

JEFF DAVIS CHEMICAL HEALTH, INC.
JENNINGS, LOUISIANA
TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8
Other Information:	
Independent Auditor's Report on the Internal Control Structure In Accordance with Government Auditing Standards	9 - 10
Unqualified Report on Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards- No Material Instances of Noncompliance	11
Independent Auditor's Report on the Internal Control Structure Used in Administering Federal Financial Assistance Programs	12 - 14
Unqualified Report on Compliance With the General Requirements Applicable to Federal Financial Programs	15
Unqualified Opinion on Supplementary Schedule of Federal Financial Assistance	16
Schedule of Federal Awards	17
Unqualified Report on Compliance With Specific Requirements Applicable to Non-major Financial Assistance Program Transactions	18

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Independent Auditor's Report

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the accompanying statement of financial position, statement of activities, and the statement of cash flows of the Jeff Davis Chemical Health, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provision of Office of Management and Budget, Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions*." Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jeff Davis Chemical Health, Inc. as of December 31, 1995, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Jeff Davis Chemical Health, Inc.. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Gleen O. Everhart

Sulphur, Louisiana
June 24, 1996

JEFF DAVIS CHEMICAL HEALTH, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 1995

Assets	1995
Current Assets	
Cash and cash equivalents	\$ 4,241
Grants receivable	16,986
Total current assets	<u>21,227</u>
Noncurrent assets	
Office equipment	28,328
Less: Accumulated depreciation	(16,041)
Total noncurrent assets	<u>12,287</u>
Total assets	\$ <u>33,514</u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	\$ 9,119
Net assets	
Unrestricted	24,826
Temporarily restricted	(12,718)
Permanently restricted	<u>12,287</u>
Total net assets	<u>24,395</u>
Total liabilities and net assets	\$ <u>33,514</u>

The accompanying notes are an integral part of these statements.

Gleen O. Everhart

JEFF DAVIS CHEMICAL HEALTH , INC.
STATEMENT OF ACTIVITIES
December 31, 1995

Changes in Unrestricted Net Assets	1995
Revenues	
Contributions	\$ 4,677
Special events	1,400
Interest income	21
Sale of materials	62
Total unrestricted revenues	6,160
Expenses	
Program expenses	1,838
Total expenses	1,838
Increase/ Decrease in unrestricted net assets	4,322
 Changes in Temporally Restricted Net Assets	
Revenues	
Grants	168,560
United Way	10,586
Interest income	113
Fees	475
Total temporally restricted revenues	179,259
Expenses	
Supporting services	192,655
Interest expense	406
Total expenses	193,061
Increase/Decrease in temporally restricted net assets	(13,802)
 Changes in Permantly Restricted Net Asssets	
Equipment purchases	1,124
Depreciation	(2,833)
Increase/Decrease in permantly restricted net assets	(1,709)
 Decrease in Net Assets	(11,189)
Net Assets at Beginning of Year, Restated	35,584
Net Assets at End of Year	\$ 24,395

The accompanying notes are an integral part of these statements.

Gleen O. Everhart

JEFF DAVIS CHEMICAL HEALTH , INC.
STATEMENT OF CASH FLOWS
December 31, 1995

Cash Flows From Operating Activities	1995
Decrease in net assets	\$ (10,783)
Adjustments to reconcile change in net assets to net cash used by operating activities	
Depreciation	2,833
Increase in grants receivable	(1,448)
Increase in accounts payable and accrued expenses	599
Net cash used by operating activities	(8,799)
 Cash Flows From Investing Activities	
Purchase of office equipment	(1,124)
 Cash Flows From Financing Activities	
Proceeds from borrowing	23,000
Payment of loan	(23,000)
Interest	(406)
Net cash provided by financing activities	(406)
 Net Decrease in Cash and Cash Equivalents	 (10,329)
Cash and Cash Equivalents at Beginning of Year	14,570
Cash and Cash Equivalents at End of Year	\$ 4,241

The accompanying notes are an integral part of these statements.

