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**FINANCIAL STATEMENTS AND
AUDITORS' REPORTS
RED RIVER EMPLOYMENT SERVICE, INC.
Marravest, Louisiana**

June 30, 1956

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 02 1957

RED RIVER EMPLOYMENT SERVICES, INC.
Shreveport, Louisiana

FINANCIAL STATEMENTS AND AUDITORS' REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

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DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT

To The Board of Directors
Red River Employment Services, Inc.

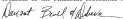
We have audited the accompanying statement of financial position of Red River Employment Services, Inc. (a nonprofit corporation) as of June 30, 1996, and the related statement of activities with changes in net assets and statement of cash flows for the fiscal year then ended. These financial statements are the responsibility of the corporation's board of directors. 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 Government Auditing Standards, issued by the comptroller general of the United States and the provisions of Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions". 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 statements 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 Red River Employment Services, Inc. at June 30, 1996, and the changes in net assets and the cash flows for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 16, 1996, on our consideration of Red River Employment Services, Inc.'s internal control structure and a report dated December 16, 1996, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Certified Public Accountants
December 16, 1996

RED RIVER EMPLOYMENT SERVICES, INC.
Statement of Financial Position
June 30, 1998

ASSETS

Cash and cash equivalents	\$ 3,776
Accounts receivable	13,418
Prepaid expenses	850
Property and equipment (net)	4,000
Organization costs	<u>428</u>
TOTAL ASSETS	<u>\$ 22,532</u>

LIABILITIES

Accounts payable	\$ 3,441
Payroll taxes payable	<u>1,062</u>
TOTAL LIABILITIES	4,503

NET ASSETS

Unrestricted	<u>18,029</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 22,532</u>

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

RED RIVER EMPLOYMENT SERVICES, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 1998

UNRESTRICTED NET ASSETS

Support	
IA Rehabilitation Services	\$ 88,704
IA Office of Mental Health	24,000
IA 88 Network	1,865
Private Donations	<u>1,208</u>
Total unrestricted support	<u>115,777</u>
Expenses	
Program services	
Supported employment	51,309
Employer support	1,005
JOBS Program	1,552
Follow Along Program	617
Supporting services	
Administrative	<u>1,208</u>
Total expenses	<u>55,691</u>
Increase in unrestricted net assets	16,708
Net assets at beginning of period	<u>1,208</u>
Net assets at end of period	<u>\$ 18,034</u>

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

SEE RIVER EMPLOYMENT SERVICES, INC.
Statement of Cash Flows
Year Ended June 30, 1996

Cash Flows from Operating Activities:

Increase in Net Assets \$ 10,770

Adjustments to reconcile Increase in Net Assets
to Net Cash from Operating Activities:

Depreciation	1,005
Amortization	150
Increase in Grants Receivable	66,109
Increase in Prepaid Expenses	181
Decrease in Accounts Payable	(2,044)
Increase in Payroll Taxes Payable	1,017
Decrease in Salaries Payable	<u>(3,072)</u>

Net Cash from Operating Activities 1,422

Cash Flows from Investing Activities:

Purchase of Equipment (1321)

Net Cash used in Investing Activities (1321)

Net Increase in Cash and Cash Equivalents 1,105

Cash and Cash Equivalents at Beginning of Period 2,811

Cash and Cash Equivalents at End of Period \$ 3,776

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

RED RIVER EMPLOYMENT SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1998

NOTE 1 NATURE OF ACTIVITIES

Red River Employment Services, Inc. was created on March 23, 1994 as a non-profit corporation as defined by the Louisiana non-profit corporation law (Title 13, Chapter 3, LA Revised Statutes of 1950 as revised and codified by Act 165 of 1968, legislature of Louisiana and as amended). Red River Employment Services, Inc. serves the parishes of Caddo, Bossier, Webster, Claiborne, Bienville, Red River, DeCade, Sabine, Natchitoches and Winn in accordance to the state plan of Louisiana Office of Human Services for Region VII.

Red River Employment Services, Inc. provides supportive employment services to individuals with serious psychiatric disabilities as defined by Louisiana Rehabilitation Services, and to encourage self support among those individuals served by the organization in the area of employment.

The corporation is organized on a non-stock basis under the authority of the provisions of Louisiana law, particularly LA R.S. of 1950, Title 52, Sections 291-309, as amended.

The corporation qualifies as an exempt organization under Section 501 (c) of the Internal Revenue Code as an organization described in Section 501 (c)(13), and is treated as a publicly supported organization, and not as a private foundation during an advance ruling period beginning April 19, 1994 and ending June 30, 1998.

