

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
ANNUAL FINANCIAL REPORT
AUGUST 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Henderson Nina Water System, Inc.
Henderson, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Henderson Nina Water System, Inc. (a nonprofit organization), which comprises the statement of financial position as of August 31, 2025, and the related statements of activities 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 Henderson Nina Water System, Inc. as of August 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Henderson Nina Water System, Inc. 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 opinions.

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 the Water System'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 Responsibility 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors of
Henderson Nina Water System, Inc.

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 Water System'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 Water System'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 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 23 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of insurance in force on page 29 is presented for purposes of additional analysis and is 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 schedule of insurance in force has not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 02, 2025, on our consideration of Henderson Nina Water System, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Water System's internal control over financial reporting or on compliance. That report is an integral part of

To the Board of Directors of
Henderson Nina Water System, Inc.

an audit performed in accordance with Government Auditing Standards in considering Henderson Nina Water System, Inc.'s internal control over financial reporting and compliance.

John S. Dowling & Company

Opelousas, Louisiana
December 02, 2025

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2025

ASSETS

	<u>2025</u>
Cash - unrestricted	\$ 840,088
Accounts receivable, net	161,855
Grant Receivable	1,967,992
Other Receivables	3,434
Prepaid insurance	4,493
Supplies inventory	38,842
Restricted assets	
Cash - garbage and sewer deposits	44,594
Cash - Butte La Rose water deposits	3,995
Cash - USDA	628
Cash - Cobank reserve	30,808
Investments	286,242
Property and equipment (net)	<u>11,222,263</u>
 <u>Total assets</u>	 <u>14,605,234</u>

LIABILITIES

Accounts payable	\$ 10,800
Other accrued liabilities	80,444
Retainage payable	265,156
Construction payable	2,021,840
Customer meter deposits	87,708
Restricted payables	
Restricted deposits - garbage and sewer	44,740
Restricted deposits - Butte La Rose water deposits	3,849
Notes payable	
Cobank	710,604
LDHH	<u>2,756,494</u>
 <u>Total liabilities</u>	 <u>5,981,635</u>

NET ASSETS

Without donor restrictions	8,623,599
 <u>Total net assets</u>	 <u>8,623,599</u>
 <u>Total liabilities and net assets</u>	 <u>14,605,234</u>

The accompanying notes are an integral part of these statements.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

	<u>Without Donor Restrictions</u>		
	<u>2025</u>		
<u>REVENUES AND OTHER SUPPORT</u>			
Water sales		\$ 778,731	
Sewer income		17,611	
Connection and reconnect charges		22,300	
Late fees		25,942	
Membership fees		1,740	
Grant income		5,150,664	
Miscellaneous income		16,482	
Interest income		6,229	
LDHH loan forgiveness		135,259	
Total revenues and other support		6,154,958	
<u>EXPENSES</u>			
	<u>Management & General</u>	<u>Program Services</u>	<u>Total Expenses</u>
Salaries	\$ 42,437	\$ 251,362	\$ 293,799
Payroll taxes	3,468	23,208	26,676
Board fees	26,500		26,500
Utilities	3,398	64,559	67,957
Insurance	2,447	46,499	48,946
Professional fees	24,690		24,690
Communications	342	6,492	6,834
Office supplies	307	1,741	2,048
Travel and entertainment	6,633		6,633
Telephone	141	2,685	2,826
Retirement expense	738	4,939	5,677
Depreciation expense	1,062	105,178	106,240
Auto & gas	-	16,256	16,256
Chemicals	-	44,092	44,092
Miscellaneous expenses	-	25,477	25,477
Postage & printing	-	17,260	17,260
Repairs and maintenance	-	50,753	50,753
Casual Labor	-	1,681	1,681
Certification and training	-	416	416
Water supplies	-	15,922	15,922
Bad debt expense	-	11,711	11,711
Consulting	-	25,353	25,353
Interest expense	-	49,927	49,927
Total expenses	112,163	765,511	877,674
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</u>			
			<u>5,277,284</u>
<u>OTHER INCREASES (DECREASES)</u>			
Unrealized gain/(loss) on investments			15,722
Total other increases (decreases)			15,722
Change in net assets			5,293,006
NET ASSETS, beginning of year			3,330,593
NET ASSETS, end of year			8,623,599

