

Memorandum:

2005-2006 Financial Reports

Our external auditors (Root Spitnas & Smiley, Inc.) have been in our offices this week (September 18 through September 21, 2006) performing field work in connection with the audit for the Fiscal Year ended June 30, 2006.

The Auditors are in the process of completing significantly their entire reclassifying journal entries for the year then ended, the goal is to post to the accounting system those entries prior to issuing a report on year end 2005-2006. They are attempting to complete their Journal entries by Thursday 9/21/2006. Once those entries are complete they will be posted to the Pentamotion Accounting system. A budget status report for the prior fiscal year ending June 30, 2006 will then be generated and posted on Board Docs. This updated report should be available no later than Friday 9/22/2006.

It is only prudent to post these entries prior to reporting on the prior year end to avoid confusion by readers the report, when comparing to the final Audited Financial Statements to be issued by our auditors and the AFR to be filed with the Commonwealth. It is important to present the most accurate picture possible, especially when using it as a guideline for the 2006-2007 zero based budget process.

Please be aware that although the Auditors will have completed the majority of their field work, additional adjusting entries may be forthcoming.

Respectfully submitted:

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Business Administrator