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A Review of County 911 Expenditures

June 1997

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I. Introduction

In 1990 the General Assembly approved legislation (Act 1990-78) authorizing, but not requiring, counties to develop 911 emergency communications systems. This act allows counties to use fees paid by telephone subscribers for certain nonrecurring and recurring (maintenance and operating) costs of the 911 system. The act also requires a triennial audit of each county's expenditures for its 911 system.

This study, which was adopted by the LB&FC Officers in April 1997, reviewed the expenditures of 911 surcharge funds collected by the counties. The study objectives were:

1. to determine how fees collected for the 911 emergency communications systems are being spent by the counties;
2. to assess the appropriateness of these expenditures; and
3. to assess compliance with the audit requirements of the Public Safety Emergency Telephone Act.

Methodology

To determine how counties are spending their 911 surcharge revenues and to assess compliance with the audit requirements of the Public Safety Emergency Telephone Act, we reviewed the audits and reports submitted by counties and municipalities under the Act 78 audit requirement. As noted in the report, however, only 22 counties and municipalities submitted any such information, and only 6 of the 911 audits submitted to PEMA were conducted in accordance with generally accepted auditing standards. To obtain additional information, we therefore reviewed county Single Audits and other financial information submitted by the counties to the Governor's Budget Office and the Department of Community and Economic Development. We contacted 12 counties to clarify information presented in these reports. We also reviewed the financial information in the 1996 annual report PEMA submitted to the Governor and General Assembly but, as described in our report, we found this information to be problematic.

To assess the appropriateness of county 911 expenditures, we had planned to rely on the audits that counties and municipalities are mandated to submit under Act 78. Because only six such audits had been submitted as of May 1997, we were unable to assess the appropriateness of county 911 expenditures.

In addition to the above activities, we met with Pennsylvania Emergency Management Agency (PEMA) and Public Utility Commission (PUC) staff, and met

or held telephone interviews with county 911 coordinators and the County Commissioners Association. We also attended a 911 coordinators meeting on 911 concerns and legislative issues.

We reviewed the provisions of Act 1990-78 and its associated regulations as developed by the former Department of Community Affairs. We reviewed correspondence between PEMA and the PUC and correspondence between the former Department of Community Affairs, PEMA, and county officials. We also reviewed county 911 plans and county annual reports on 911 programs submitted to PEMA.

The financial information presented in the report is as submitted by the county or municipality. We did not audit this information and therefore express no opinion on the accuracy of the financial information presented in the report.

Acknowledgements

We gratefully acknowledge the cooperation we received from the staff of the Pennsylvania Emergency Management Agency and the Public Utility Commission during this review. The staff of the Office of Budget's Bureau of Audits and the Department of Community and Economic Development's Center for Local Government Services also provided assistance.

This report was developed by Legislative Budget and Finance Committee staff. The release of this report should not be construed as indicating that the Committee's members endorse all the report's findings and recommendations.

Any questions or comments regarding the contents of this report should be directed to Philip R. Durgin, Executive Director, Legislative Budget and Finance Committee, P.O. Box 8737, Harrisburg, Pennsylvania 17105-8737.

II. Findings and Recommendations

FINDING A

Most Counties Are Not Complying With the 911 Audit Requirements, Due in Part to Lack of State Oversight and Guidance

The Public Safety Emergency Telephone Act of 1990 (Act 78) states that “the department [of Community Affairs] shall require a triennial audit of each county’s expenditures for the nonrecurring costs, maintenance and operation of 911 systems.” It also states that the cost of the audit shall be paid by the respective county from contribution rate revenues. Act 1996-58, the act which created the Department of Community and Economic Development, transferred this responsibility from the Department of Community Affairs to the Pennsylvania Emergency Management Agency.

Act 78 states that 911 surcharge funds may be spent for implementing, expanding, or upgrading a 911 system as well as for the maintenance and operation of such a system. Personnel salary and benefit costs are eligible expenses, but only up to 60 percent of the contribution rate collected during each county’s fiscal year. Further information on eligible costs is shown in Exhibit 1.

Most Counties Have Not Submitted the Required Audits

In April 1992 the Department of Community Affairs promulgated regulations establishing that the triennial audit period begins on the date the contribution rate goes into effect. The regulations also require that two copies of the audit be submitted to the Department within 90 days of the end of the applicable fiscal year, which for most counties and municipalities is the end of the calendar year. Forty-three counties and four cities¹ had their 911 plans approved prior to the end of 1993 (the contribution rate becomes effective upon approval of the county’s 911 plan and passage of a related local ordinance) and therefore should have submitted their first triennial audit.

However, as of early June 1997, only 22 of the 47 counties/municipalities had submitted fiscal information to either the Department of Community Affairs or PEMA, and only 7 of these 22 entities submitted audits that focus specifically

¹Act 78 states that cities of the second class, second class A, and third class that had established 911 systems prior to the effective date of the act may exercise the powers and duties of counties. Such cities that had not established a 911 system as of the effective date of the act can exercise the powers and duties of counties only when the county has chosen not to exercise those powers and duties.

Exhibit 1

Eligible Expenses Summary

General Categories of Eligible Expenses Under Act 1990-78

- 1. Nonrecurring Costs (must be amortized over a minimum of three years)
- 2. Recurring Costs
- 3. Maintenance
- 4. Operating Costs
- 5. Service Supplier Actual Administrative Costs (up to 2% of fees collected)
- 6. County Administrative Costs (up to 1% of fees collected)

Highlighted Eligible Costs

Equipment Costs:

- Telephone terminal and switching equipment
- Controller - Common equip.
- TDD terminal equipment
- Microwave equipment
- Equipment lease charges
- Repairs & maintenance
- Display terminals
- Call recording equipment
- Fixed radio equipment that is integral part of 911 system
- Printers
- Radio equipment
- Purchase and installation costs of emergency power generating equipment

Data Base:

- Building of initial data base
- Data base maintenance costs

Telephone Company Costs:

- 911 trunk lines
- Geographic File maintenance
- Ring down circuits
- Network changes
- Cable
- Administrative telephone radio circuits
- Moving costs for consolidation of answering centers
- Diverse routing
- Trunk line service installation
- Private line circuits
- Alarm circuits
- Telephone co. costs associated with the development of billing system

Administrative Costs:

- Personnel salary and benefit costs which are directly related to the provision of 911 services (up to 60 percent of contribution rate collected per year)
- Stenographer - recording costs for required public meeting
- Service supplier actual administrative costs (not to exceed 2 percent of fees collected)
- Audit costs
- County administrative fee (not to exceed 1 percent of fees collected)
- Appropriate carryover costs from previous years

Other:

- Utilities^a
- ANI/ALI costs
- Capital costs for systems in place on September 7, 1990
- Any other nonrecurring costs to establish a 911 system as deemed eligible by PEMA

Ineligible Costs

- Purchase of real estate
- Hiring & training dispatchers
- Fire engines
- Taxes
- Costs to house the 911 system
- Cosmetic remodeling
- Mobile Communications equipment
- Other emergency vehicles
- Other expenses as determined by the Department of Community Affairs (now PEMA)
- Central Office upgrades
- Ambulances
- Utilities^a
- Telephone costs not directly associated with provisions of 911 services

^aThe act is inconsistent in that it identifies utilities as both an eligible and ineligible expense.
Source: 35 P.S. §§7011-7021; 16 Pa. Code §§36a.101-36a.112.

on 911 expenditures. As shown in Exhibit 2, the remaining 15 entities submitted audits and reports that varied substantially in the amount of detail they provided. For the most part, these 15 entities submitted the annual county Single Audit that is done to meet federal requirements. However, because 911 funds represent only a very small portion of total county expenditures, it is possible that few, if any, 911 expenditures are reviewed in conjunction with the county Single Audit.² Consequently, it cannot be assumed that these audits provide reasonable assurance that 911 funds are being properly expended.

Exhibit 2

**Information Included in Documents Submitted by Counties
to Comply With the Act 1990-78 Audit Requirement**

<u>County</u>	<u>Revenue Information</u>	<u>Expenditure Information</u>	<u>Expenditure Detail^a</u>	<u>Fund Balance Information</u>
Beaver	Yes	Yes	Yes	Yes
Berks	Yes	Yes	Yes	No
Bucks	No	Yes	No	No
Butler	Yes	Yes	No	Yes
Cambria	Yes	Yes	No	Yes
Centre.....	Yes	Yes	Yes	Yes
Clinton.....	Yes	Yes	No	Yes
Crawford ^b	Yes	Yes	Yes	Yes
Erie	Yes	Yes	No	Yes
Fayette ^b	Yes	Yes	Yes	Yes
Franklin	Yes	Yes	No	Yes
Indiana	Yes	Yes	No	Yes
Lycoming.....	Yes	Yes	No	Yes
Montgomery.....	Yes	Yes	No	Yes
Somerset ^c	Yes	Yes	Yes	Yes
Tioga.....	No	No	No	No
Venango ^b	Yes	Yes	Yes	Yes
Washington.....	Yes	Yes	No	No
Wayne ^b	Yes	Yes	Yes	Yes
York	Yes	Yes	No	Yes
City of Allentown ^b	Yes	Yes	Yes	Yes
City of Philadelphia ^b	Yes	Yes	Yes	Yes

^aYes = Includes a breakout of at least personnel costs.

^bIndicates the county submitted a separate 911 audit.

^cA separate 911 "audit" was submitted, but it was not done in accordance with generally accepted auditing standards.

Source: Developed from PUC file information.

² In a countywide or single audit, the auditors attest to the fairness of the county's financial statements as a whole. Thus, no or very few transactions may be examined in small accounts or funds because, even if these accounts or funds are misstated, they would not have a material effect on the financial statements as a whole.

In some cases, the counties submitted only unaudited financial documents or audits that were not conducted in accordance with generally accepted auditing standards to fulfill the audit requirement. One county submitted a report that contained no financial information at all. Exhibit 3 highlights some of the findings of the 911 audits and reports.

Because only the Cities of Allentown and Philadelphia and four counties submitted separate 911 audits conducted in accordance with generally accepted auditing standards, we could not assess statutory compliance or the appropriateness of expenditures from county 911 surcharge funds. Table 2 in Finding B provides what limited information is available on county revenues, expenditures, and 911 fund balances.

Lack of State Oversight and Guidance

Although the counties are responsible to submit the 911 audits, PEMA, as the administering agency, also has a responsibility to follow up on those counties that do not adhere to this provision of the act. PEMA officials told us, however, that they have not yet contacted any of the counties that have failed to submit their 911 audits to inform them of the need to do so.

Even the 911 audits that have been submitted are of limited usefulness, as they cover different time periods, have different scopes and objectives, and present the financial information in different formats.

To address this concern, the PUC drafted a proposed audit report format in November 1996 that, if required to be used, would standardize the audit period, scope and objectives, and financial reporting format. It would also require that the audits be done in accordance with generally accepted government auditing standards. The PUC draft report is shown in Appendix A. The PUC believes that such reports would provide sufficient detail to enable a judgment as to the appropriateness of both 911 expenditures and the surcharge rate.

The need for consistent audit reports was first discussed at a meeting between PEMA and PUC officials held in September 1996. The purpose of the meeting, according to PUC officials, was to resolve various uncertainties regarding the regulatory requirements and roles of the two agencies pertaining to the content and review procedures of 911 county audits, including:

- The general nature of the contents of the 911 audits received to date and whether they should be deemed acceptable in accordance with regulation at §36a.111(e).
- Whether PEMA believes that the Commission's audit review should be limited to an analysis of the appropriateness of the contribution rate only.

Exhibit 3

**Findings and Recommendations of Available
911 Program Audit and Fiscal Reports**

<u>County/City</u>	<u>Issues</u>
Cambria.....	The Office of the County Controller undertook an internal control and compliance audit of the 911 program and issued a corrective action plan for the 1995 audit which noted that “911 line charge revenues (Act 1990-78) and Legislative Initiative Grants are not adequately monitored.” They recommended that regular review of 911 compliance be instituted. Management of the 911 program agreed and initiated quarterly reviews of 911 documentation. Auditors of the county’s financial statements for 1995 recommended that an annual audit of the 911 fund be instituted to promote efficiency, to reduce county staff time in searching for old records, and to alleviate some of the problems of misplaced records.
Clinton.....	The 911 fund does not have procedures in place to verify the accuracy of money received from the phone company surcharge. They recommended that 911 personnel undertake monitoring to verify the number of phone lines, revenue collected, and write-offs.
Crawford	The auditors found the county used 911 funds to lease a pager for use of the dispatch supervisor. This was deemed an ineligible cost and the county reimbursed the 911 fund in the amount of \$1,170.90.
Fayette	No findings reported.
Venango.....	No findings reported.
Wayne.....	No findings reported.
City of Allentown	No findings reported.
City of Philadelphia	The auditors found that the City did not comply with the act in the following ways: (1) Did not establish a separate fund for the sole purpose of accounting for the revenues received and expenditures incurred in the establishment, upgrading, expansion, and operations of a 911 emergency communication system;

Exhibit 3 (Continued)

<u>County/City</u>	<u>Issues</u>
City of Philadelphia (Continued)	(2) Did not deposit the moneys received from the local exchange telephone company in an interest bearing, restricted account; (3) Did not make an annual appropriation on a line item basis for the nonrecurring and recurring charges associated with the operation of a 911 system; (4) Did not amortize nonrecurring costs over a minimum of three years.

