

INDIAN VILLAGE WATER SYSTEM, INC.

*Financial Statements
For the Year Ended December 31, 2020*



INDIAN VILLAGE WATER SYSTEM, INC.

DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
Indian Village Water System, Inc.
Calhoun, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indian Village Water System, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indian Village Water System, Inc., as of December 31, 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head on page 14 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 on our consideration of Indian Village 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 on pages 9-10. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indian Village Water System, Inc's internal control over financial reporting and compliance.

Cameron, Hines & Company (APAC)

West Monroe, Louisiana
March 30, 2022

INDIAN VILLAGE WATER SYSTEM, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

"SEE INDEPENDENT AUDITORS' REPORT"

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 456,882
Accounts Receivable	40,060
Prepaid Insurance	6,533
Inventory	32,957
Total Current Assets	536,432

Property, Plant, and Equipment

Vehicles	25,141
HWY 144 Upgrade	110,335
Plant and Equipment	1,295,535
Water Well #4	278,967
Accumulated Depreciation	(796,993)
Net Property, Plant and Equipment	912,985

<u>TOTAL ASSETS</u>	<u>\$ 1,449,417</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Payroll Liabilities	77
Customers Deposits Payable	16,293
Total Current Liabilities	16,370

Long-Term Liabilities

Note Payable	389,484
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<u>Total Liabilities</u>	405,854
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Net Assets

Net Assets Without Donor Restrictions	
Unrestricted	1,043,563

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,449,417</u>
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The accompanying notes are an integral part of this financial statement.

INDIAN VILLAGE WATER SYSTEM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

"SEE INDEPENDENT AUDITORS' REPORT"

Changes in Net Assets

Revenue:

Water Sales	\$ 391,268
New Meter and Reconnect Fees	10,670
Late Penalties and NSF Charges	6,813
Dividend Income	2,060
Interest Income	267
Other Income	15,543
Total Revenues	<u>426,621</u>

Expenses:

Advertising	215
Auto Expense	2,077
Bank Charges	503
Contract Labor	76,233
Depreciation	53,140
Dues and Subscriptions	835
Insurance	16,850
Interest	3,389
Office	3,623
Payroll Taxes	2,412
Professional Fees	5,765
Postage and Delivery	3,446
Rent	4,400
Repair and Maintenance	24,189
Salaries	33,652
Telephone	2,105
Utilities	38,148
Water Testing Fees	9,602
Sales Taxes	296
Total Expenses	<u>280,880</u>

Change in Net Assets 145,741

Net Assets at Beginning of Year 897,822

NET ASSETS AT END OF YEAR \$ 1,043,563

The accompanying notes are an integral part of this financial statement.

INDIAN VILLAGE WATER SYSTEM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

"SEE INDEPENDENT AUDITORS' REPORT"

<u>Cash Flows From Operating Activities</u>	
Change in Net Assets	\$ 145,741
Adjustments to Reconcile Change in Net Assets for the Year to Net Cash Provided by Operating Activities:	
Depreciation	53,140
(Increase) Decrease in Accounts Receivable	(2,224)
Increase in Prepaid Expenses	339
Increase (Decrease) in Payroll Liabilities	(1,548)
Total Adjustments	<u>49,707</u>
Net Cash Provided by Operating Activities	<u>195,448</u>
 <u>Cash Flows From Investing Activities</u>	
Purchases of Property and Equipment	(322,414)
Increase in Customers Deposits Payable	<u>1,100</u>
 Net Cash Used by Investing Activities	 (321,314)
 <u>Cash Flows From Financing Activities</u>	
Proceeds of Long-Term Debt	322,414
Principal Payments on Notes	<u>(15,000)</u>
Net Cash Provided by Financing Activities	<u>307,414</u>
 <u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	 <u>181,548</u>
 <u>Cash and Cash Equivalents at Beginning of Year</u>	 <u>275,334</u>
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 <u><u>\$ 456,882</u></u>

The accompanying notes are an integral part of this financial statement.

INDIAN VILLAGE WATER SYSTEM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

"SEE INDEPENDENT AUDITORS' REPORT"

<u>Expense Type</u>	<u>Operations and Maintenance</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising	\$ 215	\$ -	\$ 215
Auto Expenses	2,077	-	2,077
Bank Charges	-	503	503
Contract Labor	76,233	-	76,233
Depreciation	51,546	1,594	53,140
Dues and Subscriptions	-	835	835
Insurance	13,480	3,370	16,850
Interest	2,542	847	3,389
Office	-	3,623	3,623
Payroll Taxes	965	1,447	2,412
Professional Fees	4,612	1,153	5,765
Postage and Delivery	2,585	861	3,446
Rent	4,400	-	4,400
Repair and Maintenance	10,885	13,304	24,189
Salaries	13,461	20,191	33,652
Telephone	1,895	210	2,105
Utilities	19,074	19,074	38,148
Water Testing Fees	9,602	-	9,602
Sales Tax	296	-	296
TOTAL	\$ 213,868	\$ 67,012	\$ 280,880

The accompanying notes are an integral part of this financial statement.