The accompanying notes are an integral part of these statements.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2025

	<u>2025</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 925,182
Cash received from grants	3,256,793
Interest earned on investments	6,229
Cash paid to suppliers	1,690,200
Cash paid to employees	(293,799)
Interest paid on loans	(74,946)
<u>Net cash provided (used) by operating activities</u>	<u>5,509,659</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Proceeds from loans	278,382
Principal payments on loans	(34,818)
<u>Net cash provided (used) by capital and related financing activities</u>	<u>243,564</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase and construction of fixed assets	(5,710,852)
Proceeds from redemption of investments	5,150
Purchase of investments	(16,186)
<u>Net cash provided (used) by investing activities</u>	<u>(5,721,888)</u>
<u>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</u>	<u>31,335</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year</u>	<u>888,778</u>
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year</u>	<u>920,113</u>
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Change in net assets	\$ 5,293,006
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	106,240
Unrealized (gain)/loss on investments	(15,722)
LDHH loan forgiveness	(135,259)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	62,126
(Increase) decrease in other receivable	(460)
(Increase) decrease in grant receivable	(1,893,871)
(Increase) decrease in prepaid insurance	(416)
(Increase) decrease in supplies inventory	(1,629)
Increase (decrease) in accounts payable	(14,290)
Increase (decrease) in accrued interest	(25,019)
Increase (decrease) in other accrued liabilities	(1,366)
Increase (decrease) in retainage payable	219,979
Increase (decrease) in construction payable	1,915,630
Increase (decrease) in meter deposits	210
Increase (decrease) in tenant deposits	500
<u>Net cash provided (used) by operating activities</u>	<u>5,509,659</u>
<u>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITY</u>	
Forgiveness of LDHH loan	\$ 135,259

The accompanying notes are an integral part of these statements.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Henderson Nina Water System, Inc. is a nonprofit organization providing water for the Town of Henderson and the surrounding area. The water system is governed by a board of directors composed of five members elected by the members of the water system.

The water system is exempt from federal income tax as an organization described in Section 501(c)(12) of the Internal Revenue Code, and the water system is classified as a private foundation by the Internal Revenue Service.

A. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Henderson Nina Water System, Inc. is a nonprofit organization which is accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

B. Investments

Investments consist of certificates of deposits, municipal bonds, corporate bonds, unit trusts, and mutual funds purchased through a broker. All investments have readily determinable fair values and are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

C. Allowance for Credit Losses

An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the customer, forecasts of future operating results based upon current trends and economic factors. Deposits are held for rental customers. After an account is 365 days old, the system manager will consider, on an account-by-account basis, if the receivable should be charged off. The allowance for uncollectibles for customers' utility receivables at August 31, 2025 was \$22,573.

D. Property, Plant and Equipment

Fixed assets purchased are recorded at cost. Depreciation is computed using the straight-line method based on the estimated useful life of each asset. The water distribution system is depreciated over a fifty (50) year period. Average lives for office furniture and equipment are estimated to be five (5) to seven (7) years. Average lives for buildings are estimated to be fifteen (15) to forty (40) years. Maintenance and repairs are charged to operations when incurred.

Interest during construction is expensed. Henderson Nina Water System, Inc. follows a policy of capitalizing all assets in excess of \$500.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Income Taxes

Henderson Nina Water System, Inc. is a nonprofit organization exempt from income taxes under the Internal Revenue Code Section 501(c)(12) and similar provisions of the State Code. Therefore, no provisions for income taxes have been made. Henderson Nina Water System, Inc. is required to file a Form 990 with the Internal Revenue Service annually. The years open to examination by the Internal Revenue Service are fiscal years after August 31, 2021.

