

**ESCAMBIA SCHOOL DISTRICT
EMPLOYEE BENEFIT TRUST**

Financial Statements

**For Years Ended
June 30, 2009 and 2008**

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

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Report of Independent Auditors

To the Board of Trustees
Escambia School District
Employee Benefit Trust
Pensacola, Florida

We have audited the accompanying financial statements of Escambia School District Employee Benefit Trust of the Escambia County School District as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of Escambia County School District'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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 2, the financial statements present the financial position of only Escambia School District Employee Benefit Trust of the Escambia County School District and do not purport to, and do not, present fairly the financial position and results of operations of the District School Board of Escambia County, Florida as of June 30, 2009 and 2008, and the changes in its financial position, and cash flows of its proprietary fund type for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Escambia School District Employee Benefit Trust of the Escambia County School District as of June 30, 2009 and 2008, and the results of its operations and 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 February 26, 2010 on our consideration of Escambia School District Employee Benefit Trust of the Escambia County School District's internal control over financial reporting and our tests of its compliance with laws, regulations, 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 result of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 11 through 13 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.

Cherry, Beckett & Holland, L.L.P.

Orlando, Florida
February 26, 2010

FINANCIAL STATEMENTS

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

Statement of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current assets		
Cash	\$ 21,908,748	\$ 9,882,262
Accounts receivable	26,397	31,566
Investments	-	15,044,163
Total current assets	<u>21,935,145</u>	<u>24,957,991</u>
Total assets	<u><u>\$ 21,935,145</u></u>	<u><u>\$ 24,957,991</u></u>
Liabilities and net assets		
Current liabilities		
Health claims payable	\$ -	\$ 421,684
Due to General Fund	-	267,662
Estimated claims incurred but not reported - Health	3,995,205	4,210,220
Estimated claims incurred but not reported - Dental	144,452	144,452
Deferred revenue	3,302,719	3,362,625
Other accrued liabilities	35,374	21,045
Total current liabilities	<u>7,477,750</u>	<u>8,427,688</u>
Total liabilities	<u>7,477,750</u>	<u>8,427,688</u>
Net assets		
Restricted for employee benefits	<u>14,457,395</u>	<u>16,530,303</u>
Total net assets	<u>14,457,395</u>	<u>16,530,303</u>
Total liabilities and net assets	<u><u>\$ 21,935,145</u></u>	<u><u>\$ 24,957,991</u></u>

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
Statement of Revenues, Expenses, and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Employer contributions	\$ 25,288,377	\$ 26,478,589
Employee contributions	13,686,162	13,333,665
Other operating revenue	516,942	847,079
	<u>39,491,481</u>	<u>40,659,333</u>
Operating expenses		
Insurers, claims and administrative	41,718,242	40,289,716
Total operating expenses	<u>41,718,242</u>	<u>40,289,716</u>
Operating (loss) income	<u>(2,226,761)</u>	<u>369,617</u>
Nonoperating revenue		
Investment earnings	153,853	735,264
Total nonoperating revenue	<u>153,853</u>	<u>735,264</u>
Change in net assets	(2,072,908)	1,104,881
Total net assets - beginning	<u>16,530,303</u>	<u>15,425,422</u>
Total net assets - ending	<u>\$ 14,457,395</u>	<u>\$ 16,530,303</u>

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

Statement of Cash Flows

Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating activities		
Cash received from Board funds and participants	\$ 39,437,718	\$ 40,802,132
Cash payments to vendors for goods and services	(5,067,362)	(4,971,950)
Cash payments for insurance claims	(37,046,600)	(37,115,064)
Cash payments to employees for services	(495,286)	(248,870)
Net cash used in operating activities	<u>(3,171,530)</u>	<u>(1,533,752)</u>
Investing activities		
Proceeds from sales and maturities of investments	15,044,163	8,750,555
Interest payments received	153,853	735,264
Net cash provided by investing activities	<u>15,198,016</u>	<u>9,485,819</u>
Net increase in cash and cash equivalents	12,026,486	7,952,067
Cash and cash equivalents		
Beginning of year	<u>9,882,262</u>	<u>1,930,195</u>
End of year	<u>\$ 21,908,748</u>	<u>\$ 9,882,262</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating (loss) income	\$ (2,226,761)	\$ 369,617
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities		
Accounts receivable	5,169	(31,566)
Claims receivable	-	196,529
Due from General Fund	-	714
Health claims payable	(421,684)	(511,245)
Due to General Fund	(267,662)	(12,162)
Estimated claims incurred but not reported - Health	(215,015)	(1,513,780)
Deferred revenue	(59,906)	(22,877)
Other accrued liabilities	14,329	(8,982)
Total adjustments	<u>(944,769)</u>	<u>(1,903,369)</u>
Net cash used in operating activities	<u>\$ (3,171,530)</u>	<u>\$ (1,533,752)</u>