Additional Findings included:

- The City needed to improve its accounting for equipment purchased with 911 funds. As an example, they cite that the City “had difficulty locating the whereabouts of radio equipment.”
- 911 Revenue checks received from the telephone company included as payee the 911 coordinator. Such checks are now made payable only to the “City of Philadelphia.”
- The City does not compute or credit interest on unspent 911 funds transferred to the Capital Improvement Fund. This resulted in an estimated \$682,000 in interest not being credited to the 911 fund.
- Two radio receivers, purchased with 911 funds, were being used for activities unrelated to the 911 emergency function.

The City had taken steps to correct these problems, according to the auditors statement, but still needed to do more. The 911 coordinator reported in early June 1997 that all audit findings have been addressed and corrected.

Source: Developed by LB&FC staff from data included in 911 program audits and other county financial statements and audit reports (Cambria and Clinton Counties).

- Whether PEMA interprets the act as giving the Commission the authority or responsibility to undertake an independent audit or to participate in the audit process.
- An established time frame for the Commission to review the audits since the act and regulations do not clearly mandate any time limit on the Commission's review of an audit.
- PEMA's expectations from the Commission with regard to comments based on the Commission's review of the 911 audits.
- Whether PEMA should require counties to conduct focused audits associated only with the counties' 911 system operations.

PUC notes of the meeting indicate:

- The PUC planned to provide a proposed audit format to PEMA to be done annually. (See Appendix A.)
- If the PUC finds a submitted audit to be unacceptable, it should be returned to PEMA with an explanation. PEMA will then send it back to the county for revision with a due date for resubmission.
- PEMA believes the Commission's review should include comments as to the appropriateness of the county's 911 surcharge balance and expenditures as shown in the audit. PEMA believes the Commission has the right to question information contained in the audits.
- One of the review criteria should be the ratio between the 911 fund balance and actual annual expenses. Although no specific percentage deviation was determined, it was agreed that the standard should be less stringent for each county's initial audit. Consideration as to the reasonableness of the ratio would depend on whether a county is actually operating a 911 system or is just in the process of collecting the 911 surcharge in order to accrue an adequate balance before a 911 system becomes operational. (See also Finding C.)
- Ninety days (from the date of receipt from PEMA) should be a reasonable time period for the Commission to review each county audit and provide a report to PEMA. An internal Commission procedure will be established to provide the Commission's findings to PEMA on each audit.

The PUC has developed the proposed audit report discussed at this meeting, but little progress appears to have been made in the other areas. Part of the reason appears to be that, at least until recently, PEMA has viewed the 911 audits as primarily a PUC function. PEMA officials noted, for example, that they do not have an

audit staff and that the PUC's Bureau of Audits was the more appropriate entity to review the audits. Additionally, Commonwealth regulations state that the PUC is to review and comment on the audits with respect to county contribution rates, although no further guidance has been developed regarding this review.

We also found that, at least until recently, neither the Department of Community Affairs, the PUC, nor PEMA had reviewed the audits and reports submitted by the counties. It was not until late 1996 that PEMA asked the PUC to review and comment on the 911 audits and reports that had been submitted. In response to this request, the PUC compiled revenue, expenditures, and surplus information on a spreadsheet and provided it to PEMA.

We also found that PEMA's 911 program is staffed by an individual with little prior experience related to 911 program implementation and monitoring. Until recently, this person spent less than half his time on 911 program responsibilities. At times, due to Pennsylvania's federally designated disasters in 1996, this individual spent only minimal time on 911 matters. PEMA projects that this individual will be assigned on average about half-time to the 911 program in the future with back-up provided by other technical staff as needed.

PEMA informed us that they are currently in the process of reviewing the audit report format proposed by the PUC and are considering how to enhance and improve their role as the Commonwealth's lead agency for the 911 program.

PEMA is also limited in its ability to require counties to comply with the audit requirement because it is not authorized to impose sanctions or otherwise enforce the requirement (see Finding D).

Annual 911 Reports Contain Inconsistent Information

Act 78 requires PEMA to report certain fiscal and programmatic information annually to Governor and the General Assembly. These reports, which are to be provided by no later than January 1 of each year, are to include at least the following information: the extent to which 911 systems currently exist in Pennsylvania; counties that have completed installation, including the costs for installation; and counties' anticipated schedules for installing 911 systems for that year.

To obtain this information, PEMA requires counties to complete a one-page form by December 1 of each year.⁴ We found, however, that the reported information is inconsistent, with most counties reporting only estimated or budgeted expenditures for that year and only a few counties reporting actual expenditures. (Because some counties did not report financial information, PEMA obtained the information through telephone contacts.) The annual reports are also inconsistent

⁴Regulations require counties to submit an annual 911 report to PEMA.

in how they treat certain expenditures. In its 1995 report, for example, Montour County included all equipment and operating expenses under the category "Equipment Costs." Mercer County did not include any costs for 911 line charges or operating costs. Lancaster County reported personnel and equipment costs in appropriate categories, but added in other operating costs to their "Total Costs" (the form has only three columns: personnel, equipment, and total). These and other such inconsistencies are to be expected, however, because the term "cost" is not defined and no instructions are provided with the form, which was originally developed by the Department of Community Affairs.

Because PEMA did not resolve these inconsistencies and included other tables that combined planned and actual data, the annual report PEMA provided to the Governor and General Assembly also contains inconsistent information. PEMA also noted that the requirement that the annual report be submitted by January 1 prevents counties from reporting a full year's information because PEMA must have the county reports by December 1.

Recommendations

- 1. PEMA, with input from the PUC, should develop an audit guide to provide direction to counties and municipalities on fulfilling the 911 audit requirement.** Such a guide should set forth the regulatory requirements, recommended financial and compliance audit procedures, and recommended formats for the auditor's report(s) and financial statements(s). PEMA should develop this guide in coordination with the Office of the Budget's Bureau of Audits to ensure compliance with applicable Commonwealth audit policy.
- 2. Once the audit guide is developed, counties should consider building on the audit efforts of their county Single Auditors in carrying out the 911 audit requirement.** The 911 audit could be done more efficiently and at lower cost if it were done at the same time as the annual county Single Audit.
- 3. The Pennsylvania Emergency Management Agency and the Public Utility Commission should further define their respective roles as regards the 911 audits and efforts to monitor county revenues and expenditures.** To facilitate this effort, the respective agency heads should consider establishing an informal interagency workgroup, possibly including a representative of county 911 coordinators, to meet periodically to ensure that continued attention is given to resolving the outstanding issues identified in this report.

4. **The General Assembly should amend Act 1990-78 to change the due date of the mandated annual report to the Governor and General Assembly to no earlier than March 1.** This would give counties whose fiscal year ends on December 31 adequate time to collect and report actual, rather than estimated or planned, financial information. PEMA should also provide adequate instructions to the counties and take reasonable steps to verify the accuracy of information they provide.

FINDING B

Some Counties Have Significant 911 Fund Balances

The Public Safety Emergency Telephone Act of 1990 allows counties to impose “contribution rates” on each telephone access line in the county to fund the development and operation of the county’s 911 system. County contribution rates depend on a number of factors, including legislative restrictions, estimated costs to implement and maintain the system, and PUC review and approval. County contribution rates vary from \$0.68 to \$1.50 per subscriber per month (see Table 1).

Subject to certain restrictions, these fees are available to counties to implement, expand or upgrade a 911 system as well as to maintain and operate the system. Exhibit 1 in Finding A provides information on allowable costs under Act 1990-78 and associated regulations.

Setting Contribution Rates

Act 1990-78 imposes a cap on the maximum contribution rate that can be charged per subscriber line. This rate differs based on the county classification. Counties of the first through second class A may not exceed a monthly contribution rate of \$1.00, while counties of the third through fifth class may not exceed \$1.25 per line. Sixth through eighth class counties cannot exceed \$1.50 per line.

Before a county can begin collecting its contribution rate, it must develop a plan outlining its proposed 911 system. County plans must include technical requirements developed by the Pennsylvania Emergency Management Council, a three-year budget, and a proposed contribution rate. The proposed contribution rate is to be calculated based on the non-recurring costs necessary to establish a 911 system as well as the estimated ongoing annual costs to operate and maintain such a system. One-third of the non-recurring costs are added to the annual operating costs, which is then divided by the number of subscriber access lines in the county. This number is divided by 12 to determine the monthly contribution rate per access line needed to support the proposed 911 system.

Once the county submits the plan and PEMA has reviewed it for technical compliance, the PUC has 60 days to review the rate request. The PUC may make adjustments to the county request, but only if it finds the rate excessive to meet the costs stated in the plan. If the PUC-calculated rate is below the maximum amount set by Act 1990-78, the PUC issues an order setting the rate at the PUC-calculated amount. If the PUC calculated rate is higher than the maximum amount allowed in the Act, the PUC issues an order setting the contribution rate at the maximum allowable rate. For example, the City of Philadelphia’s 911 plan requested a

Table 1

911 Contribution Rates and Plan Approval Date*

	Calculated Rate		Maximum Allowable Rate	Approved Rate ^a	Plan Approval Date
	County ^a	PUC			
Adams	\$1.47	\$1.72	\$1.50	\$1.50	Jan-92
Allegheny ^a	0.76	0.74	1.00	0.74	Jan-95
Allentown	1.99	1.99	1.25	1.25	Apr-92
Armstrong	2.32	2.31	1.50	1.50	Oct-92
Beaver	1.17	1.17	1.25	1.00	Oct-92
Bedford	2.97	2.97	1.50	1.50	Jul-93
Berks ^a	1.01	0.97	1.25	0.97	Jun-92
Bethlehem	2.31	1.51	1.25	1.25	May-92
Blair	2.21	2.21	1.25	1.25	Sep-93
Bradford	1.55	1.55	1.50	1.50	Apr-95
Bucks	0.62	0.62	1.25	0.62	Apr-92
Butler	1.63	1.55	1.25	1.00	May-92
Cambria	1.64	1.55	1.25	1.25	Apr-92
Cameron	1.52	1.52	1.50	1.50	Mar-96
Carbon	2.14	2.10	1.50	1.50	Feb-93
Centre	1.99	1.97	1.25	1.25	Feb-93
Chester	2.79	2.79	1.25	1.25	Aug-94
Clarion	3.00	3.00	1.50	1.50	Jun-94
Clearfield	2.99	2.74	1.50	1.50	Nov-93
Clinton	2.70	2.68	1.50	1.50	Jan-93
Columbia	2.43	2.43	1.50	1.50	Sep-93
Crawford	1.81	1.81	1.50	1.50	Dec-92
Cumberland	2.01	2.01	1.25	1.25	Dec-92
Dauphin	1.72	2.00	1.25	1.25	Oct-92
Delaware	1.71	1.70	1.00	1.00	Mar-93
DuBois	3.82	3.82	1.25	1.25	Apr-94
Elk	3.69	3.73	1.50	1.50	Feb-94
Erie ^a	1.00	0.98	1.25	0.98	Mar-92
Fayette	1.49	1.42	1.25	1.25	Sep-93
Franklin ^a	1.25	1.24	1.25	1.24	Mar-92
Greene	2.14	2.14	1.50	1.50	Feb-94
Indiana	2.09	2.08	1.50	1.25	May-92

Table 1 (Continued)

	Calculated Rate		Maximum Allowable Rate	Approved Rate ^a	Plan Approval Date
	County ^a	PUC			
Jefferson.....	\$2.90	\$2.90	\$1.50	\$1.50	Mar-93
Lackawanna.....	2.08	2.08	1.25	1.25	Feb-95
Lancaster	2.77	2.77	1.25	1.25	Apr-94
Lawrence.....	1.57	1.57	1.25	1.25	Aug-96
Lebanon.....	2.39	2.39	1.25	1.25	Apr-93
Lehigh	1.41	1.41	1.25	1.25	Jan-93
Luzerne	1.46	1.59	1.25	1.25	Apr-95
Lycoming/Sullivan.....	1.71	1.71	1.50	1.25	Oct-92
McKean	1.97	1.85	1.50	1.50	Jul-93
Mercer	2.55	1.98	1.25	1.25	Jul-93
Mifflin	2.72	2.56	1.50	1.50	Oct-91
Montgomery.....	0.68	0.68	1.00	0.68	Dec-92
Montour.....	2.36	2.36	1.50	1.50	Jun-94
Northampton.....	3.58	3.58	1.25	1.25	Mar-96
Northumberland	3.34	3.34	1.25	1.25	Jun-94
Perry ^a	1.08	1.07	1.50	1.07	Sep-93
Philadelphia.....	2.23	1.24	1.00	1.00	Oct-92
Pike	2.55	2.55	1.50	1.50	Mar-95
Pittsburgh	2.54	2.55	1.00	1.00	Jun-92
Potter.....	2.43	2.43	1.50	1.50	Oct-93
Schuylkill	1.67	1.67	1.25	1.25	Mar-93
Somerset	1.50	1.51	1.50	1.50	Feb-92
Susquehanna	2.57	2.54	1.50	1.50	Jan-94
Tioga.....	1.60	1.60	1.50	1.50	Oct-92
Union.....	1.60	1.95	1.50	1.25	Sep-93
Venango.....	2.23	2.23	1.50	1.50	Oct-93
Washington	1.57	1.56	1.25	1.25	Oct-92
Wayne.....	2.40	2.40	1.50	1.50	Sep-93
Westmoreland.....	1.40	1.40	1.25	1.25	May-92
Wyoming	1.98	1.58	1.50	1.50	Feb-93
York.....	1.96	1.96	1.25	1.25	Feb-93

*Shaded counties have subscriber rates less than statutorily allowable.

