

CHENIERE-DREW WATER SYSTEM, INC.

WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2020 AND 2019

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
SEPTEMBER 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Cheniere-Drew Water System, Inc.
West Monroe, Louisiana

We have audited the accompanying statements of Cheniere-Drew Water System, Inc. (a non-profit organization), which comprise the statement of financial position as of September 30, 2020 and 2019, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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

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.

Basis for Qualified Opinion

The Water System outsourced its billing services to a third party service provider during the fiscal year. We were unable to determine the adequacy of the internal controls over billings of water and sewerage fees since the third party provider did not provide a Report on Controls at a Service Organization under the Statement on Standards for Attestation Engagements No. 16 or other information adequate for gaining an understanding of the service providers' internal controls and it was not feasible to obtain this information by other means. As such, we were unable to determine the effect of the service organizations' internal controls on the Water System's water and sewer revenues and accounts receivable. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cheniere-Drew Water System, Inc. as of September 30, 2020 and 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of income on pages 17-18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other

records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the possible effects on the service organization's internal controls on the Water System's water and sewer revenues and receivables for the qualified opinion on the financial statements as explained in the Basis for Qualified Opinion paragraph, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Johnson Perry Roussel & Cuthbert, LLP

JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
November 20, 2020

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 2020 AND 2019

ASSETS

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,954,008	\$ 1,736,924
Accounts Receivable - Water Billings (Net)	375,506	389,293
Unbilled Revenues Receivable	46,948	53,187
Accounts Receivable - Other	69,780	29,002
Prepaid Insurance	38,337	39,259
	2,484,579	2,247,665
 <u>TOTAL CURRENT ASSETS</u>		
 <u>FIXED ASSETS</u>		
Water Distribution System	9,499,988	9,235,457
Equipment	146,340	14,777
Computers	9,736	9,736
Construction in Progress	-	131,563
Land	209,009	209,009
Less: Accumulated Depreciation	(3,877,281)	(3,721,684)
	5,987,792	5,878,858
 <u>NET FIXED ASSETS</u>		
 <u>OTHER ASSETS</u>		
Deposits	65	65
	65	65
 <u>TOTAL OTHER ASSETS</u>		
 <u>TOTAL ASSETS</u>		
	\$ 8,472,436	\$ 8,126,588

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 2020 AND 2019

LIABILITIES AND NET ASSETS

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 180,895	\$ 302,036
Accrued Expenses	220	208
Current Maturities of Long-Term Debt	<u>31,466</u>	<u>89,230</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>212,581</u>	<u>391,474</u>
<u>WATER DEPOSITS PAYABLE</u>	<u>168,473</u>	<u>156,243</u>
<u>LONG-TERM LIABILITIES</u>		
Long-Term Debt Net of Current Portion	<u>-</u>	<u>-</u>
<u>TOTAL LONG-TERM LIABILITIES</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>381,054</u>	<u>547,717</u>
<u>NET ASSETS</u>		
Net Assets Without Donor Restrictions	8,091,382	7,578,871
Net Assets With Donor Restrictions	<u>-</u>	<u>-</u>
<u>TOTAL NET ASSETS</u>	<u>8,091,382</u>	<u>7,578,871</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,472,436</u>	<u>\$ 8,126,588</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>SALES</u>		
Water Revenues	\$ 2,342,236	\$ 2,203,100
Tapping Fees	71,130	81,826
Late Charges	25,839	23,030
Service and Reconnect Charges	35,410	47,485
Membership Fees	5,010	4,580
Commission Fee	2,495	1,849
Other	49,797	7,670
	<u>2,531,917</u>	<u>2,369,540</u>
 <u>COST OF SALES</u>		
Water Taps	57,636	68,613
Tapping Materials	13,997	20,137
Sales Tax - Materials	1,461	1,976
Handling Charges	1,400	1,894
Chlorine	39,473	32,128
Connect Fees	14,975	21,888
Carbon Refills	119,229	56,196
Contract Labor	11,400	10,400
	<u>259,571</u>	<u>213,232</u>
 <u>TOTAL GROSS PROFIT</u>	 <u>2,272,346</u>	 <u>2,156,308</u>
 <u>FUNCTIONAL EXPENSES</u>		
Program Expenses	1,706,626	1,598,570
Administrative Expenses	71,077	70,285
	<u>1,777,703</u>	<u>1,668,855</u>
 <u>NET OPERATING PROFIT (LOSS)</u>	 <u>494,643</u>	 <u>487,453</u>
 <u>OTHER REVENUES</u>		
Interest Earned	17,868	25,062
Non-Cash Contributions	-	-
	<u>17,868</u>	<u>25,062</u>
 <u>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	 <u>512,511</u>	 <u>512,515</u>
 <u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>		
 <u>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</u>	 <u>-</u>	 <u>-</u>
 <u>TOTAL INCREASE (DECREASE) IN NET ASSETS</u>	 <u>512,511</u>	 <u>512,515</u>
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	 <u>7,578,871</u>	 <u>7,066,356</u>
 <u>NET ASSETS AT END OF YEAR</u>	 <u>\$ 8,091,382</u>	 <u>\$ 7,578,871</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

