JACKSON COUNTY E-911 EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2014

TAMARA L. BECKMAN
CERTIFIED PUBLIC ACCOUNTANT

JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of directors of the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of Jackson County E-911 Emergency Communications District, a component unit of Jackson County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Jackson County E-911 Emergency Communications District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of

the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Jackson County E-911 Emergency Communications District, a component unit of Jackson County, as of June 30, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. The auditor's opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Jackson County E-911 Emergency Communications District's basic financial statements. The Budget and Actual schedule and the schedule of 911 Board Members on pages 11-13 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Budget and Actual schedule and the schedule of 911 Board Members are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Budget and Actual schedule and the schedule of 911 Board Members are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 11, 2014 on my consideration of Jackson County E-911 Emergency Communications District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County E-911 Emergency Communications District's internal control over financial reporting and compliance.

Tamara L. Beckman, CPA

November 11, 2014
Cookeville, Tennessee

JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS			
Current Assets			
Cash & Cash Equivalents	$ 154,751.02		
Accounts Receivable	474.32		
Due from State ECB	5,044.80		
Prepaid Expenses	2,938.68		
Total Current Assets		$ 163,208.82	
Fixed Assets			
Office Equipment	37,098.00		
Less: A/D-Office Equipuipment	(37,098.00)		
Communications Equipment	930,308.80		
Less: A/D-Comm Equipment	(732,820.84)		
Total Fixed Assets		197,487.96	
Total Assets			$ 360,696.78
LIABILITIES & NET POSITION			
Current Liabilities			
Accounts Payable	1,787.10		
Accrued Payroll	7,228.50		
Payroll Tax Payable	457.22		
Note Payable-Current Portion - TECB	4,841.23		
Total Current Liabilities		14,314.05	
Long Term Note Payable - TECB		116,188.85	
Total Liabilities			130,502.90
Net Position			
Net Investment in Capital Assets	76,457.88		
Unrestricted	153,736.00		
Total Net Position			$ 230,193.88

The accompanying notes are in integral part of the financial statements

JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Operating Revenue			
Emergency Telephone Service Charges	$ 93,863.14		
State ECB – Wireless	29,943.15		
State ECB – Operational Funding Program	124,182.00		
Total Operating Revenue			$ 247,988.29
Operating Expenses			
Salaries & Wages			
Director	12,000.00		
Administrative Personnel	6,800.04		
Dispatchers	164,790.30		
Overtime Pay	32,081.31		
Part-Time Pay	11,377.99		
Total Salaries & Wages		$ 227,049.64	
Employee Benefits			
Social Security	14,303.71		
Medicare	3,345.22		
Unemployment-State & Federal	999.54		
Health Insurance	846.21		
Total Employee Benefits		19,494.68	
Contracted Services			
Auditing Services	2,250.00		
Legal Service	3,600.00		
Maintenance Agreements	31,603.15		
Mapping/DB Consultants	8,925.00		
NCIC & TCIC Data Lines	2,240.00		
Lease & Rental			
Communications Equipment	5,797.00		
Maintenance & Repairs			
Communications Equipment	3,268.86		
Building & Facilities	241.98		
Total Contracted Services		57,925.99	
Supplies & Materials			
Office Supplies	2,876.87		
Postage	92.00		
Small Equipment	8,759.99		

The accompanying notes are an integral part of the financial statements

JACKSON COUNTY E-911 EMERGENCY
COMMUNICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION, *CONTINUED*
FOR THE YEAR ENDED JUNE 30, 2014

Utilities			
Gas	85.58		
General Telephone	19,223.09		
Cell Phones & Pagers	1,466.40		
Total Supplies & Materials		32,503.93	
Other Charges			
Dues & Subscriptions	511.90		
Insurance			
Liability	12,893.00		
Worker's Compensation	1,004.00		
Premiums on Surety Bonds	1,150.00		
Training Expenses	3,446.11		
Travel Expenses	839.09		
Miscellaneous	290.43		
Total Other Charges		20,134.53	
Depreciation		39,247.77	
Total Operating Expenses			396,356.54
Net Operating Loss			(148,368.25)
Non-Operating Revenue and (Expenses)			
Interest Income		330.02	
State-Grants & Reimbursements		52,836.87	
Contributions from Primary Government		66,000.00	
Contributions from Other Governments		22,500.00	
UCEMC Grant		5,150.00	
Electrical Permits		1,782.00	
Total Non-operating Revenue (Expenses)			148,598.89
Net Increase in Net Position			230.64
Net Position, June 30, 2013			229,963.24
Net Position, June 30, 2014			$ 230,193.88

