



# **NORTH CAROLINA 911 BOARD MEETING**

**July 28, 2017**

**Buncombe Co. Emergency Training Center**

**#20 Canoe Lane,**

**Woodfin NC**

**10:00 AM – 12:00 PM**

# Call To Order

Eric Boyette

Roll Call

Richard Taylor



# Chairman's Opening Remarks

**Eric Boyette**

# Chairman's Opening Remarks

**Eric Boyette**

- ~ Introduction of New 911 Board Staff Member, Danette Jernigan

# Chairman's Opening Remarks

**Eric Boyette**

~ Recognition of Garrett Marshall,  
Tiffany Curtis and Atherton Jessup  
Of Stokes County Emergency  
Communications

## Top Busiest Hours

### Stokes County Emergency Communications

1012 Main Street

Danbury, 27016

County: Stokes

Month - Year:

May 2017

Agency Affiliation

Emergency Communications

Report Date: 07/27/2017 20:55:24

Report Date From: 05/23/2017

Report Date To: 05/23/2017

Period Group: Month

Time Group: 60 Minute

Time Block: 00:00 - 23:59

Call Type: 911 Calls

Abandoned Filters: Include Abandoned

Agency Affiliation: All

The report will show up to the selected number of time segments.

Call Hour	# Calls	Avg Duration (secs)
5/23/2017 20:00	6	162.00
5/23/2017 16:00	6	80.33
5/23/2017 18:00	4	129.75
5/23/2017 19:00	4	94.50
5/23/2017 22:00	3	181.33
5/23/2017 21:00	3	131.33
5/23/2017 15:00	3	93.33
5/23/2017 11:00	2	194.00
5/23/2017 23:00	2	187.50
5/23/2017 08:00	2	140.50
5/23/2017 07:00	2	108.00
5/23/2017 12:00	2	91.50
5/23/2017 05:00	2	64.00
5/23/2017 04:00	1	993.00
5/23/2017 06:00	1	281.00
5/23/2017 03:00	1	169.00
5/23/2017 17:00	1	131.00
5/23/2017 13:00	1	105.00
5/23/2017 01:00	1	32.00
5/23/2017 09:00	1	16.00
<b>Total Calls:</b>	<b>48</b>	
<b>Average Duration of Calls:</b>		<b>143.06</b>

## Top Busiest Hours

### Stokes County Emergency Communications

1012 Main Street

Danbury, 27016

County: Stokes

Month - Year:

May 2017

Agency Affiliation

Emergency Communications

Report Date: 07/27/2017 20:57:27

Report Date From: 05/24/2017

Report Date To: 05/24/2017

Period Group: Month

Time Group: 60 Minute

Time Block: 00:00 - 23:59

Call Type: 911 Calls

Abandoned Filters: Include Abandoned

Agency Affiliation: All

The report will show up to the selected number of time segments.

Call Hour	# Calls	Avg Duration (secs)
5/24/2017 17:00	45	57.58
5/24/2017 18:00	14	44.14
5/24/2017 10:00	10	108.20
5/24/2017 19:00	5	86.60
5/24/2017 16:00	5	65.60
5/24/2017 12:00	4	251.25
5/24/2017 22:00	4	221.25
5/24/2017 20:00	4	163.50
5/24/2017 08:00	4	149.50
5/24/2017 14:00	4	92.25
5/24/2017 04:00	4	57.75
5/24/2017 21:00	3	109.33
5/24/2017 23:00	3	85.33
5/24/2017 11:00	2	207.50
5/24/2017 06:00	2	92.50
5/24/2017 00:00	1	205.00
5/24/2017 15:00	1	63.00
5/24/2017 05:00	1	49.00
5/24/2017 09:00	1	7.00
Total Calls:		117
Average Duration of Calls:		88.05

Only 19 segments are available for the report.

## 911 Count

Total 911 Count 117

911 Calls Answered 114

Abandoned 911 Calls 3

Average Duration 88 seconds

Answered within 10 seconds 95%

Answered within 15 seconds 99%

Answered within 20 seconds 100%

Answered within 40 seconds 100%

Answered within 60 seconds 100%

Answered within 120 seconds 100%

Answered over 120 Seconds 0%

## 10 Digit Emergency and Admin Call Count

Total 10 Digit and Administrative Count 205

10 Digit and Administrative Calls Answered 202

Abandoned 10 Digit and Administrative Calls 3

Garrett Marshall, Tiffany Curtis and  
Atherton Jessup  
of

Stokes County Emergency Communications  
For Outstanding Teamwork, Professionalism and  
Commitment to Public Safety Demonstrated By You  
May 24, 2017

Thank You for Striving to Make North Carolina's  
911 System Excellent  
July 28, 2017



Dinah L. Jeffries  
Director

Orange County  
Emergency Services

510 Meadowlands Drive  
Hillsborough, NC 27278  
919.245.6100

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July 26, 2017

Jeryl Anderson, NC APCO President  
510 Meadowlands Drive  
Hillsborough, North Carolina 27278

Richard Taylor, Executive Director  
NC 911 Board  
Department of Information Technology  
PO Box 17209  
Raleigh, NC 27619-7209

Dear Jeryl and Richard,

It is with regret that I am writing to inform you of my decision to resign my position on the NC 9-1-1 Board, effective immediately. My other commitments, both personal and professional, have become too great for me to be able to fulfill the requirements of my position on the Board, and I feel it is best for me to make room for someone with the time and energy to devote to the job. This was an extremely hard decision to make especially with my passion for the 9-1-1 community.