The accompanying financial statements of the Organization presents the financial position and changes in net assets of the various programs. All activities of the Organization are included in these financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

RED RIVER EMPLOYMENT SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1998

NOTE 3 SUMMARY OF MANAGEMENT ACCOUNTING POLICIES (continued)

Basis of Accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which the liability is incurred, if measurable.

Budget Policy:

Budgets for the various programs are prepared by the Organization's Executive Director and approved by the board of the funds for each respective program. Budgets are prepared on a basis consistent with generally accepted accounting principles.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles include the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Property and Equipment:

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date of donation.

Depreciation is provided in the financial statements over estimated useful lives on a straight-line basis. The following estimated useful lives are generally used:

Furniture and equipment 5 to 15 years

Expenses for additions, major renewals and betterments are capitalized and expenses for maintenance and repairs are charged to operations as incurred.

RED RIVER EMPLOYMENT SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1996

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents:

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of three months or less.

NOTE 3 FUNDING POLICIES AND SOURCE OF FUNDS

The Organization receives its monies through various methods of funding. Funds are provided under grant awards and received under a cost reimbursement method.

NOTE 4 BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board; therefore, no compensation has been paid to any member.

NOTE 5 GRANTS RECEIVABLE

Grants receivable at June 30, 1996, consist of reimbursements for services provided under the following programs:

1A Rehabilitation Services	\$ 11,888
Office of Mental Health	3,550
	<u>\$ 15,438</u>

NOTE 6 INCOME TAX STATUS

The Organization is classified as a Section 501 (c)(3) Organization under the Internal Revenue Code. As a result, it has been determined to be exempt from federal and state income taxes.

RED RIVER EMPLOYMENT SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1996

NOTE 7 PROPERTY AND EQUIPMENT

A summary of property and equipment and accumulated depreciation at June 30, 1996 follows:

<u>Property and Equipment</u>				
	Balance 1/01/96	Additions	Deletions	Balance 6/30/96
Furniture & equipment	\$ 4,900	\$ 302		\$ 5,202
Total	<u>\$ 4,900</u>	<u>\$ 302</u>		<u>\$ 5,202</u>
<u>Accumulated Depreciation</u>				
	Balance 1/01/96	Additions	Deletions	Balance 6/30/96
Furniture & equipment	\$ 300	\$ 999		\$ 1,299
Total	<u>\$ 300</u>	<u>\$ 999</u>		<u>\$ 1,299</u>

Any equipment purchased must be used for program services for ten years or the equipment will revert to the Louisiana Rehabilitation Services.

NOTE 8 COLLATERALIZATION OF BANK DEPOSITS

The total amount of deposits in financial institutions at June 30, 1996, was \$ 3,776. This amount was insured against loss by the Federal Insurance Depositors Insurance Corporation (FDIC).

NOTE 9 JUDGMENTS, CLAIMS AND SIMILAR CONTINGENCIES

There is no litigation pending against the Organization June 30, 1996. Furthermore, the Organization's management believes that any potential lawsuits would be adequately covered by insurance.

The Organization receives support from various Federal and STATE grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of

RED RIVER EMPLOYMENT SERVICES, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1988

NOTE 9 JUDGEMENTS, CLAIMS AND SIMILAR CONTINGENCIES (continued)

a final review are recognized in the period in which agreed upon by the agency and the Organization. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Organization's financial position.

NOTE 10 FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



MEMBER
INDEPENDENT FIDUCIARY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
SOCIETY OF PROFESSIONAL
CERTIFIED PUBLIC ACCOUNTANTS

DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Red River Employment
Services, Inc.
Shreveport, Louisiana

We have audited the financial statements of Red River Employment Services, Inc. as of and for the year ended June 30, 1990, and have issued our report thereon dated December 18, 1990.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-333, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". These standards and OMB Circular A-333 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of Red River Employment Services, 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 objective of an internal control structure is to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, 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, irregularities, or

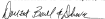
instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies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

In planning and performing our audit of the financial statements of Red River Employment Services, Inc. for the year ended June 30, 1988, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a 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 errors or irregularities 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 structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the board of directors, management, and all applicable state and federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountants
December 18, 1988



MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
SOCIETY OF CHARTERED
ACCOUNTANTS IN BRITAIN

DAUZAT, BEALL & DEBEVEC, CPAs

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Red River Employment
Services, Inc.
Shreveport, Louisiana

We have audited the financial statements of Red River Employment Services, Inc. for the year ended June 30, 1996, and have issued our report thereon dated December 16, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations". These standards and OMB Circular A-133 require that we 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 Red River Employment Services, Inc. is the responsibility of the Red River Employment Services, Inc., board of directors. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Red River Employment Services, Inc. compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the board of Directors, management, and all applicable state and federal agencies. However, this report is a matter of public record, and its distribution is not limited.