The accompanying notes are an integral part of the financial statements

JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:		
Cash Received from Operations	$ 252,544.68	
Cash paid to/for Employee Services	(248,581.86)	
Cash Paid for Goods & Services	(111,681.62)	
Net Cash Used by Operating Activities		$ (107,718.80)
Cash Flows from Capital & Related Financing Activities:		
Acquisition of New Equipment	(96,723.40)	
Payments on Notes Payable-State	(4,842.00)	
Net Cash Used by Capital & Related Financing Activities		(101,565.40)
Cash Flows from Non-Capital Financing Activities		
Contributions from Primary Governments	66,000.00	
Contributions from Other Governments	22,500.00	
State ECB-Grants & Reimbursements	52,836.87	
Electrical Permits	1,782.00	
Net Cash Provided by Non-Capital Financing Activities		143,118.87
Cash Flows from Investing Activities:		
Interest Received		330.02
Net Increase in Cash and Cash Equivalent		(65,835.31)
Cash and Cash Equivalents at 6-30-13		220,586.33
Cash and Cash Equivalents at 6-30-14		$ 154,751.02
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	$ (148,368.25)	
Depreciation	39,247.77	
UCEMC Contract	5,150.00	
Increase in Accounts Receivable	(294.01)	
Increase in Due from State ECB	(299.60)	
Increase in Prepaid Expenses	(1,114.40)	
Decrease in Accounts Payable	(2.77)	
Decrease in Accrued Payroll	(1,984.50)	
Increase in Payroll Tax Payable	334.00	
Decrease in Payroll Deductions Payable	(387.04)	
Net Cash Used by Operating Activities		$ (107,718.80)

The accompanying notes are an integral part of the financial statements

JACKSON COUNTY E-911 EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1-Organization

The Jackson County E-911 Emergency Communications District was established on October 1, 1990, for the purpose of providing an enhanced level of 911 service for the Jackson County citizens by acquiring certain types of equipment that enable emergency service providers to respond more rapidly and more effectively due to increased speed in the transmittal of critical information and improved reliability of address and information. It is a component unit of Jackson County – the commissioners of which appoint the Board of Directors that governs. The District must file a budget with Jackson County each year. Any bond issued by the district is subject to approval by Jackson County.

Note 2 – Summary of significant accounting policies

The Jackson County E-911 Emergency Communications District presents its financial statements on the accrual basis of accounting and the economic resources measurement focus.

Fixed assets are depreciated over their useful lives using the straight-line method. All assets purchased under $5,000.00 are expensed unless otherwise stated by management. Depreciation begins when the fixed assets are placed in service. Depreciation is summarized as follows:

	Method	Estimated Useful Life	Depreciation Expense
Office Equipment	S/L	5	$ 509.48
Communications Equipment	S/L	5,7,12	36,206.52
			$ 36,716.00

The budget is compiled and brought before the board for approval. The board approves any amendments.

Major Source of Revenue

The major source of operating revenue is emergency telephone and wireless surcharges and the State Emergency Communications Board Operational Funding Program revenue. Non-operating revenue consists of grants and reimbursements from the State Emergency Communications Board, and contributions from primary and other governments.

Budgeting, Budgetary Control, and Budgetary Reporting

An annual budget using the modified accrual basis of accounting is prepared and adopted each year. The budget for the year ended June 30, 2014 was approved by the board before the fiscal year began. Certain changes in expenditure allocations of the budget were addressed and approved by the Board. Revenues are considered to be available for unrestricted use unless specifically restricted by the donor or grantor, thus the Board may reapply budgeted resources from one use to another without special approval for unrestricted funds.

Note 3 – Cash and investments

The Tennessee Government Code requires Tennessee banks and savings and loan associations to secure a governmental entity's deposits by pledging government securities as collateral. The market value of pledged securities must equal 105% of the entity's deposits. The entity may waive collateral requirements for deposits that are fully insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) or Savings Association Insurance Fund (SAIF).

The following is a schedule of cash accounts at June 30, 2014:

Checking	$154,751.02
Petty Cash	--
Total	$154,751.02

At June 30, 2014, the carrying amount of the Jackson County E–911 Emergency Communications District's cash deposits was $154,751.02. The District's deposit accounts are covered up to $250,000 by the Federal Deposit Insurance Corporation. The District is authorized to deposit and invest funds according to the provisions of Section 5-8-301 of the Tennessee Code Annotated [Acts 1992, ch. 891, Section 10].