I've spoken with both of you and appreciate the thoughts and support being given during these challenging times. Richard, thank you most of all for the confidence and trust you bestowed upon me and encouraging me to serve on the Board. I thank both of you for the many years of friendship and I have no doubt you will always be in my corner.

It has been a pleasure and an honor being a part of the 9-1-1 Board and I am so proud of all we have accomplished in the past three years I have no doubt the board will continue these successes in the future.

If I can be of any assistance during the time it will take to fill the position, please don't hesitate to ask.

Best Regards,

A handwritten signature in black ink that reads "Dinah L. Jeffries". The signature is written in a cursive style with a large, stylized "D" and "J".

Dinah Jeffries



# Ethics Awareness/Conflict of Interest Statement

Eric Boyette

In accordance with G.S. 138A-15, It is the duty of every Board member to avoid both conflicts of interest and potential conflicts of interest.

Does any Board member have any known conflict of interest or potential conflict of interest with respect to any matters coming before the Board today?

If so, please identify the actual or potential conflict and refrain from any undue participation in the particular matter involved.

Consent Agenda *(vote required)*

Richard Taylor

(Complete Reports Located in Agenda Book On Web Site)

Consent Agenda *(vote required)*

Richard Taylor

(Complete Reports Located in Agenda Book On Web Site)

a) Minutes of June 23, 2017 Board Meeting

**North Carolina 911 Board Meeting**  
**MINUTES**  
**Banner Elk Room**  
**3514 Bush Street, Raleigh, NC**  
**June 23, 2017**  
**10:00 AM – 12:00 PM**

<b><u>Members Present</u></b>	<b><u>Staff Present</u></b>	<b><u>Guests</u></b>
David Bone (NCACC) Martin County	Richard Bradford (DOJ)	Ron Adams, Southern Software
Heather Campbell (CMRS) Sprint (WebEx and phone)	Tina Bone (DIT)	Nate Denny, DIT
Eric Cramer (LEC) Wilkes Communication (WebEx)	Ronnie Cashwell (DIT)	Linda Draughn-Woloski, Akimeka LLC
Andrew Grant (NCLM) Town of Cornelius (WebEx & phone)	Dave Corn (DIT)	Greg Ellenberg, AT&T
Len Hagaman (Sheriff) Watauga County	Marsha Tapler (DIT)	Macon Grissom, AT&T
Greg Hauser (NCSFA) Charlotte Fire Department	Richard Taylor (DIT)	Bill Holmes, DIT
Dinah Jeffries (NCAPCO) Orange Co Emergency Services (WebEx and phone)		Jeff Holshouser, Airbus
Jeff Ledford (NCACP) City of Shelby PD (WebEx and phone)		Amanda Honeycutt, High Point 911
John Moore (VoIP) Spectrum Communications		Adam Johnson, CCES
Niraj Patel (CMRS) Verizon (WebEx)		Matthew Key, Appalachian State Univ
Jeff Shipp (LEC) Star Telephone		Steve Lingerfelt, High Point 911
Jimmy Stewart (NCAREMS) Hoke Co 911		Jim Lockard, Federal Engineering
Donna Wright (NENA) Richmond Co Emergency Services		Jesus Lopez, DIT
		Tim Mitchell, CCES
		Brandon Steele, High Point 911
		Candy Strezinski, Iredell Co 911
		Nancy Williams, High Point 911
		Victor Williams, Beaufort Co Sheriff 911
<b><u>Members Absent</u></b>	<b><u>Staff Absent</u></b>	<b><u>WebEx Guests</u></b>
Secretary Eric Boyette (NC CIO) Board Chair		Amy Akin, New Hanover Co
Chuck Greene (LEC) AT&T		Jason Barbour, Johnston Co 911
Slayton Stewart (CMRS) Carolina West Wireless		David Boggs, Apex PD
		Cliff Brown, Federal Engineering
		Byron Burns, CRS
		Brian Drum, Catawba Co 911
		Mike Edge, Scotland Co 911

		Brad Fraser, Shelby PD
		Jon Greene, GeoComm
		Chris Knights, Motorola
		Melanie Neal, Guilford Metro 911
		Jean-Claude Rizk, AT&T
		Oscar Rouse, AT&T
		Wade Sanstra, Synergem
		Frank Thomason, Rowan Co EM
		Corrine Walser, MEDIC
		Bruce Williams, Wireless Comm

**Call to Order**—Vice Chair David Bone called the meeting to order at 10:02 and asked Executive Director Richard Taylor to call the roll

**Roll Call**—Mr. Taylor prefaced the roll-call by advising everyone that Chairman Boyette had intended to chair the meeting but had been called away for other duties literally this morning and sends his apologies. Mr. Taylor also related that audio problems with the WebEx interface had surfaced this morning which required both Board Members and guests participating through WebEx to use a phone-in audio bridge.

