

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
ANNUAL FINANCIAL REPORT
AUGUST 31, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16
<u>RELATED REPORTS</u>	17
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 <u>Government Auditing Standards</u>	18-19
Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance required by the Uniform Guidance	20-22
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25-26
Schedule of Prior Year Findings	27
<u>SUPPLEMENTARY INFORMATION</u>	28
Schedule of Insurance in Force - Unaudited	29
Independent Accountant's Report on Applying Agreed-upon Procedures	30-33
Management's Response to Statewide Agreed-upon Procedures Exceptions	34

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



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
www.jsdc-cpas.com

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

Van L. Auld, CPA
Molly Fontenot Duplechain, CPA

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

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, 2023, 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, 2023, 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.

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 18, 2023, 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.
Page 3

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated December 18, 2023 on the results of our state wide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

John S. Dawling & Company

Opelousas, Louisiana
December 18, 2023

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2023

<u>ASSETS</u>	<u>2023</u>
Cash - unrestricted	\$ 636,606
Due to Restricted Cash	(1,449)
Accounts receivable, net of allowance for doubtful accounts	201,454
Other Receivables	2,638
Prepaid insurance	3,837
Supplies inventory	30,455
Restricted assets	
Cash - garbage and sewer deposits	44,825
Cash - Butte La Rose water deposits	2,415
Cash - USDA	892
Cash - Cobank reserve	30,952
Due from Unrestricted Cash	1,449
Investments	236,790
Property and equipment (net)	<u>4,495,969</u>
<u>Total assets</u>	<u>5,686,833</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 32,266
Other accrued liabilities	81,544
Construction payable	130,964
Customer meter deposits	87,513
Restricted payables	
Restricted deposits - garbage and sewer	44,840
Restricted deposits - Butte La Rose water deposits	3,849
Notes payable	
Cobank	779,046
LDHH	<u>2,287,079</u>
<u>Total liabilities</u>	<u>3,447,101</u>
<u>NET ASSETS</u>	
Without donor restrictions	<u>2,239,732</u>
<u>Total net assets</u>	<u>2,239,732</u>
<u>Total liabilities and net assets</u>	<u>5,686,833</u>

The accompanying notes are an intergral part of these statements.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions		
	2023		
<u>REVENUES AND OTHER SUPPORT</u>			
Water sales	\$	816,295	
Sewer income		37,073	
Connection and reconnect charges		18,105	
Late fees		24,476	
Membership fees		1,020	
Miscellaneous income		13,967	
Interest income		3,630	
LDHH loan forgiveness		706,556	
Dividend income		4,449	
<u>Total revenues and other support</u>		1,625,571	
<u>EXPENSES</u>			
	<u>Management & General</u>	<u>Program Services</u>	<u>Total Expenses</u>
Salaries	\$ 39,362	\$ 212,303	\$ 251,665
Payroll taxes	2,494	16,691	19,185
Board fees	12,650	-	12,650
Utilities	3,823	72,633	76,456
Insurance	2,556	48,571	51,127
Professional fees	17,879	-	17,879
Communications	197	3,740	3,937
Office supplies	396	2,242	2,638
Travel and entertainment	6,542	-	6,542
Telephone	143	2,717	2,860
Retirement expense	636	4,255	4,891
Depreciation expense	683	67,650	68,333
Auto & gas	-	15,325	15,325
Chemicals	-	56,923	56,923
Miscellaneous expenses	-	15,411	15,411
Postage & printing	-	16,985	16,985
Repairs and maintenance	-	52,737	52,737
Casual Labor	-	1,916	1,916
Certification and training	-	203	203
Water supplies	-	27,688	27,688
Bad debt expense	-	9,597	9,597
Consulting	-	23,885	23,885
Interest expense	-	44,215	44,215
<u>Total expenses</u>	87,361	695,687	783,048
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</u>		842,523	
<u>OTHER INCREASES (DECREASES)</u>			
Unrealized gain/(loss) on investments			(2,831)
<u>Total other increases (decreases)</u>			(2,831)
Change in net assets			839,692
<u>NET ASSETS</u> , beginning of year, as restated			1,400,040
<u>NET ASSETS</u> , end of year			2,239,732

