

CHENIERE-DREW WATER SYSTEM, INC.

WEST MONROE, LOUISIANA

---

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

SEPTEMBER 30, 2023 AND 2022

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CHENIERE-DREW WATER SYSTEM, INC.  
WEST MONROE, LOUISIANA  
SEPTEMBER 30, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 22, 2023

CHENIERE-DREW WATER SYSTEM, INC.  
 WEST MONROE, LOUISIANA  
 STATEMENTS OF FINANCIAL POSITION  
 AS OF SEPTEMBER 30, 2023 AND 2022

ASSETS

	<u>9/30/2023</u>	<u>9/30/2022</u>
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$ 1,612,867	\$ 1,610,623
Accounts Receivable - Water Billings (Net)	420,703	328,962
Unbilled Revenues Receivable	58,209	42,096
Accounts Receivable - Other	15,232	-
Prepaid Insurance	50,109	42,189
	<u>2,157,120</u>	<u>2,023,870</u>
 <u>TOTAL CURRENT ASSETS</u>		
 <u>FIXED ASSETS</u>		
Water Distribution System	11,990,994	11,484,160
Equipment	146,340	146,340
Computers	9,736	9,736
Land	268,417	209,009
Less: Accumulated Depreciation	(4,686,565)	(4,385,417)
	<u>7,728,922</u>	<u>7,463,828</u>
 <u>NET FIXED ASSETS</u>		
 <u>OTHER ASSETS</u>		
Deposits	65	65
	<u>65</u>	<u>65</u>
 <u>TOTAL OTHER ASSETS</u>		
 <u>TOTAL ASSETS</u>		
	<u>\$ 9,886,107</u>	<u>\$ 9,487,763</u>

See Independent Auditors' Report and accompanying notes.

CHENIERE-DREW WATER SYSTEM, INC.  
 WEST MONROE, LOUISIANA  
 STATEMENTS OF FINANCIAL POSITION  
 AS OF SEPTEMBER 30, 2023 AND 2022

LIABILITIES AND NET ASSETS

	<u>9/30/2023</u>	<u>9/30/2022</u>
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$ 383,256	\$ 381,981
Accrued Expenses	341	268
	<hr/>	<hr/>
<u>TOTAL CURRENT LIABILITIES</u>	383,597	382,249
	<hr/>	<hr/>
<u>WATER DEPOSITS PAYABLE</u>	196,553	188,638
	<hr/>	<hr/>
TOTAL LIABILITIES	580,150	570,887
	<hr/>	<hr/>
<u>NET ASSETS</u>		
Net Assets Without Donor Restrictions	9,305,957	8,916,876
Net Assets With Donor Restrictions	-	-
	<hr/>	<hr/>
<u>TOTAL NET ASSETS</u>	9,305,957	8,916,876
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 9,886,107	\$ 9,487,763
	<hr/> <hr/>	<hr/> <hr/>

See Independent Auditors' Report and accompanying notes.



CHENIERE-DREW WATER SYSTEM, INC.  
WEST MONROE, LOUISIANA  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>9/30/2023</u>	<u>9/30/2022</u>
<u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u>		
<u>SALES</u>		
Water Revenues	\$ 2,656,836	\$ 2,422,980
Tapping Fees	72,655	112,670
Late Charges	29,734	27,892
Service and Reconnect Charges	49,830	51,270
Membership Fees	4,140	6,080
Commission Fee	2,610	2,568
Other	12,373	12,596
	<u>2,828,178</u>	<u>2,636,056</u>
<u>TOTAL SALES</u>		
<u>COST OF SALES</u>		
Water Taps	74,040	96,652
Tapping Materials	26,131	15,896
Sales Tax - Materials	2,728	1,660
Handling Charges	2,613	1,590
Chlorine	52,987	45,266
Connect Fees	23,873	21,363
Carbon Refills	172,101	135,539
Contract Labor	5,400	5,400
	<u>359,873</u>	<u>323,366</u>
<u>TOTAL COST OF SALES</u>		
	<u>2,468,305</u>	<u>2,312,690</u>
<u>TOTAL GROSS PROFIT</u>		
<u>FUNCTIONAL EXPENSES</u>		
Program Expenses	2,003,235	1,873,452
Administrative Expenses	90,680	83,698
	<u>2,093,915</u>	<u>1,957,150</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>		
	<u>374,390</u>	<u>355,540</u>
<u>NET OPERATING PROFIT (LOSS)</u>		
<u>OTHER REVENUES</u>		
Interest Earned	14,691	7,837
Non-Cash Contributions	-	-
	<u>14,691</u>	<u>7,837</u>
<u>TOTAL OTHER REVENUES</u>		
	<u>389,081</u>	<u>363,377</u>
<u>INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS</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>389,081</u>	<u>363,377</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>		
	<u>8,916,876</u>	<u>8,553,499</u>
<u>NET ASSETS AT END OF YEAR</u>		
	<u>\$ 9,305,957</u>	<u>\$ 8,916,876</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, 2023 AND 2022