INDIAN VILLAGE WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies

A. Historical Background

Indian Village Water System, Inc. (the System) is a nonprofit corporation incorporated in 1976 for the following purpose: to provide dependable potable water service to connections in Calhoun, east Jackson, western Ouachita, and eastern Lincoln parishes, Louisiana.

B. Financial Statements Presentation

FASB Accounting Standards Codification (ASC) section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor restricted restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and are not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources were restricted has been fulfilled, or both. As of the year ended December 31, 2020, the System does not have any donor-imposed restrictions that are either temporary or perpetual in nature.

C. Basis of Accounting

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

D. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less.

E. Revenue

Indian Village Water System, Inc. receives income for billable services for water sales and recognizes this income when earned. The System has 673 active members. The current billing rate is \$25.00 for the first 2,000 gallons and \$7.00 per thousand gallons over the first 2,000 gallons.

INDIAN VILLAGE WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

F. Fixed Assets

Indian Village Water System, Inc. follows the practice of capitalizing, at cost, all expenditures for fixed assets. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Water System	50 Years
Water System Improvements	25 Years
Equipment	10 Years
Vehicles	7 Years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Income Taxes

Indian Village Water System, Inc. is a nonprofit corporation exempted from federal income taxes under Section 501 (c)(12) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the System engage in activities unrelated to its exempt purpose, taxable income could result. The System had no material unrelated business income for the year ended December 31, 2020. The earliest income tax year that is subject to examination is 2017.

Note 2- Financial Instruments Disclosure

At December 31, 2020, the System had bank balances of \$460,701, which was insured up to \$250,000 by the Federal Deposit Insurance Corporation.

Note 3 - Accounts Receivables

As of December 31, 2020, accounts receivable from water sales for the month of December was \$40,060.

INDIAN VILLAGE WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Note 4 - Note Payable

Note payable consists of a loan from the Louisiana Department of Health to finance a construction project. The debt is secured by company assets. At December 31, 2020, the System had note payable of \$389,484. The loan is still in the process of being finalized and a repayment schedule will not be available until the loan is finalized.

Interest paid on the note payable was \$3,389 for the 2020 year.

Note 5 - Subsequent Events

Subsequent events have been evaluated through March 30, 2022, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

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INDEPENDENT AUDITORS' 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

Board of Directors of
Indian Village Water System, Inc.
Calhoun, 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 Indian Village Water System, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indian Village 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 Indian Village Water System, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Indian Village Water System, Inc.'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 Indian Village Water System, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, listed as item 20-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indian Village 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 matters that is required to be reported under the *Government Auditing Standards*.

Indian Village Water System, Inc.'s Response to Findings

Indian Village Water System, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Cameron, Hines & Company (CAPAC)

West Monroe, Louisiana
March 30, 2022

INDIAN VILLAGE WATER SYSTEM, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

To The Board of Directors
 Indian Village Water System, Inc.
 Calhoun, Louisiana

We have audited the financial statements of Indian Village Water System, Inc. as of and for the year ended December 31, 2020, and have issued our report thereon dated March 30, 2022. 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 audit of the financial statements as of December 31, 2020, resulted in an unmodified opinion.

SECTION I - Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness ___ yes **X** no

Significant Deficiencies not considered to be
 Material Weaknesses **X** yes ___ no

Compliance

Compliance Material to Financial Statements ___ yes **X** no

B. Federal Awards **N/A NO SINGLE AUDIT IS REQUIRED**

Material Weakness Identified ___ yes ___ no

Significant Deficiencies not considered to be
 Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance for Major Programs

Unmodified ___ Modified ___

Disclaimer ___ Adverse ___

Are their findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F?
N/A

C. Identification of Major Programs:

Name of Federal Program (or cluster): **N/A**

Dollar threshold used to distinguish between Type A and Type B Programs. **N/A**

Is the auditee a "low-risk" auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F? **N/A**

INDIAN VILLAGE WATER SYSTEM, INC.
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II - Financial Statement Findings

20-01 Lack of Separation of Incompatible Duties

Condition:

Indian Village Water System has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Criteria:

Proper internal control requires separation of incompatible duties.

Effect:

Lack of separation of incompatible duties increases the risk that errors would not be detected or corrected in a timely manner.

Recommendation:

To the extent possible other Indian Village Water System employees could assist with incompatible duties.

Response:

The Treasurer will inspect the bank statements and review cancelled checks on a monthly basis. The external CPA will review the bank reconciliation as part of the monthly preparation of the financial statements.

Section III – Federal Award Findings and Responses

N/A

INDIAN VILLAGE WATER SYSTEM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Management Letter

This section is not applicable

INDIAN VILLAGE WATER SYSTEM, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
DECEMBER 31, 2020

Agency Head		Keith Hernandez
Title		<u>President</u>
Purpose		
Salary		\$ -
Benefits - Payroll Taxes		-
Cell Phone		-
Insurance (Health and Life)		-
Moving Expenses		-
Total Compensation, Benefits and Other Payments		<u>\$ -</u>

The Indian Village Water System, Inc. is a nongovernmental entity that receives public funds. However, no public funds are used to pay for the compensation, benefits, or other payments to the agency head.