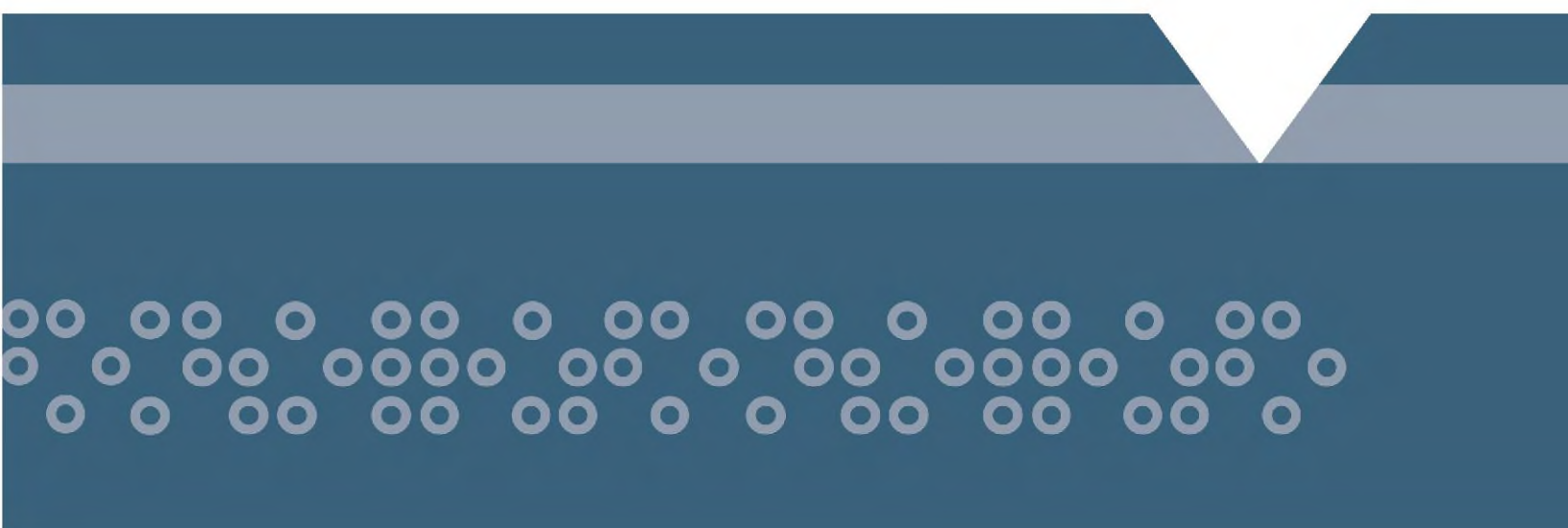


Greater Ouachita Water Company
Monroe, Louisiana

August 31, 2025



HMV
CERTIFIED PUBLIC
ACCOUNTANTS

GREATER OUACHITA WATER COMPANY
TABLE OF CONTENTS
FOR THE YEAR ENDED AUGUST 31, 2025

AUDITED FINANCIAL STATEMENTS

	Page
Independent Auditor's Report	1-3
Financial Statements:	
Statement of Financial Position	4-5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-17

SUPPLEMENTARY INFORMATION

Schedule I: Schedule of Revenues and Expenses by Program	18
Schedule II: Schedule of Administrative Expenses by Program	19
Schedule III: Schedule of Compensation, Benefits, and other Payments to Agency Head	20
Schedule of Expenditures of Federal Awards	21
Notes to Schedule of Expenditures of Federal Awards	22

OTHER REPORTS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	25-27
Schedule of Findings and Questioned Costs	28
Summary Schedule of Prior Audit Findings	29

AUDITED FINANCIAL STATEMENTS



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Greater Ouachita Water Company
Monroe, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Greater Ouachita Water Company, which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Ouachita Water Company as of August 31, 2025, and the respective changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Ouachita Water Company 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 Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedules presented on pages 18 to 20 are also presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and additional schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of Greater Ouachita Water Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an engagement to perform an audit in accordance with *Government Auditing Standards* in considering Greater Ouachita Water Company's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
February 27, 2026