SEPTEMBER 30, 2020

	Program- Water District	Management And General	9/30/2020 Total
Accounting	\$ -	\$ 18,953	\$ 18,953
Advertising	1,388	-	1,388
Bad Debt	10,707	-	10,707
Bank Charges	-	8,451	8,451
Board Fees	-	29,400	29,400
Dues	-	-	-
Insurance	52,038	-	52,038
Interest	9,653	-	9,653
Management Expense	1,082,314	-	1,082,314
Membership Meeting	-	544	544
Meter Reading	90,153	-	90,153
Miscellaneous	-	3,750	3,750
Office & Postage	-	9,059	9,059
Professional Fees	-	920	920
Repairs & Maintenance	76,268	-	76,268
Telephone	-	-	-
Well Monitoring Fee	5,322	-	5,322
Well Mapping Fee	582	-	582
Utilities	146,654	-	146,654
	<hr/>	<hr/>	<hr/>
<u>Subtotal</u>	1,475,079	71,077	1,546,156
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>	231,547	-	231,547
	<hr/>	<hr/>	<hr/>
<u>TOTAL</u>	\$ 1,706,626	\$ 71,077	\$ 1,777,703
	<hr/>	<hr/>	<hr/>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

SEPTEMBER 30, 2019

	<u>Program-</u> <u>Water District</u>	<u>Management</u> <u>And General</u>	<u>9/30/2019</u> <u>Total</u>
Accounting	\$ -	\$ 19,007	\$ 19,007
Bad Debt	9,526	-	9,526
Bank Charges	-	7,682	7,682
Board Fees	-	29,400	29,400
Dues	-	300	300
Insurance	42,362	-	42,362
Interest	11,147	-	11,147
Internet	-	137	137
Management Expense	1,045,813	-	1,045,813
Membership Meeting	-	230	230
Meter Reading	90,061	-	90,061
Miscellaneous	-	2,150	2,150
Office & Postage	-	7,941	7,941
Professional Fees	-	3,405	3,405
Repairs & Maintenance	50,334	-	50,334
Telephone	-	33	33
Well Monitoring Fee	8,927	-	8,927
Well Mapping Fee	-	-	-
Utilities	135,017	-	135,017
<u>Subtotal</u>	<u>1,393,187</u>	<u>70,285</u>	<u>1,463,472</u>
<u>Depreciation</u>	<u>205,383</u>	<u>-</u>	<u>205,383</u>
<u>TOTAL</u>	<u>\$ 1,598,570</u>	<u>\$ 70,285</u>	<u>\$ 1,668,855</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Increase in Net Assets	\$ 512,511	\$ 512,515
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	231,547	205,383
(Increase) Decrease in:		
Accounts Receivable – Water Billings	13,787	(60,783)
Unbilled Revenues Receivable	6,239	(11,104)
Accounts Receivable – Other	(40,778)	(8,121)
Prepaid Insurance	922	(10,494)
Utility Deposits	-	-
Increase (Decrease) in:		
Accounts Payable	(121,141)	99,587
Accrued Expenses	12	(32)
Meter Deposits	12,230	17,295
	102,818	231,731
Total Adjustments		
Net Cash Provided (Used) by Operating Activities	615,329	744,246
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of Fixed Assets	(365,797)	(934,282)
Asset Disposition	25,316	-
	(340,481)	(934,282)
Net Cash Provided (Used) by Investing Activities		
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on Long-Term Debt	(57,764)	(55,759)
	(57,764)	(55,759)
Net Cash Provided (Used) by Financing Activities		
<u>NET INCREASE IN CASH</u>	217,084	(245,795)
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	1,736,924	1,982,719
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$ 1,954,008	\$ 1,736,924
Cash Paid During the Year for:		
Interest	\$ 9,563	\$ 11,147

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Operations

The Cheniere-Drew Water System, Inc. was incorporated in the State of Louisiana October 23, 1969 as a non-profit corporation.

The Water System originated with a \$730,000 loan from the Department of Housing and Urban Development and was substantially completed and began operations May 31, 1975.

The Water System provides water to members residing in the Cheniere-Drew area.

Method of Accounting

The Water System prepares its financial statements on the accrual method of accounting, recognizing income when earned and expenses when incurred.