Gleen O. Everhart

JEFF DAVIS CHEMICAL HEALTH, INC.
Jennings, Louisiana
Notes to Financial Statements
For the Year Ended December 31, 1995

Note 1 - Summary of Significant Accounting Policies

Financial Statement Presentation: On June 30, 1993 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 116 and No. 117 with an effective date of December 15, 1994, however, earlier application was encouraged. These statements conform to those two new FASB Statements.

In accordance with FASB Statement 116, contributions are to be recorded at the time the promise is made and the Jeff Davis Chemical Health, Inc., complies with Statement 116.

FASB Statement 117 changes the format for Financial Statements for Non-Profit Organizations and these statements have been prepared to conform to the new FASB Statement 117.

Note 2 - Equipment and Depreciation.

Depreciation is computed using the straight-line method (10%) over the useful lives of the assets. At December 31, 1995 the cost of such assets were:

Equipment	\$ 28,328
Less: Accumulated depreciation	<u>(16,041)</u>
Net	<u>\$ 12,287</u>

Note 3 - Grants Receivable.

Grants receivable represent amounts that have been expended for grant purposes and are to be reimbursed in full by the grantor. Consequently, no allowance for uncollectible amounts is necessary.

Note 4 - Pension Plans.

The Chemical Health does not have a pension plan for its employees; however, they do participate in the FICA program.

Note 5 - Compensated Absences.

Chemical Health allows its employees to accrue vacation time not taken. The amount of anticipated expense has been recorded in these.

Note 6 - Off-Balance Sheet Risk.

Chemical Health does not engage in off-balance sheet financing as defined in FASB Statement 105.

Note 7 - Bank Accounts

In accordance with FASB Statement 105, Chemical Health maintains all funds in one bank. These funds are secured by the Federal Deposit Insurance Corporation in the amount of \$100,000. The monetary assets of Chemical Health do not exceed the insured amount.

Note 8 - Tax-Exempt Status

Chemical Health has been granted tax exempt status as a 501(c)(3) organization as defined in the Internal Revenue Service Code.

Note 9 - Donated Materials and Services

Donated equipment is recorded at the fair market value of the asset received, as of the date of gift.

Note 10 - Related Party Transactions

None

Note 11 - Economic Dependency

Chemical Health receives a substantial amount of its support from the government.

Note 12 - Temporally and Permanently Restricted Net Assets

The balance listed as temporally restricted net assets represents funds that are to be used for the accomplishment of the future Center's supported efforts. Permanently restricted net assets represents the undepreciated balance in property and equipment.

Note 13 - Subsequent Events

None

Note 14 - Contingencies

The Center receives intergovernmental grants that are subject to review by state agencies. Consequently, such reviews could result in disallowed expenditures resulting in a reduction of available resources. However, Management believes that such allowances, if any would not significantly impair the Center's ability to continue as a going concern.

Other Information

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**Independent Auditor's Report on the Internal Control Structure
Based on an Audit of Financial Statements Performed in Accordance With
Government Auditing Standards**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions*." Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing my audit of the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, I considered its internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Jeff Davis Chemical Health, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Board of Directors
June 24, 1996

For the purpose of this report, I have classified the significant internal control structure policies and procedures in the following categories:

Accounting Controls

Receipts/Revenue
Disbursements/Expenditures
Payroll

For all of the internal control structures categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

Glen O. Everhart

Sulphur, Louisiana
June 24, 1996

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**Unqualified Report on Compliance Based on an Audit of
Financial Statements Performed in Accordance With *Government Auditing
Standards--No Material Instances of Noncompliance***

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions.*" Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Jeff Davis Chemical Health, Inc., is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Jeff Davis Chemical Health, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests indicate that, with respect to the items tested, Jeff Davis Chemical Health, Inc., complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that the Jeff Davis Chemical Health, Inc., had not complied, in all material respects, with those provisions.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record and its distribution is not limited.

