5,000	2,000 \$	12.69 \$	35.49	2,000	\$ 25.00	\$ 16.26	\$ 41.26	\$ 5.77 16.3%
3	Commercial ²	12,400	2,000 \$	22.80 \$	66.79	2,000	\$ 25.00	\$ 56.37	\$ 81.37	\$ 14.58 21.8%
4	Option 1	853,600	100,000 \$	366.00 \$	3,553.73	2,000	\$ 25.00	\$ 4,615.67	\$ 4,640.67	\$ 1,086.94 30.6%
5	Option 2	734,200	50,000 \$	210.00 \$	2,894.17	2,000	\$ 25.00	\$ 3,968.52	\$ 3,993.52	\$ 889.36 28.7%
6	Option 3	27,600	25,000 \$	126.00 \$	11.00 \$	2,000	\$ 25.00	\$ 138.75	\$ 163.75	\$ 26.75 19.5%
7										
8	After Pass-Through of Future Debt Issue (estimated)									
9	Domestic ¹	5,000	2,000 \$	22.80 \$	35.49	2,000	\$ 29.74	\$ 16.26	\$ 46.00	\$ 10.51 29.6%
10	Commercial ²	12,400	2,000 \$	22.80 \$	66.79	2,000	\$ 29.74	\$ 56.37	\$ 86.11	\$ 19.32 28.9%
11	Option 1	853,600	100,000 \$	366.00 \$	3,553.73	2,000	\$ 29.74	\$ 4,615.67	\$ 4,645.41	\$ 1,091.68 30.7%
12	Option 2	734,200	50,000 \$	210.00 \$	2,894.17	2,000	\$ 29.74	\$ 3,968.52	\$ 3,998.26	\$ 894.10 28.8%
13	Option 3	27,600	25,000 \$	126.00 \$	11.00 \$	2,000	\$ 29.74	\$ 138.75	\$ 168.49	\$ 31.49 23.0%

Notes:

1 Residential customers averaged approximately 4,500 gallons per month in 2022

2 Industrial, Schools and Government (that are not on the optional rates) are included as Commercial

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ATTACHMENT B.1

POB AUDITED FINANCIALS – FY 2021

PEOPLES OF BASTROP, LLC
(A PARTNERSHIP)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2021

PEOPLES OF BASTROP, LLC
(A PARTNERSHIP)
DECEMBER 31, 2021

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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3007 Armand Street
Monroe, Louisiana 71201
Telephone (318) 322-5156
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INDEPENDENT AUDITORS' REPORT

To the Partners
Peoples of Bastrop, LLC
Bastrop, Louisiana

Opinion

We have audited the accompanying financial statements of Peoples of Bastrop, LLC (a partnership), which comprise the balance sheet as of December 31, 2021, and the related statements of income, changes in partners' equity, 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 Peoples of Bastrop, LLC as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peoples of Bastrop, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peoples of Bastrop, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by 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 Peoples of Bastrop, LLC'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 Peoples of Bastrop, LLC'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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
June 30, 2022

PEOPLES OF BASTROP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021

ASSETS

	<u>2021</u>
<u>CURRENT ASSETS</u>	
Cash	\$ 1,416,853
Accounts Receivable, Net	169,766
Prepaid Expenses	63,146
Restricted Cash	<u>792,269</u>
<u>TOTAL CURRENT ASSETS</u>	<u>2,442,034</u>
<u>FIXED ASSETS</u>	
Depreciable Assets, Net	8,264,684
Land	<u>150,000</u>
<u>TOTAL FIXED ASSETS</u>	<u>8,414,684</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,856,718</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2021