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, 2023

	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Cash received from customers	\$ 880,884
Interest earned on investments	3,630
Cash paid to suppliers	(1,557,907)
Cash paid to employees	(251,665)
Interest paid on loans	(44,214)
<u>Net cash provided (used) by operating activities</u>	(969,272)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Proceeds from loans	2,584,966
Principal payments on loans	(32,602)
<u>Net cash provided (used) by capital and related financing activities</u>	2,552,364
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase and construction of fixed assets	(1,413,449)
Proceeds from redemption of investments	15,150
Purchase of investments	(12,000)
<u>Net cash provided (used) by investing activities</u>	(1,410,299)
<u>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</u>	172,793
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year</u>	542,897
<u>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year</u>	715,690
<u>RECONCILIATION OF CHANGE IN NET ASSETS TO NET</u>	
<u>CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>	
Change in net assets	\$ 839,692
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	68,334
Unrealized (gain)/loss on investments	2,831
LDHH loan forgiveness	(706,556)
Changes in assets and liabilities	
(Increase) decrease in accounts receivable	(38,820)
(Increase) decrease in other receivable	(1)
(Increase) decrease in prepaid insurance	271
(Increase) decrease in supplies inventory	(698)
Increase (decrease) in accounts payable	5,572
Increase (decrease) in other accrued liabilities	26,657
Increase (decrease) in retainage payable	(80,627)
Increase (decrease) in construction payable	(1,090,247)
Increase (decrease) in meter deposits	3,020
Increase (decrease) in tenant deposits	1,300
<u>Net cash provided (used) by operating activities</u>	(969,272)
<u>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITY</u>	
Forgiveness of LDHH loan	\$ 706,556

The accompanying notes are an integral part of these statements.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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 Doubtful Accounts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. 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 uncollectible for customers' utility receivables at August 31, 2023 was \$ 14,429 .

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, 2023

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, 2019.

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:

	2023
Petty cash	\$ 350
General account	486,082
Reserve account	28,784
Payroll account	6,301
Construction account	107,692
Edward Jones cash account	7,397
Garbage and Sewer Deposits - Restricted	44,825
Butte La Rose Water Deposits - Restricted	2,415
Short Lived Asset - Restricted for USDA	892
Cobank Reserve - Restricted	30,952
<u>Total</u>	715,690

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, 2023

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

H. Liquidity and Availability of Financial Assets - Continued

	2023
Financial assets at year-end	\$ 1,156,572
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	1,156,572

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, 2023 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.

NOTE (2) - CASH

The bank balances of cash were \$691,725 and the carrying amounts of cash were \$715,690, respectively. Of the cash bank balance at August 31, 2023, \$257,397 was covered by federal deposit insurance and \$434,328 was not insured.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE (2) - CASH - Continued

Deposits: The bank balance for the years ended August 31, 2023 was as follows:

	2023
<u>FM Bank</u>	
Bank Balance	\$ 684,328
Federal deposit insurance	(250,000)
<u>Total not insured</u>	434,328
<u>Edward Jones</u>	
Bank Balance	\$ 7,397
Federal deposit insurance	(7,397)
<u>Total not insured</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, 2023, is as follows:

Days	2023
Unbilled receivables	\$ 65,749
0-30	128,301
31-60	2,991
61-90	18,017
	215,058
Allowance for doubtful accounts	(14,429)
NSF checks accounts receivable	825
<u>Totals</u>	201,454

The following is a user classification of members for the year ended August 31, 2023:

	2023
Residential users	1,676
Commercial users	58
<u>Total</u>	1,734

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE (3) - UTILITY ACCOUNTS RECEIVABLE - Continued

The rates for Henderson Nina Water System, Inc. for the year ended August 31, 2023, are as follows:

Residential rates:

\$18.00 per month for the first 2,000 gallons (minimum charge)
 \$3.50 per 1,000 gallons or part thereof

Commercial rates:

\$18.00 per month for the first 2,000 gallons (minimum charge)
 \$3.50 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 \$ 30,952 as of August 31, 2023. 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, 2023 consist of:

	<u>Required by Cobank</u> <u>Note # 122993t01</u>	<u>Actual On</u> <u>Reserve</u>
Reserve	<u>\$ 31,000</u>	<u>\$ 30,952</u>
<u>Total Cobank restricted assets</u>	<u>31,000</u>	30,952
USDA		892
Customer deposits		<u>48,689</u>
<u>Total restricted assets</u>		<u>80,533</u>

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE (5) - PROPERTY, PLANT AND EQUIPMENT

A summary of property and equipment of Henderson Nina Water System, Inc. at August 31, 2023, is as follows:

<u>Description</u>	<u>2023</u>
Total depreciable assets (Water distribution system, furniture and equipment)	\$ 2,255,882
Accumulated depreciation	<u>(1,608,680)</u>
Net	647,202
Construction in progress	3,801,667
Land (at cost)	<u>47,100</u>
<u>Total</u>	<u><u>4,495,969</u></u>
Depreciation	<u>\$ 68,333</u>
<u>Changes during the year</u>	
Asset additions	<u><u>\$ 1,413,451</u></u>

NOTE (6) - LONG-TERM DEBT

The following is a summary of long-term debt at August 31, 2023:

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, 2023 is \$ 2,287,079 . The forgiven loan amount for the year ending August 31, 2023 is \$ 706,556 .