Mr. Taylor then called the roll of Board members he expected to attend using the phone bridge. Heather Campbell, Andrew Grant, and Dinah Jeffries all responded to the roll, but Niraj Patel did not. Mr. Taylor advised Chuck Greene had contacted him to say he was down with a bug, Jeff Ledford had let him know he would be joining late, and Slayton Stewart would not be attending. Lastly, he noted that Eric Cramer was expected to arrive later as well. He advised Vice Chair Bone that a quorum was present.

**1. Chairman's Opening Remarks**—Observing that there was a lot on the agenda today, Vice Chair Bone said that he would try to keep the meeting moving forward. He asked Mr. Taylor to share details of Josh Brown's resignation from the Board. Mr. Taylor replied Mr. Brown was transferred by CenturyLink to a position in Florida effective June 15, 2017. He added that Amy Ward has been designated to replace Mr. Brown upon her confirmation in the appointments bill, which will be one of the last bills of the session.

Vice Chair Bone turned next to a telecommunicator recognition for Amanda Honeycutt from the City of High Point 911 center, asking Mr. Taylor to provide background. Mr. Taylor related that the 911 call had been placed by Tiffany Barnes, a young mother who had just returned to her house from dropping her children off at school and heard someone breaking in. She immediately hid in a closet and called 911. Amanda Honeycutt took the call, and more importantly, immediately took control of the call as well. Ms. Barnes was able to verbally communicate what noises she was hearing, but had to go silent when she sensed someone in the room containing the closet she was in. Ms. Honeycutt continually monitored the line, advising Ms. Barnes to just touch a key on her phone if she felt she was in immediate danger while at the same time offering reassurance that help was already on the way, doing all she could to help Ms. Barnes remain calm.

Mr. Taylor shared a recording of the first two minutes or so of the eleven minute 911 call, then related that once help did arrive, the intruder was caught. He then invited Ms. Honeycutt and her supervisors to the podium, reiterating how impressed he was with how well she handled the call. He read the inscription on the recognition plaque, presenting it to her as the room erupted in a standing ovation. After the applause subsided, he asked if she would like to share any remarks, to which she replied, "Sure!"

She told of how she had wanted to be a dispatcher since she was seven years old, listening to her grandfather's scanner as fire trucks responded to calls. She said she loves her job, noting that she works with a great team and under great leadership and management who are all very supportive. Mr. Taylor asked how long she has been working as a telecommunicator; her response was thirteen years. He once again congratulated her, then

announced to the room that she had also been selected as the City of High Point's Telecommunicator of the Year and commended the City on the excellent training it had provided her.

Vice Chair Bone added his congratulations, observing it was great to hear that she wanted to become a telecommunicator from a young age and expressed the hope that there are others like her out there who will follow in her path.

**2. Ethics Awareness/Conflict of Interest Statement**—Vice Chair Bone read the conflict of interest statement on the agenda and asked if any Board members felt they had any conflicts with items on the agenda. No one so indicated.

**3 Consent Agenda**—Vice Chair Bone told Mr. Taylor he had received several messages about folks online not receiving audio. Mr. Taylor acknowledged that, advising that the phone bridge telephone number is posted on the website for people to utilize instead.

Mr. Taylor reported he had received no requests for changes or additions to the draft minutes of the April 28<sup>th</sup> 911 Board meeting or May 31<sup>st</sup> 911 Board teleconference he had circulated earlier in the week. He asked if anyone wished to do so now, and hearing no response, said the minutes would be accepted as presented. He then moved to a roll-up of the various fund balances within the 911 Fund as printed on the agenda (please see <https://ncit.s3.amazonaws.com/s3fs-public/documents/files/06232017%20%20Agenda.pdf> for details). He also reported that this year's grant application window has closed and that seven grant applications were received, saying the Grant Committee will hopefully be able to meet over the next several weeks to determine grant awards for FY 2018. Jeff Shipp offered a motion to approve the Consent Agenda as presented, Donna Wright seconded, and without further discussion the motion carried unanimously.

**4. Public Comment**—Vice Chair Bone summarized the invitation to public comment printed in the agenda, asking if anyone wished to make any comments at this time. Hearing no such requests, he observed that one of the reasons the Board holds meetings at locations across the state is to allow people in those regions to have the opportunity to interact with the Board, noting that the next 911 Board meeting will be in Woodfin.