^aCounty calculated rates are not necessarily the rates counties request.

Source: Developed by LB&FC staff from PUC files on county 911 plans.

monthly contribution rate of \$2.23 per subscriber line. The PUC adjusted personnel costs in the original plan to come up with a monthly contribution rate of \$1.24. However, because Philadelphia is a first class city, the maximum allowable contribution rate is \$1.00, which is the amount the PUC approved. Certain counties have requested rates below both the PUC calculated and their maximum allowable rate. In these cases, the PUC approved the rate requested by the county.

In determining the contribution rate, the PUC allows one-third of the allowable nonrecurring costs to be recovered each year. Annual county 911 costs may therefore include a proration of initial implementation costs. In some counties, operating expenditures include the costs of repaying county bonds issued to cover the implementation costs of the 911 system. Other counties pay implementation costs as they occur. Some counties included the entire capital cost of the 911 system in the initial plan while others elected to phase in the 911 system and acquire and pay for their capital needs over time.

We compared the initial county request with the contribution rate approved by the PUC and found that 94 percent of counties are receiving less than they requested based on their initial estimate of 911 system costs. In most cases, the approved contribution rate was equal to the maximum allowable rate set in Act 1990-78. Only 12 counties have approved rates which are less than the maximum allowable rate for their county. (See Table 1.)

Revenues, Expenditures, and Year-End Fund Balances

We were able to identify year-end 911 fund balances and annual surplus/deficits for the calendar year 1995 or 1996 for 40 systems, and for 1994 for seven additional counties (see Table 2). As discussed in Finding A, only Allentown, Philadelphia, and five counties have submitted specific 911 audits (these counties are noted on the table). In some cases, the information on Table 2 has been taken from county Single Audits which were on file with the Governor's Budget Office. In other cases we obtained the information from general financial statements or other documents submitted by the counties on file with the Department of Community and Economic Development where there was no indication as to whether or not the information had been audited. Appendix C identifies the various sources we used to compile the information in the table.

Annual Surplus/Deficit

Twenty-two of the 47 systems showed a deficit wherein expenditures exceeded revenues for the particular year reviewed. In nine of these systems, funds were transferred into the 911 fund from another source, eliminating the deficit in the 911 fund in seven cases. These transfers were generally explained by county officials as being transfers from the county general fund. In most systems, the 911 fund deficits were covered by 911 fund surpluses from the previous years.

Table 2

County 911 Revenues, Expenditures, and Fund Balances

County/City	Year	Revenue ^a	Expenditures	Transfers		Surplus/ (Deficit)	Fund Balance December 31
				In	Out		
Adams	1996	\$ 765,211	\$ 1,267,214			\$ (502,003)	\$ 281,899
Allegheny	NA	--		--	--	--	
Armstrong	1996	650,454	966,277			(315,823)	378,309
Beaver	1996	1,161,677	1,089,739			71,938	605,586
Bedford	1995	428,656	521,351	\$119,559		26,864	76,682
Berks	1994	2,335,538	1,009,895		\$1,055,319	270,324	653,495
Blair	1996	1,110,985	1,101,624			9,361	1,605,283
Bradford	NA	--		--	--	--	
Bucks	NA	--		--	--	--	
Butler	1996	1,345,887	1,536,024	190,137		0	0
Cambria	1996	1,527,344	2,062,727			(535,383)	388,899
Cameron	NA	--		--	--	--	
Carbon	1996	493,226	556,511			(63,285)	10,741
Centre	1995	1,106,130	1,351,375	34,375	350,778	(561,648)	18,978
Chester	1996	5,641,250	5,641,250			0	0
Clarion	NA	--		--	--	--	
Clearfield	1994	380,114	100,402			279,712	279,712
Clinton	1995	352,938	381,265			(28,327)	144,111
Columbia	NA	--		--	--	--	
Crawford	1995	901,111	472,860			428,251	786,292
Cumberland	1994	1,683,433	1,644,561	34,528		73,400	n/a
Dauphin	1996	2,699,598	2,921,988	447,077		224,687	1,855,592
Delaware	1995	3,684,353	4,788,366	1,104,013		0	0
Elk	1995	330,262	80,360			249,902	350,975
Erie	1994	1,619,751	1,056,486	15,000	448,071	130,194	893,894
Fayette	1996	1,417,369	828,675			588,694	2,082,150
Forest	No Plan						
Franklin	1995	916,890	773,780			143,110	477,052
Fulton	No Plan						
Greene	1994	262,311	278,885			(16,574)	(16,574)
Huntingdon	No Plan						
Indiana	1995	721,661	719,964	185,471	185,471	1,697	(31,930)
Jefferson	1995	423,133	989,399	867,420	400,666	(99,512)	139,311
Juniata	No Plan						
Lackawanna	1996	1,946,430	2,159,006			(212,576)	1,423,549
Lancaster	NA	--		--	--	--	
Lawrence	NA	--		--	--	--	
Lebanon	NA	--		--	--	--	

Table 2 (Continued)

County/City	Year	Revenue	Expenditures	Transfers		Surplus/ (Deficit)	Fund Balance December 31
				In	Out		
Lehigh	NA	--		--	--	--	
Luzerne	1996	\$ 2,255,818	\$ 92,746			\$2,163,072	\$2,163,072
Lycoming	1996	975,570	968,210			7,360	0
McKean	1995	487,568	157,441			330,127	443,311
Marcus	1996	975,797	1,043,912			(68,115)	74,070
Mifflin	1995	401,093		--	460,339	(59,246)	33,479
Monroe	No Plan						
Montgomery	1996	4,389,853	5,533,979			(1,144,126)	1,518,095
Montour	NA	--		--	--	--	
Northampton	1995	0	243,000	243,000		0	0
Northumberland	1996	673,367	1,010,808			(337,441)	(117,028)
Perry	NA	--		--	--	--	
Pike	NA	--	--	--	--	--	--
Potter	NA						
Schuylkill	1995	1,117,953	0		1,124,810	(6,857)	92,308
Snyder	1996	31,450	\$ 24,350			7,100	33,276
Somerset	1996	728,094	783,848			(55,754)	58,121
Sullivan	w/ Lycoming						
Susquehanna	1995	386,280	424,865	350,000		311,415	498,867
Tioga	1995	444,461	22,000		340,297	82,164	126,762
Union	1994	277,699	136,256			141,443	154,615
Venango ^b	Jul-96	2,260,173	2,116,900			143,273	143,273
Warren	No Plan						
Washington	1996	2,337,652	2,359,095	350,000		328,557	1,020,164
Wayne	1996	593,812	738,854			(145,042)	(560,963)
Westmoreland	1996	3,334,809	3,761,142			(426,333)	265,052
Wyoming	NA	--	--	--	--	--	--
York	1996	3,667,502	3,667,502			0	142,745
City of Allentown	1994	901,089	893,994			7,095	214,195
City of Bethlehem	NA	--	--	--	--	--	--
City of Dubois	1995	98,084	91,663			6,421	868
City of Philadelphia ^c	June 1996	39,726,027	24,451,265			15,274,762	15,274,762
City of Pittsburgh	NA	--	--	--	--	--	--

NA = Not available.

^aMay include revenues other than 911 subscriber surcharge fees such as grants and interest. See Appendix F for 911 surcharge revenues only.

^bFor the three-year period ending July 31, 1996.

^cFor period December 1, 1992, through June 30, 1996.

Source: Developed by LB&FC staff from the sources identified in Appendix C.

Of the 23 systems where revenues exceeded expenditures, five transferred funds out of the 911 fund. In some cases these transfers were reimbursement to the county general fund for 911 expenses paid by the general fund, according to county officials we contacted. Another reason cited for such transfers was to cover repayment of bonds issued by the county for 911 implementation costs.

911 Fund Balances

The 911 year-end fund balances ranged from a \$560,963 deficit in Wayne County to a \$15 million surplus in Philadelphia (see Table 2). Thirty-eight 911 systems had surpluses, 4 had deficit balances, and 5 had a zero year-end fund balance. Six systems had year-end fund balances that were more than twice the reported expenditures for that year.

Fund balances that exceed reasonable anticipated expenses may indicate that the county's contribution rate is too high. We, therefore, contacted 12 counties to determine the reasons for their year-end balances. Several of the counties we contacted explained that most or all of the year-end surplus had since been spent for allowable expenses. The reported year-end fund surplus may also occur, in part, because many counties report their financial information on a cash basis, in which revenues are recognized when received and expenditures recognized when paid, rather than an accrual or modified accrual basis. This accounting method can result in a misleading year-end balance if significant costs are incurred but not recognized until the following year. In some cases, counties were just starting their 911 system but had not yet reached their expected total expenses. One county had overestimated expenses and underestimated revenues from telephone lines. Exhibit 4 shows the counties' explanations for their year-end balances.

911 Expenses Not Allowed Under Act 78

Several counties noted that they incur significant expenses to operate their 911 systems that are ineligible for reimbursement. Dispatcher recruitment and training expenses, in particular, were cited as ineligible expenses. They pointed out that recruitment and training is vital to an effective 911 system and that because some counties have surpluses they could assimilate such additional costs.

Counties report currently spending sizable amounts of money on staff training. Reportedly, some counties spend between 5 percent and 10 percent of their annual budget on staff training. On a statewide basis, this would amount to at least \$4 million dollars annually.

According to the former DCA 911 program administrator, the subscriber contribution rate was not intended to cover all county costs associated with providing 911 service. In his opinion, the contribution rate was designed as an incentive to the counties, but that counties were expected to contribute additional funds to provide 911 service for their residents.

Exhibit 4

County Comments on 911 Fund Balance and Transfers

<u>County</u>	<u>"911" Fund Balance/Transfer</u>	<u>Comments From Counties</u>
Beaver	\$606,000 Balance	<ul style="list-style-type: none"> - Current fund balance is about \$300,000. - Fund balance at 12/31/96 included funds for a CAD system and personnel costs which had not yet been transferred out of the fund.
Blair.....	\$1.6 million Balance	<ul style="list-style-type: none"> - 911 Plan implemented and operational only since February 1997. - Fund balance subsequently spent on equipment and salaries. - Director does not expect fees will cover operational costs in the future. - County is contributing \$150,000 this year and contribution will increase as costs increase.
Crawford.....	\$786,000 Balance	<ul style="list-style-type: none"> - Fund balance was used to reimburse the county for allowable expenditures originally paid by the county.
Dauphin.....	\$447,000 transfer into fund \$1.8 million Balance	<ul style="list-style-type: none"> - Transfer from County General Fund to cover 911 expenses in excess of fees collected. - Year-end fund balance used to pay for purchases from late in the year such as a maintenance contract and computer upgrade.
Delaware	\$1.1 million trans- fer into fund	<ul style="list-style-type: none"> - Transfer from General Fund to meet expenses. - Original plan required \$1.71 contribution rate, but legislation restricts it to \$1.00.
Erie.....	\$894,000 Balance \$448,000 transfer out of fund	<ul style="list-style-type: none"> - Balance has increased since 12/94. - Balance results in part from an underestimation of 4 percent by the phone company of the number of lines in the county. - The county has also been able to economize on some originally projected costs, primarily in personnel costs. - Fund balance will be used to upgrade computers (over 5 years old) and for other capital projects. - Transfer out of the fund represents a payback for a county bond issue which supplied initial implementation funding.