SEPTEMBER 30, 2023

	Program- <u>Water District</u>	Management <u>And General</u>	9/30/2023 <u>Total</u>
Accounting	\$ -	\$ 19,320	\$ 19,320
Advertising	-	-	-
Bad Debt	17,247	-	17,247
Bank Charges	-	3,173	3,173
Board Fees	-	45,000	45,000
Dues	-	375	375
Insurance	67,244	-	67,244
Interest	-	-	-
Management Expense	1,205,971	-	1,205,971
Membership Meeting	-	-	-
Meter Reading	99,888	-	99,888
Miscellaneous	-	9,319	9,319
Office & Postage	-	11,247	11,247
Professional Fees	-	2,246	2,246
Repairs & Maintenance	120,839	-	120,839
Telephone	-	-	-
Well Monitoring Fee	12,498	-	12,498
Well Mapping Fee	-	-	-
Utilities	178,400	-	178,400
	<u>1,702,087</u>	<u>90,680</u>	<u>1,792,767</u>
<u>Subtotal</u>			
	<u>301,148</u>	<u>-</u>	<u>301,148</u>
<u>Depreciation</u>			
<u>TOTAL</u>	<u>\$ 2,003,235</u>	<u>\$ 90,680</u>	<u>\$ 2,093,915</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, 2023 AND 2022

SEPTEMBER 30, 2022

	<u>Program- Water District</u>	<u>Management And General</u>	<u>9/30/2022 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
	<u>1,607,975</u>	<u>83,698</u>	<u>1,691,673</u>
<u>Subtotal</u>			
	<u>265,477</u>	<u>-</u>	<u>265,477</u>
<u>Depreciation</u>			
<u>TOTAL</u>	<u>\$ 1,873,452</u>	<u>\$ 83,698</u>	<u>\$ 1,957,150</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, 2023 AND 2022

	<u>9/30/2023</u>	<u>9/30/2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Net Increase in Net Assets	\$ 389,081	\$ 363,377
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	301,148	265,477
(Increase) Decrease in:		
Accounts Receivable – Water Billings	(91,741)	6,362
Unbilled Revenues Receivable	(16,113)	478
Accounts Receivable – Other	(15,232)	-
Prepaid Insurance	(7,920)	(4,495)
Increase (Decrease) in:		
Accounts Payable	1,275	193,818
Accrued Expenses	73	78
Meter Deposits	7,915	8,055
	179,405	469,773
 Total Adjustments	 179,405	 469,773
 Net Cash Provided (Used) by Operating Activities	 568,486	 833,150
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of Fixed Assets	(566,242)	(1,100,182)
Asset Disposition	-	-
	-	-
 Net Cash Provided (Used) by Investing Activities	 (566,242)	 (1,100,182)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Payments on Long-Term Debt	-	-
	-	-
 Net Cash Provided (Used) by Financing Activities	 -	 -
 <u>NET INCREASE IN CASH</u>	 2,244	 (267,032)
 <u>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</u>	 1,610,623	 1,877,655
 <u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	 \$ 1,612,867	 \$ 1,610,623
 Cash Paid During the Year for:		
Interest	\$ -	\$ 29

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, 2023 AND 2022

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, 2023 AND 2022

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 39-40 year life, with office equipment depreciated over a 5-7 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, 2023 and 2022 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, 2023 AND 2022

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, 2023 AND 2022

NOTE 2: 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, 2023 and 2022, 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 3: 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, 2023 and 2022, the Water System had \$-0- and \$-0-, respectively, for projects under construction.