GREATER OUACHITA WATER COMPANY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,030,764
Accounts receivable, net	4,907,671
Prepaid expenses	<u>831,523</u>
Total current assets	7,769,958

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, at cost	150,877,251
Accumulated depreciation	<u>(62,205,707)</u>
Net property, plant and equipment	88,671,544

OTHER ASSETS

Restricted cash - debt service and program activities	<u>16,094,989</u>
Total assets	<u><u>\$ 112,536,491</u></u>

(Continued)

GREATER OUACHITA WATER COMPANY
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2025

LIABILITIES AND NET ASSETS

LONG-TERM DEBT

Bonds payable-Series 2019	\$ 66,090,000
Bonds reoffering Premium-Series 2019	4,066,172
Bonds payable-Series 2021	3,990,000
Bonds payable-Series 2024	20,940,000
Less current maturities of long-term debt	(2,495,000)
Less unamortized bond issuance cost	(3,483,177)
	89,107,995

FUNDED LIABILITIES

Interest payable	855,352
	855,352

CURRENT LIABILITIES

Accounts payable-trade	1,623,194
Accounts payable-other sewer districts	1,047,250
Current maturities of long-term debt	2,495,000
Payroll and sales taxes payable	5,813
Accrued insurance	63,026
	5,234,283

DEFERRED LIABILITIES

Customer meter deposits	2,100,987
Pension fund liability	2,322
	2,103,309

Total liabilities	97,300,939
-------------------	------------

NET ASSETS

Undesignated	15,235,552
	15,235,552
Total liabilities and net assets	\$ 112,536,491

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

GREATER OUACHITA WATER COMPANY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

	Without Donor Restrictions
OPERATING REVENUES	
Charges for services	\$ 20,333,551
Late payment charges	278,728
Water connect charges	204,743
Tapping fees	401,700
Sewer maintenance agreement	541,881
Operations maintenance fees	250,594
Other income	286,859
	22,298,056
OPERATING EXPENSES	
Program expenses	12,629,366
Administrative expenses	6,726,536
	19,355,902
NET OPERATING INCOME	2,942,154
NONOPERATING REVENUES (EXPENSES)	
Interest income	679,511
Miscellaneous	1,996,383
Interest expense	(3,280,045)
Pension expense	(67,348)
	(671,499)
CHANGE IN NET ASSETS	2,270,655
NET ASSETS AT BEGINNING OF YEAR	12,964,897
NET ASSETS AT END OF YEAR	\$ 15,235,552

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

GREATER OUACHITA WATER COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Program</u>			<u>Total</u>
	<u>Water Services</u>	<u>Sewer Services</u>	<u>Administrative</u>	
Operating contract	\$ 5,146,323	\$ 1,466,788	\$ -	\$ 6,613,111
Tapping charges	17,000	-	-	17,000
Power	874,202	544,384	-	1,418,586
Maintenance	1,369,300	875,530	-	2,244,830
Chemicals	560,650	295,421	-	856,071
Carbon amortization	776,360	-	-	776,360
Testing	-	54,810	-	54,810
Water meter monitoring	295,392	-	-	295,392
Water purchases	74,463	-	-	74,463
Water used in sewer plant	-	129,093	-	129,093
Sterlington franchise fee	65,000	-	-	65,000
Service and franchise fee	1,547	5,376	-	6,923
Accounting	-	-	23,401	23,401
Bank charges	-	-	17,806	17,806
Consulting fees	-	-	62,869	62,869
Dues and subscriptions	-	-	676	676
Engineering fees	72,050	-	-	72,050
Inspection and supervision fee	-	-	27,440	27,440
Insurance	-	-	407,188	407,188
Legal and administrative	-	-	216,975	216,975
Office expense	-	-	225,554	225,554
Postage	-	-	4,041	4,041
Rent	-	-	65,535	65,535
Right of way	1,677	4,000	-	5,677
Salaries	-	-	411,793	411,793
Taxes and licenses	-	-	56,224	56,224
Trustee fees	-	-	7,500	7,500
Travel	-	-	3,089	3,089
Amortization	-	-	141,551	141,551
Depreciation	-	-	5,054,894	5,054,894
Total operating expenses	<u>\$ 9,253,964</u>	<u>\$ 3,375,402</u>	<u>\$ 6,726,536</u>	<u>\$ 19,355,902</u>

