

HAYES MOORE DISTRICT NO. 3
OF RAPIDES PARISH
December 31, 1991

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PAYNE, MOORE & HERRINGTON, LLP

Chartered Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Water Works District No. 3 of
Rapides Parish

We have audited the accompanying balance sheet of Water Works District No. 3 of Rapides Parish, Thibodaux, Louisiana, as of December 31, 1997, and the related statements of revenues, expenses, and changes in retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water Works District No. 3 of Rapides Parish as of December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated June 17, 1998, on our consideration of Water Works District No. 3 of Rapides Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations.

Circle 1 Item 114

Circle 1 Item 115

Circle 1 Item 114

1 No Items 114

Circle 1 Item 114

Circle 1 Item 114

None (Item 114)

Circle 1 Item 114

1 No Item 114





PAYNE, MOORE & HERRINGTON, LLP

Board of Commissioners
Water Works District No. 3 of
Rapides Parish

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole for the year ended December 31, 1997. The additional information as listed in the foregoing table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Payne, Moore & Herrington, LLP
Certified Public Accountants

June 17, 1998

STATE BOARD SUBJECT NO. 2 OF KAPPA KAPPA KAPPA
 BONDING AGENT
 PERIOD END 12/31/1981

SUBJECT A

ASSETS		LIABILITIES AND FUND SOURCE	
CURRENT ASSETS		CURRENT LIABILITIES (EXCEPT FROM DEFERRED ASSETS)	
Cash and cash equivalents	4,024,018	Accounts payable	10,000
Receivables	1,201,268	Contract payable	21,000
Accounts receivable		Accrued expenses	4,000
Other notes	100,120	Other accrued liabilities	1,000
Other	5,000	Total Current Liabilities Payable	
		Total Current Assets	377,000
DEFERRED ASSETS			
Unearned premium receivable	15,000		
Receivable	11,000		
Prepaid expenses	15,000		
Total Deferred Assets	41,000		
	41,000		
RESTRICTED ASSETS		CURRENT LIABILITIES (EXCEPT FROM DEFERRED ASSETS)	
State Fund	42,100	Contractor's work payable	275,100
Cash and cash equivalents	150,000	Total Liabilities	490,100
Investments			
Total Restricted Assets	192,100		
	192,100		
FUND ASSETS		NETWORTH	
Fund assets	14,000,000	Consolidated equity	5,000,000
State - accumulated depreciation	1,000,000	Retained earnings - unreserved (Balance B)	5,000,000
Total Fund Assets	15,000,000	Total Equity	10,000,000
	15,000,000	Total Liabilities and Net Worth	15,000,000

The accompanying notes are an integral part of the financial statements.

WATER WORKS DISTRICT NO. 3 OF SAFFORD PARISH
 STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS
 YEAR ENDED DECEMBER 31, 1987

EXHIBIT B

OPERATING REVENUES		
Water sales	\$2,217,828	
Delinquent surcharges	32,718	
Commission fees	24,783	
Other	<u>28,382</u>	
total operating revenues		2,283,711
OPERATING EXPENSES (BY DEPARTMENT):		
Administration	422,557	
Purification	319,738	
Distribution	485,932	
Water	121,658	
Production	188,288	
Wells	128,841	
Depreciation	<u>428,982</u>	
Total Operating Expenses		2,064,986
OPERATING INCOME		218,725
NONOPERATING REVENUES		
Gain on sale of assets	17,507	
Interest income	<u>169,822</u>	
total nonoperating revenues		187,329
NET INCOME		406,054
RETAINED EARNINGS, BEGINNING OF YEAR		6,213,356
RETAINED EARNINGS, END OF YEAR		<u>6,619,410</u>

The accompanying notes are an integral part of the financial statements.