## **5. Executive Director Report**

**a) 911 Board Staff Update**—Mr. Taylor reported that a new financial employee named Danette Jernigan has been hired to assist Marsha Tapler, coming to the 911 Board with over 18 years of 911 telecommunicator experience in Johnston County. He said she still works there one or two times a month to "keep her toes wet," but has spent the past six years pretty much heading up the Century Farm Family program for the Dept. of Agriculture. He added that she will begin work for the 911 Board next Friday, June 30<sup>th</sup>. Saying he was very much looking forward to her coming on board, he speculated that due to her experience with 911 the learning curve for her will be very small.

Mr. Taylor next reported that Karen Mason has left the staff, so he will be advertising her position next week to find a replacement. Noting that several members of the group of interviewees from which Ms. Jernigan was selected also interviewed very well, he said he's hoping some of them can be persuaded to try again. Vice Chair Bone asked if the position had to be re-advertised, and Mr. Taylor replied yes.

Mr. Taylor concluded his staff update by saying he hopes to begin scheduling next week for interviews with applicants to become "the new David Dodd," or PSAP Liaison. He also advised that staff has moved to new quarters in the Phillips Building on the corner of E North St and Wilmington St right across from the Education Building. He noted that parking is a challenge; street parking, when available, is free, and paid parking is available off of Polk and Wilmington Streets directly behind Phillips Building.

**b) Legislative Update (H418, H476, H565, H582, H835, S257)**—Mr. Taylor observed that not a lot has gone on legislatively that has impacted the 911 Board directly other than S257, the budget bill. H418, the Save Our Street Signs bill, was changed to remove 911 Board involvement; H476, the Required Training Police Telecommunicators bill did not make crossover; H565, which proposed changing 911 Board composition while adding three new members to the Board was completely gutted and has now become the Charlotte Firefighters'

Retirement Changes bill instead. Speaking to the Board membership topic, Vice Chair Bone recalled earlier conversations about providing a seat for a member representing OEM and asked Mr. Taylor where he sees that going moving forward.

Mr. Taylor replied that he personally does not believe the size of the Board needs to be increased; it is already large as it is, and he thinks it offers good representation for OEM insofar as both the NC NENA and NC APCO representatives on the Board are Emergency Managers. He said that while there is a need to have OEM represented on this Board, he thinks that to formally accomplish that we would need to realign one of the other public members of the Board, perhaps by combining two existing related positions into one. He added that the addition of three members originally proposed in H565 brought Board membership up to twenty (including the Chair), removing the balance between the number of public sector and private sector members—one group would necessarily be one member larger than the other.

Mr. Taylor next spoke to the concerns some people have voiced about having Telecomm members on the Board, saying that from the very beginning up to this day he has been greatly appreciative of their contributions to the success of the Board. He added, as well, that after all it is the Telecomm companies which provide the network that 911 runs on, and there has never been any problem over the years attributable to any Public Sector versus Private Sector interests being served by 911 Board actions. He emphasized he has seen nothing but positive benefits to having Telecomm representation on the Board; we need them to help the Board, especially as we move into NG911, closing his remarks on the topic by saying that he believes it is vital for them to be on the Board.

Mr. Taylor advised he thinks the 911 Board does have a role to play in H835, the Chain of Survival Task Force bill, saying that both he and Donna Wright strongly feel the 911 Board should have representation on that task force. Noting that there is no such representation now, he said that when the Standards Committee next meets one of the topics it will discuss is how to gain representation there.

S257 did not change, despite the concerns expressed by the 911 Board to legislators. As he stated at the last Board meeting, Mr. Taylor related that the legislators he heard from saw no reason for alarm because it does not really give SHP any 911 funds, but instead gives the 911 Board the control over whether or not to award SHP a grant. Greg Hauser asked if SHP takes 911 calls at any of its communications centers; Mr. Taylor replied it does not. He added they cannot receive transferred 911 calls with voice and data, either, and hypothesized that could, however, be a great potential ESINet connection when that time comes.

**c) Grant Extension Request**—Mr. Taylor advised that Perquimans County and Chowan County are partnering to back each other up as a part of each of their grant projects. He said Perquimans County needs to use a tower being built by Chowan County through its grant for their mutual backup capabilities to be realized, but the permitting and siting of the tower has dragged on far longer than anyone expected it to. They are both confident all will be complete by September 30<sup>th</sup>, however, and Mr. Taylor noted that they do have an interim back-up plan in place until then; the staff recommendation is to approve the request. Donna Wright made a motion to approve the extension request, Sheriff Hagaman seconded, and with no further discussion the motion carried unanimously.

**d) FCC Update**—Mr. Taylor related that he had hoped to provide the completed annual FCC report on revenues and expenditures at this meeting, but he has not completed it yet due to other pressing demands upon his time. He added that he can report, however, that North Carolina has not misused 911 funds, which is what the report is attempting to determine, so we are in good shape that way.

