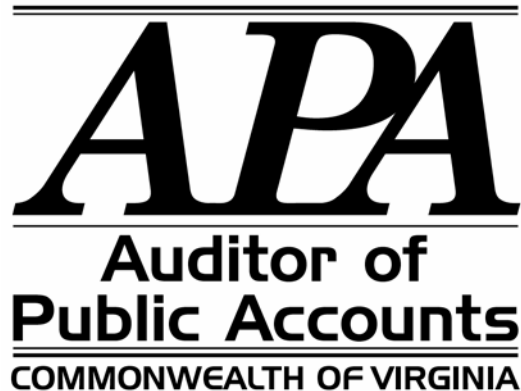


**SUMMARY REPORT
OF LOCAL GOVERNMENT AUDIT FINDINGS:
ENHANCED 911 SPECIAL TAX FUNDS**

FEBRUARY 1, 2005





Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

February 1, 2005

The Honorable Mark R. Warner
Governor of Virginia

The Honorable John H. Chichester
Chairman, Senate Finance Committee

The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee

The Honorable David B. Albo
Chairman, State Crime Commission

The Honorable Lacey E. Putney.
Chairman, Joint Legislative Audit
and Review Commission

Gentlemen:

The Auditor of Public Accounts is providing a summary report of local government audit findings for the fiscal year 2004 audit of the Enhanced 911 (E911) special tax funds.

Background

The 2000 General Assembly passed legislation governing the local tax for enhanced 911 (E911) services. Section 58.1-3813.1 of the Code of Virginia allows any county, city, or town that has established or will establish an enhanced 911 service to impose a special tax on the consumers of the telephone services not to exceed \$3 per month. The legislation requires a separate special revenue fund or separate accounting using a cost center and revenue accounting system for the E911 tax revenues, if acceptable to the Auditor of Public Accounts.

The statute requires an annual audit, beginning July 1, 2000, of the E911 fund or cost center to ensure that the tax collected solely supports wireline public safety answering point (PSAP) costs as defined in the legislation. We have included this requirement in our *Audit Specifications: Counties, Cities, and Towns*. We further required that any county, city, or town having any audit findings related to this matter provide us their information by November 30 of each fiscal year end. Our report on those findings for the fiscal year ended June 30, 2004, is below.

Summary Information

There are currently 170 local governments that provide audited information to us as described in Section 15.2-2510 of the Code of Virginia. The provisions of this section apply to all counties and cities, to all towns having a population of 3,500 or over, and to all towns constituting a separate school division regardless of their population. Of the 170 reporting local governments, 141 localities reported to us that they impose the E911 tax.

Locality Type	Number of Reporting Localities	Number of Reporting Localities Imposing E911 Tax	Percent Reporting Localities Imposing E911 Tax	FY 2004 E911 Tax Revenue Reported
Counties	95	93	98%	\$62,115,563
Cities	39	38	97%	36,932,545
Towns	36	10	28%	1,205,723
Totals	170	141	83%	\$100,253,831

Findings

As required, we received and reviewed local audit reports from the 141 local governments that impose the tax. We found the following three findings relating to the audits of the E911 special taxes:

Finding One - Repeat Finding:

The City of Petersburg records its E-911 tax revenues with the consumer utility tax revenue and does not maintain a separate cost center or department to record its E-911 expenditures to meet the financial reporting requirements of the Code of Virginia.

Finding Two - Repeat Finding:

The County of Dickenson charged several immaterial unallowable disbursements to the E911 fund. The County has reimbursed the Fund for these disbursements.

Finding Three:

The County of Loudoun had instances where all or a portion of the compensation for employees with no dispatcher, call-taker, or PSAP director duties was charged to this Fund. The County also had non-payroll expenses that did not fit the allowability requirements set forth in Chapter 3 of the *Specifications for Audits of Counties, Cities, and Towns*. The County accounts for the operations of the Emergency Communications Center within the Emergency 911 Fund. The unallowable charges were due to miscodings within the fund which were subsequently corrected. The County indicates they are following due diligence to minimize any further errors.

Independent certified public accountants have reported these findings to us for purposes of this report.

AUDITOR OF PUBLIC ACCOUNTS

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Appendix I

Top Ten E911 Revenue Producers with Population Comparison

Locality	FY 2004 E911 Revenue	Locality's Percentage of Total E911 Revenue	Locality's Population Ranking (2004 Provisional Estimates)	Average Annual E911 Tax Revenue Per Capita
Fairfax	\$16,898,495	16.9%	1	\$16.89
Virginia Beach	5,935,367	5.9%	2	13.51
Richmond	5,363,891	5.4%	9	27.55
Norfolk	4,947,714	4.9%	6	20.47
Chesterfield	3,813,252	3.8%	4	13.77
Arlington	3,598,484	3.6%	10	19.15
Loudoun	3,233,735	3.2%	7	14.58
Chesapeake	3,161,354	3.2%	8	14.99
Prince William	3,047,000	3.1%	3	9.37
Newport News	2,788,546	2.8%	11	15.35
Total	52,787,838	52.8%		