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

GREATER OUACHITA WATER COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,270,655
Noncash items included in change in net assets:	
Depreciation and amortization	5,196,445
Bond premiums amortized to interest expense	(169,424)
Change in operating assets and liabilities:	
Accounts receivable, net	(380,058)
Prepaid expenses	(224,447)
Accounts payable	235,246
Accrued expenses	(531,758)
	<hr/>
Net cash provided by operating activities	6,396,659

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	<hr/> (12,020,659)
Net cash used in investing activities	(12,020,659)

CASH FLOWS FROM FINANCING ACTIVITIES

Customer meter deposits	100,239
Payments on bonds payable	(2,020,000)
Accounts payable-sewers	141,588
	<hr/>
Net cash used in financing activities	(1,778,173)

NET DECREASE IN CASH AND CASH EQUIVALENTS (7,402,173)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

25,527,926

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 18,125,753

SUPPLEMENTARY DISCLOSURE OF CASH FLOW:

Interest paid	<hr/> <u>\$ 3,642,393</u>
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The accompanying notes are an integral part of these financial statements.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

1. Nature of Operations

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

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

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

Revenue bonds were issued in ten series. Proceeds of the first series (series 1964) were received on September 23, 1964, and the first purchase of systems was made. Proceeds of the second series (Series 1965) were received on April 12, 1965, and additional properties were added to the system. Proceeds of the third series (Series 1994A) were received on March 16, 1994, and of the fourth series (Series 97A&B) were received on December 11, 1997. Proceeds of the fifth Series (Series 2003) were received on August 7, 2003. Proceeds of the sixth series (Series 2009) were received on December 9, 2009. Proceeds from the seventh series (Series 2013) were received December 13, 2013. Proceeds from the eighth series (Series 2019) were received in September 2019. Proceeds from the ninth series (Series 2021) were received in April 2021. Proceeds from the tenth series (Series 2024) were received in June 2024.

2. Summary of Significant Accounting Policies

(a) Method of Accounting

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

(b) Depreciation

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

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

(c) Special Funds

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

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

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

- 1) Debt Service Fund is funded monthly to cover principal and interest payments on all outstanding bonds. On August 31, 2025, the balance in the Debt Service Fund was \$4,425,299. Interest payable at August 31, 2025, was \$855,352 and the current portion of bonds payable was \$2,495,000.

(d) *Deferred Charges and Amortization*

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

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

Balance at August 31, 2024	\$ 3,624,728
Less: Amortization	<u>(141,551)</u>
Balance at August 31, 2025	<u><u>\$ 3,483,177</u></u>

(e) *Cash and Cash Equivalents*

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

(f) *Accounts Receivable-Customers*

Accounts receivable are reported net of an allowance for credit losses of \$509,523 as of August 31, 2025. Management believes that accounts receivable are substantially collectible and requires customers to provide meter deposits. Accounts are reviewed monthly, and management determines which accounts are not collectible. As of August 31, 2025, accounts receivable also includes unbilled revenues of \$1,253,970, which consist of revenues earned but not billed.

(g) *Use of Estimates*

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

(h) *Income Taxes*

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

(i) *Advertising Expenses*

The Company expenses advertising costs as they are incurred. The Company did not incur advertising expenses for the year ended August 31, 2025.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

(j) Contributions

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

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

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

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

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

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

During the fiscal year ended August 31, 2025, no contributions were received by the Company that meet the criteria for recognition in these financial statements.

(k) Liquidity and Availability

The Company strives to maintain liquid financial assets sufficient to meet its general operating expenditures. At August 31, 2025, the Company estimates that it has approximately one month of expenses in liquid assets. Accounts receivable are managed closely to ensure they are being paid promptly in order to provide for payment of accounts payable, and ongoing operations. The Company has \$7,769,956 of financial assets available within one year of the balance sheet date, consisting of cash, accounts receivable and short term investments as noted on page 3. Financial assets of \$4,425,299 are contractually restricted for debt service. None of the financial assets are subject to donor restrictions that make them unavailable within one year.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

