

**PANACEA AREA WATER SYSTEM, INC.  
PANACEA, FLORIDA**

**JUNE 30, 2006 AND 2005**



**Law, Redd, Crona & Munroe, P.A.**

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Law, Redd, Crona & Munroe, P.A.  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

October 19, 2006

Board of Directors  
Panacea Area Water System, Inc.  
Panacea, Florida

We have audited the accompanying statements of financial position of Panacea Area Water System, Inc. (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Panacea Area Water System, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 Panacea Area Water System, Inc., as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2006 on our consideration of Panacea Area Water System, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Law, Redd, Crona & Munroe, P.A.*

LAW, REDD, CRONA & MUNROE, P.A.

PANACEA AREA WATER SYSTEM, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2006 AND 2005

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 218,761	\$ 242,421
Certificates of Deposit	248,314	240,347
Accounts Receivable - Net	38,846	36,191
Grants Receivable	0	108,113
Unbilled Water Revenue	5,285	5,286
Prepaid Expenses	6,984	11,282
Total Current Assets	518,190	643,640
 PROPERTY AND EQUIPMENT - Net	 3,373,648	 3,277,440
<b>OTHER ASSETS</b>		
Cash and Certificates of Deposit Restricted by the U.S. Department of Agriculture	130,054	98,753
Deposits	350	350
<b>TOTAL ASSETS</b>	<b>\$ 4,022,242</b>	<b>\$ 4,020,183</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 16,580	\$ 53,409
Retainage Payable	0	70,375
Accrued Interest Payable	29,368	30,479
Accrued Leave Liability	6,791	6,791
Customer Deposits and Overpayments	65,028	53,340
Current Portion of Notes Payable	17,568	16,615
Total Current Liabilities	135,335	231,009
 <b>NON-CURRENT LIABILITIES</b>		
Notes Payable, Net of Current Portion	1,895,270	1,912,839
Total Liabilities	2,030,605	2,143,848
 <b>NET ASSETS</b>		
Unrestricted	1,991,637	1,876,335
Total Unrestricted Net Assets/Total Net Assets	1,991,637	1,876,335
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,022,242</b>	<b>\$ 4,020,183</b>

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

**PANACEA AREA WATER SYSTEM, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>OPERATING REVENUES</b>		
Water Revenues	\$ 352,227	\$ 353,640
Sewer Fees	39,172	34,742
Meter Fees and Service	26,270	28,517
Miscellaneous Income	1,005	4,385
	<u>418,674</u>	<u>421,284</u>
<b>OPERATING EXPENSES</b>		
Accounting, Legal and Other Professional Fees	15,730	13,470
Auto Expense and Travel	11,626	7,502
Bad Debt	0	15,677
Business Insurance	18,313	17,799
Depreciation	131,098	74,063
Maintenance	36,929	39,764
Miscellaneous	7,104	4,369
Office and Supplies Expense	5,161	3,517
Outside Labor	68	0
Personnel Costs	185,735	187,117
Postage and Shipping	5,556	5,053
Utilities	19,548	17,492
Operating Expenses before Interest Expense	<u>436,868</u>	<u>385,823</u>
Operating Margin before Interest Expense	(18,194)	35,461
Interest Expense	<u>66,229</u>	<u>9,638</u>
Operating Margin after Interest Expense	(84,423)	25,823
<b>NON-OPERATING REVENUE</b>		
Interest Income	14,578	8,463
Capital Grants	<u>185,147</u>	<u>814,853</u>
Change in Net Assets	115,302	849,139
UNRESTRICTED NET ASSETS - Beginning of Period	<u>1,876,335</u>	<u>1,027,196</u>
UNRESTRICTED NET ASSETS - End of Period	<u>\$ 1,991,637</u>	<u>\$ 1,876,335</u>

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

PANACEA AREA WATER SYSTEM, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 115,302	\$ 849,139
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Provision for Bad Debts	0	15,677
Depreciation	131,098	74,063
Grant Revenue Provided for Capital Assets	(185,147)	(814,853)
Gain on Disposal of Property and Equipment	(1,005)	(4,500)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(2,655)	1,542
Unbilled Water Revenue	1	(5,286)
Prepaid Expenses	4,298	(3,171)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	909	7,119
Accrued Leave Liability	0	6,791
Customer Deposits and Overpayments	11,688	1,578
Net Cash Provided by Operating Activities	<u>74,489</u>	<u>128,099</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Property and Equipment	11,037	4,500
Purchase of Property and Equipment	(346,560)	(1,491,305)
Maturities of Certificates of Deposit	270,155	262,924
Purchases or Renewals of Certificates of Deposit	(332,346)	(270,156)
Decrease (Increase) in Restricted Cash	22,922	(25,841)
Net Cash Used in Investing Activities	<u>(374,792)</u>	<u>(1,519,878)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Debt	0	2,272,737
Proceeds from Capital Grants	293,260	706,740
Principal Payments on Debt	(16,617)	(1,476,337)
Net Cash Provided by Financing Activities	<u>276,643</u>	<u>1,503,140</u>
Net Change in Cash	(23,660)	111,361
CASH AND CASH EQUIVALENTS - Beginning of Period	242,421	131,060
CASH AND CASH EQUIVALENTS - End of Period	<u>\$ 218,761</u>	<u>\$ 242,421</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest Paid	\$ 88,441	\$ 67,453