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

Notes to Financial Statements Years Ended June 30, 2009 and 2008

Note 1 - Description of the plan

The following description of Escambia School District Employee Benefit Trust (the "Trust") provides only general information. Participants should refer to the Plan Agreement for a complete description of the Plan's provisions.

General - The Trust provides life, health, and dental benefits covering substantially all active and retired employees of the District School Board of Escambia County, Florida (the "District") and their covered dependents. The Trust was established on April 18, 1983 by the governing Board of the District. The District is authorized to provide payment of the premiums for such insurance for its employees and their dependents through a group insurance plan, and may enter into contracts with insurance companies or professional administrators to provide such insurance pursuant to Section 112.08(1) of the Florida Statutes. The self-insurance plan and administrators of the Plan were submitted to and approved by the Florida Department of Financial Services Office of Insurance Regulation.

Benefits - The Trust provides health (medical, hospital, surgical, and major medical), dental, and death benefits to full-time employees of the District (permanent positions working at least 20 hours per week) and covered dependents. Retired employees are entitled to similar health, life, and dental benefits provided they pay for the cost of the premiums.

The health and dental claims are self-insured by the District. The District has contracted third party administrators to process and pay medical, prescription, dental and drug claims. A stop-loss insurance policy has been purchased to provide coverage of medical claims in excess of \$250,000 per individual per policy period.

Generally, dental claims have a maximum yearly cap of \$800 or \$1,200 per individual, depending on the plan, or a \$1,000 lifetime cap for orthodontic treatment for individuals ages eighteen or younger (typically for dependents). For the period October 1, 2007 – December 31, 2007, the District approved a three-month extension of the annual benefits period for participants whereby the annual per individual cap of \$800 or \$1,200 was adjusted to \$1,200 or \$1,500, respectively, depending on the plan. This "short plan year" also occurred for participants receiving health and other benefits.

Death benefits are fully insured with Standard Life.

Contributions - The Trust's insurance program provides that the District pays the premiums for health, life, and dental coverage for the employee, and that the employee may provide for family coverage provided by the insurance program through salary deduction.

The District pays twenty-one and one-tenth cents per thousand dollars of annual employee salary for term life insurance. The employees pay any premiums for any excess life insurance coverage. For health insurance, the District pays the single coverage for all employees who enroll in the Basic Plan. The District also subsidizes two other health plans (Choice, PPO) at the same level of benefit as the Basic Plan (currently \$367 per pay period) and also subsidizes the cost of dependent premiums for each plan at the same level. The employees pay for family coverage or the additional cost for single coverage in higher tier plans. The premiums for the base dental plan for single and family coverage are paid fully by the District. Employees pay the additional premiums for the Enhanced dental plan.

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

Notes to Financial Statements

Years Ended June 30, 2009 and 2008

Note 1 – Description of the plan (continued)

Retirees pay the premiums on health, dental, and life coverage. The District subsidizes certain retiree premiums to offset the total cost to retirees.

Note 2 - Summary of significant accounting policies

General - As described in Note 1, the financial statements of the Trust are intended to present the financial position of only that Trust which provides certain health, life, and dental insurance to the employees and retirees of the District and their families.

Basis of Presentation – The financial statements of the Trust are prepared using the accrual basis of accounting. The Trust is accounted for as a proprietary activity under standards issued by the Financial Accounting Standards Board through November 1989 and applicable standards by the Government Accounting Standards Board. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. The Trust distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Trust's principal ongoing operations.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments – Investments at June 30, 2009 and 2008 are those made locally, consisting of \$-0- and \$15,044,163, respectively, in money market mutual funds, and are recorded at fair value.