3. Property, Plant and Equipment

Property, plant, and equipment is stated at the acquisition costs of the assets, with the exception of the systems of Lakeview Utilities, Inc., North Louisiana Production Corporation, and B & W Utilities, Inc., which were contributed by their owners and are stated at their appraised values. Maintenance and repairs are charged to operations currently, and major renewals and betterments are capitalized. Additions to the system during the year ended August 31, 2025, totaled \$12,020,659. Shown below is an analysis of the cost of the system by expenditures from various funds:

	Balance as of August 31,		2025	Balance as of August 31,
	2024	2025 Additions	Retirements	2025
Bond Proceeds Series 2013	\$ 10,950,199	\$ -	\$ -	\$ 10,950,199
Bond Proceeds Series 1964	1,922,208	-	-	1,922,208
Bonds Proceeds Series 1965	907,211	-	-	907,211
General	109,637,683	12,020,659	-	121,658,342
Renewals, Replacements and Extensions Fund	3,272,892	-	-	3,272,892
Improvements Fund	8,237,642	-	-	8,237,642
Revenue Fund	35,016	-	-	35,016
1994A Fund	1,670,072	-	-	1,670,072
97A&B Fund Contributions	1,911,211	-	-	1,911,211
Lakeview Utilities, Inc. Water and Sewer System	196,000	-	-	196,000
North Louisiana Production Corp. Water System	71,800	-	-	71,800
B & W Utilities, Inc. Water System	44,658	-	-	44,658
Total	\$ 138,856,592	\$ 12,020,659	\$ -	\$ 150,877,251

The details of plant and equipment are as follows:

Water mains and extensions	\$ 33,595,556
Water service lines	12,132,877
Water meters	11,691,717
Water wells	35,837,787
Water chlorine equipment	1,956,889
Meter stations	170,637
Sewer	51,173,503
Buildings	83,325
Other equipment	1,210,114
Land	3,024,846
Total	\$ 150,877,251

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

4. Long-Term Debt

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

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

The Company issued bonds as of September 1, 2021 (Series 2021). The par value of the bonds was \$5,000,000. The proceeds of the loan were used to finance the construction of three new water wells and pay issuance costs.

The Company issued bonds as of June 20, 2024 (Series 2024). The par value of the bonds was \$20,940,000. The proceeds of the loan were used to improve the water system.

The annual debt service requirements to maturity, including principal, interest, and bond amortization for long-term debt as of August 31, 2025, are as follows:

<u>Due September 1,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	2,495,000	3,511,751	6,006,751
2026	2,605,000	3,394,178	5,999,178
2027	2,720,000	3,271,083	5,991,083
2028-2032	14,840,000	14,366,648	29,206,648
2033-2037	15,235,000	10,620,700	25,855,700
2038-2042	17,535,000	7,497,550	25,032,550
2043-2047	21,405,000	4,467,050	25,872,050
2048-2052	12,955,000	1,081,863	14,036,863
2053-2054	1,230,000	55,350	1,285,350
	<u>\$ 91,020,000</u>	<u>\$ 48,266,173</u>	<u>\$ 139,286,173</u>

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

5. Regulatory Compliance

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

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

6. Pension Plan

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

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

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

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

At August 31, 2025, the breakdown of the fair value of Plan assets held is as follows:

	<u>Amount</u>	<u>Percentage</u>
Cash equivalents	\$ 86,539	4.10%
Mutual funds-equities	847,535	40.14%
Mutual funds-fixed income	<u>1,177,121</u>	<u>55.76%</u>
	<u>\$ 2,111,195</u>	<u>100.00%</u>

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

For the year ended August 31, 2025, the net return on the Plan assets was \$211,769. Greater Ouachita Water Company expects the long-term rate of return on the assets to be 5.00%. The assumed overall rate of return takes into account long-term return expectations of the underlying asset classes within the investment portfolio mix, and the expected duration of the Plan's liabilities. Return expectations are forward looking and, in general, not much weight is given to short-term experience. Unless there is a drastic change in investment policy or market environment, the assumed investment return of 5.00% on the Plan assets is expected to remain broadly the same each year. Generally accepted accounting principles require an actuarially determined assessment of the periodic cost.

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

The following table sets forth information on the funded status, amounts recognized in the financial statements, and weighted average assumptions related to Greater Ouachita Water Company's pension plan for the year ended August 31, 2025.

