

CHENIERE-DREW WATER SYSTEM, INC.

WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2022 AND 2021

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
SEPTEMBER 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of Cheniere-Drew Water System, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cheniere-Drew 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 qualified audit opinion.

Responsibilities of Management 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, 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 Cheniere-Drew Water System, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities 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 auditors' 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 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, 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 Cheniere-Drew Water System, Inc.'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 Cheniere-Drew Water System, Inc.'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.

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 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
Monroe, Louisiana
November 28, 2022

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 2022 AND 2021

<u>ASSETS</u>		
	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,610,623	\$ 1,877,655
Accounts Receivable - Water Billings (Net)	328,962	335,324
Unbilled Revenues Receivable	42,096	42,574
Accounts Receivable - Other	-	-
Prepaid Insurance	42,189	37,694
	<hr/>	<hr/>
<u>TOTAL CURRENT ASSETS</u>	<u>2,023,870</u>	<u>2,293,247</u>
 <u>FIXED ASSETS</u>		
Water Distribution System	11,484,160	10,142,836
Equipment	146,340	146,340
Computers	9,736	9,736
Construction in Progress	-	241,142
Land	209,009	209,009
Less: Accumulated Depreciation	(4,385,417)	(4,119,940)
	<hr/>	<hr/>
<u>NET FIXED ASSETS</u>	<u>7,463,828</u>	<u>6,629,123</u>
 <u>OTHER ASSETS</u>		
Deposits	65	65
	<hr/>	<hr/>
<u>TOTAL OTHER ASSETS</u>	<u>65</u>	<u>65</u>
	<hr/>	<hr/>
<u>TOTAL ASSETS</u>	<u>\$ 9,487,763</u>	<u>\$ 8,922,435</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
 WEST MONROE, LOUISIANA
 STATEMENTS OF FINANCIAL POSITION
 AS OF SEPTEMBER 30, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 381,981	\$ 188,163
Accrued Expenses	268	190
Current Maturities of Long-Term Debt	<u>-</u>	<u>-</u>
<u>TOTAL CURRENT LIABILITIES</u>	<u>382,249</u>	<u>188,353</u>
<u>WATER DEPOSITS PAYABLE</u>	<u>188,638</u>	<u>180,583</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>570,887</u>	<u>368,936</u>
<u>NET ASSETS</u>		
Net Assets Without Donor Restrictions	8,916,876	8,553,499
Net Assets With Donor Restrictions	<u>-</u>	<u>-</u>
<u>TOTAL NET ASSETS</u>	<u>8,916,876</u>	<u>8,553,499</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,487,763</u>	<u>\$ 8,922,435</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, 2022 AND 2021

	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>SALES</u>		
Water Revenues	\$ 2,422,980	\$ 2,298,033
Tapping Fees	112,670	98,710
Late Charges	27,892	28,189
Service and Reconnect Charges	51,270	63,420
Membership Fees	6,080	5,397
Commission Fee	2,568	2,530
Other	12,596	84,652
<u>TOTAL SALES</u>	<u>2,636,056</u>	<u>2,580,931</u>
<u>COST OF SALES</u>		
Water Taps	96,652	71,955
Tapping Materials	15,896	17,089
Sales Tax - Materials	1,660	1,784
Handling Charges	1,590	1,709
Chlorine	45,266	34,524
Connect Fees	21,363	26,500
Carbon Refills	135,539	59,999
Contract Labor	5,400	6,900
<u>TOTAL COST OF SALES</u>	<u>323,366</u>	<u>220,460</u>
<u>TOTAL GROSS PROFIT</u>	<u>2,312,690</u>	<u>2,360,471</u>
<u>FUNCTIONAL EXPENSES</u>		
Program Expenses	1,873,452	1,834,750
Administrative Expenses	83,698	76,939
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,957,150</u>	<u>1,911,689</u>
<u>NET OPERATING PROFIT (LOSS)</u>	<u>355,540</u>	<u>448,782</u>
<u>OTHER REVENUES</u>		
Interest Earned	7,837	13,335
Non-Cash Contributions	-	-
<u>TOTAL OTHER REVENUES</u>	<u>7,837</u>	<u>13,335</u>
<u>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>	<u>363,377</u>	<u>462,117</u>
<u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u>	<u>-</u>	<u>-</u>
<u>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</u>	<u>-</u>	<u>-</u>
<u>TOTAL INCREASE (DECREASE) IN NET ASSETS</u>	<u>363,377</u>	<u>462,117</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>8,553,499</u>	<u>8,091,382</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 8,916,876</u>	<u>\$ 8,553,499</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, 2022 AND 2021

SEPTEMBER 30, 2022

	Program- <u>Water District</u>	Management <u>And General</u>	9/30/2022 <u>Total</u>
Accounting	\$ -	\$ 19,608	\$ 19,608
Advertising	-	-	-
Bad Debt	24,649	-	24,649
Bank Charges	-	4,943	4,943
Board Fees	-	45,000	45,000
Dues	-	375	375
Insurance	60,655	-	60,655
Interest	29	-	29
Management Expense	1,179,523	-	1,179,523
Membership Meeting	-	-	-
Meter Reading	95,740	-	95,740
Miscellaneous	-	2,259	2,259
Office & Postage	-	10,040	10,040
Professional Fees	-	1,473	1,473
Repairs & Maintenance	98,051	-	98,051
Telephone	-	-	-
Well Monitoring Fee	9,611	-	9,611
Well Mapping Fee	-	-	-
Utilities	139,717	-	139,717
	<hr/>	<hr/>	<hr/>
<u>Subtotal</u>	1,607,975	83,698	1,691,673
<u>Depreciation</u>	265,477	-	265,477
	<hr/>	<hr/>	<hr/>
<u>TOTAL</u>	\$ 1,873,452	\$ 83,698	\$ 1,957,150