Gleen O. Everhart

Sulphur, Louisiana
June 24, 1996

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**Independent Auditor's Report on the Internal Control Structure
Used in Administering Federal Financial Assistance Programs**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996. I have also audited the Jeff Davis Chemical Health, Inc.'s compliance with requirements applicable to non-major federal financial assistance programs and have issued my report thereon dated June 24, 1996.

I conducted my audit in accordance with generally accepted auditing standards, *Government auditing Standards*, issued by the Comptroller General of the United States, and the OMB Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions.*" Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether the Jeff Davis Chemical Health, Inc., has complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing my audit for the year ended December 31, 1995, I considered the Agency's internal control structure in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements of the Jeff Davis Chemical Health, Inc., and its compliance with requirements applicable to non-major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the financial statements in a separate report dated June 24, 1996.

The management of the Jeff Davis Chemical Health, Inc., is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or deposition, that transactions are executed in accordance with management's authorization and recorded properly to

Board Members

June 24, 1996

permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

<u>Accounting Controls</u>	
<u>Cash</u>	<u>Payroll and related liabilities</u>
Expenditures for goods and services and accounts payable	Property, equipment and capital expenditures
Single audit and similar grant program	
<u>Grant Administration Controls</u>	
<u>General requirements:</u>	<u>Specific requirements:</u>
Civil rights	Types of service allowed or unallowed
Cash management	Federal Financial Reports
Maintenance of effort	Special Requirements
Drug-free workplace	
Administrative requirements	
Allowable cost/cost principles	

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1995, the Organization expended 100% of its total federal financial assistance under non-major federal financial assistance programs.

I performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and Board

Board Members

June 24, 1996

procedures that I considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the Agency's non-major Federal Financial Assistance Programs which are identified in the accompanying Schedule of Federal Assistance.

My procedures were less in scope that would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable condition and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record, and its distribution is not limited.

Glen O. Everhart

Sulphur, Louisiana

June 24, 1996

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**Unqualified Report on Compliance With the General
Requirements Applicable to Federal Financial Assistance Programs**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

I have applied procedures to test the Jeff Davis Chemical Health, Inc.'s compliance with the following requirement applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance, for the year ended December 31, 1995: Political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act and administrative requirements.

My procedures were limited to the applicable procedures described in the Office of Management and Budget's Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions.*" My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion of the Agency's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that the Agency had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board Members and Management. However, this report is a matter of public record and its distribution is not limited.

Gleen O. Everhart

Sulphur, Louisiana
June 24, 1996

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**Unqualified Opinion on Supplementary Schedule of
Federal Financial Assistance**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States and the provision of Office of Management and Budget Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions*." Those standards and OMB Circular A-133 require that I 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. I believe that my audit provides a reasonable basis for my opinion.

My audit was conducted for the purpose of forming an opinion on the financial statements of the Jeff Davis Chemical Health, Inc. taken as a whole. The accompanying schedule of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Gleen O. Everhart

Sulphur, Louisiana
June 24, 1996

JEFF DAVIS CHEMICAL HEALTH, INC.
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

December 31, 1995

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Drug Fee Schools and Communities	84.186A	\$ 17,714

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**Unqualified Report on Compliance With Specific
Requirements Applicable to Non-major Financial Assistance
Program Transactions**

Board of Directors
Jeff Davis Chemical Health, Inc.
Jennings, Louisiana

I have audited the financial statements of the Jeff Davis Chemical Health, Inc., for the year ended December 31, 1995, and have issued my report thereon dated June 24, 1996.

In connection with my audit of the 1995 financial statements of the Jeff Davis Chemical Health, Inc., and with my consideration of the Agency's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-133, "*Audits of Institutions of Higher Education and Other Nonprofit Institutions.*" I selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-133, I have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, and reimbursements; special provisions; and amounts claimed or used for matching that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Agency's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirement listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Jeff Davis Chemical Health, Inc. had not complied, in all material respects, with those requirements.

This report is intended for the information of the Board Members, and Management. However this report is a matter of public record and its distribution is not limited.

Gleen O. Everhart

Sulphur, Louisiana
June 24, 1996