Exhibit 4 (Continued)

<u>County</u>	<u>"911" Fund Balance/Transfer</u>	<u>Comments From Counties</u>
Fayette	\$2.1 million Balance	<ul style="list-style-type: none"> - Balance has decreased to about \$1 million. - Balance funds will be used for capital outlay for three repeater systems.
Lackawanna.....	\$1.4 million Balance	<ul style="list-style-type: none"> - Fund balance will be used for a tower and radio system upgrade and an emergency generator.
Luzerne	\$2.1 million Balance	<ul style="list-style-type: none"> - 911 system just starting up; balance subsequently spent for start-up costs. - County contributes additional \$300,000 to \$500,000 per year for nonallowable costs such as training and facilities. - \$10 million bond issue also funds project.
Montgomery	\$1.5 million Balance	<ul style="list-style-type: none"> - Phased county plan implementation. - Fund balance beyond ongoing operational expenses will be spent for new equipment, equipment upgrades, and system enhancement. - 1996 balance spent for a new radio system with costs spread over three years.
Philadelphia.....	\$15.3 million Balance	<ul style="list-style-type: none"> - Balance will be used for new radio system.
Wayne	(\$560,000) Balance	<ul style="list-style-type: none"> - Contribution rate does not cover operational costs; program scaled back because too expensive. - County covers deficit from general fund and/or from \$850,000 bond issue.

Source: LB&FC staff from audit/financial documents and follow-up telephone conversations with county officials.

Recommendation

- 1. As recommended in Finding C, the General Assembly should amend Act 78 to require periodic reviews of county 911 plans, which would include a review of the county's contribution rate.** This, however, would require that counties submit timely audit reports in a consistent format and would require both PEMA and the PUC to initiate procedures to use the audits to assess the appropriateness of fund balances and current contribution rates. If such action is not taken, PEMA should ask counties to justify particularly large surpluses and include such information in its annual report to the Governor and General Assembly.

FINDING C

911 Audit Results Are Not Linked to County Contribution Rates

Act 1990-78 does not authorize PEMA or the PUC to use the results of the 911 audits to initiate action to modify a county's contribution rate.¹ According to the act:

Once a plan and contribution rate has been established, the contribution rate shall remain fixed for a period of at least three years. Updating and expanding the present system shall require an amended plan to be filed with the department. . . . Requests for contribution rate changes shall be submitted to the department to be forwarded to the commission for approval.

Thus, even if a 911 audit or other PEMA monitoring activity indicates that a county's contribution rate may be too high, neither PEMA nor the PUC could initiate a review of that rate unless the county requested a contribution rate change by modifying its 911 plan.²

In March 1997, the PUC ruled that counties' and cities' authority to collect 911 fees continues beyond the initial three year period. Under this ruling, contribution rates which have been approved by the PUC are to remain in effect until they are changed by the PUC; there is no automatic expiration of the plans or contribution rates after three years. (See Exhibit 5 for excerpts of the PUC's ruling.)

House Bill 911 would nullify this ruling by explicitly requiring that county 911 plans be submitted to PEMA on a triennial basis. If enacted, this bill would allow PEMA and the PUC to periodically review county plans and contribution rates. It also amends Act 78's audit requirement by transferring the responsibility for the 911 triennial audit to the Auditor General.

Recommendation

- 1. Act 1990-78 should be amended to explicitly require that counties periodically submit revised 911 plans for PEMA and PUC review and approval.**

¹ Regulations (16 Pa. Code §36a.111(f)) provide that the PUC is to review and comment on the audits with respect to the contribution rate but makes no provision for how such comments are to be incorporated into a contribution rate adjustment.

² Subsection (e) provides that the PUC must review contribution rates in relation to the costs stated in the plan.

Excerpts From PA Public Utility Commission Order of March 17, 1997*

The following is excerpted from an order of the Commission which arose from their consideration of a petition submitted by the Pennsylvania Emergency Management Agency asking for an opinion regarding the continued application of the subscriber's fee for operations of the counties' 911 systems under the Public Safety Emergency Telephone Act of 1990:

We believe the law is straightforward on this matter and agree with PEMA that the authority of counties and cities to collect the contribution rate does not expire after three years. The three year term set forth in the Emergency Telephone Act is one in which the rate may not be changed.

In beginning a review of the law regarding this matter, we believe it necessary to note that our powers under the Emergency Telephone Act are limited. The Commission is empowered to review the contribution rate requested by the county or city provider of 911 service and to approve or modify that requested rate. 35 P.S. §7013(c). The power to review the 911 plans themselves rests with PEMA. 35 P.S. §7013(a).

With regard to the contribution rates set by our orders, the Emergency Telephone Act states:

Once a plan and contribution rate has been established, the contribution rate shall remain fixed for a period of at least three years. Updating and expanding the present system shall require an amended plan to be filed with the department [PEMA]. The contribution rate shall remain fixed for three years even if the present system is updated and expanded. Requests for contribution rate changes shall be submitted to the department to be forwarded to the commission for approval as provided by subsection (e). Contribution rate increases shall not be permitted more often than every three years and shall not take effect unless approved by the commission.

35 P.S. § 7015(h); emphasis added.^a

It is self evident that the contribution rate was never planned to terminate after three years, rather, the General Assembly intended to [*sic*] that there would be rate stability regarding the subscriber fees. That would appear to be the rationale behind requiring a three year moratorium each time the contribution rate is change [*sic*]. Additionally, the language stating that "contribution rate increases shall not be permitted more often than every three years" clearly indicates that rates are expected to remain in place for more than three years if they have not be [*sic*] changed by this Commission.

Therefore, we hold that contribution rates approved by this Commission shall remain in effect, unchanged, until such time as we approve a different rate consistent with the provisions of the Emergency Telephone Act.

*Docket No. P-00961141.

^a See also 16 Pa. Code §36a.108(o). ("Once established, the contribution rate shall remain fixed for at least 3 years.")

Source: PA Public Utility Commission.

FINDING D

Act 1990-78 Does Not Provide Enforcement Authority for Noncompliance With the Act

Act 1990-78 provides no specific enforcement power to PEMA to compel counties to adhere to the act's requirements. The act addresses enforcement in three contexts: (1) a person who intentionally calls a 911 number for other than emergency reasons can be prosecuted for a third degree misdemeanor; (2) a person who misuses database information can likewise be prosecuted for a third degree misdemeanor; and (3) counties are authorized to bring an action to enforce payment by telephone subscribers of the 911 fees.

PEMA officials indicated that enforcement to date has occurred informally to the extent that if during field visits they uncovered noncompliance by a county on technical matters, PEMA would verbally inform the county of the problem. The county would then be responsible to take corrective action. Both PEMA and PUC officials indicated that some form of enforcement authority would be beneficial, not only in assuring compliance with the audit and expenditure provisions of the act but also in providing for more consistent 911 systems throughout the Commonwealth.

Recommendation

- 1. The General Assembly should consider amending Act 1990-78 to grant PEMA enforcement authority for those provisions in the act for which it has oversight responsibility.** For example, a county could be required to escrow subscriber fees until it takes necessary corrective actions. This would be similar to PEMA's current authority to withhold federal funds under the Emergency Management Services Code if a county or municipality is not complying with appropriate requirements.

III. Telephone Industry Developments Affecting County 911 Systems, Services, and Costs

In addition to the findings in Chapter II, we identified three issues which, while outside the scope of this review, have significant direct and indirect impacts on county 911 revenues and expenditures and which the General Assembly may wish to consider in future deliberations concerning county 911 systems.

The Emergence of Competitive Local Telephone Companies Adds Costs to County 911 Systems

As part of the move toward greater telephone deregulation, Act 1993-67, as amended, authorized the Public Utility Commission (PUC) to certify more than one local exchange telecommunications company to provide local telecommunications service “upon a showing that it is in the public interest and that the applicant possesses sufficient technical, financial and managerial resources.” Essentially, the act allows telecommunications companies to compete with established local exchange companies (LECs) to provide service in local exchange markets. Prior to Act 67, only one LEC could provide service in a particular territory or telephone exchange.

Since passage of Act 67, the PUC has certified 15 companies to compete with existing LECs. Another 36 companies have applications pending. Currently, competition is only occurring in territories affiliated with Bell Atlantic-Pennsylvania, Inc., and GTE North, Inc. Rural telephone companies were specifically protected under the act by language that allowed the PUC to determine whether competition would be in the public interest. As a result, as of December 31, 1996, Pennsylvania still had 7,661,632 access lines served by only one local exchange company. Only 9,790 competitive lines have been established, and they are all targeted to businesses, primarily in the Philadelphia and Pittsburgh metropolitan areas.

Some counties are concerned, however, that competition from new LECs will increase their 911 costs because each company needs its own trunk line to connect to the county’s 911 system.¹ This is particularly a problem because the PUC presently has no legal or regulatory authority under Act 78 to require Competitive Local Exchange Companies (CLECs) to assume the costs of establishing and maintaining the additional trunk lines necessary to connect with the county Public Safety Answering Points (PSAPs). The commissioners from one county, in a letter to their state representative dated February 18, 1997, expressed the problem succinctly. They noted:

¹A trunk line links the central office switches of the telephone company to the county’s public safety access point.

[b]oth the Act and the Pennsylvania Public Utility Commission fail to address the issues of who is responsible for installing the required 911 trunk lines, and who will pay for the installation. Under the Public Safety Emergency Telephone Act (Act 78 of 1990), the initial costs of establishing the original 911 systems were paid from the 911 telephone surcharge, which is applied to everyone's phone bill. . . . The position of the start-up independent carriers is that the County 911 Centers are responsible for the considerable cost of establishing and maintaining the additional trunks to service the new carriers. At the County level, we feel that this is an undue burden on our funding from the 911 surcharge. Also, we believe that independent carriers should be required to comply with established 911 systems and procedures at their cost. While we believe that increased competition is good, the expense of adding additional 911 trunk lines to our system to support the new telephone companies start-up should not be paid by local taxpayers. We believe that the cost for additional trunk lines required for the new telephone companies must be paid by the start-up telephone companies.

The concerns expressed in the letter were forwarded to PEMA, who in turn forwarded the letter to the PUC. In a June 2, 1997, letter from the PUC to PEMA, an official from the PUC expressed the Commission's view regarding this issue. The letter states:

It is the responsibility of each county to ensure that sufficient trunk lines are installed to comply with Act 78. . . . It is also our view that each County, as the telephone company's customer which implements and utilizes 911 services, is the party responsible to pay for the trunk costs as with other telephone related costs for the 911 system. . . . It is our understanding that some of the competitive local exchange companies (CLECs) have agreed to install these trunks without charge to the counties, in some instances, for the time being. Act 78 did not contemplate the arrival of Local Telephone Competition, and therefore does not address the costs of these additional trunks. It is our view, therefore, that this matter can best be addressed by the Counties in seeking amendments to Act 78 via their respective legislators, or through appropriate cooperative arrangements between the responsible Counties and the CLECs/ILECs in question.

We did not attempt to determine the potential statewide costs to counties of installing additional trunk lines. However, in the City of Pittsburgh the approximate nonrecurring cost for the installation of two 911 trunk lines was \$1,400, with additional recurring costs of approximately \$100 a month for each. These costs were paid for by the new competitive local exchange companies interested in providing service to city and business residents.

Cellular Phones Are Exempt From 911 Surcharge Fees

In 1996 the Federal Communications Commission (FCC) reported that 95 million 911 calls are made each year, or 260,000 every day, and that cellular phone users are placing an increasing number of these calls. The PUC, however, does not regulate wireless communication carriers, and cellular phone users do not pay a 911 surcharge.

According to the Cellular Telecommunications Industry Association (CTIA), virtually all 911 cellular carriers provide the connections necessary for basic 911 service. The CTIA also reports that in 1994 almost 18 million wireless calls were made to 911 and other public service numbers. The number of such calls is growing rapidly, spurred by the rapid growth in cellular subscribers.² As of the end of 1996, Pennsylvania had an estimated 1.5 million wireless subscribers.

The number of cellular phones is expected to continue to rise, especially with the continued increase of the broadband Personal Communications Systems (PCS) and in part because of the availability of 911 service.³ A survey by one wireless communication company found that 62 percent of cellular users cited safety and security as their main reason for purchasing a mobile phone.

However, wireless carriers currently provide access only to basic 911 service, not the advanced features of enhanced 911 (E911). The FCC notes that:

The mobile nature of wireless technology creates complexities for providing even basic 911 service. For example, a wireless 911 caller may not be a subscriber of the wireless provider with coverage in the area and therefore 911 calls may be blocked. Also, there may be technical reasons such as the use of different protocols that may lead to blocked 911 calls.