WATER WORKS DISTRICT NO. 3 OF SAJINOS PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1997

	AMOUNT
RESIDUAL C	
OPERATING ACTIVITIES	
Net Income	\$ 268,120
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	419,862
Amortization of investment premium and discount	1,820
Bad debt expense	3,311
Gain on sale of property	(17,507)
Changes in operating assets and liabilities:	
Accounts receivable	(5,430)
Inventories	3,742
Prepaid expenses	(5,225)
Accrued interest receivable	(8,853)
Accounts payable	72,399
Contract payable	38,008
Accrued expenses	(3,187)
Customers' meter deposits	17,136
Other current liabilities	82
Net Cash Provided by Operating Activities	748,974
NONCAPITAL FINANCING ACTIVITIES	-0-
CAPITAL FINANCING ACTIVITIES	
Cash proceeds from sale of equipment	17,567
Contributed capital	68,232
Net Cash Provided by Capital Financing Activities	85,799
INVESTING ACTIVITIES	
Purchase of fixed assets and construction	(581,336)
Proceeds from maturities of investments	178,828
Purchase of investments	(422,388)
Net Cash Used in Investing Activities	(824,896)
INCREASE IN CASH AND CASH EQUIVALENTS	0,077
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	688,182
CASH AND CASH EQUIVALENTS, END OF YEAR	688,259
CLASSIFIED AS:	
Current Assets	\$ 421,508
Restricted Assets	26,751
TOTAL	\$ 448,259

The accompanying notes are an integral part of the financial statements.

WATER WORKS DISTRICT NO. 3 OF RAPIDES PARISH
DECEMBER 31, 1949

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Water Works District No. 3 of Rapides Parish have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

Upon the presentation of a petition by property owners to the Louisiana legislature, the Rapides Parish Police Jury was made responsible for creating a water district to utilize certain water facilities at Camp Livingston which had been abandoned. As a result, Water Works District No. 3 of Rapides Parish was created by an ordinance of the Rapides Parish Police Jury on February 9, 1948. The District provides water to many individual, commercial, and municipal customers primarily in ward 10 of Rapides Parish.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB. Generally, component units are legally separate organizations for which the elected officials or appointed board members of the primary government are financially accountable. Some of the criteria considered under "legally separate organization" are the capacity for the organization to incur its own debt, the right for the organization to sue and be sued in its own name without recourse to the primary government, and the right to buy, sell, lease, and mortgage property in its own name. Some of the criteria used to consider "financially accountable" include appointment of a voting majority of the organization's governing body, ability for primary government to impose its will on the organization, whether the organization has the potential to provide specific financial benefits to, or impose specific financial burdens on the primary government, and financial dependence of the organization. Based upon the application of these criteria, only the operating activities of the Water Works District No. 3 of Rapides Parish are included in these financial statements.

The Water Works District No. 3 of Rapides Parish operates autonomously from the other Parish agencies. Therefore, the Water Works District No. 3 of Rapides Parish reports as an independent reporting entity. This report includes all funds which are controlled by or dependent upon the water works district No. 3 of Rapides Parish.

WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH
DECEMBER 31, 1987

NOTES TO FINANCIAL STATEMENTS

Fund Accounting

A fund is a separate accounting entity with a self-balancing set of accounts. The District only has one fund - the general fund. It is considered a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Where goods or services are provided to outside parties, such as customers receiving water, the proprietary fund is considered an enterprise fund.

Basis of Accounting

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) to net total assets.

The accrual basis of accounting is followed by the District. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits as well as short-term investments generally maturing within three months of the date acquired by the District.

Investments are stated at cost or amortized cost.

Accounts Receivable

Accounts due from customers are recognized as bad debts as they are considered uncollectible. Minimum losses are sustained since the customer's meter deposit is applied to any unpaid balance. In the opinion of management, all receivables were collectible and an allowance for doubtful accounts was not considered necessary.

Inventory

Inventory of pipe, fittings, and other construction materials are stated at the lower of average cost or market, primarily on a first-in, first-out basis.

NAVER, MOORE DISTRICT NO. 3 OF RAPIDS DISTRICT
DECEMBER 31, 1997

NOTES TO FINANCIAL STATEMENTS

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 1997, are recorded as prepaid items.

Restricted Assets

Certain proceeds related to customers' meter deposits are classified as restricted assets on the balance sheet because their use is limited by applicable laws and regulations. The meter fund is used to account for customers' meter deposits received from and returned to customers.

Fixed Assets

Fixed assets are stated at cost when purchased and at fair market value when donated to the District. Improvements that add to the value of the asset or materially extend asset lives are capitalized.

Depreciation is computed using the straight-line method over the useful lives of capitalized assets.

Accrued Vacation and Sick Leave

Any accrued vacation or sick leave accumulated for the year is terminated at December 31 of each year for all employees. Untaken sick leave days or vacation days are not carried over into the next year. Therefore, there is no liability for accrued vacation and sick leave at year end.