LIABILITIES AND PARTNERS' EQUITY

<u>CURRENT LIABILITIES</u>	2021
Accounts Payable	\$ 161,022
Accrued Interest	24,455
Current Portion of Bonds Payable	100,000
<u>TOTAL CURRENT LIABILITIES</u>	<u>285,477</u>
<u>WATER DEPOSITS PAYABLE</u>	<u>294,096</u>
<u>NON-CURRENT LIABILITIES</u>	
Bonds Payable	9,825,441
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>9,825,441</u>
<u>TOTAL LIABILITIES</u>	<u>10,405,014</u>
<u>PARTNERS' EQUITY</u>	
Partners' Equity	451,704
<u>TOTAL PARTNERS' EQUITY</u>	<u>451,704</u>
<u>TOTAL LIABILITIES AND PARTNERS' EQUITY</u>	<u>\$ 10,856,718</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenues	<u>\$ 2,056,437</u>
Total Revenues	2,056,437
Cost of Goods Sold	<u>199,519</u>
Gross Profit	<u>1,856,918</u>
Operating Expenses	
Advertising	1,035
Auto Expense	18,515
Bad Debt Expense	-
Bank Charges	6,160
Contractual Services	280,034
Depreciation Expense	126,964
Donations	50
Dues and Subscriptions	3,609
Equipment Rental	36,137
Insurance Expense	88,882
Miscellaneous	5,020
Office Supplies	12,049
Other Operating Expenses	2,606
Repairs and Maintenance	28,582
Payroll Expenses	412,336
Postage	8,070
Taxes and Licenses	32,734
Utilities	6,802
Total Operating Expenses	<u>1,069,585</u>
Operating Income	<u>787,333</u>
Non-Operating Revenue (Expenses)	
Interest Income	25
Interest Expense	<u>(335,654)</u>
Total Non-Operating Revenue (Expenses)	<u>(335,629)</u>
Net Income	<u>\$ 451,704</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF CHANGES IN PARTNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Partners Equity
Balances at December 31, 2020	\$ -
Partner Contributions	-
Partners Distributions	-
Plus Net Income	<u>451,704</u>
Balances at December 31, 2021	<u><u>\$ 451,704</u></u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Net Income (Loss)	\$ 451,704
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:	
Depreciation	126,964
Amortization	13,378
(Increase) Decrease in:	
Accounts Receivable	(169,766)
Prepaid Expenses	(63,146)
Increase (Decrease) In:	
Accounts Payable	161,022
Accrued Interest	24,455
Customer Deposits	<u>294,096</u>
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>838,707</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Fixed Assets	<u>(8,541,648)</u>
 <u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	 <u>\$ (8,541,648)</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Proceeds from Bond Issue	\$ 10,635,000
Payment of Bond Issuance Costs	(279,987)
Discount on Bond Issue	<u>(442,950)</u>
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>9,912,063</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>2,209,122</u>
<u>CASH AND RESTRICTED CASH AT BEGINNING OF YEAR</u>	<u>-</u>
<u>CASH AND RESTRICTED CASH AT END OF YEAR</u>	<u>\$ 2,209,122</u>
<u>Reconciliation of Cash and Restricted Cash</u>	
Cash	\$ 1,416,853
Restricted Cash for Debt Service	<u>792,269</u>
Total Cash and Restricted Cash	<u>\$ 2,209,122</u>
 Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for Interest	\$ 297,821
Cash Paid During the Year for Income Taxes	\$ -

See Independent Auditors' Report and accompanying notes.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1: ORGANIZATION:

Peoples of Bastrop, LLC, (the Company) Bastrop, Louisiana (serving approximately 6,100 customers) was formed by the Laws of Mississippi by a currently owned and operated company on August 20, 2020, and is authorized to do business in Louisiana, to provide water and wastewater services and to install and perform contract repair work for water lines in North Louisiana in Morehouse Parish and, as such, is ultimately under the supervision of Jeff McNew, managing member.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

B. Property and Equipment

Fixed assets of the Company are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight line method and amounted to \$126,964 for the year ended December 31, 2021. The estimated useful lives of the assets are as follows:

Vehicles and Equipment	3 - 7 Years
Office Furniture and Equipment	4 - 10 Years
Water Line and Treatment Plants	25 - 39 Years

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Advertising

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

D. Revenue Recognition

The Company distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The Company also recognizes as operating revenues the fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Notes and Accounts Receivable

Receivables are primarily composed of amounts due from customers located within the Company.