**6. 911 Data Research Report**—Vice Chair Bone asked Mr. Taylor to remind everyone about why Matthew Kaye is making a presentation to the Board today. Mr. Taylor explained that Mr. Kaye was making this presentation in response to a request from the 911 Board at its February 2017 meeting, recalling the discussion at that meeting about Mr. Taylor having been approached by a professor at ASU to allow one of his grad students access to some ECATS data for a student project. The Board had approved that request, but with one stipulation suggested by Donna Wright: that the student present his findings to the Board upon completion of his project. Mr. Taylor invited Mr. Kaye to move to the podium to present his report.



Mr. Kaye introduced himself as having just completed his senior year at ASU earning his degree in economics. He related that as part of his senior seminar students were tasked with assembling a research paper using either a dataset of their own creation or an existing dataset, analyzing the dataset using the skills they had learned through their years of study. He observed that many students chose to create surveys, administer them to friends, then analyze the results, and others chose to analyze readily available sports data, but he really wanted to analyze a real dataset that has implications for real people's lives which has particular relevance to North Carolina. With all that in mind, he said he really wanted to work on demographic data, and found impressive datasets on a number of websites, including census data and NCDOJ data. He thought it would be interesting to compare that with 911 data to see what correlations exist, but then encountered a roadblock. He explained the roadblock was the fact that 911 data was not readily available for download from the web, which led his professor to contact Mr. Taylor to seek the 911 Board's permission for Mr. Kaye to access ECATS data, as related above.

Once he began his work with the data, he realized that all the other demographic data he had access to was based on the county, whereas PSAPs may represent municipalities as well as counties and sometimes may overlap county lines, so he had to make adjustments to compensate for those differences. His next step was to select variables to use in predicting the per capita 911 call volume of counties in North Carolina. He wondered if a certain age group might be more criminal than another, and using Bureau of Labor Statistics data found that the age group of 15-19 year olds held that distinction. He compared per capita data regarding that group with 911 call volume and found no significant correlation.

The next variable he decided to examine was whether a correlation between per capita income and 911 call volume existed. Once again, however, he found no significant correlation. He then decided to investigate correlations between minority populations/ethnicity and 911 call volume. He reviewed the Bureau of Labor Statistics data once again and selected African American population per capita to examine. This time he did find a correlation between that dataset and 911 call volume per county.

Mr. Kaye next turned to his summary statistics among the three variables he investigated, noting that there was a correlation between the number of crimes per capita (irrespective of age group) and 911 call volume as well. The conclusions he arrived at after analysis were that a county's percentage of African American residents is strongly correlated with the per capita utilization of the 911 emergency calling system and that investigating crime rate data and correlations between the two would be a good topic for future research. He observed that it is always interesting to establish a point source causation for why people are doing something such as using 911 emergency calling services when studying demographic data, speculating that going out into identified communities to understand how problems could be addressed might help in the effort to identify problems before they occur. He also said there are so many datasets available that he would be intrigued to delve deeper into these correlations than the scope of his project allowed.

Vice Chair Bone thanked Mr. Kaye very much for coming today to share his report with the Board. He also congratulated him on his graduation, and asked what his future plans might be. Mr. Kaye replied that for the last few years he has been doing digital marketing consulting work for a few small business clients in the Raleigh area, where he is from, but has been looking at job offers contemplating getting a "full-time" job. He noted, however, that when he "does the numbers" it becomes evident to him, as he told his father the other day, that he may have to become a "reluctant entrepreneur". He then encouraged anyone, tongue-in-cheek, who thinks they might be able to use his services to give him a call, prompting laughter throughout the room.

Vice Chair Bone asked if anyone had questions for Mr. Kaye. Observing to Mr. Kaye "I think you're onto something here," Greg Hauser said he would like to see the correlations between the Spanish speaking population and deaf and hard of hearing community and 911 call volumes, speculating there would be valuable information there which the 911 system could utilize and benefit from regarding issues such as outreach and education. Mr. Kaye replied that he had actually won an award from the department for this work, so he hopes it will serve as an example for future students, perhaps encouraging them to go further with it over the next couple of years. Mr. Taylor said he would share that idea with Professor Dickens, and Mr. Hauser added he would even like to see it go deeper into things such as call typing, e.g. residential fires in Spanish speaking households, noting that promoting fire safety in such households is a major concern within the fire service, e.g. helping that population understand that something like bringing a generator inside to heat your house is not safe. Mr. Taylor reiterated Mr. Hauser's earlier comment regarding the deaf and hard of hearing community, noting that many in

that community actually have a fear of dialing 911. Vice Chair Bone offered that he would also like to learn more about the correlation between emergency medical calls and income and poverty rates as well. He once again thanked Mr. Kaye for his presentation, and for bringing his sense of humor with it as well.

**7. Funding Committee Report**—Speaking in his role as Funding Committee Chair, Mr. Bone noted there are several topics to be discussed today, but he would try to move along as quickly as possible.