F. Statement of Cash Flows

For purposes of reporting cash flows, all highly liquid investments, including restricted assets, with an initial maturity of three months or less are considered to be cash equivalents. A schedule of cash, cash equivalents, and restricted cash follows:

	<u>2025</u>
Petty cash	\$ 350
General account	704,043
Reserve account	42,115
Payroll account	10,623
Construction account	72,289
Edward Jones cash account	8,941
Garbage and Sewer Deposits - Restricted	46,321
Butte La Rose Water Deposits - Restricted	3,995
Short Lived Asset - Restricted for USDA	628
Cobank Reserve - Restricted	<u>30,808</u>
 <u>Total</u>	 <u>920,113</u>

G. Compensated Absences

The water system allows one day of vacation for each month worked, not to exceed ten (10) days during the first year of hire; ten days of vacation are granted per year to employees who have been employed greater than one year, with increased days after four years of service. Vacation normally is taken in the year accrued, however up to three days may be carried over if not taken. Accrued vacation is payable at termination of employment. One day of sick leave is granted for each month worked in the first year of hire; twelve (12) days are granted per year to employees who have been employed greater than one year. Sick leave may not be carried over and is not payable at termination of employment; it is recorded as an expense of the period in which paid.

H. Liquidity and Availability of Financial Assets

The following represents the Water System's financial assets as of the balance sheet date. There are no donor-imposed restrictions.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

H. Liquidity and Availability of Financial Assets - Continued

<u>2025</u>	
Financial assets at year-end	\$ 3,357,519
Less those unavailable for general expenditures within one year - donor imposed restrictions	-
Financial assets available to meet cash needs for general expenditure within one year	3,357,519

As part of the Water System's liquidity management, it invests excess cash in certificates of deposits, municipal bonds, corporate bonds, unit trusts, and mutual funds through a broker.

I. Inventory

Items such as water supplies, that are on hand at August 31, 2025 are recorded as inventory. Inventory is recorded at cost based on the specific identification method.

J. Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation, payroll taxes, board fees, utilities, insurance, professional fees, communications, office supplies, travel and entertainment, telephone, retirement, and depreciation, which are allocated on the basis of estimates of time and effort.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Those items estimated are depreciation on fixed assets and the allowance for credit losses on accounts receivable.

NOTE (2) - CASH

The bank balances of cash were \$918,245 and the carrying amounts of cash were \$920,113, respectively. Of the cash bank balance at August 31, 2025, \$258,941 was covered by federal deposit insurance and \$659,304 was not insured.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (2) - CASH - Continued

Deposits: The bank balance for the years ended August 31, 2025 was as follows:

	<u>2025</u>
<u>FM Bank</u>	
Bank Balance	\$ 909,304
Federal deposit insurance	<u>(250,000)</u>
<u>Total not insured</u>	<u>659,304</u>
 <u>Edward Jones</u>	
Bank Balance	\$ 8,941
Federal deposit insurance	<u>(8,941)</u>
<u>Total not insured</u>	<u>-</u>

NOTE (3) - UTILITY ACCOUNTS RECEIVABLE

Henderson Nina Water System, Inc.'s accounts receivable consists of uncollected billed and unbilled water sales. Accounts receivable aging schedule at August 31, 2025, is as follows:

Days	<u>2025</u>
Unbilled receivables	\$ 58,763
0-30	100,759
31-60	300
61-90	<u>23,781</u>
	183,603
Allowance for credit losses	(22,573)
NSF checks accounts receivable	<u>825</u>
 <u>Totals</u>	<u>161,855</u>

An analysis of the change in the allowance for credit losses follows:

	<u>2025</u>
Balance at September 1, 2024	\$ 14,681
Charge offs	-
Recoveries	-
	<u>14,681</u>
Provision for credit losses	<u>7,892</u>
 Balance at August 31, 2025	<u>22,573</u>