Cash and Cash Equivalents

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

Accounts Receivable

An allowance for uncollectible accounts in the amount of \$584 has been provided. Management believes that accounts receivable are substantially collectible and requires customers to provide meter deposits.

Use of Estimates

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

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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

Unbilled Revenues

Unbilled revenues consist of water revenues earned but not billed.

Fixed Assets and Depreciation

Fixed assets with a value greater than \$1,000 are capitalized and stated at cost. Depreciation is provided over the estimated useful lives of the respective assets using straight-line methods. Substantially all assets are depreciated over a 40-year life, with office equipment depreciated over a 5-year life. Expenditures for maintenance and repairs are charged to expense as incurred. Major improvements are capitalized.

Income Taxes

The Water System, a non-profit corporation under the Internal Revenue Code Section 501(c)(12) is exempt from federal and Louisiana income taxes. Accordingly, no provision for income taxes has been made in the financial statements.

Advertising Expenses

The Water System expenses advertising costs as they are incurred. Advertising expenses for the years ended September 30, 2020 and 2019 were immaterial.

Basis of Presentation

The financial statements have been prepared in accordance with U.S generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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

Basis of Presentation (Continued)

Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization and the board of directors.

Net Assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Water System distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Water System's principal ongoing operations. The principal operating revenues are charges to customers for service. Customers are billed monthly for services received during the month. The Water System also recognizes as operating revenues the fees intended to recover the cost of connecting new customers to the system. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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

New Accounting Pronouncement

As of October 1, 2019, the Water System adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the year ending September 30, 2020 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

NOTE 2: LONG-TERM DEBT:

On March 28, 1973, the Cheniere-Drew Water System, Inc. obtained a note payable to the United States Department of Housing and Urban Development in the amount of \$730,000 collateralized by the Water System and a pledge of net revenue from the ownership and/or operation of the Water System. The note was subsequently sold to a trust that was established at sale in a mortgage securitization.

The Water System has a Note Payable to Origin Bank in the original amount of \$418,110. The loan bears interest at a rate of 3.500%. Payments of \$5,000 are due on the 15th of each month. The Water System is pledged as collateral on the loan.

Five year debt maturity schedule is as follows:

<u>Year Ended</u>	
9/30/2021	31,466
9/30/2022	-0-
9/30/2023	-0-
9/30/2024	-0-
9/30/2025	-0-

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2: LONG-TERM DEBT: (Continued)

Interest expense on the above note amounted to \$2,237 and \$11,147 for the years ended September 30, 2020 and 2019, respectively.

NOTE 3: CONCENTRATIONS OF RISK:

The Water System maintains cash balances at several financial institutions located in north Louisiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Water System holds additional funds in an insured sweep account. At September 30, 2020 and 2019, the Water System had no uninsured cash funds.

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

NOTE 4: COMMITMENTS AND CONTINGENCIES:

The Water System, because of the nature of its operations, routinely engages in agreements with engineers and contractors to provide future goods and services. At September 30, 2020 and 2019, the Water System had completed all projects under construction.

NOTE 5: CONTRACT FOR OPERATION AND MAINTENANCE OF THE UTILITY SYSTEM:

The Water System contracts with M-N Utilities, Inc. to operate and maintain the Water System on a monthly basis.

The Board negotiated a 3-year contract with M-N Utilities, Inc. in December 2019.

The Water System contracts with Ouachita Meter Reading Service, LLC to provide meter reading services on a monthly basis. The Board negotiated a 3-year contract with Ouachita Meter Reading Service, LLC in December of 2019.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 6: RELATED PARTY TRANSACTIONS:

There were no material related party transactions for the years ended September 30, 2020 and 2019.

NOTE 7: FUNCTIONAL ALLOCATION OF EXPENSES:

The costs of providing programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services. The organization has no fund-raising costs.

NOTE 8: SUBSEQUENT EVENTS:

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Water System through November 20, 2020, the date the report was available for issue, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

NOTE 9: UNCERTAIN TAX POSITIONS:

The Water System is subject to examination by various taxing authorities. Management has reviewed the Water System's activities and believes that no additional amounts or disclosures are needed, as the effect of any uncertain tax positions is not material to the financial statements. The tax returns for the years 2019, 2018, 2017, and 2016 are open for examination by various taxing authorities.

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 10: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Water System's financial assets as of the balance sheet date of September 30, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>9/30/20</u>	<u>9/30/19</u>
Financial Assets at September 30	2,446,242	2,208,406
Less those unavailable for general Expenditure, within one year:	<u>-0-</u>	<u>-0-</u>
Financial assets availability to meet cash needs for general expenditure, within one year	<u>2,446,242</u>	<u>2,208,406</u>

In addition, the financial assets available to meet general expenditures over the year, Cheniere-Drew Water System, Inc. anticipates covering its general expenditures using the income generated by the water system.