An allowance for uncollectible amounts in the amount of \$- has been provided. Management believes that accounts receivable are substantially collectible and requires customers to provide meter deposits.

F. Income Taxes

No income tax provision has been included in the financial statements since income or loss of the partnership is required to be reported by the respective partners on their income tax returns.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Estimates

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

G. Cash Flow Information

The Company considers all short-term investments with a maturity of three months or less to be cash equivalents.

H. Restricted Cash

Restricted cash consists of amounts deposited in Regions Bank, with a balance of \$792,269, held in money market funds. These funds are restricted for debt service payments.

I. Deferred Fees and Amortization

Deferred loan fees totaling \$722,938 related to the bonds payable were capitalized and are amortized over the life of the loan. Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan. Accumulated amortization totals \$13,378 as of December 31, 2021.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 3: RELATED PARTY TRANSACTIONS:

Water line improvements were made by TAC Agency, Inc., related to the partners of Peoples of Bastrop, LLC. Water line improvements paid to TAC Agency Inc. during the year ended December 31, 2021 were \$11,500. TAC Agency, Inc. is also reimbursed for other operating expenses. During 2021, TAC Agency, Inc. was reimbursed \$80,111 for other operating expenses. At December 31, 2021 \$-0- was due and payable to TAC Agency, Inc.

NOTE 4: FINANCIAL INSTRUMENT DISCLOSURE:

The Company has checking accounts at a local financial institution. The accounts, in total, are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year the cash balances exceeded the FDIC limit, and these excess balances were uninsured.

NOTE 5: LONG-TERM LIABILITIES:

Taxable revenue and refunding L & R Utilities, Inc.: The Whitney Bank and Trust Company is the paying agent for these bonds. The revenue bond required restrictions shown in Note I is explained below:

1. Title of issue: People of Bastrop, LLC, Series 2021
2. Original date of issue: 6/15/2021
3. Maturity date of issue: 6/15/2051
4. Annual interest rate: 5.25%
5. Principal amount of original issue: \$10,635,000
6. Principal amount retired during year: \$0
7. Principal amount outstanding at December 31, 2021: \$10,635,000
8. Interest payment dates: June 15 and December 15
9. Cash held for payment of unrepresented bonds (cash balance at December 31, 2021): \$792,269
10. Total interest paid during year: \$294,656
11. Matured bonds unredeemed at December 31, 2021: N/A
12. Total amount of fiscal agent fees paid by the Company during the year: \$5,416

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 5: LONG-TERM LIABILITIES: (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2021, are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2022	100,000	586,688	10,535,000
2023	160,000	582,862	10,375,000
2024	165,000	571,331	10,210,000
2025	175,000	562,406	10,035,000
2026	185,000	552,956	9,850,000
Thereafter	<u>9,850,000</u>	<u>8,414,963</u>	<u>-0-</u>
	<u>10,635,000</u>	<u>11,271,206</u>	

As of December 31, 2021, long-term debt consists of the following: Maturities value of each Bond term coupon:

<u>Year Ended December 31</u>	
2026	785,000
2031	1,075,000
2036	1,390,000
2041	1,825,000
2046	2,405,000

Debt issuance costs, net of accumulated amortization, totaled \$709,560 as of December 31, 2021 are primarily related to the bonds payable. Amortization of debt issuance costs on the above loan is being amortized using an imputed interest rate of .22%.

The fair value of the bond payable is estimated based on the current rates offered to the Company for debt of the same remaining maturities. At December 31, 2021, the fair value of the bond payable approximates the amounts recorded in the financial statements.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

NOTE 6: FIXED ASSETS:

	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Balance</u> <u>After</u> <u>Additions</u>	<u>Prior</u> <u>Accum</u> <u>Deprec</u>	<u>Current</u> <u>Deprec</u>	<u>Total</u> <u>Accum</u> <u>Depr</u>	<u>Balance</u> <u>12/31/2021</u>
Waterline Improvements	-0-	8,274,848	8,274,848	-0-	123,769	123,769	8,151,079
Machinery & Equipment	-0-	80,428	80,428	-0-	164	164	80,264
Vehicles	-0-	36,372	36,372	-0-	3,031	3,031	33,341
Land	-0-	150,000	150,000	-0-	-0-	-0-	150,000
<u>Total</u>	<u>-0-</u>	<u>8,541,648</u>	<u>8,541,648</u>	<u>-0-</u>	<u>126,964</u>	<u>126,964</u>	<u>8,414,684</u>

NOTE 7: RISK MANAGEMENT:

The Company is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets. The Company has liability insurance through Thomas & Farr Insurance and Arthur J Gallagher.

NOTE 8: 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 June 30, 2022 the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

ATTACHMENT B.2

POB AUDITED FINANCIALS – FY 2022

PEOPLES OF BASTROP, LLC

(A PARTNERSHIP)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

PEOPLES OF BASTROP, LLC
(A PARTNERSHIP)
DECEMBER 31, 2022

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.

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INDEPENDENT AUDITORS' REPORT

To the Partners
Peoples of Bastrop, LLC
Bastrop, Louisiana

Opinion

We have audited the accompanying financial statements of Peoples of Bastrop, LLC (a partnership), which comprise the balance sheet as of December 31, 2022, and the related statements of income, changes in partners' equity, 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 Peoples of Bastrop, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Peoples of Bastrop, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design,

implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Peoples of Bastrop, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by 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 Peoples of Bastrop, LLC'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 Peoples of Bastrop, LLC'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.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
June 5, 2023

PEOPLES OF BASTROP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022

ASSETS

	<u>2022</u>
<u>CURRENT ASSETS</u>	
Cash	\$ 1,465,731
Accounts Receivable, Net	178,166
Prepaid Expenses	32,087
Restricted Cash	<u>835,716</u>
<u>TOTAL CURRENT ASSETS</u>	<u>2,511,700</u>
<u>FIXED ASSETS</u>	
Depreciable Assets, Net	8,173,508
Land	<u>150,000</u>
<u>TOTAL FIXED ASSETS</u>	<u>8,323,508</u>
<u>TOTAL ASSETS</u>	<u>\$ 10,835,208</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2022

LIABILITIES AND PARTNERS' EQUITY

<u>CURRENT LIABILITIES</u>	2022
Accounts Payable	\$ 29,420
Accrued Interest	24,335
Current Portion of Bonds Payable	160,000
<u>TOTAL CURRENT LIABILITIES</u>	<u>213,755</u>
<u>WATER DEPOSITS PAYABLE</u>	<u>302,810</u>
<u>NON-CURRENT LIABILITIES</u>	
Bonds Payable	9,689,539
<u>TOTAL NON-CURRENT LIABILITIES</u>	<u>9,689,539</u>
<u>TOTAL LIABILITIES</u>	<u>10,206,104</u>
<u>PARTNERS' EQUITY</u>	
Partners' Equity	629,104
<u>TOTAL PARTNERS' EQUITY</u>	<u>629,104</u>
<u>TOTAL LIABILITIES AND PARTNERS' EQUITY</u>	<u>\$ 10,835,208</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

Revenues	<u>\$ 3,478,932</u>
Total Revenues	3,478,932
Cost of Goods Sold	<u>606,126</u>
Gross Profit	<u>2,872,806</u>
Operating Expenses	
Advertising	966
Auto Expense	89,567
Bad Debt Expense	-
Bank Charges	18,350
Contractual Services	132,605
Depreciation Expense	297,472
Donations	880
Dues and Subscriptions	5,010
Equipment Rental	21,793
Insurance Expense	109,372
Miscellaneous	11,054
Office Supplies	24,704
Other Operating Expenses	16,935
Repairs and Maintenance	113,489
Payroll Expenses	972,703
Postage	12,617
Taxes and Licenses	259,110
Utilities	6,529
Total Operating Expenses	<u>2,093,156</u>
Operating Income	<u>779,650</u>
Non-Operating Revenue (Expenses)	
Interest Income	8,315
Interest Expense	<u>(610,565)</u>
Total Non-Operating Revenue (Expenses)	<u>(602,250)</u>
Net Income	<u><u>\$ 177,400</u></u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF CHANGES IN PARTNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