1. Change in Benefits Obligation	
a. Benefit obligation at August 31, 2024	\$ 1,507,414
b. Employer service cost	213,737
c. Employee contributions for the year	-
d. Interest cost	67,803
e. Amendments	180,449
f. Actuarial (gain) loss	271,737
g. Changes in actuarial cost methods and/or systems	-
h. Benefits paid	(1,369)
i. Benefit obligation at August 31, 2025 (sum a through h)	<u>\$ 2,239,771</u>
2. Change in Plan Assets	
a. Assets at August 31, 2024	\$ 1,990,194
b. Actual return on Plan assets	122,369
c. Expenses	-
d. Employer contributions	-
e. Employee contributions	-
f. Benefits paid and transfers	(1,369)
g. Assets at August 31, 2025 (sum of a through f)	<u>\$ 2,111,194</u>
3. Funded (Unfunded) Status	
a. (Accrued) prepaid pension cost	\$ 128,577
b. Balance in accumulated other comprehensive income account	-
1) Unrecognized net actuarial gain (loss)	-
2) Unrecognized prior service (cost) income	-
3) Unrecognized transition (obligation) asset	-
4) Total unrecognized (expense) asset	-
c. Funded status (unfunded PBO) at August 31, 2025 (a + b4)	<u>\$ 128,577</u>

continued

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

4. Weighted-Average Assumptions at Year-End	
a. Interest rate used to calculate net periodic pension cost	4.50%
b. Interest rate used to calculate year-end disclosure information (discount rate)	4.50%
c. Expected return on Plan assets	5.00%
d. Salary scale to calculate NPPC for FY that began September 1,	5.00%
e. Salary scale for disclosure information as of August 31, 2025	5.00%

5. Components of Net Periodic Benefit Cost	
a. Service cost	\$ (213,737)
b. Interest cost	(67,803)
c. Expected return on Plan assets	99,475
d. Amortization of transition (asset) obligation	-
e. Amortization of prior service cost	(17,703)
f. Amortization of actuarial gain	49,715
g. Settlements or curtailments	-
h. Net periodic benefit cost (sum a through g)	\$ (150,053)

6. Projection of Benefits for Next Ten Fiscal Years

Fiscal Years	Projected Benefits
2026	\$ 688,870
2027	1,366
2028	1,364
2029	1,361
2030	1,358
Sum of fiscal years 2031 through 2035	6,720

7. Lawsuits

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

8. Concentration of Risk

The Company maintains its cash balances at institutions which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2025, the Company's uninsured cash balance was \$17,693,542.

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

GREATER OUACHITA WATER COMPANY

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2025

9. Related Party Transactions

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

Webb & Webb, owned by Barry Webb, CPA, director, earned \$3,750 for accounting services performed for the Company. Barry Webb serves as Treasurer of the Company.

Stewart Law Group, owned by Philip McQueen, earned \$124,479 for legal services performed for the Company. Philip McQueen serves as President of the Company.

10. Functional Allocation of Expenses

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

11. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through February 27, 2026, the date the report was available for issue, and concluded that no event required recognition in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

GREATER OUACHITA WATER COMPANY
SCHEDULE I: SCHEDULE OF REVENUES AND EXPENSES BY PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2025

	Water System	Sewer System	Total
OPERATING REVENUES			
Charges for services	\$ 16,041,381	\$ 4,292,170	\$ 20,333,551
Late payment charges	209,207	69,521	278,728
Water connect charges	204,743	-	204,743
Tapping fees	401,700	-	401,700
Sewer maintenance agreement	-	541,881	541,881
Operations maintenance fees	197,538	53,056	250,594
Other	286,859	-	286,859
Total operating revenues	17,341,428	4,956,628	22,298,056
DIRECT OPERATING EXPENSES			
Operating contract	5,146,323	1,466,788	6,613,111
Power	874,202	544,384	1,418,586
Maintenance	1,369,300	875,530	2,244,830
Chemicals	560,650	295,421	856,071
Carbon amortization	776,360	-	776,360
Water purchased	74,463	-	74,463
Other	452,666	193,279	645,945
Total operating expenses	9,253,964	3,375,402	12,629,366
NET OPERATING INCOME	8,087,464	1,581,226	9,668,690
ADMINISTRATIVE EXPENSES	1,198,238	331,853	1,530,091
NET OPERATING PROFIT	6,889,226	1,249,373	8,138,599
OTHER REVENUE	2,675,391	503	2,675,894
OTHER EXPENSES	(2,415,475)	(931,918)	(3,347,393)
NET INCOME BEFORE AMORTIZATION AND DEPRECIATION	7,149,142	317,958	7,467,100
AMORTIZATION AND DEPRECIATION			
Amortization	99,086	42,465	141,551
Depreciation	3,278,284	1,776,610	5,054,894
Total amortization and depreciation	3,377,370	1,819,075	5,196,445
EXCESS OF REVENUES OVER EXPENSES	\$ 3,771,772	\$ (1,501,117)	\$ 2,270,655