SUPPLEMENTARY INFORMATION

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF INCOME
 FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>SALES</u>		
Water Revenues	\$ 2,342,236	\$ 2,203,100
Tapping Fees	71,130	81,826
Late Charges	25,839	23,030
Service and Reconnect Charges	35,410	47,485
Membership Fees	5,010	4,580
Commission Fee	2,495	1,849
Other	49,797	7,670
	<hr/>	<hr/>
<u>TOTAL SALES</u>	<u>2,531,917</u>	<u>2,369,540</u>
<u>COST OF SALES</u>		
Water Taps	57,636	68,613
Tapping Materials	13,997	20,137
Sales Tax - Materials	1,461	1,976
Handling Charges	1,400	1,894
Chlorine	39,473	32,128
Connect Fees	14,975	21,888
Carbon Refills	119,229	56,196
Contract Labor	11,400	10,400
	<hr/>	<hr/>
<u>TOTAL COST OF SALES</u>	<u>259,571</u>	<u>213,232</u>
<u>TOTAL GROSS PROFIT</u>	<u>\$ 2,272,346</u>	<u>\$ 2,156,308</u>

See Independent Auditors' Report and accompanying notes.

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JOHNSON, PERRY, ROUSSEL & CUTHBERT, L.L.P.
 CERTIFIED PUBLIC ACCOUNTANTS

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
STATEMENTS OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>9/30/2020</u>	<u>9/30/2019</u>
<u>OPERATING EXPENSES</u>		
Accounting	\$ 18,953	\$ 19,007
Advertising	1,388	-
Bad Debt	10,707	9,526
Bank Charges	8,451	7,682
Board Fees	29,400	29,400
Depreciation	231,547	205,383
Dues	-	300
Insurance	52,038	42,362
Interest	9,653	11,147
Internet	-	137
Management Expense	1,082,314	1,045,813
Membership Meetings	544	230
Meter Reading	90,153	90,061
Miscellaneous	3,750	2,150
Office and Postage	9,059	7,941
Professional Fees	920	3,405
Repairs and Maintenance	76,268	50,334
Telephone	-	33
Well Monitoring Fee	5,322	8,927
Well Mapping Fee	582	-
Utilities	146,654	135,017
	<u>1,777,703</u>	<u>1,668,855</u>
<u>TOTAL OPERATING EXPENSES</u>		
<u>INCREASE IN NET ASSETS FROM OPERATIONS</u>	<u>494,643</u>	<u>487,453</u>
<u>OTHER REVENUES (EXPENSES)</u>		
Interest Earned	17,868	25,062
Non-Cash Contribution	-	-
	<u>17,868</u>	<u>25,062</u>
<u>TOTAL OTHER REVENUES (EXPENSES)</u>		
<u>NET INCOME IN NET ASSETS</u>	<u>\$ 512,511</u>	<u>\$ 512,515</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
CURRENT YEAR SCHEDULE OF AUDIT FINDINGS AND RESPONSES
SEPTEMBER 30, 2020

2020-1 Internal Control Finding

Finding: The Water System outsources its billings of water and sewerage fees to a third party service organization.

Since the service organization did not provide a Report on Controls at a Service Organization, or other information adequate for gaining an understanding of the service provider's internal controls, we were unable to determine the adequacy of internal controls over the billings of water and sewerage fees in order to assess risks of errors in the financial statements. Consequently, mistakes could be made and not detected and corrected in a timely manner.

Recommendation: We recommend the Water System obtain a Report on Controls at a Service Organization under the Statement on Standards for Attestation Engagements No. 16 and/or other information in order to gain an adequate understanding of the internal controls at the service organization.

Management's
Corrective
Action Plan: Management will research the cost effectiveness of a Report on Controls at a Service Organization under the Statement on Standards for Attestation Engagements No. 16. Management will also contact the service provider and communicate the need for a Report on Controls at a Service Organization under the Statement on Standards for Attestation Engagements No. 16, or have another audit organization provide us information adequate to gain an understanding of the service provider's internal control.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS
SEPTEMBER 30, 2020

2019-1

Finding: The Water System outsources its billings of water and sewerage fees to a third party service organization.

Since the service organization did not provide a Report on Controls at a Service Organization, or other information adequate for gaining an understanding of the service provider's internal controls, we were unable to determine the adequacy of internal controls over the billings of water and sewerage fees in order to assess risks of errors in the financial statements. Consequently, mistakes could be made and not detected and corrected in a timely manner.

Status: Management has determined that it is not cost effective to cure this finding.