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (3) - UTILITY ACCOUNTS RECEIVABLE - Continued

The following is a user classification of members for the year ended August 31, 2025:

	<u>2025</u>
Residential users	1,673
Commercial users	<u>57</u>
<u>Total</u>	<u>1,730</u>

The rates for Henderson Nina Water System, Inc. for the year ended August 31, 2025, are as follows:

Residential rates:

\$20.00 per month for the first 2,000 gallons (minimum charge)
\$4.00 per 1,000 gallons or part thereof

Commercial rates:

\$20.00 per month for the first 2,000 gallons (minimum charge)
\$4.00 per 1,000 gallons for the next 18,000 gallons

NOTE (4) - RESTRICTED ASSETS

As part of the loan agreements, Cobank requires that \$31,000 be set aside in a restricted account. These funds may be used to pay monthly note payments if sufficient funds are not otherwise available but must be replenished whenever possible. In January 2023, the Water System began paying a \$6 monthly service charge bringing the balance down to \$30,808 as of August 31, 2025. The reserve is maintained in a checking account which is fully insured by the Federal Deposit Insurance Corporation.

Restricted assets for notes payable and customer deposits at August 31, 2025 consist of:

	<u>Required by Cobank</u> <u>Note # 122993t01</u>	<u>Actual On</u> <u>Reserve</u>
Reserve	\$ 31,000	\$ 30,808
<u>Total Cobank restricted assets</u>	<u>31,000</u>	30,808
USDA		628
Customer deposits		<u>48,589</u>
<u>Total restricted assets</u>		<u>80,025</u>

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (5) - PROPERTY, PLANT AND EQUIPMENT

A summary of property and equipment of Henderson Nina Water System, Inc. at August 31, 2025, is as follows:

<u>Description</u>	<u>2025</u>
Total depreciable assets (Water distribution system, furniture and equipment)	\$ 5,865,873
Accumulated depreciation	<u>(1,809,293)</u>
Net	4,056,580
Construction in progress	7,118,583
Land (at cost)	<u>47,100</u>
<u>Total</u>	<u>11,222,263</u>
Depreciation	<u>\$ 106,240</u>
<u>Changes during the year</u>	
Asset additions	<u>\$ 6,788,131</u>

NOTE (6) - LONG-TERM DEBT

The following is a summary of long-term debt at August 31, 2025:

Henderson Nina Water System, Inc was awarded a Safe Drinking Water Revolving Loan from the Louisiana Department of Health, Office of Public Health for up to \$8,512,000 of which \$4,000,000 is forgivable at the time of each loan draw approval. The interim loan interest rate is 2.45% and the funding source of the loan is federal funds. The outstanding principal amount at August 31, 2025 is \$2,756,494. The forgiven loan amount for the year ending August 31, 2025 is \$135,259.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (6) - LONG-TERM DEBT - Continued

Cobank single advance term promissory note

Note dated January 20, 2021, in the original amount of \$861,198 due in 240 monthly installments with an interest rate of 3.25% due on January 20, 2041. The promissory note is secured by a pledge of revenues from the sale of water and a mortgage on the real estate and personal property owned.

a mortgage on the real estate and personal property owned. \$ 710,604

Total Cobank 710,604

Changes in Long-term Debt

	<u>2024</u>
Long-term Debt at September 1, 2024	\$ 745,422
Debt retired	<u>(34,818)</u>
Long-term debt at August 31, 2025	710,604

Long-term debt obligations mature as follows:

2026	\$ 35,983
2027	37,187
2028	38,375
2029	39,715
2030	41,044
2031-2035	226,710
2036-2040	267,537
2041	<u>24,053</u>
<u>Total</u>	710,604

The Henderson Nina Water System, Inc. was in compliance with all significant limitations and restrictions in the loan agreement at August 31, 2025.

