

**VIXEN WATER SYSTEM, INC.**  
**Chatham, Louisiana**

**Financial Statements**  
**With Accountant's Compilation Report**

**As of and for the Year Ended**  
**December 31, 2024**

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

Financial Statements  
With Accountant's Compilation Report

As of and for the Year Ended  
December 31, 2024

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*M. Carleen Dumas*  
CERTIFIED PUBLIC ACCOUNTANT

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**Accountant's Compilation Report**

BOARD OF DIRECTORS  
VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

Management is responsible for the accompanying financial statements of Vixen Water System, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

**Supplementary Information**

The accompanying schedule of compensation, reimbursements, benefits, and other payments to agency head is presented for purpose of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, but I have not audited or reviewed the supplementary information, and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

I am not independent with respect to Vixen Water System, Inc., for the year ended December 31, 2024.

*Carleen Dumas*

Calhoun, Louisiana  
July 26, 2025

## FINANCIAL STATEMENTS

**Statement A**

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

STATEMENT OF FINANCIAL POSITION  
December 31, 2024

**ASSETS**

## Current assets:

Cash	\$88,855
Accounts receivable	<u>24,974</u>
Total current assets	113,829
Assets with contractual restrictions - cash	159,857
Property, plant, and equipment (net of accumulated depreciation)	<u>2,728,746</u>

## TOTAL ASSETS

\$3,002,432**LIABILITIES AND NET ASSETS**

## Current liabilities:

Accounts payable	\$13,158
Sales tax payable	277
Accrued interest payable	1,097
Current portion of loan payable	<u>19,356</u>
Total current liabilities	33,888
Long-term liabilities - loan payable	<u>893,409</u>
Total liabilities	927,297
Net assets without donor restrictions	<u>2,075,135</u>

## TOTAL LIABILITIES AND NET ASSETS

\$3,002,432

See accompanying notes and accountant's compilation report.

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2024

**Operating Revenue:**

Water sales	\$168,644
Penalties	3,782
Installation fees	775
User application fees	800
Reconnect fees	2,760
Other	366
Total operating revenue	<u>177,127</u>

**Operating Expenses:**

Advertising and promotion	304
Accounting fees	1,010
Dues and subscriptions	3,641
Insurance	2,619
Management fee	46,914
Postage	1,356
Maintenance, repairs, and hookups	63,967
Supplies	1,687
Utilities	23,819
Licenses and permits	745
Chemicals	8,304
Sampling	3,752
Depreciation	128,114
Office supplies	282
Other operating expenses	90
Total operating expenses	<u>286,604</u>
<b>Operating Income (Loss)</b>	<u><b>(109,477)</b></u>

**Non-Operating Revenue (Expense):**

Interest income	762
Grant revenue	37,827
Interest expense	(14,978)
Total non-operating revenue (expense)	<u>23,611</u>

**Decrease in Net Assets**

(85,866)

**Net Assets at Beginning of Year (Restated)**2,161,001**Net Assets at End of Year**\$2,075,135

See accompanying notes and accountant's compilation report.



VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

Decrease in net assets	<u>(\$85,866)</u>
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation expense	128,114
Increase in accounts receivable	(5,040)
Increase in accounts payable	4,837
Increase in sales tax payable	255
Interest income	(762)
Grant revenue	(37,827)
Interest expense	<u>14,978</u>
Total adjustments	<u>104,555</u>
Net cash provided by operating activities	<u>18,689</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal on long-term debt	(19,187)
Interest on long-term debt	<u>(15,001)</u>
Net cash used by financing activities	<u>(34,188)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	762
Grant revenue	<u>37,827</u>
Net cash provided by investing activities	<u>38,589</u>

**NET INCREASE IN CASH** 23,090

**CASH AT BEGINNING OF YEAR** 225,622

**CASH AT END OF YEAR** \$248,712

**Reconciliation of cash per statement of cash flows to  
cash per statement of financial position:**

Cash	\$88,855
Cash with contractual restrictions	<u>159,857</u>
Total cash	<u><u>\$248,712</u></u>

See accompanying notes and accountant's compilation report.