**a) Funding Reconsideration Requests**

**i. Guilford-Metro 911**—Mr. Bone advised this request is for FY2018 and involves equipment replacement per the PSAP's Strategic Technology Replacement Plan as well as maintenance costs and hosted storage. He noted that based upon the 5-year rolling average, Guilford-Metro's 911 fund distribution has not caught up with the costs of meeting its equipment replacement and maintenance needs. Guilford Metro's approved FY 2018 distribution stands at \$2,311,254.62 and it is asking for an additional \$859,167.72 to meet its annual/monthly recurring costs, increasing the total to \$3,170,422.34. Mr. Bone advised the Funding Committee unanimously recommends approval of the request, then solicited any questions. Hearing none, and since the committee recommendation comes to the Board as a motion requiring no second, Mr. Bone called the motion, which carried unanimously.

**ii. New Hanover Co 911**—Mr. Bone advised this request is also for FY2018, noting that New Hanover county is using most of its fund balance on its back-up center and is making this request to further assist in that undertaking, as well as replacement of radio equipment and telecommunicator furniture at its primary PSAP. They also wish to use the funds for additional maintenance costs related to their voice logging recorder, various software items, and consolettes. Mr. Bone stated the county's approved FY2018 distribution is \$401,152.93 and the requested increase is \$243,322.09, bringing the proposed FY2018 total to \$644,475.02. Mr. Bone advised the Funding Committee unanimously recommends approval of the request, then solicited any questions. Hearing none, and since the committee recommendation comes to the Board as a motion requiring no second, Mr. Bone called the motion, which carried unanimously.

**iii. Pender Co 911**—Mr. Bone advised this request is for the *current* fiscal year, FY2017. He noted a similar situation arose last year due to confusion related to staff turnover about the amount of funds Pender County had in its fund balance, as well as the amount of funds that it was to receive in its distribution. He said this request involves capital purchases and recurring software costs. He noted that the county's approved FY2017 funding distribution is \$348,831.02 and it is requesting an additional \$98,399.81, yielding a revised total distribution of \$447,230.83. Mr. Bone advised the Funding Committee unanimously recommends approval of the request, then solicited any questions. Hearing none, and since the committee recommendation comes to the Board as a motion requiring no second, Mr. Bone called the motion, which carried unanimously.

**b) Approval of ECaTS Funding for FY18**—Mr. Bone advised this was discussed at the June 21<sup>st</sup> Funding Committee meeting due to some timing issues, and the committee unanimously recommends approval of this item. He asked Marsha Tapler to provide some detail. Ms. Tapler explained this is an ongoing ECaTS monthly service contract for both back-up and primary PSAPs, adding, however, that approximately 70 back-ups do not yet have the RDDMs in place, so this also includes the cost for those, as well as technician travel costs for installation of the new RDDMs or repair of existing ones. She advised the total cost, beginning July 1<sup>st</sup>, is \$1,282,880.00. She summed up her remarks by stating this simply continues our service with ECaTS. Mr. Bone asked if anyone had questions for Ms. Tapler, and hearing none, called a vote on the committee recommendation, which carried unanimously.

**c) Approval of FY18 Budget**—Mr. Bone reminded everyone that the draft budget was reviewed by the Funding Committee at its April 19<sup>th</sup> meeting and presented to the Board for review at its April 28<sup>th</sup> meeting, noting there was good discussion about it at that meeting. He asked Ms. Tapler to review the key details, and she asked Mr. Taylor to project the roll-up onscreen (please see <https://ncit.s3.amazonaws.com/s3fs-public/documents/files/06232017%20Agenda%20Book.pdf> page 359-361). She noted there had been some changes to investments from the Treasury since the April meeting, due to an increase in interest rates applied to the NG911 Fund balance for FY18, resulting in an increased revenue projection for the NG911 Fund in FY18 to \$522K. She also pointed out that \$741,627 from fund balance would be applied to the Admin Fund 1% line to

bring the total up to \$1,471,050. She noted that expenses for CMRS reimbursement have dropped approximately \$500K, and the PSAP distribution line was increased to \$55M to assist with future reconsideration requests, noting that about ten of those are still in the pipeline. She advised that the Grant Encumbered Fund Balance will most likely change to reflect the exact amount remaining on June 30<sup>th</sup>. She related that expenses for the NG911 fund are expected to be about \$10M, and reminded everyone that the TRS Fund stays the same, as it is completely a pass-thru account. Mr. Bone then advised that although the proposed budget was reviewed by the Funding Committee, it was not voted upon, so a motion and second are necessary. Sheriff Hagaman made a motion to accept the proposed FY18 budget, and Jeff Shipp seconded. Asking for and hearing no further discussion, Mr. Bone called the motion, which carried unanimously. Mr. Shipp interjected that he would like the minutes to reflect that the Board really thanks Ms. Tapler and the staff for the incredible work they have done on this, saying he's reviewed it several times and is intimately aware of how much work goes into it. Mr. Bone thanked Mr. Shipp for those comments, echoing them himself.