NOTE (7) – CONSTRUCTION IN PROGRESS

In September 2020, the Water System was awarded a Safe Drinking Water Revolving Loan from the Louisiana Department of Health, Office of Public Health for up to \$8,512,000 and in June 2022 the Water System was awarded a water sector grant from the State of Louisiana, Division of Administration for \$12,573,316. These proceeds are being used for the expansion of the Water System. As of August 31, 2025 Henderson Nina Water System has a total construction in progress of \$7,118,583 of which \$2,021,840 is construction payable and \$265,156 is retainage payable.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (8) – RETIREMENT PLAN

In January 2005 the Water System implemented a simple IRA retirement plan which is a defined contribution plan. This plan provides eligibility to employees who are reasonably expected to receive at least \$5,000 in compensation for the calendar year. All contributions made under this plan are fully vested and non-forfeitable. Each eligible employee is allowed to make an election (salary reduction election), on a tax-deferred basis, to have his or her compensation reduced for each pay period, subject to Internal Revenue Service limits. The salary reduction election can be made or modified during a 60-day period immediately preceding January 1 of the year of election. The Water System will contribute 2% of the employee's salary for the year. Water system contributions for the year ending August 31, 2025 was \$5,677.

NOTE (9) - AGREEMENT WITH THE TOWN OF HENDERSON AND ST. MARTIN PARISH GOVERNMENT

Several years ago, the Henderson Nina Water System and the Town of Henderson entered into an agreement where the water system bills and collects for the Town garbage and sewer fees. Once collected by the water system, the amounts collected for garbage and sewer fees are remitted to the Town, less a fee of \$.60 per customer.

NOTE (10) – FAIR VALUE MEASUREMENTS

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is determined based upon amounts reported on the broker statement.

The water system utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. Investments are recorded at fair value on a recurring basis. The water system has no assets or liabilities recorded at fair value on a nonrecurring basis.

The water system uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1 – Observable inputs such as quoted prices in active markets;

Level 2 – Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following is a description of the valuation methodology used for assets recorded at fair value.

Investments Securities

Investments are valued at quoted market prices on the broker statement.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (10) – FAIR VALUE MEASUREMENTS – Continued

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Observabale Inputs (Level 3)</u>
August 31, 2025				
Assets valued on a recurring basis:				
Investment securities:				
Municipal bonds	\$ 13,726	\$ -	\$ 13,726	\$ -
Corporate bonds	62,393	-	62,393	-
Government and agency securities	10,549	-	10,549	-
Mutual funds	<u>199,574</u>	<u>-</u>	<u>199,574</u>	<u>-</u>
Total recurring	<u>286,242</u>	<u>-</u>	<u>286,242</u>	<u>-</u>

NOTE (11) – REVENUE FROM CONTRCTS WITH CUSTOMERS

The Water System's revenue is recognized as performance obligations are satisfied, which is on a monthly basis as billed. Customers are billed monthly on the last day of the month for the water delivered during the month and payments are due by the 10th of the following month. The receivable for water fees was \$223,981 at the beginning of the August 31, 2025, fiscal year. The customer deposits payable was \$48,089 at the beginning of the August 31, 2025, fiscal year.

NOTE (12) – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 02, 2025, which is the date the financial statements were available to be issued. In September 2020, the Water System was awarded a Safe Drinking Water Revolving Loan from the Louisiana Department of Health, Office of Public Health for up to \$8,512,000 of which \$4,000,000 is forgivable at the time of each loan draw approval. In June 2022 the Water System was awarded a water sector grant from the State of Louisiana, Division of Administration for \$12,573,316. These proceeds are being used for the expansion of the Water System. As of August 31, 2025, the Water System has utilized \$10,355,308 of the \$21,085,316. The project is still ongoing and expected to use the entirety of the loan and grants.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2025

NOTE (13) – COMPENSATION PAID TO BOARD OF DIRECTORS

	<u>Term Expires</u>	<u>2025</u>
Wade Domingue, President	2026	\$ 7,000
Terry Melancon, Vice President	2026	4,650
Anthony Robin, Secretary/Treasurer	2028	4,650
Gillray Patin, Director	2027	5,100
Perry Serrette, Director	2028	5,100
 <u>Total compensation paid</u>		 <u>26,500</u>