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

NOTES TO THE FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2024

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**A. NATURE OF ACTIVITIES**

Vixen Water System, Inc., (the “water system”) is a nonprofit organization domiciled in Chatham, Louisiana, and organized under the provisions of Louisiana Revised Statutes 12:201-269. The water system is governed by a five member board of directors who are elected by members of the water system. Vixen Water System, Inc., provides water to members residing within the territorial boundaries of the water system. The water system has approximately 261 members and no employees. The water system contracted with JCP Management, Inc., from January 1, 2024, until August 14, 2024, and Cenla Environmental Science from August 15, 2024, to December 31, 2024, to operate and maintain the water system in accordance with the rules, regulations, and by-laws adopted by the Board of Directors of the water system.

**B. ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due from members for water service provided prior to year end. Receivables are generally reported at the net amount expected to be collected by using an allowance for credit losses. The water system adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Accounting Standards Codification (“ASC”) 326). ASC 326 requires that the estimate of credit losses on trade receivables be based not only on historical experience but also on current conditions and reasonable forecasts of future events. The water system is of the opinion that an allowance for credit losses at December 31, 2024, is immaterial to the financial statements taken as a whole; therefore, no allowance for credit losses has been reported in the accompanying financial statements.

**C. GRANT REVENUE**

The accounting and reporting of grants is determined by the underlying substance of the transaction. A grant may be accounted for as a contribution, an exchange transaction, or a combination of the two. If it is determined to be a contribution, a grant may be considered a conditional or an unconditional grant.

The water system adopted Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and*



*Contributions Made*, issued by the Financial Accounting Standards Board (“FASB”). The ASU provides clarified guidance on evaluating whether grant funds should be accounted for as a contribution or an exchange transaction based on whether the grantor is receiving value in return for the resources transferred to the grantee. Grant funds are considered contributions if the grantor does not receive commensurate value in exchange for the assets transferred. ASU 2018-08 also provides guidance to determine whether grant funds that are accounted for as contributions are considered conditional or unconditional. Grant funds are considered conditional if the grantee must overcome one or more barriers before it is entitled to the funds and a right of return to the grantor exists for funds transferred. For conditional grants, revenue is recognized in the period the condition or conditions are met and is included in the change in net assets without donor restrictions.

For the year ended December 31, 2024, the water system received a grant from the State of Louisiana for the purpose of making major repairs to the water system. The grant funds are accounted for as contributions and are considered conditional because the funds must be used solely for the purpose specified in the agreements and are disbursed to the water system as eligible costs are incurred.

#### **D. PROPERTY, PLANT, AND EQUIPMENT**

The original water system and improvements that were made prior to 2016 have been capitalized by the water system and recorded at estimated cost. Water system improvements and land purchases made after 2016 are capitalized at actual cost. Depreciation of all exhaustible property, plant, and equipment is charged as an expense against operations. Depreciation is computed using the straight-line method over an estimated useful lives of 10 to 25 years. Depreciation expense for the year ended December 31, 2024 was \$128,114.

#### **E. INCOME TAX STATUS**

The water system is a non-for-profit organization that is exempt from federal income taxes under Section 501 c (12) of the Internal Revenue Code.

The water system’s Form 990, *Return of Organization Exempt from Income Tax*, for the years ended 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they are filed.

#### **F. 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.

VIXEN WATER SYSTEM, INC.  
Notes to the Financial Statements

**G. INTEREST COSTS**

The following provides disclosure on interest costs for the year ended December 31, 2024:

Total interest cost expensed	\$14,978
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$14,978</u>

**H. FUNCTIONAL ALLOCATION OF EXPENSES**

The water system's only activity is to provide water service to its members. All costs incurred by the water system are incurred for the purpose of providing water service; therefore, it is not feasible to allocate expenses between program services and support services.