NOTE 4: 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 January 2023.

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, 2023 AND 2022

NOTE 5: RELATED PARTY TRANSACTIONS:

There were no related party transactions for the years ended September 30, 2023 and 2022.

NOTE 6: 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 7: 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 22, 2023, 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 8: 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 2022, 2021, 2020, and 2019 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, 2023 AND 2022

NOTE 9: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Water System's financial assets as of the balance sheet date of September 30, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>9/30/2023</u>	<u>9/30/2022</u>
Financial Assets at September 30	2,107,011	1,981,681
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>2,107,011</u>	<u>1,981,681</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, 2023 AND 2022

	<u>9/30/2023</u>	<u>9/30/2022</u>
<u>SALES</u>		
Water Revenues	\$ 2,656,836	\$ 2,422,980
Tapping Fees	72,655	112,670
Late Charges	29,734	27,892
Service and Reconnect Charges	49,830	51,270
Membership Fees	4,140	6,080
Commission Fee	2,610	2,568
Other	12,373	12,596
	<hr/>	<hr/>
<u>TOTAL SALES</u>	<u>2,828,178</u>	<u>2,636,056</u>
 <u>COST OF SALES</u>		
Water Taps	74,040	96,652
Tapping Materials	26,131	15,896
Sales Tax - Materials	2,728	1,660
Handling Charges	2,613	1,590
Chlorine	52,987	45,266
Connect Fees	23,873	21,363
Carbon Refills	172,101	135,539
Contract Labor	5,400	5,400
	<hr/>	<hr/>
<u>TOTAL COST OF SALES</u>	<u>359,873</u>	<u>323,366</u>
 <u>TOTAL GROSS PROFIT</u>	 <u>\$ 2,468,305</u>	 <u>\$ 2,312,690</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, 2023 AND 2022

	<u>9/30/2023</u>	<u>9/30/2022</u>
<u>OPERATING EXPENSES</u>		
Accounting	\$ 19,320	\$ 19,608
Advertising	-	-
Bad Debt	17,247	24,649
Bank Charges	3,173	4,943
Board Fees	45,000	45,000
Depreciation	301,148	265,477
Dues	375	375
Insurance	67,244	60,655
Interest	-	29
Internet	-	-
Management Expense	1,205,971	1,179,523
Membership Meetings	-	-
Meter Reading	99,888	95,740
Miscellaneous	9,319	2,259
Office and Postage	11,247	10,040
Professional Fees	2,246	1,473
Repairs and Maintenance	120,839	98,051
Telephone	-	-
Well Monitoring Fee	12,498	9,611
Well Mapping Fee	-	-
Utilities	178,400	139,717
	<hr/>	<hr/>
<u>TOTAL OPERATING EXPENSES</u>	<u>2,093,915</u>	<u>1,957,150</u>
 <u>INCREASE IN NET ASSETS FROM OPERATIONS</u>	 <u>374,390</u>	 <u>355,540</u>
 <u>OTHER REVENUES (EXPENSES)</u>		
Interest Earned	14,691	7,837
Non-Cash Contribution	-	-
	<hr/>	<hr/>
<u>TOTAL OTHER REVENUES (EXPENSES)</u>	<u>14,691</u>	<u>7,837</u>
 <u>NET INCOME IN NET ASSETS</u>	 <u>\$ 389,081</u>	 <u>\$ 363,377</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, 2023

2023-1 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, 2023

2022-1

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.