Comments we received from several county 911 Service Coordinators indicate that cellular phone users are causing significant problems for local 911 systems. Concerns expressed by these Coordinators included:

- One county reported that cellular phones, which are responsible for 20 to 25 percent of their 911 calls, take more time to process and cause additional costs to the county in large part because of difficulty in determining the caller's location.

²The CTIA estimates there were just over 44 million wireless customers in the United States as of December 31, 1996. More than 10 million new customers signed up for service during the 12 month period from December 1995 to December 1996, putting the industry's annualized subscriber growth rate at 30 percent.

³ An analyst quoted in *TIME Magazine* (May 26, 1997) predicts that PCS systems will create a 15-fold increase in wireless capacity within three to five years.

- Federal regulations require that cellular phones have the capability to allow 911 systems to be able to automatically identify the phone number and location of the 911 caller. This is a difficult technical problem for cellular calls, and there is no provision regarding who is to pay for such system enhancements.
- Cellular phone users do not pay a 911 surcharge, even though they generate significant additional costs. One accident on a major traffic artery can generate over 100 cellular calls to 911. This results in an increased need for 911 staff and trunk lines to handle the increased number of calls.

In late May 1997, LB&FC staff attended a meeting of 911 coordinators designed to identify and prioritize 911 issues and concerns, especially those warranting legislative attention. The #1 and #2 priority issues (out of 16 identified) related to wireless communications. Specifically, the two important concerns were the need to impose the 911 communication surcharge on wireless services and the difficulties in providing 911 service to wireless communication subscribers. (See Appendix D for the issues discussed.)

The PUC, however, does not have the authority to regulate wireless communication carriers and therefore cannot require that such carriers or their customers pay the 911 surcharge. In the early 1980s, the PUC did regulate two cellular communication carriers. However, Act 1984-241 specifically excluded the PUC from regulation of providers of domestic cellular mobile radio telecommunications service. Regulation of cellular companies therefore was effectively left to the FCC.

Act 1990-78 does not require the cellular mobile radio telecommunications industry to support 911 services in Pennsylvania. Consequently, wireless communication companies do not collect 911 surcharges from their customers.

HB 1248, introduced in the 1997 legislative session, would require wireless telephone users to pay a fee similar to wire phone lines to help fund their local 911 county system. The bill also requires wireless communication companies to provide access to county 911 systems.

Counties Have Begun Implementing Enhanced 911 System Technology

Basic 911 involves operators at the Public Safety Answering Point (PSAP) gathering the necessary information about the nature and location of the emergency by questioning the 911 caller and then dispatching appropriate emergency personnel.

Enhanced 911 (E911) adds features to the county's 911 system that permit more efficient and timely response by emergency service personnel. When a wireline 911 call is placed in a region with E911 capability, the caller's telephone number is typically routed through the LEC central office. A database, usually maintained by the LEC, is then used to direct the call to the most appropriate PSAP. The database also contains the number (Automatic Number Identification, or ANI) and location (Automatic Location Identification, or ALI) of the telephone used to place the call along with other useful information, such as whether the phone is in a household of someone who has a history of cardiac problems. This information is transmitted to the operator's monitor at the PSAP. Other possible E911 features are shown in Exhibit 6.

Exhibit 6

Available "Enhanced" 911 Call Features

- Ability to permit call precedence for 911 over other call types.
- Ability to identify caller's geographic location.
- Ability to hear and determine the type of emergency services needed.
- Ability to receive 911 calls within their jurisdiction (selective routing).
- Ability to detect and communicate with TTY and data callers.
- Ability to hold the line for trace, after the caller has disconnected, or the ability to call back.
- Ability to call the caller back after disconnection and/or perform re-ring with the called party held.
- Ability to transfer the caller to the appropriate PSAP.
- Ability to transfer the information screen to the appropriate PSAP.
- Ability to force disconnect, regardless of the caller switch hook status.

Source: Developed by the National Emergency Number Association (NENA) and the Association of Public Safety Communications Officials-International, Inc. (APCO). The availability of these features enables more timely arrival of public safety personnel, minimizing loss of life and property.

ALI capability is important because it permits rapid response in situations where callers are disoriented, disabled, unable to speak, or do not know their location. ALI also reduces errors in reporting the location of the emergency and in forwarding accurate information to emergency personnel. When telephone exchange

boundaries extend into two or more PSAP jurisdictions, the ALI feature permits selective routing of calls to the appropriate PSAP for the identified location. ANI capability allows the PSAP dispatcher to call back if the call is disconnected.

The FCC reported in 1996 that 89 percent of wireline phones in the United States are served by 911, and about 85 percent of 911 services include some form of E911. We attempted to determine the extent to which enhanced 911 systems have been implemented in Pennsylvania. However, neither PEMA or PUC have this information. According to PEMA, counties are at different levels in terms of utilizing various types of enhanced 911 technology.

Establishing and maintaining enhanced 911 capability can be costly to counties, including the cost to update databases. Neither the PUC nor PEMA has information on county realized or expected costs for 911 enhancements. One county we contacted was in the process of installing enhanced 911 features at an estimated cost of \$3.2 million. Another county reported maintenance costs, including database updates, of \$228,000 annually after an installation cost of \$5.8 million.

IV. Background Descriptive Information About Act 1990-78 and the County 911 Systems

Statutory Requirements

Act 1990-78 provides for a statewide emergency telephone number 911 system and contribution rates charged against telephone subscribers. The purpose of the act is to provide, at the county level, a toll-free number (911) providing direct access to emergency aid for all persons in the state. Counties are encouraged, but not required, to establish 911 systems and to consider the maximum integration of telecommunications facilities and capabilities.

The act creates shared responsibilities among the counties, the PUC and PEMA regarding the establishment, review, and approval of the counties' 911 systems and contribution rates.¹ The Community and Economic Development Enhancement Act transferred to PEMA all of the responsibilities under Act 78 which had previously been handled by the Department of Community Affairs. Exhibit 7 provides information about four bills that were pending in the House of Representatives as of June 12, 1997, that would amend Act 1990-78.

Act 78 authorizes counties to develop plans outlining their proposed 911 systems. Each county is to designate a 911 contact person to develop the county plan and make arrangements with the local exchange telephone company for 911 services. The approval of a county's plan, including the approval of assessment of the contribution rate, involves several steps. First, the governing authority of the county must agree to establish a 911 system. Then a plan is drafted complying with technical requirements set by the Pennsylvania Emergency Management Council. PEMA is authorized under the act to act as agent for the Council. The county must then provide its residents with published notice of the proposed fee and receive comment at a public meeting.

The county plan is then forwarded to PEMA which has 30 days to review the plan for completeness. PEMA forwards one copy of the proposed plan each to the Council and the PUC. The Council has 60 days to review the plan for conformity to its technical standards. The PUC also has 60 days to review the proposed contribution rate. PEMA, based on recommendations from the Council and the PUC, either approves or rejects the plan, including the contribution rate. If approved by PEMA, the county must officially enact the contribution rate by ordinance and notify the telephone company of the establishment of the fee. Once established, the fee must remain fixed for at least three years.

¹ Appendix E describes the responsibilities of the various actors in the 911 systems.

Exhibit 7

1997 Pending Legislation Relating to the 911 Emergency Communication System

(As of June 1, 1997)

House Bill 911: Substitutes PEMA for the Department of Community Affairs throughout the bill, and assigns PEMA the following additional responsibilities:

- Establishes minimum training standards for dispatchers; establishes technical standards for county plans; establishes performance review standards and quality assurance programs; establishes database standards; and establishes a communication program between PEMA and county coordinators.
- Requires county 911 plans to be submitted to PEMA on a triennial basis outlining the county's 911 system for the subsequent three years.
- Requires PEMA guidelines pertaining to the 911 Act to be subject to review under the Regulatory Review Act.
- Requires counties to request every three years from each telephone company a list of the local exchanges and the company's office addresses. Counties are also to notify PEMA and adjacent counties of local exchanges, specifically noting those exchanges serving more than one county.
- Authorizes counties to use funds for training and the development and maintenance of a Master Street Address Guide.
- Directs the Auditor General's Office to audit each county's collection and disbursement of funds and expenditures for the 911 system every three years.
- Grants all 911 systems local governmental immunity.

House Bill 1127: Requires all local telephone companies to print each customer's service address on monthly bills.

House Bill 1152: Provides for a 911 emergency communication system, for use of contribution fees, and for training of dispatchers. The bill also:

- Establishes an Advisory Council on 911; substitutes PEMA for the Department of Community Affairs throughout the bill, and establishes the position of 911 Director.
- Eliminates 60 percent cap on personnel salary and benefit costs.

Exhibit 7 (Continued)

- Directs PEMA to develop minimum training standards for dispatchers, along with database standards.
- Declares that all 911 records and tape recordings are confidential.
- Reduces the administrative costs which can be retained by the telephone companies from 2 percent of the gross receipts to 1 percent of the net receipts.
- Authorizes counties to expend funds on training and the establishment of a Master Street Address Guide. Monies could also be used for public education purposes, i.e., confirming actual street addresses of county residents.
- Requires each 911 system to conduct a quality assurance program review of 10 percent of calls received in a calendar year.
- Removes liability for damages from persons who call 911 in an emergency and provide care to a person per the dispatcher's instructions.
- Requires municipalities to provide to the county 911 coordinator a list of primary response and secondary response agencies by location annually.

House Bill 1248: Provides for contributions from wireless telephone subscribers and for access to the 911 emergency communications system by wireless subscribers. Specifically, the bill:

- Permits counties to assess a fee on each wireless communications subscriber to help fund the 911 system.
- Requires each wireless communication service company to provide access to the 911 system to its customers.
- Provides immunity to wireless communications companies for release of non-published PSAPs and faulty transmission during use of the 911 system.
- Substitutes PEMA for the Department of Community Affairs throughout the bill.

Source: Developed by LB&FC staff from a review of pending legislation.

The act puts a cap on the rate that a county can assess based on county classification. Within that cap, each county is to determine a proposed contribution rate to pay for nonrecurring, recurring, maintenance, and operating costs of the county 911 system. The counties can also use the 911 fee to pay for administrative costs of the telephone company and the county relating to operating the system. The Department regulations set forth what information the county should look at and include in its plan in determining the contribution rate. The regulations also outline which costs are eligible and ineligible to pay using 911 fees. (See Exhibit 1.)

The 911 fee, which is stated separately as part of the company's billing to the customer, is collected by the telephone company as part of its regular monthly bill. The telephone company forwards the collected fees at least quarterly to the county treasurer who must deposit the funds into an interest-bearing restricted account used solely for the 911 system. The county treasurer makes payments for the 911 system from this restricted account.

PEMA is to require a triennial audit of each county's expenditures for the nonrecurring costs, maintenance and operation of 911 systems. This audit is an eligible county expense from 911 fee revenues. The period covered by the audit is to coincide with the period the county's 911 fee is in effect.