	Partners Equity
Balances at December 31, 2021	<u>451,704</u>
Partner Contributions	-
Partners Distributions	-
Plus Net Income	<u>177,400</u>
Balances at December 31, 2022	<u><u>\$ 629,104</u></u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Net Income (Loss)	\$ 177,400
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:	
Depreciation	297,472
Amortization	24,098
(Increase) Decrease In:	
Accounts Receivable	(8,400)
Prepaid Expenses	31,059
Increase (Decrease) in:	
Accounts Payable	(131,601)
Accrued Interest	(120)
Customer Deposits	8,714
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	<u>398,622</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Purchase of Fixed Assets	<u>(206,297)</u>
 <u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	 <u>\$ (206,297)</u>

See Independent Auditors' Report and accompanying notes.

PEOPLES OF BASTROP, LLC
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>2022</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Proceeds from Bond Issue	\$ -
Payment of Bond Issuance Costs	(100,000)
Discount on Bond Issue	-
	<u>-</u>
<u>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</u>	<u>(100,000)</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	<u>92,325</u>
<u>CASH AND RESTRICTED CASH AT BEGINNING OF YEAR</u>	<u>2,209,122</u>
<u>CASH AND RESTRICTED CASH AT END OF YEAR</u>	<u>\$ 2,301,447</u>
<u>Reconciliation of Cash and Restricted Cash</u>	
Cash	\$ 1,465,731
Restricted Cash for Debt Service	835,716
Total Cash and Restricted Cash	<u>\$ 2,301,447</u>
 Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for Interest	\$ 586,587
Cash Paid During the Year for Income Taxes	\$ -

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1: ORGANIZATION:

Peoples of Bastrop, LLC, (the Company) Bastrop, Louisiana (serving approximately 6,100 customers) was formed by the Laws of Mississippi by a currently owned and operated company on August 20, 2020, and is authorized to do business in Louisiana, to provide water and wastewater services and to install and perform contract repair work for water lines in North Louisiana in Morehouse Parish and, as such, is ultimately under the supervision of Jeff McNew, managing member.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

A. Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

B. Property and Equipment

Fixed assets of the Company are valued at historical cost and are included on the balance sheet of the fund, net of accumulated depreciation. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight line method and amounted to \$297,472 for the year ended December 31, 2022. The estimated useful lives of the assets are as follows:

Vehicles and Equipment	3 - 7 Years
Office Furniture and Equipment	4 - 10 Years
Water Line and Treatment Plants	25 - 39 Years

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

C. Advertising

The Company expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2022 were immaterial.

D. Revenue Recognition

The Company distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The Company also recognizes as operating revenues the fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Notes and Accounts Receivable

Receivables are primarily composed of amounts due from customers located within the Company.

An allowance for uncollectible amounts in the amount of \$-0- has been provided. Management believes that accounts receivable are substantially collectible and requires customers to provide meter deposits.

F. Income Taxes

No income tax provision has been included in the financial statements since income or loss of the partnership is required to be reported by the respective partners on their income tax returns.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

F. Estimates

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

G. Cash Flow Information

The Company considers all short-term investments with a maturity of three months or less to be cash equivalents.

H. Restricted Cash

Restricted cash consists of amounts deposited in Regions Bank, with a balance of \$835,716, held in money market funds. These funds are restricted for debt service payments.

I. Deferred Fees and Amortization

Debit issuance costs totaling \$722,938 related to the bonds payable were capitalized and are amortized over the life of the loan. Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bonds payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan. Accumulated amortization of bond issuance costs totals \$37,476 as of December 31, 2022.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 3: RELATED PARTY TRANSACTIONS:

Water line improvements and repairs and maintenance were performed by TAC Agency, Inc., related to the partners of Peoples of Bastrop, LLC. Water line improvements and repairs and maintenance costs paid to TAC Agency Inc. during the year ended December 31, 2022 were \$151,740. TAC Agency, Inc. is also reimbursed for other operating expenses. During 2022, TAC Agency, Inc. was reimbursed \$-0- for other operating expenses. At December 31, 2022 \$-0- was due and payable to TAC Agency, Inc.