Unpaid Claims Liabilities - The Trust establishes claims liabilities based on estimates provided by the Trust's actuaries in accordance with accepted actuarial principles. The claims liabilities include estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. Estimated amounts of subrogation and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs are dependent on such complex factors as inflation, enrollment, adverse claims deviation, and uncertainty and timing of claims and losses, the process used in computing claims liabilities cannot yield an exact result. Claims liabilities are recomputed periodically by independent actuaries for the Trust using a variety of actuarial and statistical techniques for producing current estimates of actual claims costs, claims frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

Reinsurance - The Trust uses a stop loss reinsurance agreement to reduce its exposure to large losses incurred on excessive health claims per individual. Reinsurance permits recovery of a portion of losses, although it does not discharge the primary liability of the Trust as direct insurer of the risks reinsured.

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

**Notes to Financial Statements
Years Ended June 30, 2009 and 2008**

Note 3 – Cash

Cash deposits of the Trust are held by banks qualified as public depositories under Florida law. All deposits are insured by the Federal Deposit Insurance Corporation or are collateralized with securities held in Florida's multiple financial institution collateral pool required by Sections 280.07 and 280.08, Florida Statutes.

Note 4 – Investments

The Trust had investments with money market mutual funds, amounting to \$-0- and \$15,044,163 at June 30, 2009 and 2008, respectively.

Section 218.415, Florida Statutes, authorizes the District to invest in investments approved by the Board. The Board has adopted an investment policy that authorizes investing in certificates of deposit, mutual (or money market) funds, securities of the United States government and other forms of authorized investments described in the Florida Statutes.

Interest rate risk - Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District had chosen to invest its funds locally with money market mutual funds as a means of limiting its exposure to fair value losses from increasing interest rates.

Credit quality risk – Investments with a fair value of \$-0- and \$7,520,165 were held in the Morgan Stanley Institutional Liquidity Funds – Government Portfolio, which invests primarily in U.S. agency securities and repurchase agreements at June 30, 2009 and 2008, respectively. The fund was rated Aaa by Moody's Investors' Service. Investments with a fair value of \$-0- and \$7,523,998 were held in the Reserve Primary Fund (a money market fund), which invests primarily in repos, floating rate notes, bank/corporate commercial paper, Yankee certificates of deposit, and asset-backed commercial paper at June 30, 2009 and 2008, respectively. The fund was rated Aaa by Moody's Investors' Service.

Note 5 - Due to and from General Fund

Amounts due to the General Fund of the District for Board approved allocation of overhead were \$-0- and \$267,662 at June 30, 2009 and 2008, respectively.

Note 6 - Deferred revenue

Deferred revenue represents prepaid contributions for the month of July for instructional personnel and for the months of July and August for non-instructional personnel.

Note 7 - Tax matters

The Trust has obtained a favorable tax determination letter from the Internal Revenue Service, and the Trustees believe that the Plan continues to qualify and to operate as designed.

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST

Notes to Financial Statements
Years Ended June 30, 2009 and 2008

Note 8 - Reconciliation of claims liability

	<u>2009</u>	<u>2008</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 4,776,356	\$ 6,795,710
Incurred claims and changes in estimate	40,524,011	38,368,679
Less claims payments	<u>41,160,710</u>	<u>40,388,033</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>\$ 4,139,657</u>	<u>\$ 4,776,356</u>
Portion allocable to health claims payable	\$ -	\$ 421,684
Portion allocable to estimated health claims incurred but not reported	3,995,205	4,210,220
Portion allocable to estimated dental claims incurred but not reported	<u>144,452</u>	<u>144,452</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>\$ 4,139,657</u>	<u>\$ 4,776,356</u>

SUPPLEMENTARY INFORMATION

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
Schedules of Revenues, Expenses, and Changes in Net Assets
Life Benefits
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Employer contributions	\$ 493,138	\$ 480,057
Employee contributions	1,276,039	1,307,639
Total operating revenues	<u>1,769,177</u>	<u>1,787,696</u>
Operating expenses		
Insurers, claims and administrative	1,769,347	1,790,101
Total operating expenses	<u>1,769,347</u>	<u>1,790,101</u>
Operating loss	<u>(170)</u>	<u>(2,405)</u>
Nonoperating revenue		
Investment earnings	170	2,405
Total nonoperating revenue	<u>170</u>	<u>2,405</u>
Change in net assets	-	-
Total net assets - beginning	<u>-</u>	<u>-</u>
Total net assets - ending	<u>\$ -</u>	<u>\$ -</u>