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, 2022 AND 2021

SEPTEMBER 30, 2021

	<u>Program- Water District</u>	<u>Management And General</u>	<u>9/30/2021 Total</u>
Accounting	\$ -	\$ 19,657	\$ 19,657
Advertising	-		-
Bad Debt	20,442	-	20,442
Bank Charges	-	5,999	5,999
Board Fees	-	39,800	39,800
Dues	-	-	-
Insurance	58,634	-	58,634
Interest	8,948	-	8,948
Management Expense	1,134,271	-	1,134,271
Membership Meeting	-	177	177
Meter Reading	91,550	-	91,550
Miscellaneous	-	1,309	1,309
Office & Postage	-	9,937	9,937
Professional Fees	-	-	-
Repairs & Maintenance	113,441	-	113,441
Telephone	-	60	60
Well Monitoring Fee	11,591	-	11,591
Well Mapping Fee	8,500	-	8,500
Utilities	144,714	-	144,714
<u>Subtotal</u>	<u>1,592,091</u>	<u>76,939</u>	<u>1,669,030</u>
<u>Depreciation</u>	<u>242,659</u>	<u>-</u>	<u>242,659</u>
<u>TOTAL</u>	<u>\$ 1,834,750</u>	<u>\$ 76,939</u>	<u>\$ 1,911,689</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, 2022 AND 2021

	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Net Increase in Net Assets	\$ 363,377	\$ 462,117
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	265,477	242,659
(Increase) Decrease in:		
Accounts Receivable – Water Billings	6,362	40,182
Unbilled Revenues Receivable	478	4,374
Accounts Receivable – Other	-	69,780
Prepaid Insurance	(4,495)	643
Increase (Decrease) in:		
Accounts Payable	193,818	7,269
Accrued Expenses	78	(30)
Meter Deposits	8,055	12,110
	<u>469,773</u>	<u>376,987</u>
Total Adjustments		
	<u>833,150</u>	<u>839,104</u>
Net Cash Provided (Used) by Operating Activities		
	<u>833,150</u>	<u>839,104</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of Fixed Assets	(1,100,182)	(883,991)
Asset Disposition	-	-
	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>(1,100,182)</u>	<u>(883,991)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on Long-Term Debt	-	(31,466)
	<u>-</u>	<u>(31,466)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(31,466)</u>
<u>NET INCREASE IN CASH</u>	<u>(267,032)</u>	<u>(76,353)</u>
<u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	<u>1,877,655</u>	<u>1,954,008</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$ 1,610,623</u>	<u>\$ 1,877,655</u>
Cash Paid During the Year for:		
Interest	\$ 29	\$ 8,948

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021 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, 2022 AND 2021

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.

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

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 2: LONG-TERM DEBT: (Continued)

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.

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, 2022 and 2021, 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, 2022 and 2021, the Water System had \$-0- and \$241,142, respectively, for 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 2022.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

NOTE 6: RELATED PARTY TRANSACTIONS:

There were no related party transactions for the years ended September 30, 2022 and 2021.

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 28, 2022, 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 2021, 2020, 2019, and 2018 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, 2022 AND 2021

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, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>9/30/22</u>	<u>9/30/21</u>
Financial Assets at September 30	1,981,681	2,255,553
Less those unavailable for general Expenditure, within one year:	-0-	-0-
Financial assets availability to meet cash needs for general expenditure, within one year	<u>1,981,681</u>	<u>2,255,553</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, 2022 AND 2021

	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>SALES</u>		
Water Revenues	\$ 2,422,980	\$ 2,298,033
Tapping Fees	112,670	98,710
Late Charges	27,892	28,189
Service and Reconnect Charges	51,270	63,420
Membership Fees	6,080	5,397
Commission Fee	2,568	2,530
Other	12,596	84,652
	2,636,056	2,580,931
<u>COST OF SALES</u>		
Water Taps	96,652	71,955
Tapping Materials	15,896	17,089
Sales Tax - Materials	1,660	1,784
Handling Charges	1,590	1,709
Chlorine	45,266	34,524
Connect Fees	21,363	26,500
Carbon Refills	135,539	59,999
Contract Labor	5,400	6,900
	323,366	220,460
<u>TOTAL GROSS PROFIT</u>	<u>\$ 2,312,690</u>	<u>\$ 2,360,471</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.
WEST MONROE, LOUISIANA
STATEMENTS OF INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>9/30/2022</u>	<u>9/30/2021</u>
<u>OPERATING EXPENSES</u>		
Accounting	\$ 19,608	\$ 19,657
Advertising	-	-
Bad Debt	24,649	20,442
Bank Charges	4,943	5,999
Board Fees	45,000	39,800
Depreciation	265,477	242,659
Dues	375	-
Insurance	60,655	58,634
Interest	29	8,948
Internet	-	-
Management Expense	1,179,523	1,134,271
Membership Meetings	-	177
Meter Reading	95,740	91,550
Miscellaneous	2,259	1,309
Office and Postage	10,040	9,937
Professional Fees	1,473	-
Repairs and Maintenance	98,051	113,441
Telephone	-	60
Well Monitoring Fee	9,611	11,591
Well Mapping Fee	-	8,500
Utilities	139,717	144,714
	1,957,150	1,911,689
<u>INCREASE IN NET ASSETS FROM OPERATIONS</u>	355,540	448,782
<u>OTHER REVENUES (EXPENSES)</u>		
Interest Earned	7,837	13,335
Non-Cash Contribution	-	-
	7,837	13,335
<u>NET INCOME IN NET ASSETS</u>	\$ 363,377	\$ 462,117

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, 2022

2022-1 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, 2022

2021-1

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.