NOTE (14) – SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Agency Head Name: Wade Domingue, President of the Board

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-insurance	0
Benefits-retirement	0
Benefits	0
Car allowance	0
Vehicle provided by government	0
Per diem	7,000
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchedered expenses - Telephone allowance	0
Special meals	0

RELATED REPORTS

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA
Molly Fontenot Duplachain, CPA

Van L. Auld, CPA



John S. Dowling, CPA - 1904-1984
John Newton Stout, CPA - 1936-2005
Chizal S. Fontenot, CPA - 1955-2012
Russell J. Stelly, CPA - 1942 - 2019
Harold Dupre, CPA - 1931-2019

Retired

Dwight Ledoux, CPA - 1998
Joel Lanclos, Jr., CPA - 2003
G. Kenneth Pavay, II, CPA - 2020

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 of
Henderson Nina Water System, Inc.
Henderson, 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 Henderson Nina Water System, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 02, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Henderson Nina Water System, Inc.'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 Henderson Nina Water System, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Water System'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 a 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Henderson Nina Water System, Inc.'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 those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under Government Auditing Standards.

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The Board of Directors of
Henderson Nina Water System, Inc.

Henderson Nina Water System, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Henderson Nina Water System, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Henderson Nina Water System, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Water System'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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Opelousas, Louisiana
December 02, 2025

James L. Nicholson, Jr., CPA
Michael A. Roy, CPA
Lisa Trouille Manuel, CPA
Dana D. Quebedeaux, CPA
Molly Fontenot Duplachain, CPA

Van L. Auld, CPA



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

To the Board of Directors of
Henderson Nina Water System, Inc.
Henderson, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Henderson Nina Water System, Inc's 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 Henderson Nina Water System's major federal programs for the year ended August 31, 2025 . Henderson Nina Water System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Henderson Nina Water System 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 Henderson Nina Water System, Inc 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 Henderson Nina Water System, Inc'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 Henderson Nina Water System, Inc's federal programs.

Auditor's Responsibilities for the Audit 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 Henderson Nina Water System, Inc'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

The Board of Directors of
Henderson Nina Water System, Inc.

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 Henderson Nina Water System, Inc'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 Henderson Nina Water System, Inc'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 Henderson Nina Water System, Inc'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 Henderson Nina Water System, Inc'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 a 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, as defined above. 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 Board of Directors of
Henderson Nina Water System, Inc.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

John S. Dowling & Company

Opelousas, Louisiana
December 02, 2025

HENDERSON NINA WATER SYSTEM, INC
HENDERSON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

<u>Federal Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures</u>
Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds	21.027	Louisiana Division of Administration, LAWSP10183	
Coronavirus State and Local Fiscal Recovery Funds			\$ 5,150,664
Total Coronavirus State and Local Fiscal Recovery Funds			<u>5,150,664</u>
Total Department of the Treasury			<u>5,150,664</u>
United States Environmental Protection Agency Drinking Water State Revolving Fund			
Drinking Water State Revolving Fund	66.468	Louisiana Department of Health, LA1099006-01	195,189
Drinking Water State Revolving Fund	66.468	Louisiana Department of Health, LA1099006-02	135,259
Total Drinking Water State Revolving Fund			<u>330,448</u>
Total United States Environmental Protection Agency			<u>330,448</u>
Total Expenditures of Federal Awards			<u>\$ 5,481,112</u>

See independent auditor's report.

The accompanying notes are an integral part of this schedule.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE (1) – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity for Henderson Nina Water System under programs of the federal government 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 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 operations of Henderson Nina Water System, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Henderson Nina Water System.