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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.

\$ 779,046

Total Cobank

779,046

Changes in Long-term Debt

	2023
Long-term Debt at September 1, 2022	\$ 811,649
Debt retired	<u>(32,603)</u>
Long-term debt at August 31, 2023	<u>779,046</u>

Long-term debt obligations mature as follows:

2024	\$	33,624
2025		34,819
2026		35,983
2027		37,187
2028		38,375
2029-2033		212,270
2034-2038		250,519
2039-2042		<u>136,269</u>
<u>Total</u>		<u>779,046</u>

The Henderson Nina Water System, Inc. was in compliance with all significant limitations and restrictions in the loan agreement at August 31, 2023.

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. These proceeds are being used for the expansion of the Water System. As of August 31, 2023 Henderson Nina Water System has a total construction in progress of \$ 3,801,667 of which \$ 130,964 is construction payable and the Water system does not have retainage payable.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

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, 2023 was \$ 4,891.

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, 2023

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 Observable Inputs (Level 3)</u>
August 31, 2023				
Assets valued on a recurring basis:				
Investment securities:				
Certificates of deposits	\$ 13,832	\$ -	\$ 13,832	\$ -
Municipal bonds	13,380	-	13,380	-
Corporate bonds	45,340	-	45,340	-
Government and agency securities	4,518	-	4,518	-
Mutual funds	<u>159,720</u>	<u>-</u>	<u>159,720</u>	<u>-</u>
<u>Total recurring</u>	<u>236,790</u>	<u>-</u>	<u>236,790</u>	<u>-</u>

NOTE (11) – REVENUE FROM CONTRACTS WITH CUSTOMERS

On September 1, 2021, the Water System adopted FASB ASC 606 Revenue from Contracts with Customers which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. 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 \$162,634 the beginning of the August 31, 2023, fiscal year.

The standard resulted in no significant changes in the way Henderson Nina Water System, Inc. recognizes revenue, and therefore no changes to the previously issued audited financial statements were required.

NOTE (12) – SUBSEQUENT EVENTS

Subsequent events were evaluated through December 18, 2023, 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. These proceeds are being used for the expansion of the Water System. As of August 31, 2023, the Water System has utilized \$3,657,480 of the \$8,512,000. The project is still ongoing and expected to use the entirety of the loan.

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023

NOTE (13) – COMPENSATION PAID TO BOARD OF DIRECTORS

	Term Expires	2023
Perry Serrette, President	2025	\$ 3,000
Wade Domingue, Vice President	2026	2,400
Terry Melancon, Secretary/Treasurer	2026	2,500
Anthony Robin, Director	2025	2,450
Gillray Patin, Director	2024	2,300
		12,650
<u>Total compensation paid</u>		

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

Agency Head Name: Perry Serrette, 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	3,000
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered 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



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

Van L. Auld, CPA
Molly Fontenot Duplechain, CPA

JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
www.jsdc-cpas.com

Retired
Dwight Ledoux, CPA - 1998
Joel Lanclos, Jr., CPA - 2003
G. Kenneth Pavy, 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, 2023, 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 18, 2023.

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 2023-1 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.

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.

John S. Dowling & Company

Opelousas, Louisiana
December 18, 2023

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

Van L. Auld, CPA
Molly Fontenot Duplechain, CPA

JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
www.jsdc-cpas.com

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

**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, 2023. 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, 2023.

Basis for Opinion on Each 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 18, 2023

HENDERSON NINA WATER SYSTEM, INC
HENDERSON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2023

<u>Federal Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Grantor and Number</u>	<u>Federal Expenditures(\$)</u>
Drinking Water State Revolving Fund Cluster-Cluster			
United States Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Funds			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	LOUISIANA DEPARTMENT OF HEALTH,LA1099006-01	\$ 1,207,708
Capitalization Grants for Drinking Water State Revolving Funds	66.468	LOUISIANA DEPARTMENT OF HEALTH,LA1099006-02	<u>281,078</u>
Total Capitalization Grants for Drinking Water State Revolving Funds			<u>1,488,786</u>
Total United States Environmental Protection Agency			<u>1,488,786</u>
Total Drinking Water State Revolving Fund Cluster-Cluster			<u>1,488,786</u>
Total Expenditures of Federal Awards			<u>\$ 1,488,786</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, 2023