**2. DEPOSITS IN FINANCIAL INSTITUTIONS**

At December 31, 2024, the water system has \$248,712 in checking accounts (book balances). All of the bank balances were covered by federal deposit insurance at December 31, 2024.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at December 31, 2024:

Water sales	\$24,974
Less - allowance for credit losses	<u>NONE</u>
Net	<u>\$24,974</u>

**4. REVENUE FROM CONTRACTS WITH CUSTOMERS**

The water system adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively Accounting Standards Codification ("ASC") 606) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The water system's revenue from contracts with customers within the scope of ASC 606 is reported as water sales, penalties, installation fees, user application fees, and reconnect fees on the Statement of Activities. Water sales are recognized in the period the gallons of water are produced and delivered to the customer. The customer is billed monthly for the number of gallons of water delivered during the previous month and payment is due by the 15<sup>th</sup> of the following month. After the 15<sup>th</sup> of the month, a 10% penalty is added to the balance due. The



VIXEN WATER SYSTEM, INC.  
Notes to the Financial Statements

date of disconnection is printed on the water bill. If payment is not received by the disconnection date, the customer's water meter is disconnected from service. If the meter is disconnected for non-payment, the amount due plus a reconnect fee must be paid before service is restored. All other fees are recognized when the customer signs the water users agreement and pays the fee. The receivable for water fees was \$19,935 at the beginning of the year and is \$24,974 at the end of the year.

## 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the water system's financial assets as of December 31, 2024, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date:

Financial assets at December 31, 2024	\$273,686
Less those unavailable for general expenditure within one year, due to:	
Contractual restrictions - loan agreement	(149,775)
Contractual restrictions - construction	<u>(10,082)</u>
Financial assets available to meet cash needs for general expenditure, within one year	<u><u>\$113,829</u></u>

## 6. PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment at December 31, 2024 follows:

Original water system and improvements	\$3,767,644
Land	13,249
Less accumulated depreciation	<u>(1,052,147)</u>
Net	<u><u>\$2,728,746</u></u>

## 7. LOAN PAYABLE

During 2018 the water system entered into a loan agreement with the United States Department of Agriculture (USDA) in the amount of \$1,003,000 for a portion of the costs of constructing and acquiring improvements to the water system. As a condition of the loan, the water system was required to obtain interim financing from a commercial lender during the construction period. Principal was advanced to the water system from the interim loan during 2019 and 2020 as needed to pay construction costs. In February 2020, the water system received \$1,003,000 in loan funds from USDA to pay the outstanding principal, interest, and fees on the interim loan. The USDA loan has an annual interest rate of 1.625% and principal and interest are due in monthly installments of \$2,849 through 2060. The loan is secured by a security interest in the water system's property and the pledge of revenue.

The following is a summary of loan payable transactions for the year ended December 31, 2024:

VIXEN WATER SYSTEM, INC.  
Notes to the Financial Statements

	2020 USDA Loan
Loan payable at January 1, 2024	\$931,952
Additions	NONE
Reductions	(19,187)
Loan payable at December 31, 2024	<u>\$912,765</u>

The annual requirements to amortize the loan outstanding at December 31, 2024, are as follows:

Year	Principal	Interest	Total
2025	\$19,356	\$14,832	\$34,188
2026	19,670	14,518	34,188
2027	19,990	14,198	34,188
2028	20,315	13,873	34,188
2029	20,645	13,543	34,188
2030 - 2034	108,366	62,574	170,940
2035 - 2039	117,461	53,479	170,940
2040 - 2044	127,321	43,619	170,940
2045 - 2049	138,007	32,933	170,940
2050 - 2054	149,590	21,350	170,940
2055 - 2059	162,146	8,794	170,940
2060	9,898	161	10,059
Total	<u>\$912,765</u>	<u>\$293,874</u>	<u>\$1,206,639</u>