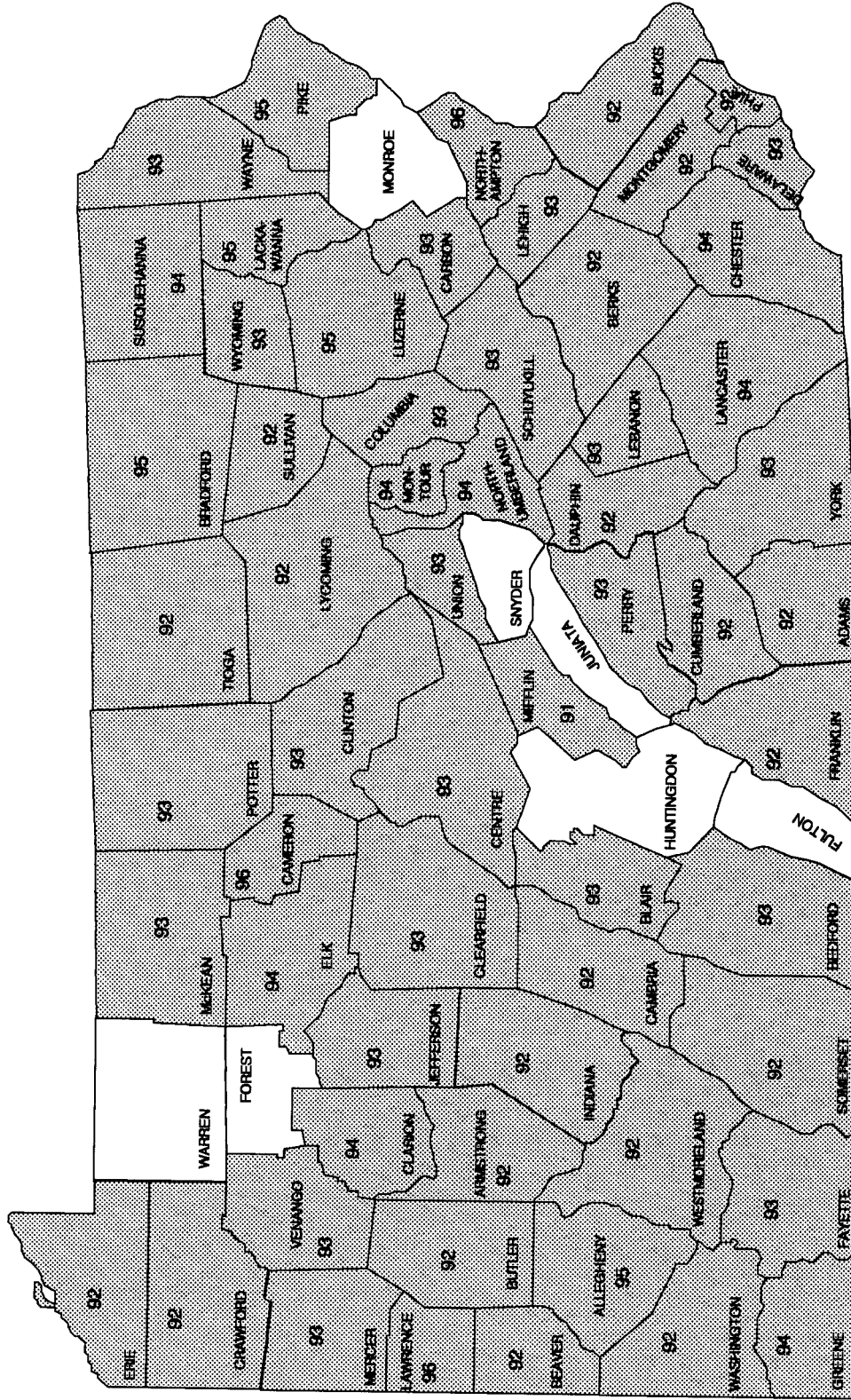
Status of 911 Plans

Most 911 plans cover an individual county. As of June 1997, there were 63 approved 911 plans, 58 county plans, and 5 city plans. The 58 county plans cover 59 counties because Lycoming and Sullivan Counties filed a joint plan in 1992. Potter and Tioga provide joint service, but have filed separate plans. Potter County's plan, filed one year after Tioga, states that it will share the Public Safety Answering Point (PSAP) located in Tioga County. Elk and Cameron Counties have a similar set up with two separate plans. Four cities, Allentown, Bethlehem, Dubois, and Pittsburgh, have plans separate from their counties. Counties without approved 911 plans are shown in Exhibit 8.

An amended plan is required when a county wants to update and expand its 911 system or request a change in the contribution rate. Out of the 63 established plans, only three counties have approved amendments. Berks County submitted an amendment within a few months after its first plan was adopted, requesting a higher contribution rate than was originally approved. Carbon County requested inclusion of costs not considered in the original plan that had been adopted four months earlier. Union County requested approval to provide service to a portion of Northumberland County.

As of June 1997, seven counties did not have a 911 County Plan under the act. Juniata, Huntingdon, and Fulton Counties are expected to have or will have

Counties With 9-1-1 Plans and Year of Approval*



*Counties without shading do not have an approved 911 plan.

Source: Developed by LB&FC from information on file with PEPA.

approved plans in place by the end of 1997. While none of these counties have approved plans, all of them have some level of basic 911 service for at least part of the county. Several have intercounty agreements with neighboring counties to provide 911 service in their area. Snyder County implemented a simple 911 service in 1991. By voter referendum, Snyder County collects \$0.14 per telephone subscriber per month. Monroe County instituted a call-forwarding 911 countywide system in 1994.

Nearly all counties with an approved 911 plan operate their own 911 system. Some counties have intercounty agreements which coordinate 911 calls in those areas where a telephone exchange crosses over county boundaries. The 911 service in Washington County is operated by a consortium of municipal governments (Council of Governments) rather than the county. Northampton County has developed a contract with a private vendor to operate 911 service. Lawrence County owns the 911 equipment and facility, but contracts to a private vendor to operate the system.

Three counties have approved plans and are collecting fees but have not yet implemented their 911 systems:²

- Northampton County had expected to bring its system on line in May 1997, but had to delay the start by two weeks. The 911 system operates under the CLEAN Communications System, which is not allowed to be operated by a non-government agency. Since Northampton County is contracting with a private vendor, this must be resolved before they can implement their plan.
- Cameron County has 911 service for a portion of the county and expects to have its system on line for the entire county by the end of June 1997.
- Allegheny County has had an approved plan since January 1995 and is therefore nearing the three-year limit for collecting fees without implementing the system.³ As of April 1997, Allegheny County had collected \$8,641,000 in subscriber fees and had expended \$739,053, primarily on database development and consolidation. Due to changes in personnel, Allegheny County did not have a 911 Coordinator until fall of 1996.

County 911 Fiscal Information

In 1996 over \$86.7 million in 911 surcharges were collected from telephone subscribers in Pennsylvania. After deducting administrative charges retained by

² According to PUC and PEMA officials, some counties with approved plans offer 911 services in only limited areas of their counties.

³ If a county has not implemented its plan within 3 years from the imposition of the fee, the 911 funds must be transferred to the county's general fund.

the telephone companies, Pennsylvania counties received over \$85.4 million to develop and support 911 service throughout the state. Philadelphia received the largest amount at \$10.2 million while Cameron County received only \$9,700. Appendix F presents revenue information for all counties.

County 911 expenditures vary significantly from county to county. Estimated annual expenditures as reported in county 911 plans range from \$13.6 million in Philadelphia to just under \$200,000 in the City of Dubois. Based on information gathered from several sources, actual county 911 expenditures ranged from \$22,000 to \$7 million annually. (See Table 3.)

Eight counties and one city had actual 911 system expenditures greater than what was estimated in their plans. For example, Adams County had expenditures of \$1.3 million, which was 78 percent more than their planned expenditures of \$712,500. However, 32 counties and two cities had actual 911 system expenditures less than what was planned. Of this group, Luzerne County spent only \$92,700 when their plan called for an expenditure of \$3.3 million. Several other counties, including Tioga, Northampton, and Clearfield had similar deviations from planned expenditures. See Table 3 for further information on expenditure deviation from 911 planned expenditures.

Table 3

Actual Expenditures as a Percentage of Planned Expenditures

<u>County</u>	<u>Plan Adopted</u>	<u>Planned Annual Costs</u>	<u>Actual Annual Costs</u>	<u>% Deviation From Plan</u>
Adams	Jan-92	\$ 712,581	\$ 1,267,214	77.8%
Allegheny	Jan-95	4,864,492	--	NA
Armstrong	Oct-92	964,647	966,277	0.2
Beaver	Oct-92	1,184,650	1,089,739	(8.0)
Bedford	Jul-93	811,581	521,351	(35.8)
Berks	Jun-92	1,950,029	1,009,895	(48.2)
Blair	Sep-93	1,868,383	1,101,624	(41.0)
Bradford	Apr-95	560,183	--	NA
Bucks	Apr-92	2,128,585	--	NA
Butler	May-92	1,355,131	1,536,024	13.3
Cambria	Apr-92	2,000,344	2,062,727	3.1
Cameron	Mar-96	97,212	--	NA
Carbon	Feb-93	838,925	556,511	(33.7)
Centre	Feb-93	1,646,270	1,351,375	(17.9)
Chester	Aug-94	7,883,964	5,641,250	(28.4)
Clarion	Jun-94	834,618	--	NA
Clearfield	Nov-93	1,061,615	100,402	(90.5)
Clinton	Jan-93	562,277	381,265	(32.2)
Columbia	Sep-93	955,432	--	NA
Crawford	Dec-92	858,605	472,860	(44.9)
Cumberland	Dec-92	2,568,737	1,644,561	(36.0)
Dauphin	Oct-92	3,543,092	2,921,988	(17.5)
Delaware	Mar-93	6,110,488	4,788,366	(21.6)
Elk	Feb-94	773,470	80,360	(89.6)
Erie	Mar-92	2,269,381	1,056,486	(53.4)
Fayette	Sep-93	1,749,653	828,675	(52.6)
Franklin	Mar-92	842,187	773,780	(8.1)
Greene	Feb-94	435,703	278,885	(36.0)
Indiana	May-92	959,740	719,964	(25.0)
Jefferson	Mar-93	775,726	989,399	27.5
Lackawanna	Feb-95	3,070,513	2,159,006	(29.7)
Lancaster	Apr-94	7,156,518	--	NA
Lawrence	Aug-96	974,052	--	NA
Lebanon	Apr-93	1,562,099	--	NA
Lehigh	Jan-93	1,428,324	--	NA
Luzerne	Apr-95	3,344,030	92,746	(97.2)
Lycoming/Sullivan	Oct-92	1,280,861	968,210	(24.4)
McKean	Jul-93	516,855	157,441	(69.5)
Mercer	Jul-93	1,381,526	1,043,912	(24.4)
Mifflin	Oct-91	625,391	--	NA
Montgomery	Dec-92	3,614,709	5,533,979	53.1
Montour	Jun-94	302,995	--	NA
Northampton	Mar-96	8,814,600	243,000	(97.2)%
Northumberland	Jun-94	1,495,217	1,010,808	(32.4)
Perry	Sep-93	222,312	--	NA
Pike	Mar-95	815,157	--	NA
Potter	Oct-93	265,262	--	NA
Schuylkill	Mar-93	2,031,712	--	NA
Somerset	Feb-92	636,544	783,848	23.1
Susquehanna	Jan-94	647,102	424,865	(34.3)
Tioga	Oct-92	379,429	22,000	(94.2)
Union	Sep-93	613,107	136,256	(77.8)
Venango ^a	Oct-93	769,794	2,116,900	NA
Washington	Oct-92	1,891,358	2,359,095	24.7
Wayne	Sep-93	922,887	738,854	(19.9)
Westmoreland	May-92	3,291,555	3,761,142	14.3
Wyoming	Feb-93	303,427	--	NA
York	Feb-93	3,943,856	3,667,502	(7.0)
City of Allentown	Apr-92	1,603,352	893,994	(44.2)
City of Bethlehem	May-92	681,881	--	NA
City of Dubois	Apr-94	198,992	91,663	(53.9)
City of Philadelphia ^b	Oct-92	13,588,772	24,451,265	NA
City of Pittsburgh	Jun-92	11,186,984	NA	NA

^aExpenditures shown are for a three-year period; annual expenditures not available. ^bPhiladelphia's original plan showed \$24,435,336 annual expenditures; the plan was adjusted by the PUC to \$13.6 million. Expenditures shown are for a 3.5-year period; annual expenditures not available. Source: Developed by LB&FC staff from county 911 plan information and other fiscal information.

V. Appendices

APPENDIX A

Audit Report
Public Safety Emergency Telephone Act
(Act 78 of 1990, P.L. 340, No.78)
ABC County 911 Fund
ABC County, Pennsylvania
January 1, 1995 - December 31, 1995

We have examined the revenues collected and expenditures made by virtue of the Public Safety Emergency Telephone Act of 1990 (the Act), and have filed the following report. Our examination was made in accordance with generally accepted government auditing standards and includes all applicable revenues and expenditures for the period January 1, 1995 through December 31, 1995.

A reimbursement of \$2,000.00 was made to ABC County for lease of a pager used by the dispatch supervisor. Although a justifiable expense, it is an ineligible cost as stated in the Act. Therefore, ABC County will reimburse the 911 Fund for the lease (\$2,000.00) as soon as possible.

Based on our examination, we believe all other expenditures were made in compliance with conditions stated in the above Act.

ABC Auditors

Jane Doe

Mary Smith

John Doe

(Date)

DRAFT

APPENDIX A (Continued)

ABC COUNTY 911 FUND
PUBLIC SAFETY EMERGENCY TELEPHONE ACT
(Act 78 OF 1990, P.L. 340, No. 78)

FOR THE PERIOD JANUARY 1, 1995 - DECEMBER 31, 1995

BEGINNING BALANCE, JANUARY 1, 1995 \$846,623.00

RECEIPTS

Telephone Fees - \$2,200,500.00
(net of phone co. coll. charges)
Interest - 12,000.00
Interest - CD's 24,000.00
Miscellaneous Receipts 5.00

TOTAL RECEIPTS \$2,236,505.00

TOTAL BEGINNING BALANCE AND RECEIPTS 3,083,128.00

ALLOWABLE EXPENDITURES

Staff Salary Reimbursement \$335,030.00
Fringe/Benefit Reimbursement 67,203.00
Telephone and Line Charges 205,501.00
Leased Equipment 98,300.00
Capital Outlay 158,671.00
Contracted Maintenance 55,313.00
Professional Services 388,327.00
Labor Negotiator 736.00
Insurance 11,150.00
Materials and Supplies 6,206.00
Supervisory Communications 1,170.00
Miscellaneous 5,889.00
ABC Co. Administration Allowance 22,415.00
Refund of Prior Year Expenditures 112,269.00

TOTAL ALLOWABLE EXPENDITURES \$1,468,180.00

ENDING BALANCE TWELVE MONTHS
ENDED DECEMBER 31, 1995 \$1,614,948.00

(Date)

DRAFT

APPENDIX A (Continued)

ABC COUNTY
NOTES TO 911 FUND
YEAR ENDED DECEMBER 31, 1995

1) **Limitation on Recovery of Certain Recurring Costs**

Section 36a.106. of Act 78 of 1990 provides for the 911 contribution rate to be used for specified recurring and nonrecurring costs associated with implementing, expanding, upgrading and operating a 911 emergency communications system. The Act limits recovery of certain recurring costs as follows.