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

PANACEA AREA WATER SYSTEM, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** Panacea Area Water System, Inc. (the Corporation) is a not-for-profit corporation incorporated August 21, 1964 in the state of Florida to operate a water distribution system in Panacea, Florida. The Corporation owns four parcels of property used as well sites and an office site. All sites are located in Wakulla County, Florida.

The scope of the activity described above is presented as the single functional basis in the statements of activities. A summary of the significant accounting policies and reporting practices followed by the Corporation is set forth below:

**Basis of Accounting:** The Corporation's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Financial Statement Presentation:** The Corporation 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) based on the existence or absence of donor imposed restrictions. The Corporation has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

**Cash and Cash Equivalents:** Cash and cash equivalents are defined as cash on hand and highly liquid debt instruments with a maturity, when acquired, of three months or less.

**Property and Equipment:** The Corporation capitalizes acquisitions of property and equipment having a useful life of more than one year. Donated property is recorded at its approximate fair value at the time of donation. Depreciation is provided on the straight-line basis over the estimated useful lives of ten to forty years for the water system and five to ten years for the office trailer, vehicles and equipment.

**Accrued Leave:** The Corporation provides its employees annual benefits for vacation and sick leave during each employment year. Sick leave may be accumulated up to a maximum of 500 hours, but has no termination benefit. Vacation leave in an amount equal to the employee's annual benefit earned may be accumulated and carried over to the employee's next anniversary year. Excess unused vacation leave is forfeited at each employee's anniversary. Accumulated vacation leave is payable upon termination at the employee's current rate of pay. The change in the accrued leave liability from year-to-year is reported as an expense in the current year.

**Income Taxes:** The Corporation is a tax-exempt not-for-profit corporation as defined under Section 501(c)(4) of the *Internal Revenue Code*. There was no unrelated business income for the fiscal years ended June 30, 2006 and 2005, and accordingly, no provision has been made for Federal or State income taxes.

PANACEA AREA WATER SYSTEM, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition:** A portion of the funds required for improvements to the water distribution system were provided under a cost reimbursement grant contract. Grant revenue is recognized on the basis of costs incurred. Amounts earned but not received are reported as grants receivable. Unconditional contributions are recognized in the period received or made and are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions are reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the contribution is recognized. Other revenue is recognized when earned.

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash consists of balances in various accounts at a Florida commercial bank. The balances exceed the Federal Deposit Insurance Corporation (FDIC) limit of \$100,000 per bank. The Corporation believes credit risk related to these balances is minimal.

At June 30, 2006 and 2005, cash and cash equivalents include cash restricted for customer deposits in the amounts of \$57,590 and \$47,152, respectively.

NOTE 3 – CERTIFICATES OF DEPOSIT

The Corporation holds eleven and eight certificates of deposit at two local commercial banks at June 30, 2006 and 2005, respectively. The certificates all have a term of one year and mature from September 2006 to April 2007. Interest rates earned on these certificates of deposit range from 3.81% to 4.50%.

NOTE 4 – ACCOUNTS RECEIVABLE AND UNBILLED WATER REVENUE

Accounts receivable at June 30, 2006 and 2005 represents amounts due for water service provided by the Corporation and sewer billing services provided to Wakulla County and are presented net of an allowance for doubtful accounts of \$15,677 each year. Unbilled water revenue represents estimated water usage through June 30, 2006 and 2005, since the last meter reading and water billings issued prior to each year-end.