NOTE 4: FINANCIAL INSTRUMENT DISCLOSURE:

The Company has checking accounts at a local financial institution. The accounts, in total, are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year the cash balances exceeded the FDIC limit, and these excess balances were uninsured.

NOTE 5: LONG-TERM LIABILITIES:

Taxable Water System Revenue Bond Peoples of Bastrop, LLC: Regions Bank is the paying agent for these bonds. The revenue bond required restrictions shown in Note 2.H. is explained below:

1. Title of issue: People of Bastrop, LLC, Series 2021
2. Original date of issue: 6/15/2021
3. Maturity date of issue: 6/15/2051
4. Annual interest rate: 5.25%
5. Principal amount of original issue: \$10,635,000
6. Principal amount retired during year: \$100,000
7. Principal amount outstanding at December 31, 2022: \$10,535,000
8. Interest payment dates: June 15 and December 15
9. Cash held for payment of unrepresented bonds (cash balance at December 31, 2021): \$835,716
10. Total interest paid during year: \$586,716
11. Matured bonds unredeemed at December 31, 2022: N/A
12. Total amount of fiscal agent fees paid by the Company during the year: \$5,786

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 5: LONG-TERM LIABILITIES: (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2022, are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance</u>
2023	160,000	582,862	10,375,000
2024	165,000	571,331	10,210,000
2025	175,000	562,406	10,035,000
2026	185,000	552,956	9,850,000
2027	195,000	542,981	9,655,000
Thereafter	<u>9,655,000</u>	<u>7,871,982</u>	<u>-0-</u>
	<u>10,535,000</u>	<u>10,684,518</u>	

As of December 31, 2022, long-term debt consists of the following: Maturities value of each Bond term coupon:

<u>Year Ended December 31</u>	
2033	2,275,000
2051	8,260,000

Debt issuance costs, net of accumulated amortization, totaled \$685,462 as of December 31, 2022 are primarily related to the bonds payable. Amortization of debt issuance costs on the above loan is being amortized using an imputed interest rate of .28%.

The fair value of the bond payable is estimated based on the current rates offered to the Company for debt of the same remaining maturities. At December 31, 2022, the fair value of the bond payable approximates the amounts recorded in the financial statements.

NOTE 6: RISK MANAGEMENT:

The Company is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets. The Company has liability insurance through Thomas & Farr Insurance Company.

PEOPLES OF BASTROP, LLC
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

NOTE 7: FIXED ASSETS:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Balance</u> <u>After</u> <u>Additions</u>	<u>Prior</u> <u>Accum</u> <u>Deprec</u>	<u>Current</u> <u>Deprec</u>	<u>Total</u> <u>Accum</u> <u>Depr</u>	<u>Balance</u> <u>12/31/2022</u>
Water System & Improvements	7,858,848	137,322	7,996,170	117,547	202,447	319,994	7,676,176
Machinery & Equipment	256,428	29,100	285,528	2,797	39,751	42,548	242,980
Furniture & Fixtures	-0-	39,875	39,875	-0-	-0-	-0-	39,875
Vehicles	276,372	-0-	276,372	6,621	55,274	61,895	214,477
Land	<u>150,000</u>	<u>-0-</u>	<u>150,000</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>150,000</u>
<u>Total</u>	<u>8,541,648</u>	<u>206,297</u>	<u>8,747,945</u>	<u>126,965</u>	<u>297,472</u>	<u>424,437</u>	<u>8,323,508</u>

NOTE 8: 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 June 5, 2023 the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

