

PRINCE GEORGE'S COUNTY, MARYLAND
9-1-1 SYSTEM
SCHEDULE OF ACTUAL RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

OFFICE OF AUDITS AND INVESTIGATIONS
PRINCE GEORGE'S COUNTY
UPPER MARLBORO, MARYLAND



THE PRINCE GEORGE'S COUNTY GOVERNMENT

Office of Audits and Investigations

January 15, 2016

The County Council and County Executive,
Prince George's County, Maryland

Report on the Schedule of Actual Receipts and Expenditures

We have audited the accompanying Schedule of Actual Receipts and Expenditures Report ("Schedule 1"), as defined in the Maryland Annotated Code, Public Safety Article Sections §1-301 through §1-314, of the Maryland Emergency Number Systems Program of Prince George's County, Maryland (the County 9-1-1 Program), for the year ended June 30, 2015, and the related notes to Schedule 1.

Management's Responsibility for the Schedule of Actual Receipts and Expenditures

Management is responsible for the preparation and fair presentation of Schedule 1 in accordance with 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 Schedule 1 that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on Schedule 1 based on our audit. We conducted our audit in accordance with generally accepted 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 we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Actual Receipts and Expenditures is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Schedule 1. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of Schedule 1, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of Schedule 1 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, we 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 Schedule 1.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the accompanying Schedule 1 was prepared to present the revenues and operating expenses of the Maryland 9-1-1 Emergency Number System Program of Prince George's County, Maryland pursuant to the law referred to in the first paragraph and is not intended to present fairly, the financial position of Prince George's County, Maryland and results of its operations and the cash flows of its proprietary and similar trust fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, Schedule 1 referred to above presents fairly, in all material respects, the revenues received and operating expenses of the Maryland 9-1-1 Emergency Number System Program of Prince George's County, Maryland for the year ended June 30, 2015, as defined in the law referred to in the first paragraph.

Other Matters

As of the date of the completion of our testwork, the audit of the basic financial statements of Prince George's County, Maryland for the year ended June 30, 2015, has not been completed by the County's external auditors, as such, we have not relied on the report.

This report is intended solely for the information and use of Prince George's County, Maryland, and the Emergency Number Systems Board and should not be used for any other purpose.

Respectfully submitted,



David H. Van Dyke, CPA
County Auditor



Alicia C. Stanford, CIA
Auditor-In-Charge

PRINCE GEORGE'S COUNTY, MARYLAND
9-1-1 SYSTEM
NOTES TO THE SCHEDULE OF ACTUAL RECEIPTS AND EXPENDITURES
REPORT
FOR THE YEAR ENDED JUNE 30, 2015

- (1) The 9-1-1 revenues and expenditures are reported in accordance with the Public Safety Article, Sections §1-301 through §1-314 of the Annotated Code of Maryland which prescribes accounting procedures for 9-1-1 revenues and expenditures, and establishes limits on the types and amount of revenues that can be used for personnel and other operating expenditures. The County's 9-1-1 system operations are accounted for in the County's General Fund. A center number in the General Fund's general ledger identifies 9-1-1 receipts and expenditures.

- (2) The County's 9-1-1 system receives funding from a \$0.75 local charge (the "additional charge") placed on every telephone subscriber's monthly billing statement. The telephone companies collect these fees and forward them to the State Comptroller for distribution to the individual counties. A \$0.25 State charge (the "9-1-1 fee") is collected by the telephone companies and can be used by the counties to fund enhancements to the 9-1-1 system. A \$0.60 prepaid wireless E 9-1-1 fee (the "Prepaid wireless E 9-1-1") is collected by the seller from the consumer for each retail transaction in the State. Before December 28, 2013, a seller may deduct and retain 50% of prepaid wireless E 9-1-1 fees collected from consumers for direct start-up costs. On or after December 28, 2013, a seller may deduct and retain 3% of prepaid wireless E 9-1-1 fees collected from consumers. A seller shall report and remit to the State Comptroller all "Prepaid wireless E 9-1-1" fees collected by the seller in the manner provided for according to the Annotated Code.

- (3) The following amounts are revenues recognized for the County's fiscal year ending June 30, 2015. Revenues were received from the State on a quarterly basis as follows:

9-1-1 County Fee Revenues

Jul 2014 – Sept 2014	\$ 1,432,796
Oct 2014 – Dec 2014	1,407,802
Jan 2015 – Mar 2015	1,408,719
Apr 2015 – Jun 2015	<u>1,396,154</u>
Total Quarterly Revenues in FY 2015	<u>\$ 5,645,472</u>

9-1-1 Prepaid Revenues

Jul 2014 – Sept 2014	\$ 147,625
Oct 2014 – Dec 2014	162,182
Jan 2015 – Mar 2015	157,037
Apr 2015 – Jun 2015	<u>178,465</u>
Total Quarterly Prepaid Revenues in FY 2015	<u>\$ 645,309</u>

Interest Payment

	<u>\$ 31,719</u>
Total Revenues Recognized in FY 2015	<u>\$ 6,322,499</u>

- (4) According to the Annotated Code of Maryland, counties with a population of over 100,000 are limited to a maximum of 70% of receipts for personnel costs unless a Phase II wireless enhanced 9-1-1 system is in operation, in which case Section 1-312(e) permits an exemption from the 70% limit. The 70% limitation was not applied to the fiscal year ended June 30, 2015, because the County has an operational Phase II wireless enhanced 9-1-1 system which was accomplished through rigorous coordination with the wireless carriers, and an equipment upgrade through the County's 9-1-1 system vendor. Prince George's County PSC 9-1-1 has been Wireless Phase II compliant since 2004 and is granted the exemption from the 70% maximum for allowable personnel costs.

- (5) The Board grants the County funding for individual State Projects for 9-1-1 training, which include training courses, manuals, supplies, etc. For each Project, the County estimates the costs associated with the Project and requests the funds be granted to execute the Project. The County is given the option to be reimbursed or have the Board pay the vendor directly, and the County chooses to have the Board pay the vendors directly. As a result of the Board paying vendors directly for services related to the State Projects, State Project expenses are NOT included on the County's Actual Receipts and Expenditures Report as reimbursable expenses, and thus falls outside of the scope of testing for the audit.

PRINCE GEORGE'S COUNTY, MARYLAND
9-1-1 SYSTEM
SCHEDULE OF ACTUAL RECEIPTS AND EXPENDITURES REPORT
FISCAL YEAR 2015
(JULY 1, 2014 TO JUNE 30, 2015)

Revenues (County Fee)

9-1-1 County Fees Total	\$5,645,472
9-1-1 Prepaid Fees Total	645,309
Interest Income	<u>31,718</u>
Total Revenues (see note 3)	<u>\$6,322,499</u>

Expenditures (County Fee)

Personnel Costs Paid from 9-1-1 Trust Fund	\$8,918,812
Contractual or Part-time staff	132,292
Supplies and Materials	22,321
Telephone	982,830
Repairs and Maintenance	21,310
Utility Costs	17,308
Miscellaneous Fees	69
Subtotal	<u>10,094,942</u>
Carryover Costs	<u>41,556,263</u>
Total Expenditures	<u>\$51,651,205</u>

Expenditure Summary

Total Expenditures	\$51,651,205
Total Revenues	<u>(6,322,499)</u>
Cumulative Expenditures Paid from County Funds	<u>\$45,328,706</u>