David C. Powell & Partners

Certified Public Accountants
December 14, 1986



MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER
SOCIETY OF CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL AND STATE AWARDS

To the Board of Directors
Red River Employment
Services, Inc.
Shreveport, Louisiana

We have audited the financial statements of the Red River Employment Services, Inc. (a non-profit organization) for the fiscal year ended June 30, 1994, and have issued our report thereon dated December 14, 1994. These financial statements are the responsibility of the organization's board of directors. 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of office of Management and Budget Circular A-119, "Audits of Institutions of Higher Education and Other Non-Profit Institutions". Those standards and OMB Circular A-119 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.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Red River Employment Services, Inc. taken as a whole. The accompanying schedule of federal and state 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 our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Dautz Beall & Debevec

Certified Public Accountants
December 14, 1994

NEW STATE EMPLOYMENT SERVICE, INC.
STATEMENT OF REVENUE AND EXPENSE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1950

<u>Federal monies from through treasury</u> <u>Program Title</u>	<u>Federal</u> <u>Cost</u> <u>Share</u>	<u>Expenditures</u>
NEW STATE SERVICE		
<u>I. U. Department of Health & Human Services</u>		
Passed through the Louisiana Department of Social Services:		
1. Rehabilitation Services Supportive Equipment	61 / 100	\$ 50,000
TOTAL FOR-PAID		<u>\$ 50,000</u>
OTHER		
<u>II. Department of Health and Hospitals</u>		
Office of Mental Health Employment Services	6/6	\$ 14,600
<u>III. Department of Social Services</u>		
1. Rehabilitation Services Supportive Equipment	6/6	\$ 10,000

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, 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, and that the federal award program is 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, we have classified the significant internal control structure policies and procedures used in administering federal award programs in the following categories:

General Requirements

Political activity
Civil rights
Cash management
Federal financial reports
Allowable costs/cost principles
Drug-free workplace
Administrative requirements

Specific Requirements

Types of services allowed/unallowed
Eligibility
Matching and level of effort
Reporting
Claims for advances and reimbursements
Accounts claimed or used for matching

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

During the fiscal year ended June 30, 1996, the Red River Employment Services, Inc. had no major federal award programs and expended 100 percent of its total federal awards under the nonmajor programs listed in the Schedule of Federal Awards.

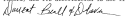
We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we

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 the aforementioned nonmajor programs which is identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we 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 program 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 structure and its operations that we consider to be material weaknesses as defined above.

Our 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 of directors, management and the United States Department of Health and Human Services. Moreover, this report is a matter of public record, and its distribution is not limited.



Certified Public Accountant
December 16, 1996



DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL AWARD PROGRAMS

To the Board of Directors
Red River Employment
Services, Inc.
Shreveport, Louisiana

We have audited the financial statements of Red River Employment Services, Inc. (a non-profit organization) as of and for the year ended June 30, 1998, and have issued our report thereon dated December 16, 1998.

We have applied procedures to test the Red River Employment Services', Inc. compliance with the following requirements applicable to its Federal program, which is identified in the accompanying schedule of federal and state awards, for the year ended June 30, 1998: political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, drug free work place act and administrative requirements.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Audits of Institutions of Higher Education and Other Non-Profit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Red River Employment Services', Inc. compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the organization had not complied, in all material respects, with those requirements. The results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board of Directors, management, and all applicable state and federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Wesley Paul J. DeWitt

Certified Public Accountant
December 18, 1996



DAUZAT, BEALL & DEBEVEC, CPAs

A PROFESSIONAL CORPORATION

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL AWARD PROGRAM TRANSACTIONS

To the Board of Directors
Red River Employment
Services, Inc.
Shreveport, Louisiana

We have audited the financial statements of Red River Employment Services, Inc. (a non-profit organization) as of and for the year ended June 30, 1984, and have issued our report thereon dated December 16, 1984.

In connection with our audit of the financial statements of the Red River Employment Services, Inc. (a nonprofit organization), and with consideration of the organization's internal control structure used to administer federal programs, as required by Office of Management and Budget Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions," we selected certain transactions applicable to certain nonmajor federal programs for the fiscal year ended June 30, 1984.

As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and special tests and provisions that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the organization's compliance with these requirements. Accordingly, we 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 requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Red River Employment Services, Inc. had not complied, in all material respects, with these requirements.

This report is intended for the information of the board of directors, management, and all applicable state and federal agencies. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



Certified Public Accountants
December 18, 1990