**d) Update on PSAP Funding Model Task**—Mr. Bone reviewed that we have faced challenges in acquiring the services of a consultant to assist with the development of a new funding model, so in the spring the Funding Committee decided to take another stab at it in-house. He observed they had much good discussion about it at the March and April committee meetings, then shortly thereafter Professor Corley from ASU contacted Mr. Taylor saying he was very interested in taking up this project with his MBA students this summer, which was subsequently discussed by the Board at its April meeting. Mr. Bone reported the students were provided with a great deal of data, requested even more, and now the Applied Data Analytics Team assigned to the project is scheduled to deliver its findings on Friday, June 30<sup>th</sup>. He advised they have reached out to the Board and staff, inviting them to attend that presentation, adding that several Funding Committee members are already planning to attend, and staff is trying to determine if a web conference can be set up for the presentation as well. The presentation is scheduled for 10:00 AM next Friday, and Mr. Taylor stated that Ronnie Cashwell will be going up there next Tuesday to visit the site and ensure it will be large enough to suit our needs. Mr. Taylor added that as soon as he gets the details he will send the information out, while encouraging Board members to participate, if not in person, then at least using WebEx. He also noted that Dave Corn has already met with the team up there, reporting they have amassed “a ton of data”.

Mr. Bone asked Mr. Corn if he had anything he wished to bring to the table regarding his discussions with the students. Mr. Corn replied they had talked about the ECATS information he had provided, as well as many other reports, how that information related to the operations of a PSAP, and how a PSAP works. He said the discussion was mostly about very general things, but he's excited to see what they come up with. Mr. Bone said he shared that excitement, hoping good things will come of it very soon.

## **8. Standards Committee Report**

**a) Update on Peer Review**—Standards Committee Chair Donna Wright reported the committee has continued its work on peer reviews, having met on the 25<sup>th</sup> of May in Cumberland County. She thanked Cumberland County for being so gracious, observing it was a great experience. She said the day was focused on two purposes, the first being to perform a peer review of Cumberland County's PSAP, the second being to gather as many peer reviewers as possible to provide them with updates and lessons learned as the process moves forward. She noted that Cumberland did have a couple of known deficiencies going in, but was very well prepared for the review. She added that such preparation makes a huge difference in how well the review process goes, often requiring only a couple of hours from start to finish.

Ms. Wright also reported that since visiting Cumberland County, the team has visited Hertford County, Swain County, and Madison County as well. She observed that as the process evolves, things are smoothing out and everything appears to be going very well, but they continue to try to improve it with each site they visit. Mr. Bone asked how many reviews have been completed to date, and Ms. Wright replied nine. She added that the single most consistent problem they keep encountering is with diverse routing, speculating that it will become a topic at the next Standards Committee meeting and that the Board will probably be hearing more about it in the future.

## **9. NG911 Project Update**

**a) Discussion on NG-911 RFP**—Technology Committee Chair Jeff Shipp advised that everything being discussed today will require a closed session. Using language specific to moving into a closed session, he made

the motion pursuant to NCGS 143-318.11(a)(1). Donna Wright seconded the motion. Vice Chair Bone asked for further discussion. Mr. Taylor advised audience members that a room had been prepared in which they could wait until the meeting goes back into open session, if they wish to do so. Addressing WebEx attendees, he advised the meeting WebEx portal will remain open during the closed session, but the public phone bridge will be taken down and the closed session presentations will not appear on WebEx, but rather on a secure Skype connection for Board members only. He also advised attending Board members to dial in on the private phone bridge number he had provided them via email. Mr. Bone called the motion to move into closed session at 11:06am, which carried unanimously.

**b) Award ESINet Contract Discussion CLOSED SESSION**—Once the motion to move into closed session had passed, Mr. Taylor checked the roll of Board members who had joined online and/or over the Board-members-only phone bridge. Heather Campbell, Andrew Grant, Dinah Jeffries, and Jeff Ledford verbally responded to the roll call; Niraj Patel did not. Technology Committee Chair Jeff Shipp then opened the discussion with a brief review of what appears in the agenda. He noted that each agenda item stands alone, i.e. there will be two discrete discussions and determinations made, one for each separate agenda item: first, to award the ESINet contract, and second, to discuss, and hopefully release, the GIS RFP.

Mr. Shipp advised he wanted to make one more comment before giving the floor to Dave Corn for a review. He said the Technology Committee does recommend to the 911 Board an award of the ESINet/CPE contract, subject to finalizing details, to AT&T, then asked Mr. Corn to review the committee's findings and the evaluation team's findings resulting in this recommendation.