GREATER OUACHITA WATER COMPANY
SCHEDULE II: SCHEDULE OF ADMINISTRATIVE EXPENSES BY PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2025

	Water System	Sewer System	Total
Accounting	\$ 18,403	\$ 4,998	\$ 23,401
Bank charges	14,003	3,803	17,806
Consulting fees	49,440	13,429	62,869
Dues	532	144	676
Inspection and supervision fee	21,579	5,861	27,440
Insurance	320,214	86,974	407,188
Legal and administrative	188,182	28,793	216,975
Office expense	174,626	50,928	225,554
Postage	3,178	863	4,041
Rent	51,537	13,998	65,535
Salaries	323,835	87,958	411,793
Taxes and licenses	26,530	29,694	56,224
Travel	2,429	660	3,089
Trustee fees	3,750	3,750	7,500
Total administrative expenses	<u>\$ 1,198,238</u>	<u>\$ 331,853</u>	<u>\$ 1,530,091</u>

GREATER OUACHITA WATER COMPANY
SCHEDULE III: SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED AUGUST 31, 2025

AGENCY HEAD: Philip McQueen, President

Salary	\$ 120,946
Benefits insurance	37,800

GREATER OUACHITA WATER COMPANY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Grant or Pass- Through Number	Federal Expenditures	Provided to Subrecipients
United States Department of Treasury				
<i>Passed through the Louisiana Division of Administration:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	LAWSP10763	1,458,506	-
<i>Passed through the Ouachita Parish Police Jury:</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	494,879	-
Total United States Department of Treasury			1,953,385	-
Total Expenditures of Federal Awards			\$ 1,953,385	\$ -

GREATER OUACHITA WATER COMPANY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Company for the year ended August 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the Company, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Company.

2. Basis of Accounting

Expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when they are earned and expenses when they are incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to their reimbursement.

3. Indirect Cost Rate

The Company has elected not to use the 10% de minimis cost rate allowed under the Uniform Guidance.

4. Loans

The Company had no loan or loan guarantee programs outstanding as of the end of the audit.

OTHER REPORTS



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greater Ouachita Water Company (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise Greater Ouachita Water Company's basic financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
February 27, 2026



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Greater Ouachita Water Company's (the Company) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended August 31, 2025. The Company's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Heard, McElroy & Vestal, LLC

Monroe, Louisiana
February 27, 2026

GREATER OUACHITA WATER COMPANY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Greater Ouachita Water Company.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. There are no findings of noncompliance relating to the basic financial statements of Greater Ouachita Water Company disclosed during the audit.
4. The auditor's report on compliance for major federal award programs of Greater Ouachita Water Company expresses an unmodified opinion.
5. There are no audit findings relative to major federal award programs of Greater Ouachita Water Company that are required to be reported in accordance with 2 CFR Part 200.516(a), Uniform Guidance.
6. No material weaknesses or significant deficiencies relating to internal control for major program compliance are reported.
7. The programs tested as major programs included:

Federal Program or Cluster	Assistance Listing No.
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Greater Ouachita Water Company does not qualify as a low-risk auditee under 2 CFR Section 200.520 of the Uniform Guidance.

B. Findings – Financial Statement Audit

No findings to report.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

No findings to report.

**GREATER OUACHITA WATER COMPANY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025**

No findings were reported in the prior year.