Section 36a.106.(2)(ii) - Telephone company administrative costs for billing and collection of the contribution rate are limited to a maximum of 2% of the contribution rate monies collected. During 1995, such costs totaled \$xxx.xx or x.x% of the contribution rate monies collected.

Section 36a.106.(2)(iii) - County costs for the administration of the contribution rate are limited to a maximum of 1% of the gross receipts collected. During 1995, such costs totaled \$xx.xx or x.x% of the gross receipts collected.

Section 36a.106.(2)(vii) - Personnel salary and benefit costs directly related to the provision of 911 services are subject to a maximum of 60% of the contribution rate revenue. During 1995, such costs totaled \$xxxxx.xx or xx.x% of the contribution rate revenue.

2) **Miscellaneous 911 Information**

- Contribution Rate \$x.xx/line/month
- Date System Began Operations _____
- or • Anticipated Startup Date _____
- Amount of Any Monies Transferred _____
In or (Out) of the 911 Fund \$ _____

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APPENDIX B

Summary of Department of Public Welfare Single Audit Supplement

The DPW Single Audit Supplement, Manual M7090, is designed to fill four basic needs: it details DPW financial and compliance requirements, it recites DPW audit requirements, it serves as a vehicle for passing compliance requirements to lower tier agencies, and it provides additional guidance to be used in conjunction with specific auditing directives.

For each program, such as County MH/MR Programs, the Single Audit Supplement sets forth program objectives and procedures, compliance requirements and suggested audit procedures, applicable regulations and procedures, and supplemental financial information such as formats of financial schedules. For example, under the County MH/MR Programs, the Single Audit Supplement enumerates county compliance requirements and suggested audit procedures, such as the following:

Compliance Requirement

The Department will participate only in costs incurred by counties for the commitment of individuals under the Mental Health Procedures Act of 1976 as defined in Mental Health Bulletin No. 0143-81-01.

Allowable costs include, but are not limited to: mental health review officer time and related costs, attorney for the county mental health and mental retardation program or facility and cost of client transportation to and from the hearing.

Unallowable costs include: court costs or fees, court clerical costs, transcription costs, client's attorney, court report, and attorney for the petitioner when the petitioner is not the county administrator. (Section 4300.63, Chapter 4300)

Suggested Audit Procedures (for the County)

Review selected expenditures and related source documentation to ensure that costs incurred for the commitment of individuals are allowable.

The Single Audit Supplement then sets forth four financial schedules which must be submitted by the counties detailing their MH/MR services with reports of their income and expenditures. The Supplement also provides a form of independent accountant's report regarding the accountant's application of the agreed upon procedures.

APPENDIX C

Available 911 Fiscal/Audit Information, by Source

	Budget Office County <u>Audits/Reports</u>	DCED County 1996 <u>Audits/Reports</u>	911 <u>Audits/Reports</u>
Adams.....	1994	1996	NA ^a
Allegheny.....	b	--	NA
Armstrong.....	--	1996	NA
Beaver.....	1995	1996	1995
Bedford.....	1995	NA	NA
Berks.....	1994	NA	1994
Blair.....	1995	1996	NA
Bradford.....	--	--	NA
Bucks.....	--	NA	--
Butler.....	1995	1996	1995
Cambria.....	1995	1996	1993
Cameron.....	--	--	NA
Carbon.....	--	1996	NA
Centre.....	1995	NA	1994
Chester.....	1995	1996	NA
Clarion.....	--	NA	NA
Clearfield.....	1994	--	NA
Clinton.....	1995	NA	1993
Columbia.....	--	NA	NA
Crawford.....	1995	NA	1995
Cumberland.....	1994	NA	NA
Dauphin.....	1995	1996	NA
Delaware.....	1995	NA	NA
Elk.....	1995	NA	NA
Erie.....	1994	NA	1993
Fayette.....	--	1996	1996
Forest ^c	--	NA	NA
Franklin.....	1995	NA	1994
Fulton ^c	--	--	NA
Greene.....	1994	--	NA
Huntingdon ^c	--	NA	NA
Indiana.....	1995	NA	1993
Jefferson.....	1995	NA	NA
Juniata ^c	--	--	NA
Lackawanna.....	--	1996	NA
Lancaster.....	--	--	NA
Lawrence.....	--	NA	NA
Lebanon.....	--	--	NA
Lehigh.....	--	NA	NA
Luzerne.....	--	1996	NA
Lycoming.....	1995	1996	1995
McKean.....	1995	NA	NA
Mercer.....	1995	1996	NA

APPENDIX C (Continued)

	Budget Office County <u>Audits/Reports</u>	DCED County 1996 <u>Audits/Reports</u>	911 <u>Audits/Reports</u>
Mifflin	1995	NA	NA
Monroe ^c	--	--	NA
Montgomery	1995	1996	1995
Montour	--	NA	NA
Northampton.....	1995	NA	NA
Northumberland	1995	1996	NA
Perry	--	NA	NA
Pike	--	NA	NA
Potter	--	--	NA
Schuylkill.....	1995	--	NA
Snyder	1995	1996	NA
Somerset.....	--	NA	1996
Sullivan	--	--	NA
Susquehanna.....	1995	NA	NA
Tioga	1995	NA	--
Union	1994	NA	NA
Venango.....	--	NA	Thru 7/96
Warren ^c	--	NA	NA
Washington	1995	1996	1994
Wayne	--	NA	1996
Westmoreland	1994	1996	NA
Wyoming.....	--	NA	NA
York	1995	1996	1994
City of Allentown	--		1994
City of Bethlehem	--		NA
City of Dubois.....	1995		NA
City of Philadelphia	--		Thru 6/96
City of Pittsburgh	--		NA

^aNo audits/report on file.

^bAudits/report in file but no separate 911 information.

^cNo 911 Plan.

Source: LB&FC staff compiled fiscal information about city/county 911 systems from these sources. The fiscal information was most frequently presented as part of county single audits (submitted to the Budget Office), county controller audits and other reports (submitted to the Department of Community and Economic Development), or audits submitted as part of Act 1990-78's audit requirement. Please note that in some cases the fiscal information was developed from unaudited financial statements.

APPENDIX D

911 Coordinators' Conference

Rank Ordered Issues and Recommendations for 911 System

1. Wireless contribution rate will be collected and will be remitted to the county/city in the same manner as the wireline funds and at the same rate.
2. Provide 9-1-1 service to wireless communications and ACEC subscribers.
3. Create a dedicated staff position(s) within the Pennsylvania Emergency Management Agency.
4. Require every local municipality to notify the 9-1-1 system of their preferred emergency response agencies annually by ordinance or resolution of the local governing body.
5. Exempt all audio recordings and related records of 9-1-1 calls from the "Right to Know" Law and any other open records law. Recording would only be released for criminal prosecution, order of the Court, or written release by the agency and calling party. Recordings would be a recoverable expense.
6. Require PEMA in cooperation with the 9-1-1 Advisory Board to develop ALI Data Base maintenance standards.
7. Salary and benefits of the Telecommunicators would be capped at 60 percent. Administrative and Support personnel would be eligible for 100 percent funding, including, but not limited to, QA and MSAG personnel.
8. Establish a 9-1-1 Advisory Council to work with the legislature and PEMA in coordinating and facilitating the implementation and operation of 9-1-1 emergency communications systems throughout the state. The advisory council will be appointed by the Governor of the Commonwealth of Pennsylvania and will serve a two-year term. This advisory council will consist of 15 members.

APPENDIX E

Responsibilities Under Act 1990-78 and Associated Regulations

County

A. Plan

1. Develops plan outlining proposed 911 systems.
2. Designates 911 contact person.
3. Drafts plan.
4. Provides residents with published notice and receives public comment.
5. Forwards plan to PEMA.

B. Contribution Rate

1. Proposes contribution rate to PEMA.
2. Officially enacts approved contribution rate.
3. Treasurer must deposit collected fee into restricted account.

Public Utility Commission

A. Rules and Regulations

1. Cooperates with PEMA in prescribing forms and promulgating guidelines, rules, and regulations.
2. Determines eligible costs along with PEMA.

B. Contribution Rate

1. Reviews proposed contribution rate (60 days from day received from PEMA--inaction results in deemed approval).
2. Makes recommendations to PEMA for approval or denial of the county plan regarding subscriber rates in the plan.
3. Modifies contribution rates which it finds excessive to meet costs stated in plan.
4. Approves contribution rate changes.

C. Triennial Audit

1. Reviews and comments on the county audits regarding contribution rates.

Pennsylvania Emergency Management Agency

A. Rules and Regulations

1. Determines "other" eligible expenses.
2. Adopts rules, regulations, and guidelines, including guidelines and application procedures for contribution rates.

APPENDIX E (Continued)

PEMA Rules and Regulations (Continued)

3. Adopts procedures to assure that total amount collected from contribution rate is properly expended.
4. Prescribes application and plan forms.
5. Provides form for annual county report.

B. Plan

1. Reviews plan for completeness.
2. Contacts 911 coordinator, if deficiencies initially found in plan.
3. Forwards copy of proposed plan to Council and Commission.
4. Approves all surcharge fees.
5. Approves plan following receipt of recommendations from PUC and Council.
6. Returns rejected plans to county with explanation of deficiencies.

C. Triennial Audits and Reports

1. Receives triennial audits from counties.
2. Provides copy of triennial audits to Commission.
3. Receives annual county reports.
4. Submits annual report to Governor and General Assembly.

Telephone Company

1. Provides 911 service by arrangement with county through 911 coordinator.
2. Collects approved contribution rate.
3. Identifies charge separately to customer as part of monthly bill.
4. Retains fair and reasonable cost to establish 911 billing system.
5. Retains up to 2 percent of gross receipts to cover administrative costs.
6. Remits to appropriate county quarterly the entire contribution rate and accrued interest less actual uncollectible and administrative fee.
7. Establishes a billing system to account for levying, collection, and disbursement of contribution rate.
8. Determines cost of establishing billing system.
9. Provides cost information to county along with supporting justification.
10. Annually provides list of names and addresses of users with unpaid balances.
11. Provides customer telephone numbers, names, and service addresses to 911 system.
12. May not disconnect service for nonpayment of contribution rate.
13. In county/city multiple plans, segregates and identifies separate fee collections and interest.

Source: 35 P.S. §§7011-7021; 16 Pa. Code §§36a.101-36a.112.