Note 4 – Insurance Risk

Jackson County E-911 Emergency Communication District has bonds covering the chairman, vice-chairman, secretary and treasurer in the amount of $50,000.00 at June 30, 2014. The District also holds a workers compensation policy and a liability policy covering; property theft, damage and public liability. There have been no claims that exceeded coverage for any of the past three years.

Note 5 – Fixed Assets

The following is a schedule of equipment at June 30, 2014:

Assets	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014
Office Equipment	$ 37,098.00	$ --	$ --	$ 37,098.00
Comm. Equipment	833,585.40	96,723.40	--	930,308.80
Total Assets	$ 870,683.40	$ 96,723.40	$ --	$967,406.80

Assets	Accumulated Depreciation June 30, 2013	Current Year Depreciation	Adjustments to Accumulated Depreciation	Accumulated Depreciation June 30, 2014
Office Equipment	$ 36,588.52	$ 509.48	$ --	$ 37,098.00
Comm. Equipment	694,082.55	38,738.29	--	732,820.84
Total Assets	$730,671.07	$ 39,247.77	$ --	$769,918.84

Note 6 – Cash and Cash equivalents

Cash and Cash equivalents consist of demand deposits with original maturaties of three months or less with local financial institutions.

Note 7 – Notes Payable to State of Tennessee

The District, in need of financial assistance, entered into an agreement with the Tennessee Emergency Communications Board (TECB). The TECB loaned $145,237.00 to the District to payoff the lease held at Marlin Financial. The District is to make annual payments of $4,841.23 for 30 years, interest free beginning August 1, 2009 out of reserves. If no reserves are available, no payment is due. Debt service payments to maturity are below:

Year Ending	Principal	Interest	Total Payment
2015	$ 4,841.23	$ -0-	$ 4,841.23
2016	4,841.23	-0-	4,841.23
2017	4,841.23	-0-	4,841.23
2018	4,841.23	-0-	4,841.23
2019	4,841.23	-0-	4,841.23
2020-2024	24,206.15	-0-	24,206.15
2025-2029	24,206.15	-0-	24,206.15
3030-3034	24,206.15	-0-	24,206.15
3035-3039	24,205.48	-0-	24,205.48
Total	$121,030.08	$ -0-	$121,030.08

A schedule of changes in Notes Payable is as follows:

	Balance 06-30-13	Additions	Payments	Balance 06-30-14	Due In One Year
N/P – TECB	$125,872.08	$ --	$ 4,842.00	$121,030.08	$4,841.23
Total	$125,872.08	$ --	$ 4,842.00	$121,030.08	4,841.23

Note 8 – Compensated Absences

There was no compensated absences payable at June 30, 2014.

Note 9 – Calculation of Net Investment in Capital Assets

Net Book Value	$ 197,487.96
Current & Non-Current Debt	(121,030.08)
Net Investment in Capital Assets	$ 76,457.88

Note 10 – Budgetary Information

As stated in Note 1, the District must file a budget with Jackson County each year which must be adopted by the Board of Directors. The budget is prepared on the accrual basis of accounting. Compliance with the legally adopted budget is required at the line-item level as established by the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts.

Note 11 – Subsequent Events

The District has evaluated subsequent events through November 11, 2014, the date in which the financial statements were available to be issued.

JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (ACCRUAL BASIS)
FOR THE YEAR ENDED JUNE 30, 2014

