Audit Report

Maryland 911 Emergency Number System
Baltimore County, Maryland

Independent Auditor's Report, Schedules of Revenues and Expenditures for the Years Ended June 30, 2004 and 2003

Report on Compliance and on Internal Control Over Financial Reporting

Office of the County Auditor
Baltimore County, Maryland

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OFFICE OF THE COUNTY AUDITOR

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Independent Auditor's Report

Honorable Members of the County Council
Honorable James T. Smith, Jr., County Executive
Baltimore County, Maryland

Maryland Department of Public Safety and Correctional Services,
Emergency Number Systems Board

Gentlemen:

We have audited the accompanying Schedules of Revenues and Expenditures of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland (the Program) for the years ended June 30, 2004 and 2003. The schedules are the responsibility of management. Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audits 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 we plan and perform the audits to obtain reasonable assurance about whether the Schedules of Revenues and Expenditures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules of Revenues and Expenditures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying schedules were prepared to present the Program's revenues and expenditures for the purpose of complying with the Maryland Annotated Code, Public Safety Article, sections 1-301 through 1-312 as described in Note 1 and are not intended to be a complete presentation of the Program's revenues and expenditures.

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In our opinion, the Schedules of Revenues and Expenditures referred to above present fairly, in all material respects, the revenues and expenditures as described in Note 1 of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland for the years ended June 30, 2004 and 2003, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2004 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws and regulations (page 7). That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the management of Baltimore County for filing with the Maryland Department of Public Safety and Correctional Services, Emergency Number Systems Board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Brian J. Rowe, CPA
County Auditor

December 15, 2004

Maryland 911
Emergency Number System Program
for Baltimore County, Maryland
Schedules of Revenues and Expenditures
Years Ended June 30, 2004 and 2003

	Year Ended June 30,	
	2004	2003
Revenues (Note 1):		
County Fee	$4,308,568	$2,868,920
Interest	30,817	113,838
Total Revenues (Note 2)	4,339,385	2,982,758
Expenditures (Note 1):		
Personnel Costs	3,450,575	3,349,283
Emergency Telephone Lines	711,334	720,955
Repairs and Maintenance	217,524	217,185
Contractual Services – Wireless Enhanced Functionality (Note 3)	170,758	77,462
Telephone Service	35,697	36,350
Supplies and Equipment	28,413	27,526
Training	21,648	17,281
Miscellaneous	13,695	6,668
Total Expenditures	4,649,644	4,452,710
Operating Revenues in Excess of Expenditures (Expenditures in Excess of Revenues)	($310,259)	($1,469,952)

The accompanying notes are an integral part of these schedules.

Maryland 911
Emergency Number System Program
for Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2004 and 2003

(1) Summary of Significant Accounting Policies

Reporting Entity:

The Central Communications Center (911 Center) provides for the consolidated receipt of emergency calls (i.e., Police, Fire and Emergency Medical Services), the immediate assessment of the availability of response vehicles and manpower, and the dispatching of appropriate emergency units to handle all public service emergencies throughout the County.

The 911 Center is included in the annual operating budget prepared by the County Executive and adopted by the County Council. Administrative control of the Center is provided by the Office of Budget and Finance.

The Emergency Number Systems Board of the Maryland Department of Public Safety and Correctional Services is responsible for coordinating the enhancement of county 911 systems.

The Maryland 911 Emergency Number System Program of Baltimore County represents that portion of the 911 Center's activity which is eligible to be financed by State and local 911 fees. Md. Ann. Code, Public Safety Article, sections 1-301 through 1-312.

Basis of Accounting:

The Schedules of Revenues and Expenditures are prepared on the modified accrual basis of accounting whereby revenues are recorded when susceptible to accrual, which is defined as when the revenues are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectable within the current period or soon thereafter to pay liabilities of the current period (i.e., within 60 days after year-end). Expenditures are recorded when the liability is incurred.

Emergency Number System Program
for Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2004 and 2003

Statutory Reporting:

The revenues and expenditures of the Maryland 911 Emergency Number System Program of Baltimore County are included in the County's General Fund and include the following:

Revenues:

A County fee (additional charge) of $0.50 per month per subscriber to 911-accessible service is deposited into the State 911 Trust Fund and distributed (on a quarterly basis) to Baltimore County by the Maryland Department of Public Safety and Correctional Services for eligible operation and maintenance costs. This fee was increased to $0.75 per month per subscriber effective April 23, 2004 by Baltimore County Bill 23-04 in accordance with enabling legislation contained in Maryland House Bill 780 (Md. Ann. Code, Public Safety Article section 1-311(b)(1). Interest is earned on funds held in the 911 Trust Fund prior to distribution to the County. The County fee and interest revenue may be used to reimburse for eligible costs.

Expenditures:

Expenditures for eligible operation and maintenance costs include telephone company charges, equipment costs or equipment lease charges, system enhancements, repairs, utilities, personnel costs, and appropriate carryover costs from previous years. Md. Ann. Code, Public Safety Article section 1-312 (b).

Carryover Costs:

Carryover costs result from years in which operating costs exceed Program revenues received from the State. Since Program revenues and expenditures are included as part of the County's General Fund, carryover costs are funded by the General Fund in the years in which they occur. In years when Program revenues exceed operating costs, the excess revenues are used to reimburse the General Fund for carryover costs from prior years. For the years ended June 30, 2004 and 2003, carryover costs were increased, as follows:

Emergency Number System Program
for Baltimore County, Maryland
Notes to the Schedules of Revenues and Expenditures
Years Ended June 30, 2004 and 2003

	Year ended June 30,	
	2004	2003
Balance of Carryover Costs at beginning of year	$5,030,415	$3,560,463
Expenditures in excess of (less than) revenues received for the year	310,259	1,469,952
Balance of Carryover Costs at end of year	$5,340,674	$5,030,415

(2) Revenues

County fee revenue is deposited to the State 911 Trust Fund on a quarterly basis. However, due to the timing of the State's distributions to the County, revenues for the years ended June 30, 2004 and 2003 include four quarters (i.e., quarters ending March 31, 2003 through December 31, 2003) and three quarters (i.e., quarters ending June 30, 2002 through December 31, 2002), respectively. As a result, revenues for the year ended June 30, 2004 are significantly higher than revenues for the year ended June 30, 2003.

(3) Contractual Services

In June 2003, the 911 Center engaged a contractor to provide system enhancements that enable call takers to identify the phone number and general location of wireless callers (Phase I enhancements). In April 2004, the 911 Center engaged the same contractor to provide additional enhancements that enable call takers to identify a more precise location, within 100 feet, of wireless callers (Phase II enhancements). Payments for these services totaled $170,758 and $77,462 for the years ended June 30, 3004 and 2003, respectively.

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Schedules of Revenues and Expenditures Performed in Accordance With *Government Auditing Standards*

Honorable Members of the County Council
Honorable James T. Smith, Jr., County Executive
Baltimore County, Maryland

Gentlemen:

We have audited the Schedules of Revenues and Expenditures of the Maryland 911 Emergency Number System Program of Baltimore County, Maryland (the Program) for the years ended June 30, 2004 and 2003, and have issued our report thereon dated December 15, 2004. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Program's Schedules of Revenues and Expenditures are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of amounts contained in the schedules. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Program's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Schedules of Revenues and Expenditures and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the schedule being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of Baltimore County for filing with the Maryland Department of Public Safety and Correctional Services, Emergency Number Systems Board, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

Brian J. Rowe, CPA
County Auditor

December 15, 2004