APPENDIX F

911 Surcharge Revenue Collected By Pennsylvania LECs For Calendar Year 1996

County/City Name	Average Monthly # of A.L. Billed 911 Surcharge in 1996	Total 911 Surcharge Revenue Collected in 1996	Total 911 Surcharge Revenue Retained By LEC	Total 911 Surcharge Remitted to Counties By LEC
(a)	(b)	(c)	(d)	(e)=(c)-(d)
Adams	41,076	\$733,357	\$12,099	\$721,258
Allegheny	603,910	\$5,269,211	\$80,981	\$5,188,231
Armstrong	35,704	\$636,488	\$12,856	\$623,631
Beaver	97,376	\$1,154,552	\$17,481	\$1,137,071
Bedford	24,799	\$443,950	\$7,260	\$436,691
Berks	203,546	\$2,282,807	\$29,431	\$2,253,377
Blair	72,867	\$1,074,609	\$16,272	\$1,058,336
Bradford	23,991	\$428,478	\$7,544	\$420,934
Bucks	362,020	\$2,651,366	\$39,934	\$2,611,432
Butler	85,559	\$1,022,485	\$18,004	\$1,004,481
Cambria	83,463	\$1,213,369	\$22,417	\$1,190,952
Cameron	600	\$9,921	\$198	\$9,723
Carbon	35,874	\$632,586	\$10,577	\$622,009
Centre	87,504	\$1,068,053	\$16,244	\$1,051,809
Chester	280,344	\$4,077,060	\$60,950	\$4,016,110
Clarion	24,027	\$412,881	\$7,014	\$405,867
Clearfield	37,577	\$664,387	\$10,292	\$654,094
Clinton	21,484	\$360,344	\$5,752	\$354,592
Columbia	35,621	\$627,562	\$9,734	\$617,828
Crawford	43,255	\$776,042	\$15,521	\$760,522
Cumberland	130,554	\$1,868,303	\$28,799	\$1,839,504
Dauphin	195,905	\$2,716,426	\$42,651	\$2,673,774
Delaware	331,404	\$3,886,348	\$58,295	\$3,828,053
Elk	18,260	\$336,980	\$6,717	\$330,263
Erie	150,009	\$1,676,620	\$15,880	\$1,660,740
Fayette	75,323	\$1,109,216	\$16,871	\$1,092,345
Forest	No 911 Plan Approved			
Franklin	64,032	\$947,901	\$15,332	\$932,569
Fulton	No 911 Plan Approved			
Greene	19,116	\$339,546	\$6,781	\$332,765
Huntingdon	No 911 Plan Approved			
Indiana	49,933	\$680,460	\$10,363	\$670,097
Jefferson	24,191	\$432,033	\$7,463	\$424,570
Juniata	No 911 Plan Approved			
Lackawanna	132,955	\$1,925,092	\$30,288	\$1,894,803
Lancaster	241,053	\$3,604,206	\$61,314	\$3,542,892
Lawrence	9,005	\$113,503	\$1,707	\$111,796
Lebanon	61,154	\$905,689	\$14,715	\$890,974
Lehigh	110,829	\$1,604,439	\$30,715	\$1,573,725

APPENDIX F (Continued)

911 Surcharge Revenue Collected
By Pennsylvania LECs For Calendar Year 1996

County/City Name	Average Monthly # of A.L. Billed 911 Surcharge in 1996	Total 911 Surcharge Revenue Collected in 1996	Total 911 Surcharge Revenue Retained By LEC	Total 911 Surcharge Remitted to Counties By LEC
(a)	(b)	(c)	(d)	(e)=(c)-(d)
Luzerne	181,234	\$2,625,487	\$41,888	\$2,583,599
Lycoming	63,974	\$975,909	\$15,866	\$960,042
McKean	25,401	\$450,897	\$6,837	\$444,060
Mercer	74,443	\$951,199	\$15,130	\$936,070
Mifflin	21,293	\$416,740	\$6,359	\$410,381
Monroe	No 911 Plan Approved			
Montgomery	533,840	\$4,269,896	\$63,291	\$4,206,604
Montour	10,042	\$176,302	\$2,649	\$173,654
Northampton	None Billed For 1996			
Northumberland	42,063	\$664,425	\$10,611	\$653,814
Perry	19,246	\$245,567	\$3,977	\$241,590
Philadelphia	1,067,009	\$10,359,176	\$155,388	\$10,203,788
Pike	25,638	\$541,927	\$9,773	\$532,154
Potter	10,465	\$188,399	\$3,045	\$185,354
Schuylkill	77,572	\$1,168,794	\$18,761	\$1,150,033
Snyder	No 911 Plan Approved			
Somerset	41,871	\$765,027	\$14,753	\$750,274
Sullivan	4,865	\$72,560	\$1,451	\$71,109
Susquehanna	22,051	\$393,090	\$7,862	\$385,228
Tioga	21,938	\$350,402	\$7,481	\$342,921
Union	24,192	\$361,051	\$6,788	\$354,263
Venango	31,088	\$503,782	\$10,645	\$493,137
Warren	No 911 Plan Approved			
Washington	114,537	\$1,692,511	\$24,556	\$1,667,956
Wayne	36,548	\$652,282	\$10,621	\$641,661
Westmoreland	213,464	\$3,123,732	\$50,201	\$3,073,531
Wyoming	15,621	\$279,158	\$5,583	\$273,575
York	197,331	\$2,848,707	\$55,522	\$2,793,185
Allentown City	67,703	\$942,506	\$14,138	\$928,368
Bethlehem City	42,984	\$594,906	\$8,924	\$585,982
Pittsburgh City	348,264	\$3,352,887	\$54,178	\$3,298,709
DuBois City	6,114	\$91,213	\$1,368	\$89,845
TOTAL	7,155,111	\$86,744,800	\$1,376,096	\$85,368,704

Prepared By:

Pennsylvania Public Utility Commission
Bureau of Fixed Utility Services
Telecom. Group
717/783-3930

APPENDIX G

Responses to This Report



PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY
BOX 3321
HARRISBURG, PENNSYLVANIA 17105-3321



June 25, 1997

Mr. Robert C. Frymoyer
Assistant Chief Analyst
Legislative Budget & Finance Committee
Room 400 Finance Building
Harrisburg, PA 17105-8737

Dear Mr. Frymoyer:

The following comments are offered on your June 1997 review of county 911 expenditures.

This Agency concurs with your recommendations as they pertain to your study and report. We do, however, have some concerns as they pertain to pending 911 legislation as addressed on page 33 of the report. We feel that it would be most appropriate to address our concerns regarding these proposed legislative changes when public hearings are held in July rather than through this letter of transmittal.

I thank you and your staff for your concerns and considerations relating to this matter. It has truly been a most pleasant experience.

Best regards,

Carl C. Kuehn, II
Deputy Director

CCK:djz (Tel: 717-651-2008)



PENNSYLVANIA PUBLIC UTILITY COMMISSION

P.O. BOX 3265

HARRISBURG, PENNSYLVANIA 17105-3265

June 25, 1997

OFFICE OF
EXECUTIVE DIRECTOR

Mr. Philip R. Durgin
Executive Director
Legislative Budget and Finance Committee
Finance Building - Room 400
Harrisburg, PA 17105-8737

Dear Mr. Durgin:

By transmittal letter dated June 11, 1997, to Chairman John M. Quain, the Legislative Budget and Finance Committee (LB&FC) released a draft report entitled "A Review of County 911 Expenditures" for our review and comment. This letter is in response to your requests.

Finding A states that, "Most Counties Are Not Complying With the 911 Audit Requirements, Due in Part to Lack of State Oversight and Guidance". There were four recommendations associated with Finding A. The first recommendation urges PEMA, with input from the PUC, to develop an audit guide to provide direction to counties and municipalities on fulfilling the 911 audit requirement. The second recommendation requires that once the audit guide is developed, counties should consider building on the audit efforts of their Single Audits in carrying out the 911 audit requirement. The third recommendation would direct both PEMA and the PUC to further define their respective roles with regard to the 911 audits and efforts to monitor county revenues and expenditures. The final recommendation urges the General Assembly to amend Act 78 to change the due date of the mandated annual report to the Governor and General Assembly.

The PUC and PEMA have met on several occasions during the past year with regard to 911 Audit issues. As a result of those meetings, in October 1996, the PUC developed a proposed 911 audit report format. The purpose of our report format was to standardize the time frame, scope, objectives and statement report format for the 911 audits. We agree with the recommendation that an audit guide should be developed to provide direction to counties or municipalities on fulfilling the 911 audit requirement. We also believe it is important to note that Act 78, as currently written, requires that a triennial audit of each county's expenditures for the nonrecurring costs, maintenance and operation of 911 systems be submitted to PEMA. Therefore, the PUC believes that the recommendation to Finding A should be amended to change the requirement of a "triennial audit" to an "annual audit." We note that many counties are already including 911 audit information on an annual basis in their "single audit" in lieu of the required 911

triennial audit. Furthermore, in meetings between the PUC and PEMA, both agencies have agreed to require that the triennial audit be presented in such a manner which shows a breakdown by year for each of the years covered in the audit. The PUC believes that requiring the 911 audit on an annual basis would make it easier to track trends associated with 911 revenues and expenses, and the resulting 911 balance. In addition, an annual audit requirement would ensure that any problems associated with an audit be resolved in a more expedient manner than if the audits were received only once every three years.

Finding A's second recommendation would permit counties to build on the audit efforts of their county Single Audit in carrying out the 911 audit requirement. The purpose of this recommendation is, of course, to reduce the counties' burden and cost which would result from having to perform individual audits of multiple programs. The PUC strongly supports efforts to reduce costs and believes this recommendation will achieve such objectives. Since PEMA has indicated that it does not have an audit staff, the PUC's Bureau of Audits stands ready to work with PEMA in whatever capacity is needed to develop the recommended audit supplement.

The draft's third recommendation related to Finding A calls for the establishment of an informal interagency work group to help ensure that continued attention is given to resolving the issues identified in the report. Again, the PUC firmly agrees with this recommendation. Act 78 does not clearly define the roles of PEMA and the PUC with regard to the 911 audits and the monitoring of the counties' 911 revenues and expenditures. The PUC notes that it has met on numerous occasions in the past with PEMA and the 911 county coordinators when certain types of problems needed to be resolved. The PUC believes that the establishment of the suggested interagency work group will significantly improve the monitoring of 911 activity and is also willing to assist in this effort. At the same time, we are of the opinion that while a continuing dialogue among the various parties is of great importance, it is not clear how much latitude is available to PEMA and/or the PUC in resolving certain issues that may arise absent express legislative authority and enforcement power.

The final recommendation of Finding A requests the General Assembly to amend Act 78 to change the due date of the mandated annual report to no later than March 1. We believe that the annual report referenced in this recommendation concerns the primarily non-financial data specified by Act 78's Section 3(5), as opposed to the financial audit report addressed in Finding A's first three recommendations. While we have never seen a Section 3(5) annual report, it only makes sense to us that the due date be changed from January 1 to no later than each March 1. As indicated in the recommendation, this date change would provide the counties

with the time necessary to report actual rather than estimated date. This, of course, would result in a more accurate and meaningful report.

Finding B states that "Some Counties Have Significant 911 Balances". There was only one recommendation associated with Finding B. This recommendation advises that the General Assembly to amend Act 78 to require periodic reviews of county 911 plans, including a review of the county's contribution rate. The PUC supports this recommendation. We believe it is important to note that this issue has caused much confusion in the early years of implementing Act 78 since the PUC originally recommended approval of the 911 contribution rates for three year periods. However, the Department of Community Affairs, upon advice of its counsel, subsequently determined that the contribution rate shall remain at the approved rate, regardless of the number of years that have passed since the rate was originally approved, until such time that a county either files a revised plan, or files for a 911 contribution decrease or increase. In addition, as stated in the draft report, the PUC recently entered an Order in March of this year stating that there is no automatic expiration of the plans or contribution rate after three years. We believe this recommendation will make it easier to interpret the Act and ensure that unjustified surpluses will not result.

Finding C states that "911 Audit Results Are Not Linked to County Contribution Rates". The draft report recommends that Act 78 be amended to explicitly require counties to periodically submit revised 911 plans for PEMA's and the PUC's review and approval. We believe that the coordination of Finding C's recommendation in conjunction with the recommendation to Finding B, would result in an orderly process in reviewing 911 plans and revising county 911 contribution rates as necessary.

Finally, Finding D states that "Act 1990-78 Does Not Provide Enforcement Authority for Noncompliance With the Act". As such, the recommendation urges the General Assembly to consider amending Act 78 to grant PEMA enforcement authority for those provisions in the act for which it has oversight responsibility. The PUC also supports this recommendation and believes that this enforcement authority will ensure that any counties that do not abide by the rules will not be permitted to recover 911 costs via the contribution rate.

Before concluding, the PUC would like to address Part III of the draft report entitled "Telephone Industry Developments Affecting County 911 Systems, Services, and Costs". It is stated in this section of the report that "... the PUC presently has no legal or regulatory authority under Act 78 to require [CLECs] to assume the costs of establishing and maintaining the additional trunk lines...". The PUC is of the opinion that the focus here

should be on expressly including these costs as eligible expenses under Act 78, rather than having the CLECs assume the costs themselves. The PUC believes it would be anti-competitive if CLECs were mandated to assume the costs in connecting to the PSAP while the incumbent LECs would continue to be compensated for the services they provide to the counties. In addition, legal concerns would certainly arise if all of the telephone utilities were mandated to provide services without compensation.

In summary, we want to state that we fully agree with and support the proposed recommendations. In addition, we appreciate the opportunity to provide the above-stated comments with respect to the draft report. The PUC remains ready to work with all involved agencies in carrying out its mandated responsibilities in accordance with Act 78 of 1990. I hope these comments adequately address your request. If you have any questions with regard to these comments please feel free to contact either Bert Marinko (717/783-3930) or Jim Strausbaugh (717/787-4700).

Very truly yours,



John L. Dial
Executive Director

CC: Chairman Quain
Otto F. Hofmann, Deputy Executive Director, PUC
Joseph W. Farrell, Deputy Executive Director, PUC
Glenn Bartron, Director, Audits
Donald H. Muth, Director, FUS
Labros E. Pilalis, FUS
Bert Marinko, FUS
Jim Strausbaugh, FUS