SUMMARY REPORT

OF LOCAL GOVERNMENT AUDIT FINDINGS:

ENHANCED 911 SPECIAL TAX FUNDS

FEBRUARY 1, 2006

Auditor of
Public Accounts
COMMONWEALTH OF VIRGINIA

Commonwealth of Virginia

Walter J. Kucharski, Auditor

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

February 1, 2006

The Honorable Timothy M. Kaine
Governor of Virginia

The Honorable John H. Chichester
Chairman, Senate Finance Committee

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

The Honorable Kenneth W. Stolle
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 2005 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, 2005, 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, 143 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 2005 E911 Tax Revenue Reported
Counties *	95	94	99%	$65,731,703
Cities	39	38	97%	36,483,903
Towns	36	10	28%	1,177,670
Total	170	142		$103,393,276

*The County of Smyth did not report the amount of tax revenue in time for inclusion in this report.

Findings

As required, we received and reviewed local audit reports from 141 of the 143 local governments that impose the tax. The County of Smyth and Town of Blacksburg did not provide the results of an E911 audit as of this report. We found the following two findings relating to the audits of the E911 special taxes:

Finding One - 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 Two

The County of Fairfax incorrectly calculated the payroll expense allocation resulting in excess charges to the County's Local Tax for Enhanced 911 Services. The locality transferred into the Special Revenue Fund monies from the General Fund in excess of the incorrect payroll expenses; therefore, no reimbursement was required.

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

AUDITOR OF PUBLIC ACCOUNTS

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Appendix

Top Ten E911 Revenue Producers with Population Comparison

Locality	FY 2005 E911 Revenue	Locality's Percentage of Total E911 Revenue	Locality's Population Ranking (2004 Provisional Estimates)	Locality's Monthly Tax Rate	Average Annual E911 Tax Revenue Per Capita
Fairfax County	$17,303,264	16.7%	1	$3.00	$17.18
Virginia Beach	6,403,011	6.2%	2	2.60	14.81
Arlington	5,233,136	5.1%	8	3.00	27.09
Richmond City	5,105,362	4.9%	9	3.00	26.47
Norfolk	4,016,005	3.9%	6	2.95	17.18
Chesterfield	3,708,252	3.6%	4	2.00	13.18
Loudoun	3,368,634	3.3%	5	2.00	13.93
Chesapeake	3,145,151	3.0%	7	2.50	15.00
Prince William	2,957,000	2.9%	3	3.00	8.60
Newport News	2,737,853	2.6%	10	2.39	15.01
Total	**$53,977,668**	**52.20%**			