## 8. CASH WITH CONTRACTUAL RESTRICTIONS

On December 6, 2017, the water system signed a letter of conditions in connection with the loan agreement with the United States Department of Agriculture - Rural Development discussed in Note 7 above. These conditions required the water system to establish a Debt Service Reserve Fund and a Short-Lived Asset Reserve Fund. At December 31, 2024, the amount set aside in these funds totaled \$149,775. The water system has deposited \$37,405 into the Debt Service Reserve. The maximum amount required to be accumulated in the Debt Service Reserve is \$37,320. In addition, the water system must deposit at least \$14,833 per year into the Short-Lived Asset Fund for the life of the loan. The water system deposited \$23,233 into the Short-Lived Asset Fund during 2024. The letter of conditions also required the water system to establish a Construction account for all funds related to the construction project. The balance in the Construction account at December 31, 2024, is \$10,082.

## 9. OPERATION AND MAINTENANCE AGREEMENT

On December 28, 2023, the water system renewed an Operation and Maintenance Agreement with

VIXEN WATER SYSTEM, INC.  
Notes to the Financial Statements

JCP Management, Inc., to operate and maintain the water system in accordance with the rules, regulations, and by-laws adopted by the Board of Directors of the water system and in accordance with the annual budget and fee schedule adopted by the water system. The agreement was for a two year period ending December 27, 2025. However, the agreement with JCP Management, Inc., was terminated in August 2024. In August 2024, the water system contracted with Cenla Environmental Science to operate and maintain the water system in accordance with the rules, regulations, and by-laws adopted by the Board of Directors of the water system and in accordance with the annual budget and fee schedule adopted by the water system. During the year ended December 31, 2024, JCP Management, Inc., billed the water system a total of \$46,961 for services under their agreement and Cenla Environmental Science billed the water system a total of \$42,554 for their services. The amount due Cenla Environmental Science at December 31, 2024, is \$10,000.

**10. RESTATEMENT OF BEGINNING NET ASSETS**

Net assets at the beginning of the year is restated as follows:

Net assets at December 31, 2023, as previously reported	\$2,164,309
Adjustments for correction of errors:	
Accounts receivable overstated	(6,691)
Deferred grant revenue overstated	3,383
Net position at January 1, 2024, restated	<u>\$2,161,001</u>

**11. SUBSEQUENT EVENTS**

Vixen Water System, Inc., has evaluated subsequent events through July 26, 2025, the date which the financial statements were available to be issued.



## **SUPPLEMENTAL INFORMATION**

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

Supplemental Information  
For the Year Ended December 31, 2024

**COMPENSATION, REIMBURSEMENTS, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD**

The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head is presented in compliance with Louisiana Revised Statute 24:513 A (3).

**Schedule 1**

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

Schedule of Compensation, Reimbursements, Benefits, and  
Other Payments to Agency Head  
For the Year Ended December 31, 2024

Agency Head - Hoyt McCormick - President

NONE

VIXEN WATER SYSTEM, INC.  
Chatham, Louisiana

Schedule of Current Year Findings and  
Management's Planned Corrective Action  
For the Year Ended December 31, 2024

**2024-001. Failure to Submit Annual Financial Statements to Louisiana Legislative Auditor within Six Months of the Close of the Fiscal Year**

**Criteria:** Louisiana Revised Statute 24:513 requires non-profit organizations that receive and expend local or state assistance in any fiscal year to submit its financial statements to the Louisiana Legislative Auditor (LLA) within six months of the close of its fiscal year.

**Condition:** During the year ended December 31, 2024, the water system received and expended \$37,827 in state grant funds.

**Cause:** The water system was unaware of the requirement to submit its financial statements to the LLA within six months of the close of its fiscal year.

**Effect:** Non-compliance with Louisiana Revised Statute 24:513.

**Recommendation:** The water system should submit annual financial statements to the LLA within six months of the close of its fiscal year for any fiscal year in which it receives any amount of state or local financial assistance.

**Management's Planned**

**Corrective Action:** The water system will submit annual financial statements to the LLA within six months of the close of its fiscal year for any year in which it receives any amount of state or local financial assistance. \*