

Letter No. 6-96



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GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

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STATE TREASURER

**NUMBERED LETTER 1996-06**  
**(Revised)**

**Issued By:** Community Engagement and Finance Division (CEFD)  
Bureau of Local Government and School Services

**Effective Date:** December 4, 1996 (Revised DRAFT DATE)

**1996-06** Accounting for Emergency Telephone  
Service ~~Enabling~~ Act Assets, Liabilities, Revenues and Expenditures  
pursuant to the 911 Service Plan

December 4, 1996

~~TO:~~ **Intended Audience:** County Clerks, Administrators, and Controllers;  
Township, Village, and City Clerks; Primary and Secondary  
Public Safety Answering Points

~~FROM:~~ Richard L. Baldermann, CPA  
Administrator  
Local Audit and Finance Division

~~RE:~~ Accounting for Emergency Telephone Service Enabling Act Assets, Liabilities,  
Revenues and Expenditures pursuant to the 911 Service Plan as adopted under  
PA 29 of 1994, as amended, (MCLA 484.1101-1707)

**Summary:** The board of commissioners of a county may establish or modify a telephone district within all or part of the county and may cause 911 service to be implemented within such telephone district pursuant to ~~this act (MCLA 484.1301(1))~~; Public Act 260 of 2012. The board of commissioners must first adopt, by resolution, a tentative 911 service plan.<sup>1</sup>

Each primary and secondary Public Safety Answering Point (PSAP) is required to pay directly for all installation and recurring ~~chargers~~ charges for terminal equipment, tie lines, and equipment located on the premise of the PSAP ~~(MCLA 484.1303 (3))~~.

If the board of commissioners of a county created multiple emergency telephone districts prior to March 2, 1994, the effective date of this subsection, the emergency

telephone districts created shall receive all operational funds collected by the service supplier of the district and operate the systems are provided by ~~this act (MCLA 484.1301(4))~~. Public Act 260 of 2012. The operational funds collected shall be distributed in proportion to the amount of access lines within the primary PSAPs ~~(MCLA 484.1401(10))~~ Section 401b (8).

The statute also addresses public hearing requirements and notification requirements to each public agency affected by the final 911 service plan. Additional requirements for public agencies excluded from the service plan are detailed in the statute.

For emergency telephone districts created after March 2, 1994, operational funds collected shall be distributed by the county or the counties to the primary PSAPs as provided in the final 911 service plan. If distribution is not provided for in the 911 service plan, then according to any agreement for distribution between the county and public agencies. If distribution is not provided in the 911 service plan or by agreement, then according to the distribution of access lines within the primary PSAPs ~~(MCLA 484.1401(9))~~. Section 401b (6).

Within 90 days after calendar year end, a service supplier must make an annual accounting of the total emergency telephone charges collected during the preceding calendar year. The statute provides for additional charges in the event of insufficient rates to cover installation costs and for adjusted rates should collections exceed costs.

Further, MCLA 484.1406 states:

~~(1) Operational charge funds collected and expended pursuant to this act shall be used exclusively for the operation of the 911 system.~~

~~(2) Each primary and secondary PSAP shall assure that fund accounting, auditing, monitoring, and evaluation procedures are provided. The accounting procedures shall provide for accurate and timely recording of receipt and disbursement of funds by source.~~

~~(3) An annual audit shall be conducted by an independent auditor using generally accepted accounting principles and copies of the annual audit shall be made available for public inspection.~~

~~(4) An increase in 911 funds shall not be authorized or expended for the next fiscal year unless an annual audit has been performed for the previous fiscal year and expenditures are in compliance with this act.~~

~~(5) The recurring emergency telephone operating charges authorized under MCLA 484.1401 shall not be expended if an audit has not been performed as required by this section within 120 days of the end of the fiscal year.~~

~~Section 501 of the statute details requirements necessary for a public safety agency joining the 911 system after commencement of operation of the system. Costs associated with system modification or equipment installation to add this new public safety agency to function as secondary PSAP must be collected from the public safety agency and **not** from service users in the 911 service district.~~

## **Audits**

~~An annual audit is required. The audit is to be performed in accordance with generally accepted auditing standards and the financial statements are to be in accordance with generally accepted accounting principles. The audit of the 911 Fund may be in conjunction with the all funds audit of the county or local unit and compliance with the provisions of PA 2 of 1968, as amended, is required. The requirements of the Bulletin for Audit of Local Units of Government must be adhered to in the performance of the audit. One copy of the audit is to be filed with the Michigan Department of Treasury, Local Audit and Finance Division in accordance with the provisions of PA 2 of 1968, as amended.~~

## **Accounting**

### ~~All~~

~~operational funds collected by the county from the service supplier shall be deposited in a special revenue fund. Expenditures directly related to furnish the 911 service, in accordance with PA 29 of 1994 and the 911 service plan, shall be paid from this fund.~~

The fund would be credited with revenue from 911 operational funds and debited for distributions.

The following are the required fund and account numbers to be used in accordance with the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan.

**Accounting:**

Special Revenue Fund

911 Service Fund-261 (the attached summary is to be inserted in your Chart of Accounts notebook).

Activities

Activities 346-350 -- Various Public Safety Activities (assign as needed).

Accounts

Detailed asset, liability, revenue and expenditure accounts as needed and provided for in the Uniform Chart of Accounts.

Detailed fixed capital asset and long-term debt accounts as needed and provided for in the Uniform Chart of Accounts.

If you need further assistance, please contact (517) ~~373-3227~~335-7469 or write our office:

Michigan Department of Treasury

Local Audit Community Engagement and Finance Division

P.O. Box 30728

Lansing, MI 48909-8228

**261.911 SERVICE FUND**

**PURPOSE** -- This fund is used to account for earmarked revenue for 911 service under the provisions of Public Act 29 of 1994, being Section 484.1101 to 484.1707 of the Compiled Laws of 1994, as amended.

**CHARACTER** -- This fund is classified as special revenue because of the limited usage (for 911 service) of its assets.

**DISTINGUISHING FEATURES** -- This fund may be found in any county or local unit having budgetary authority over an agency which provides 911 services.

**ESTABLISHMENT AND AUTHORIZATION** -- This fund may be established by resolution of the governing body of the county, city, village, or township. It accounts for the assets, liabilities, revenues, and expenditures authorized by the 911 service plan adopted pursuant to Public Act 29 of 1994, being Section 484.1101 to 484.1707 of the Compiled Laws of 1994, as amended.

**OPERATION AND PRESENT USE** -- Money for the operation of this fund is provided by the service supplier. Expenditures made pursuant to this act are to be used exclusively for the operation of the 911 system. The legislative body of the unit is to approve all expenditures. This fund is mandatory if the unit is receiving funds under the 911 service plan.

This fund is subject to the budgetary requirements of Public Act 2 of 1968, as amended.

If you have any questions, please email our office at [TreasLocalGov@michigan.gov](mailto:TreasLocalGov@michigan.gov).

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<sup>i</sup> December 4, 1996 – Original letter

(Revised DRAFT DATE) – This numbered letter was updated with formatting changes, no major content edits.