NOTE (2) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE (3) – INDIRECT COST RATE

Henderson Nina Water System has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE (4) – DEBT OUTSTANDING

Henderson Nina Water System has the following loan outstanding as of August 31, 2025:

Assistance Listing Number	Program Name	Interest Rate	Loan Balance at 9/1/2024	Loan Draws	Outstanding Balance at 8/31/2025
66.468	Capitalization Grants for Drinking Water State Revolving Funds	2.45%	\$ 2,613,371	\$ 143,123	\$ 2,756,494

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2025

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. One significant deficiency and no material weaknesses were disclosed during the audit of the financial statements.
3. No instances of material noncompliance relating to the audit of the financial statements were reported.
4. No significant deficiencies relating to the audit of the major federal award program were reported.
5. The auditor's report on compliance for the major federal award programs expresses an unmodified opinion on the major federal program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The following program was considered to be a major program:

Department of Treasury – Coronavirus State and Local Fiscal Recovery Funds, Assistance listing number 21.027
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did qualify as a low-risk auditee.
10. No management letter was issued.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

2025-1 Inadequate segregation of duties

Condition: Due to the small number of employees, Henderson Nina Water System does not have adequate segregation of functions within the water billing system. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion.

Criteria: Henderson Nina Water System should have adequate segregation of duties over accounting functions.

Cause: There is a small number of employees at Henderson Nina Water System performing the daily operating activities.

Effect: Water billing system functions are not segregated, and it is important that you are aware of this condition because errors or fraud could occur and not be detected.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
AUGUST 31, 2025

II. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2025-1 Inadequate segregation of duties (Continued)

Recommendation: A system of internal control procedures should be established in order to mitigate the problem of having such a small number of employees performing the daily operating activities.

Management's Response: Due to the size of the entity it is difficult to fully segregate duties. The board oversees the employee job performances and feels that the employees handling accounting functions are trustworthy.

Contact Person: Anthony Robin, Interim President

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

Section I – Internal Control and Compliance Material to the Financial Statements

2024-1 Inadequate segregation of duties

Repeat comment.

Section II – Internal Control and Compliance Material to Federal Awards

None

Section III – Management Letter

None

SUPPLEMENTARY INFORMATION

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
AUGUST 31, 2025

INSURER	TYPE OF COVERAGE	COVERAGE	LIMITS	CO-INSURANCE	EFFECTIVE DATE	
					FROM	TO
Allied Public Risk, LLC	Property	Blanket Limit of Insurance Business Loss of Income & Extra Expense	\$1,514,940 \$250,000 per occurrence	\$1,000 deductible	10/21/24	10/21/25
Allied Public Risk, LLC	General Liability	General Aggregate Operations Aggregate Personal & Advertising Injury Damages to Premises Medical Damage Each Occurrence	\$3,000,000 \$3,000,000 \$1,000,000 \$1,000,000 \$10,000 \$1,000,000		10/21/24	10/21/25
Allied Public Risk, LLC	Commercial Crime	Employee Theft Theft of Money & Securities Robbery/Burglary Forgery/Alteration Computer Fraud Money Orders & Counterfeit Money Outside the Premises	\$250,000 per loss \$250,000 per occurrence \$100,000 per occurrence \$250,000 per occurrence \$250,000 per occurrence \$250,000 per occurrence \$250,000 per occurrence	\$1,000 deductible	10/21/24	10/21/25
Allied Public Risk, LLC	Auto	Liability Auto Medical Uninsured Motorist	\$1,000,000 per occurrence \$5,000 each person \$500,000 per occurrence		10/21/24	10/21/25
Allied Public Risk, LLC	Liability	Directors and Officers	\$3,000,000		10/21/24	10/21/25
Allied Public Risk, LLC	Inland Marine	Blanket Tools and Equipment Scheduled Equipment	\$25,000 not to exceed \$10,000 per item \$168,605	\$1,000 deductible	10/21/24	10/21/25
L.W.C.C.	Worker's compensation		Statutory		11/30/24	11/30/25

See independent auditor's report.