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, 2023. 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 10 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, 2023:

Assistance Listing Number	Program Name	Interest Rate	Loan Balance at 9/1/2022	Loan Draws	Outstanding Balance at 8/31/2023
66.468	Capitalization Grants for Drinking Water State Revolving Funds	2.45%	\$ 408,668	\$1,878,411	\$ 2,287,079

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AUGUST 31, 2023

I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of the Henderson Nina Water System, Inc. as of and for the year ended August 31, 2023.
2. One significant deficiency and no material weaknesses were disclosed during the audit of the financial statements reported in the 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.
3. No instances of noncompliance material to the financial statements of Henderson Nina Water System, Inc., were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Henderson Nina Water System 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:

United States Environmental Protection Agency – Capitalization Grants for Drinking Water State Revolving Funds, Assistance listing number 66.468
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The auditee did not qualify as a low-risk auditee.
10. No management letter was issued for Henderson Nina Water System, Inc.

II. FINDINGS – FINANCIAL STATEMENT AUDIT

2023-1 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, 2023

II. FINDINGS – FINANCIAL STATEMENT AUDIT (CONTINUED)

2023-1 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: Perry Serrette, President

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2023

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

2022-1 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, 2023

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	\$619,278 \$250,000 per occurrence	\$1,000 deductible	10/21/22	10/21/23
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		10/21/22	10/21/23
Allied Public Risk, LLC	Commercial Crime	Employee Theft Theft of Money & Securities Robbery/Burglary Forgery/Alteration Computer Fraud Funds Transfer Fraud Money Orders & Counterfeit Money Outside the Premises	\$250,000 per loss \$250,000 per occurrence \$5,000 per occurrence \$250,000 per occurrence \$100,000 per occurrence \$100,000 per occurrence \$100,000 per occurrence \$250,000 per occurrence	\$1,000 deductible	10/21/22	10/21/23
Allied Public Risk, LLC	Auto	Liability Auto Medical Uninsured Motorist	\$1,000,000 per occurrence \$5,000 each person \$500,000 per occurrence		10/21/22	10/21/23
Allied Public Risk, LLC	Liability	Directors and Officers	\$3,000,000		10/21/22	10/21/23
L.W.C.C.	Worker's compensation		Statutory		11/30/22	11/30/23

See independent auditor's report.

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



JOHN S. DOWLING & COMPANY
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
www.jsdc-cpas.com

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

Van L. Auld, CPA
Molly Fontenot Duplechain, CPA

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

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of
Henderson Nina Water System, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2022 through August 31, 2023. Henderson Nina Water System's management is responsible for those C/C areas identified in the SAUPs.

Henderson Nina Water System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period September 1, 2022 through August 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

iii. **Disbursements**, including processing, reviewing, and approving.

The water system does not have any policies or procedures addressing disbursements related to the expenses paid with LDHH funds.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Auditor selected the construction bank account because this is the bank account effected by the LDHH funds.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

The construction bank account reconciliation does not include evidence that it was completed within 2 months of the related statement date.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

The bank reconciliation does not include evidence that a board member reviewed it, but bank statements and bank reconciliations are reviewed each month at board meetings.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No reconciling items outstanding for more than 12 months.

5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

There is only one location that processes payments.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

The director signs checks, and the system manager, who is responsible for processing payments, mails payments.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No electronic disbursements in the construction bank account.

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No electronic disbursements in the construction bank account.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No misappropriations of public funds.

- B. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice is posted on the premises.

The Board of Directors of
Henderson Nina Water System, Inc.
and the Louisiana Legislative Auditor

We were engaged by Henderson Nina Water System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Henderson Nina Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Opelousas, Louisiana
December 18, 2023

HENDERSON NINA WATER SYSTEM, INC.
HENDERSON, LOUISIANA
AUGUST 31, 2023

Management's responses to the following agreed-upon procedure sections:

Written Policies and Procedures:

1. Aiii) Disbursements

- The board approves all disbursements at monthly meetings. The system manager has a preapproved \$500 limit per purchase in case of emergency and a board member is not available for immediate approval. We do not feel it is necessary to have a disbursement policy.

Bank Reconciliations

2. i) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged).
- ii) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).
- In the future, the Water System will ensure that bank reconciliations include an electronic date log and a board member will initial bank reconciliations at monthly board meetings after they are reviewed.

Non-payroll Disbursements

5. Biii) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- Biv) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- Due to the size of the entity, it is difficult to fully segregate duties.