	Actual	Budget	Variance
Operating Revenues			
Emergency Telephone Service Charges	$ 93,863.14	$ 85,000.00	$ 8,863.14
State-Shared Wireless Charges	29,943.15	28,400.00	1,543.15
State-Operational Funding Program	124,182.00	124,109.00	73.00
Total Revenue	$ 247,988.29	$ 237,509.00	$ 10,479.29
Operating Expenses			
Salaries & Wages			
Director	$ 12,000.00	$ 12,000.00	-
Administrative	6,800.04	6,800.04	-
Dispatcher	164,790.30	166,658.75	1,868.45
Overtime Pay	32,081.31	32,081.31	-
Part-Time Personnel	11,377.99	11,377.99	-
Total Salaries & Wages	$ 227,049.64	$ 228,918.09	$ 1,868.45
Employee Benefits			
Social Security Tax	14,303.71	14,308.13	4.42
Medicare Tax	3,345.22	3,372.87	27.65
Unemployment	999.54	1,043.18	43.64
Medical Insurance	846.21	846.21	-
Total Employee Benefits	$ 19,494.68	$ 19,570.39	$ 75.71
Contracted Services			
Audit Services	2,250.00	2,250.00	-
Contract with Government Agencies	-	4,842.00	4,842.00
Legal Services	3,600.00	3,600.00	-
Maintenance Agreements	31,603.15	14,193.29	(17,409.86)
Mapping/DB Consultants	8,925.00	8,925.00	-
NCIC/TBI/TIES Expenses	2,240.00	2,240.00	-
Lease/Rental			
Communication Equipment	5,797.00	5,797.00	-
Maintenance & Repairs			
Communication Equipment	3,268.86	5,793.86	2,525.00
Building & Facilities	241.98	241.98	-
Total Contracted Services	$ 57,925.99	$ 47,883.13	$ (10,042.86)
Supplies & Materials			
Office Supplies	2,876.87	2,876.87	-
Postage	92.00	92.00	-
Small Equipment	8,759.99	-	(8,759.99)

JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
BUDGET AND ACTUAL (ACCRUAL BASIS) *CONTINUED*
FOR THE YEAR ENDED JUNE 30, 2014

Utilities			
Gas	85.58	85.58	-
General Telephone	19,223.09	19,395.69	172.60
Cell Phones & Pagers	1,466.40	1,466.57	0.17
Total Supplies & Materials	$ 32,503.93	$ 23,916.71	$ (8,587.22)
Other Charges			
Dues & Memberships	511.90	512.00	0.10
Insurance			
Liability	12,893.00	12,893.00	-
Worker's Compensation	1,004.00	1,004.00	-
Premiums on Surety Bonds	1,150.00	1,150.00	-
Training Expenses	3,446.11	3,446.11	-
Travel Expenses	839.09	839.09	-
Other Charges	290.43	300.00	9.57
Total Other Charges	$ 20,134.53	$ 20,144.20	$ 9.67
Depreciation	$ 39,247.77	$ 32,600.00	$ (6,647.77)
Total Operating Expenses	$ 396,356.54	$ 373,032.52	$ (23,324.02)
Operating Income (Loss)	$ (148,368.25)	$ (135,523.52)	$ (12,844.73)
Non-Operating Revenue and (Expense)			
Interest Income	330.02	200.00	130.02
State – Grants & Reimbursements	52,836.87	41,900.00	10,936.87
Contributions from Primary Govts	66,000.00	65,900.00	100.00
Contributions from Other Govts	22,500.00	22,500.00	-
UCEMC Contract	5,150.00	5,000.00	150.00
Electrical Permits	1,782.00	2,400.00	(618.00)
Total Non-Operating Revenue & Expense	$ 148,598.89	$ 137,900.00	$ 10,698.89
Increase in Net Position	$ 230.64	$ 2,376.48	$ (2,145.84)
Total Net Position, July 1, 2013	229,963.24	229,963.24	-
Total Net Position, June 30, 2014	$ 230,193.88	$ 232,339.72	$ (2,145.84)

JACKSON COUNTY E-911 EMERGENCY
COMMUNICATIONS DISTRICT
911 BOARD MEMBERS
JUNE 30, 2014

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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 Directors of the
Jackson County E-911 Emergency Communications District
Gainesboro, Tennessee

I have audited, 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, the financial statements of Jackson County E-911 Emergency Communications District, a component unit of Jackson County, as of and for the year ended June 30, 2014, and have issued my report thereon dated November 11, 2014.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Jackson County E-911 Emergency Communications District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jackson County E-911 Emergency Communications District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. And therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies, described as items 14-1 in the accompanying schedule of findings and recommendations that I consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Jackson County E-911 Emergency Communications District's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards and* which are described in the accompany schedule of findings and recommendations as items 14-1.

Jackson County E-911 Emergency Communications District's responses to the findings identified in my audit are described in the accompanying schedule of findings and recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 11, 2014
Cookeville, Tennessee

Tamara L. Beckman, CPA

JACKSON COUNTY E-911
EMERGENCY COMMUNICATIONS DISTRICT
AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014

Finding 14-1
A couple of expense items exceeded budgeted amounts.

Recommendation
The Board of Directors should amend the budget as needed to cover all expense items of the district.

Management Comment
We will monitor the budget more closely.