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
Schedule of Revenues, Expenses, and Changes in Net Assets
Health Benefits
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Employer contributions	\$ 23,603,048	\$ 24,700,365
Employee contributions	11,891,689	11,521,092
Other operating revenue	516,942	847,079
Total operating revenues	<u>36,011,679</u>	<u>37,068,536</u>
Operating expenses		
Insurers, claims and administrative	38,181,116	36,685,589
Total operating expenses	<u>38,181,116</u>	<u>36,685,589</u>
Operating (loss) income	<u>(2,169,437)</u>	<u>382,947</u>
Nonoperating revenue		
Investment earnings	144,813	692,500
Total nonoperating revenue	<u>144,813</u>	<u>692,500</u>
Change in net assets	(2,024,624)	1,075,447
Total net assets - beginning	<u>15,225,407</u>	<u>14,149,960</u>
Total net assets - ending	<u>\$ 13,200,783</u>	<u>\$ 15,225,407</u>

ESCAMBIA SCHOOL DISTRICT EMPLOYEE BENEFIT TRUST
Schedule of Revenues, Expenses, and Changes in Net Assets
Dental Benefits
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues		
Employer contributions	\$ 1,192,191	\$ 1,298,167
Employee contributions	518,434	504,934
Total operating revenues	<u>1,710,625</u>	<u>1,803,101</u>
Operating expenses		
Insurers, claims and administrative	<u>1,767,779</u>	<u>1,814,026</u>
Total operating expenses	<u>1,767,779</u>	<u>1,814,026</u>
Operating loss	<u>(57,154)</u>	<u>(10,925)</u>
Nonoperating revenue		
Investment earnings	<u>8,870</u>	<u>40,359</u>
Total nonoperating revenue	<u>8,870</u>	<u>40,359</u>
Change in net assets	(48,284)	29,434
Total net assets - beginning	<u>1,304,896</u>	<u>1,275,462</u>
Total net assets - ending	<u>\$ 1,256,612</u>	<u>\$ 1,304,896</u>



Independent Auditors' 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*

To the Board of Trustees
Escambia School District
Employee Benefit Trust
Pensacola, Florida

We have audited the financial statements of Escambia School District Employee Benefit Trust of the Escambia County School District (the "Trust") as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated February 26, 2010. We conducted our audits 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 audits, we considered the Trust's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Trust's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Trust's financial statements that is more than inconsequential will not be prevented or detected by the Trust's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Trust's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Trustees, the District School Board of Escambia County, Florida, the Audit Committee, applicable management, and applicable state agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bevant & Holland, C.P.A.

Orlando, Florida
February 26, 2010



Management Letter

To the Board of Trustees
Escambia School District
Employee Benefit Trust
Pensacola, Florida

We have audited the financial statements of Escambia School District Employee Benefit Trust of the Escambia County School District (the "Trust") as of and for the year ended June 30, 2009, and have issued our report thereon dated February 26, 2010. These financial statements are the responsibility of the Trust's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our 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* dated February 26, 2010, and it should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.800, Rules of the Auditor General, which governs the conduct of district school board audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports:

Section 10.804(1)(f)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address significant findings and recommendations made in the preceding annual financial audit report. There were no such matters reported in the preceding annual financial audit.

Section 10.804(1)(f)3., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, the results of our tests did not indicate that the Trust was in noncompliance with Section 218.415 regarding the investment of public funds. However, our audit was not directed toward obtaining knowledge regarding the Trust's compliance with this requirement.

Section 10.804(1)(f)4., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.804(1)(f)5., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statement that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.804(1)(f)6., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements considering both quantitative and qualitative factors: (1) violations provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audits, we did not have any such findings.

Section 10.804(1)(f)2., Rules of the Auditor General, requires a statement be included as to whether or not the Trust has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Escambia School District Employee Benefit Trust did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.804(1)(f)7.a. and 10.806(6), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Escambia School District Employee Benefit Trust's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Behavitt & Holland, C.P.A.

Orlando, Florida
February 26, 2010