Contributed Capital

Contributed capital is recorded on the balance sheet when amounts are received through capital grants or through contributions from developers and customers.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

WATER MOORE DISTRICT NO. 3 OF EASTERN PARISH
 DECEMBER 31, 1997

MOVES TO FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

At December 31, 1997, cash and cash equivalents consisted of the following:

	ITEM	UNRECORDED	REGISTERED
Posty cash and change funds	\$ 1,150	\$ 1,150	\$ -0-
Cash in bank	368,641	368,388	43,353
Held by Broker - Bailly			
U.S. Treasury Fund	125,518	224,828	_____
Totals	\$495,209	\$621,516	\$43,353

INVESTMENTS

The District may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana, an investment as stipulated in Louisiana Revised Statute 39:1271, or any other federally insured investment.

At December 31, 1997, investments consisted of the following:

	UNREGISTERED	REGISTERED	TOTAL BOOK BALANCE	MARKET VALUE
Certificates of deposit	\$ 477,887	\$ 44,753	\$ 522,640	\$ 523,740
U.S. Treasury obligations	_____	125,518	125,518	124,382
	\$1,241,894	\$125,789	\$1,471,108	\$1,477,082

Cash and cash equivalents and investments are categorized as either (1) insured or registered for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the District's name, or (3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name. (In accordance with GMS 3, this category includes certificates of deposit that are collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name although balances so collateralized meet the requirements of state law. All of the amount shown in Category 3 is collateralized by securities held by the pledging financial institution's agent, but not in the District's name.)

**WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH
DECEMBER 31, 1987**

MOVES TO FINANCIAL STATEMENTS

	CATEGORIES		BASE		CARRYING
	1	2	1	BALANCES	AMOUNT ON
					BOOKS
Cash and Cash Equivalents					
Cash in bank	\$ 100,000	0	\$316,740	\$ 416,740	\$ 388,441
Daily U.S. Treasury Fund	294,870			294,870	388,870
Investments					
certificates of deposit			522,748	522,748	522,748
U.S. Treasury obligations	<u>332,418</u>	---	---	<u>332,418</u>	<u>332,418</u>
Totals	\$1,396,488	\$-0-	\$839,488	\$2,386,976	\$2,133,887

3. ACCOUNTS RECEIVABLE - WATER SALES

Receivables arising from water services provided to customers consist of uncollected billings rendered to customers on monthly cycle billings and estimated services provided to customers between billing cycles. At December 31, 1987, these receivables were as follows:

uncollected cycle billings	\$121,259
Estimated services between cycles	<u>31,821</u>
	\$153,080

4. PREPAID EXPENSES

Prepaid expenses include prepaid insurance in the amount of \$94,983. The remaining prepaid amount of \$8,405 consists of prepaid maintenance and permits.

WATER WORKS DISTRICT NO. 3 OF ORLEANS PARISH
DECEMBER 31, 1987

NOTES TO FINANCIAL STATEMENTS

3. **FIXED ASSETS**

A summary of fixed assets is as follows:

	ESTIMATED LIFE IN YEARS	AMOUNT
Land		\$ 289,194
Plant, distribution, and transmission lines	5-20	11,807,083
Motor	10	303,070
Trucks and trailers	3-10	378,338
Furniture and fixtures	5-10	179,068
Radio equipment	5-10	38,873
Machinery and equipment	5-15	348,435
Buildings	10-40	758,535
Fencing	10-20	<u>48,308</u>
Total Fixed Assets		14,999,794
Less:		
Accumulated depreciation		<u>3,433,451</u>
NET FIXED ASSETS		\$ 11,566,343

Depreciation expense for the year was \$419,963.

4. **CONTRIBUTED CAPITAL**

Changes in contributed capital during the year are as follows:

Balance, beginning of year	\$1,501,000
Plus:	
contributions from customers - Waterlines, taps, and fire hydrants	<u>299,187</u>
Balance, end of year	\$1,800,187

5. **PENSION PLAN**

Employees of the District are not covered under the State of Louisiana PERS plan. They are members of the social security system.

6. **DEFERRED CONTRIBUTION PLAN**

The District has a tax deferred compensation plan under section 401 of the Internal Revenue Code. Under the terms of that plan, the District matches a limited portion of the employees' contribution. The District made contributions totaling \$18,171 for the year 1987.

WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH
DECEMBER 31, 1997

NOTES TO FINANCIAL STATEMENTS

5. NOTE TO STATEMENT OF CASH FLOWS

There were no material noncash capital or financing activities that affected recognized assets or liabilities during the year.

No interest was paid during the year.

ESSENTIAL INFORMATION

WATER WORKS DISTRICT NO. 3 OF WARDEN PARISH
 COMPARISON OF REVENUES AND EXPENSES - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 1997

SCHEDULE 1

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Water sales	\$ 2,882,880	\$2,317,434	\$ 565,446
Delinquent surcharges	22,880	22,718	(162)
Connection fees	27,340	26,795	(545)
Contributions	84,556	88,332	3,776
Interest	89,825	100,022	10,197
Other	<u>28,882</u>	<u>48,848</u>	<u>20,966</u>
Total	2,965,463	2,483,049	482,414
EXPENSES (EXPENSES 2)	<u>2,881,434</u>	<u>2,322,252</u>	<u>559,182</u>
EXPENSES OVER REVENUES (DEFICIT)	<u>\$1,822,482(1)</u>	<u>\$,345,058</u>	<u>\$1,888,482</u>

(1) The District's budget included \$1,753,000 from prior retained earnings. This appropriation of prior retained earnings resulted in the adoption of a balanced budget.

RECONCILIATION OF NET INCOME

EXPENSES OVER REVENUES		\$185,000
Plus:		
Capital additions		282,228
Less:		754,228
Depreciation	419,842	
Contributions	<u>68,222</u>	<u>688,128</u>
NET INCOME (DEFICIT 2)		\$288,128

See independent auditor's report.

WATER WORKS DISTRICT NO. 3 OF RAPIDS PARISH
 COMPARISON OF EXPENSES - BUDGET AND ACTUAL
 YEAR ENDED DECEMBER 31, 1987

EXPENSES BY DEPARTMENT	BUDGET	ACTUAL	SCHEDULE 2
			VARIANCE FAVORABLE (UNFAVORABLE)
Administration	\$ 588,858	\$ 479,957	\$ 108,891
Purification	408,788	308,738	99,950
Distribution	581,888	448,833	133,055
Water	138,788	128,058	10,730
Production	238,488	188,398	50,090
Wells	148,088	138,543	9,545
Capital additions	1,888,888	—888,338	1,888,338
<u>TOTAL</u>	<u>\$2,888,814</u>	<u>\$2,233,858</u>	<u>\$6,654,956</u>

See independent auditor's report.

WATER WORKS DISTRICT NO. 3 OF RAPID FALLS
 SCHEDULE OF THE DUES PAYMENTS - BOARD MEMBERS
 YEAR ENDING DECEMBER 31, 1977

SCHEDULE 3

	MEETINGS ATTENDED	AMOUNT
Benicio, Horace C.	12	\$ 700
Bass, William, Jr.	12	700
LeFevre, Matt D.	12	700
Smith, Roy L.	11	600
White, Gary D.	12	700
Collingsworth, Tommy J.	12	700
Jacobsen, Steven	11	600
Priest, Lorlene	12	700
Robson, Max	12	<u>700</u>
<u>TOTAL:</u>		<u>\$4,600</u>

See independent auditor's report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
AND CERTAIN ENVIRONMENTAL AGENCY GUIDES**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**



PAYNE, MOORE & HIBBARD, LLP

OPINION REPORT

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
Water Works District No. 3 of
Rapides Parish

We have audited the financial statements of the Water Works District No. 3 of Rapides Parish, Tineo, Louisiana, as of and for the year ended December 31, 1997, and have issued our Report thereon dated June 17, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Water Works District No. 3 of Rapides Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Water Works District No. 3 of Rapides Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a





FAYNE, MOORE & HERRINGTON, LLP

Board of Commissioners
Water Works District No. 3 of
Rapides Parish

condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners and management of the Water Works District No. 3 of Rapides Parish. However, this report is a matter of public record and its distribution is not limited.

Fayne, Moore & Herrington, LLP

Certified Public Accountants

June 13, 2008

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WATER WORKS DISTRICT NO. 1 OF RAPIDAN PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 1987

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	_____ yes <u> X </u> no
Reportable conditions identified that are not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Non-compliance material to financial statements noted?	_____ yes <u> X </u> no
Federal Awards	Not applicable
Prior Year Audit Findings	None

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No federal awards were received by the Water Works District No. 1 of Rapidan Parish during the year ended December 31, 1987.