PANACEA AREA WATER SYSTEM, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Land	\$ 17,450	\$ 17,450
Water Distribution System	4,281,717	1,599,313
Construction-in-Progress	0	2,490,213
Operating Equipment	155,729	141,195
Office Trailer	7,550	7,550
Vehicles	43,868	38,453
Office Equipment	49,173	45,978
	<u>4,555,487</u>	<u>4,340,152</u>
Less: Accumulated Depreciation	<u>(1,181,839)</u>	<u>(1,062,712)</u>
Property and Equipment - Net	<u>\$3,373,648</u>	<u>\$3,277,440</u>

NOTE 6 – NOTES PAYABLE

	<u>2006</u>	<u>2005</u>
<p>Note payable no. 91-09, to the U.S. Department of Agriculture (USDA), issued on February 15, 2005 requires interest-only annual payments for the first two years of \$79,403, followed by monthly payments of principal and interest of \$8,148 beginning January 15, 2008, maturing on February 15, 2045. Interest on the note is at a fixed rate of 4.5%. The note is collateralized by a first lien on all real estate owned or acquired by the Corporation, on revenues and service charges derived from the operation of the proposed facility and all personal property as part of the facility now owned or acquired in the future.</p>	\$ 1,764,500	\$ 1,764,500
<p>Note payable no. 91-05, to the USDA, monthly payments of principal and interest of \$556 maturing on February 1, 2020. Interest on the note is at a fixed rate of 5.00%. The note is collateralized by all real estate owned or acquired by the Corporation, on revenues and service charges derived from the operation of the proposed facility and all personal property as part of the facility now owned or acquired in the future.</p>	20,983	26,456

PANACEA AREA WATER SYSTEM, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 6 – NOTES PAYABLE (Continued)

	2006	2005
Note payable no 91-07, to the USDA, monthly payments of principal and interest of \$1,582 maturing on September 16, 2031. Interest on the note is at a fixed rate of 5.875%. The note is collateralized by all real estate owned or acquired by the Corporation, on revenues and service charges derived from the operation of the proposed facility and all personal property as part of the facility now owned or acquired in the future.	\$ 127,355	\$ 138,498
Total Notes Payable	1,912,838	1,929,454
Less Current Portion	(17,568)	(16,615)
Total Notes Payable, Net of Current Portion	\$1,895,270	\$1,912,839

Notes payable at June 30, 2006 mature as follows:

2007	\$ 17,568
2008	36,944
2009	38,836
2010	36,972
2011	36,841
	1,745,677
Total	\$1,912,838

Interest charges on notes payable for the years ended June 30, 2006 and 2005 were \$87,330 and \$97,932, respectively, of which \$21,101 and \$88,294, respectively, was capitalized to construction in progress and \$66,229 and \$9,638, respectively, was expensed.

The USDA loan agreements' Letter of Conditions stipulates that separate reserve bank accounts be established. The Corporation is required to annually accumulate for the life of the loan, an amount equal to one-tenth of the annual loan payment. The Corporation may only use these funds with the permission of the USDA; for debt service, repairing or replacing damage to the system caused by unforeseen catastrophe, or for making extensions or improvements to the system. At June 30, 2006 and 2005, amounts in the Corporation's reserve accounts exceeded amounts required by the USDA.

PANACEA AREA WATER SYSTEM, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2006 AND 2005

NOTE 7 – CONTINGENCIES

Funds received under the grant contract are subject to audit and approval by the grantor agency. If such audits determine that the Corporation has failed to comply with requirements of the grant contract, the Corporation could be required to provide reimbursement to the agency.

ADDITIONAL INFORMATION



Law, Redd, Crona & Munroe, P.A.  
Certified Public Accountants

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

October 19, 2006

Board of Directors  
Panacea Area Water System, Inc.  
Panacea, Florida

We have audited the financial statements of Panacea Area Water System, Inc. as of and for the year ended June 30, 2006, and have issued our report thereon dated October 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Panacea Area Water System, Inc.'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 an opinion 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 that might be material weaknesses. A material weakness is a 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 caused by error or fraud 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Panacea Area Water System, Inc. in a separate letter dated October 19, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Panacea Area Water System, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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

Board of Directors  
Panacea Area Water System, Inc.  
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instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we have noted certain matters that we have reported to management of Panacea Area Water System, Inc. in a separate letter dated October 19, 2006.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Law, Redd, Crona & Munroe, P.A.*

LAW, REDD, CRONA & MUNROE, P.A.



Law, Redd, Crona & Munroe, P.A.  
*Certified Public Accountants*

## MANAGEMENT LETTER

October 19, 2006

Management and Board of Directors  
Panacea Area Water System, Inc.  
Panacea, Florida

In planning and performing our audit of the financial statements of Panacea Area Water System, Inc. (the Corporation) for the year ended June 30, 2006 we considered the Corporation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters that are opportunities for strengthening internal controls and operating efficiency and other matters that are presented for your consideration. This letter does not affect our report dated October 19, 2006 on the financial statements of Panacea Area Water System, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### Current Year's Recommendations

#### 06-1 Water System Rate Study

The water system improvements funded by a loan and grant from the United States Department of Agriculture were finalized, approved and put into operation as of October 5, 2006. Accordingly, depreciation expense has increased significantly relating to the use of this asset. Additionally, interest expense which was previously capitalized during the construction period, has also negatively affected the current year's change in net assets, resulting in a loss from operations before capital grant revenue for the year ended June 30, 2006. Both depreciation and interest expense will increase again in the fiscal year ended June 30, 2007, as the water system improvements will have a full year of utilization vs. nine months during fiscal year ended June 30, 2006.

