

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

FEBRUARY 1, 2007

APA

**Auditor of
Public Accounts**

COMMONWEALTH OF VIRGINIA



Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
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February 1, 2007

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 Thomas K. Normant, Jr.
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 2006 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 in effect for fiscal year 2006 requires an annual audit 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 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, 2006, is below. Legislation affecting the telecommunications tax rate structure repealed these requirements effective January 1, 2007; therefore, we will not issue this report in the future.

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.

<u>Locality Type</u>	<u>Number of Reporting Localities</u>	<u>Number of Reporting Localities Imposing E911 Tax</u>	<u>Percent Reporting Localities Imposing E911 Tax</u>	<u>FY 2006 E911 Tax Revenue Reported</u>
Counties *	95	94	99%	\$ 69,605,399
Cities	39	39	100%	38,086,878
Towns	<u>36</u>	<u>10</u>	28%	<u>1,360,070</u>
Totals	<u>170</u>	<u>143</u>		<u>\$109,052,347</u>

*The City of Radford, and Counties of Henry, Russell, and Smyth did not report the amount of tax revenue in time for inclusion in this report.

Finding

As required, we received and reviewed local audit reports from 140 of the 143 local governments that impose the tax. The Counties of Henry, Russell, and Smyth did not provide the results of an E911 audit in time for inclusion in this report. Independent certified public accountants reported the following finding relating to the audits of the E911 special taxes:

Repeat Finding:

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

AUDITOR OF PUBLIC ACCOUNTS

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Appendix I

Top Ten E911 Revenue Producers with Population Comparison

Locality	FY 2006 E911 Revenue*	Locality's Percentage of Total E911 Revenue	Locality's Population Ranking (2006 Provisional Estimates)*	Locality's Monthly Tax Rate	Average Annual E911 Tax Revenue Per Capita
Fairfax County	\$19,947,399	18.3%	1	\$3.00	\$19.62
Virginia Beach	6,901,160	6.3%	2	2.60	15.92
Richmond	6,578,955	6.0%	10	3.00	34.26
Arlington	5,290,891	4.9%	9	3.00	27.22
Norfolk	4,214,919	3.9%	7	2.95	17.85
Chesterfield	3,616,838	3.3%	4	2.00	12.37
Loudoun	3,481,658	3.2%	6	2.00	12.91
Chesapeake	3,093,026	2.8%	8	2.50	14.35
Prince William	2,931,000	2.7%	3	1.75	7.94
Newport News	2,285,188	2.1%	11	2.58	12.60
Total	\$58,341,034	53.5%			

*The County of Henrico falls 5th in overall population ranking and 11th in FY 2006 E-911 Revenue collections.