ATTACHMENT C

CAPITAL IMPROVEMENT PLAN – LINE-ITEM BUDGET

Peoples of Bastrop, LLC - Capital Improvement Plan (CIP) Summary

Project No.	Description	Current
		Budget Estimate
1	Construction of New Water Wells (Various Water Production Sites)	\$ 1,395,800
2	Water Well Related Work	\$ 2,382,100
3	Elevated Tank Rehabilitation	\$ 372,100
4	Donaldson Booster Station and Distribution Trunk Main	\$ 4,762,075
5	Water Meter Replacements	\$ 3,937,925
CIP Total =		<u>\$ 12,850,000</u>

ATTACHMENT D.1

PROPOSED REVISED WATER TARIFF

(redline)

LOUISIANA PUBLIC SERVICE COMMISSION

PEOPLES OF BASTROP, LLC

P.O. Box 70
Bastrop, Louisiana 71221-0070
318-281-2160

WATER SERVICES

AVAILABILITY

This service is available under the general Terms and Conditions of Service of the Company to all customers of water service within Bastrop, Louisiana and environs.

BASE RESIDENTIAL, COMMERCIAL AND INDUSTRIAL RATES:

First 2,000 gallons \$ ~~25.00~~~~22.80~~ Minimum per month
All Additional \$ ~~5.42~~ ~~4.23~~ per 1,000 gallons

OPTIONAL RATES:

1. ~~First 100,000 gallons \$366.00 Minimum~~
~~All Additional \$ 4.23 per 1,000 gallons~~

2. ~~First 50,000 gallons \$210.00 Minimum~~
~~All Additional \$ 4.23 per 1,000 gallons~~

3. ~~First 25,000 gallons \$126.00 Minimum~~
~~All Additional \$ 4.23 per 1,000 gallons~~

SPRINKLER RATES:

<u>SIZE</u>	<u>MONTHLY RATE</u>
2" Service	\$ 30.00
4" Service	\$ 69.00
6" Service	\$105.00
8" Service	\$139.00
10" Service	\$237.50

*No bill will be rendered for less than the monthly rate. This rate is available to sprinkler system customer's premises only for the purpose of protection from and/or extinguishment of fire.

FIRE HYDRANT RATES (per hydrant charge):

1. Stand-by service for protection from and/or extinguishment of fire from Company furnished fire

Effective: June 15, 2021

Tariff Version 2, Initial-Tariff-Page

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Authority: Order No. S-35579

LOUISIANA PUBLIC SERVICE COMMISSION

PEOPLES OF BASTROP, LLC

P.O. Box 70

Bastrop, Louisiana 71221-0070

318-281-2160

WATER SERVICES

- hydrant - \$43.50 per month.
2. Stand-by service for protection from and/or extinguishment of fire from privately owned hydrant on main pressurized by Company mains \$9.11 (U-19153 – no longer offered)
 3. Bulk sales or temporary service from fire hydrant – \$92.00 service charge plus ~~Optional rate~~ ^{otherwise applicable base rate} will apply for each installation or meter relocation.
 4. Hydrants for City of Bastrop - \$1,785.74 per month (not per hydrant charge).

TAPPING FEES

SIZE

3/4" Service	\$650.00 plus cost of materials
1" Service	\$650.00 plus cost of materials
1 1/2" Service	\$650.00 plus cost of materials
2" Service	Actual Cost

*The Company reserves the right to determine the size of the service necessary to serve a new customer. Applies to service application where service has not heretofore been rendered necessitating therefore a connection between service line and water main.

DEPOSITS

The following consumer deposits will be on new accounts and accounts that are disconnected for non-payment:

<u>CLASSIFICATION</u>	<u>MINIMUM BILL</u>	<u>AMOUNT OF DEPOSIT</u>
Domestic Consumer	\$22.80	\$75.00
Commercial	\$22.80	\$75.00
Commercial-Industrial	\$366.00	\$75.00
Commercial-Industrial	\$240.00	\$75.00
Commercial-Industrial	\$126.00	\$75.00
Service Station	Any Service	\$75.00

Effective: June 15, 2021

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Authority: Order No. S-35579

Tariff Version 2, Initial-Tariff—Page