Management and Board of Directors  
Panacea Area Water System, Inc.  
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The Corporation is having a rate study performed by the Florida Rural Water Association (FRWA) which is expected to be completed in early 2007. While the Corporation currently has sufficient reserves to cover this loss, we recommend that management consider all current and future anticipated costs as well as the current and future expected utilization rates, to assist FRWA in the determination of an appropriate fee structure sufficient to meet current expenses and provide for future growth.

#### 06-2 U.S Department of Agriculture Loan and Grant Reporting Requirements

The grant and loan funded by the U.S. Department of Agriculture (USDA) requires certain financial reports to be filed by the recipient. These requirements include an annual proposed operating budget and quarterly financial reports. The Corporation approved a 2006/2007 budget in July 2006; however, it has not yet been submitted to the USDA.

We recommend that the Corporation take action to track their reporting requirements under the grant and loan agreements and submit the proper forms on a timely basis.

#### Status of Prior Year's Recommendations in Management Letter Dated March 9, 2006

##### 05-1 Employee Pension Benefits

In the prior year, we noted that the Corporation has not implemented a qualified pension plan. In the past PAWS made pension benefit payments directly to employees without withholding the appropriate payroll taxes from the payment and did not report these amounts in the employees' earnings.

We recommended that PAWS adopt a qualified discretionary pension plan for future pension benefits or to correctly treat the payments as income to the employees; withholding Federal income taxes and FICA and reporting the income appropriately on the quarterly 941 and annual W-2's.

*Current Year Status:* Effective with the pension benefit payments issued in July 2006, PAWS included the income as employee wages and withheld and paid the appropriate payroll taxes.

##### 05-2 Clarification of Employee Leave Benefits

We reviewed the Corporation's personnel manual and noted that while it described the policies for employee vacation and sick leave, certain clarifications could improve the usefulness of the manual.

The manual states that sick leave may be accumulated up to a maximum of 500 hours. Per inquiry of Corporation personnel, there is no vesting benefit for sick leave, i.e. there is no payment for accumulated sick leave upon an employee's termination. However, the manual is silent on the issue of termination rights on sick leave. In order to clarify the policy and avoid potential conflicts and possible



Management and Board of Directors  
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litigation, we recommend that the personnel manual be amended to clearly state that accumulated sick leave has no payout benefit upon termination of the employee.

The manual also states that vacation leave must be taken during the anniversary year earned and that employees will not be allowed to accumulate more than one year's earned annual leave. However, we noted that the schedules of accumulated vacation leave maintained by the office manager did not write-off unused vacation leave in accordance with the above policy. In order to avoid misunderstandings and conflict, we recommend that the board review the policy and insure that it is implemented in accordance with the board's intentions, clarifying the policy in the manual if needed. Employee's should receive statements of their accumulated leave balances, either on their paychecks or periodically issued to them on a separate statement, such as a copy of the schedule maintained by the office manager issued to the employees on a quarterly basis.

*Current Year Status:* The Board clarified the Corporation's policies at the July 2006 board meeting. The personnel manual needs to be updated to be consistent with the board's intentions and to describe the manner of implementation.

#### 05-3 Outstanding Utility Billings

We reviewed the Corporation's accounts receivable detail, noting that there were several routes whose accounts were dormant but had outstanding balances; we also noted accounts in active routes with balances in excess of 90 and 120 days. We made inquiries of office personnel and noted that while the Corporation has adequate policies for delinquent accounts as to termination of service; the Corporation does not have a policy for establishing an allowance for doubtful accounts or for writing off uncollectible account balances. Accounts receivable should be reported at net realizable value, therefore, we recommend that the Corporation adopt a method to estimate the amount of doubtful accounts on a periodic basis, and to write-off uncollectible accounts as approved by the board.

*Current Year Status:* This comment is still applicable at June 30, 2006.

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We wish to thank the staff of Panacea Area Water System, Inc. for their support and assistance during our audit.

This report is intended solely for the information and use of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Law, Redd, Crone & Munroe, P.A.*

LAW, REDD, CRONA & MUNROE, P.A.