Mr. Corn reported eleven proposals to the RFP were received. All were evaluated based upon best value and substantial conformity to the technical specifications in a two-part process. The first part of the process was the technical evaluation; the second part of the process, for the short list of proposals that were favorably evaluated in the first part, was a financial evaluation. Mr. Corn reported that seven vendors did not pass the substantial conformity portion of the review; four did appear to substantially conform to the specifications. Representatives from those four proposals were invited to meet with the evaluation team, were asked questions regarding their proposals, then were evaluated on the basis of implementation, testing, and conformity to the specifications in the RFP, their strategies, etc. The best two of that four moved on to the next phase of the process, the financial phase. AT&T proposed a managed service solution wherein the 911 Board is not required to own, maintain, or upgrade/update infrastructure, allowing better control of costs, which the evaluation team felt was the preferable solution. Additionally, no costs would be incurred until PSAPs began connecting to the ESINet. Mr. Corn also shared that many Board members were involved in this process, as well as the subject matter experts on the evaluation team.

Mr. Corn related that AT&T had also proposed a dual hosted CPE solution using West Viper or Airbus Vesta, noting that nearly three quarters of the CPEs in use in North Carolina right now are one or the other of those, and that this would smooth the transition for PSAPs moving from onsite CPE from those vendors to a hosted solution, requiring either very little or no change for the PSAP itself.

Mr. Corn observed that the second parallel track of the approval process will be securing the approval of OSBM and other organizations with State government primarily because this will involve such a large amount of money, noting he's very thankful that Jesus Lopez will be our guide through that process. He then opened the floor to questions.

Jimmy Stewart asked if AT&T has done statewide systems in any other states; Mr. Corn replied yes, in Indiana and Tennessee, adding that was another of the reasons the team made this selection. Greg Hauser observed that AT&T has also been awarded the national FirstNet contract and said he wanted to be sure our customers understand that the two are separate. He speculated there might be some confusion and worry about that, and Mr. Corn assured him the two are in no way related. Mr. Hauser said he just wanted to be sure that we do a good job of educating folks about that, offering that perhaps that should be spelled out in the contract, admitting, however, he didn't know if that was even legitimate or necessary.

Mr. Bradford replied that the point is well taken, and the issue was considered by the evaluation team and the committee on several occasions. He said he thinks the point to be made there is that the FirstNet decision is the

Governor's decision, not the decision of this Board. He readily conceded, however, that the two may be related at some time in the future. Mr. Hauser said he completely understands that, but his worry is more about PSAP buy-in or perceptions. Mr. Bradford offered that another thing he would share with Board members is that among the thousands of pages, there were no representations, to his recollection, by AT&T of any relationship between this contract and FirstNet.

Referring to the projection that we would go into the red sometime within the fourth year, Andrew Grant asked Mr. Corn to speak to how that can be addressed. Acknowledging a lot can change within four years, he added that as he understands what Mr. Corn has said, at the current rate we're looking at a shortfall beginning in the fourth year that will continue year after year well beyond year seven. Mr. Corn replied there have been many conversations and discussions about that, and Mr. Taylor added that initial thoughts are related to the conversation the Board had at its March meeting in Wilson about needing sufficient data to justify requesting an increase in the 911 fee, observing that this information will provide plenty of data with which to move forward in looking at what the fee should be in years to come. Saying he doesn't like using the word 'squishy', he nonetheless used it to describe the concept of money being saved through the process of migrating PSAPs away from legacy 911 to the ESINet. He offered as an example the elimination of costs for CAMA trunk provisioning, observing that at this point we don't know if that will be a significant savings or just a wash—in other words, it's still 'squishy' at this point. He clarified that some existing costs today will be traded in against new costs, admitting that it is difficult to predict at this point, but once the first PSAPs begin using the ESINet, we will have a better idea of how that will work, adding that will be one of the areas we will have to focus on.

Mr. Corn said he would like to make the point that this is not a project that stops at the Technology Committee's door—it crosses all the committees; policy changes will have to be made to enable the project to work. He noted that one of the things that comes to mind is that we're going to have to maintain two networks concurrently and the speed with which we can get PSAPs to adopt the ESINet will impact the 911 Fund, which will obviously involve the Funding Committee. He added we will also have to contend with PSAPs having signed multi-year contracts, as well, so there will necessarily have to be a lot of cooperation and inter-committee work done to make the project successful. He observed we are currently paying a lot of money to selective routers to route 911 calls, yet when GIS routing comes along, those costs will go away. That said, however, as long as one PSAP still requires a legacy selective router service, we are still going to be paying for it. He summarized that there will still be many issues which will come before the Technology Committee; we have a lot of things to do in the upcoming months and years, but we do still have a little bit of time to think about it.

Mr. Corn admitted that there are still many variables which will have to be considered that we don't know about yet. He offered as an example that one of the first parts of the project will be performing PSAP assessments, i.e. a physical inventory of equipment within the PSAP, and one of the questions which will arise will be, "Can the existing CPE accept a SIP call?" If it can, great, but if not, how much is an upgrade going to cost? He said that recent figures in other states indicate it will cost about \$35K per seat, so a four seat PSAP will cost about \$140K to upgrade—wouldn't it be nice to convince the PSAP to move instead to a hosted solution? He added, however, we don't have the authority to mandate that, and he's not asking for it, but every such action is going to have a consequence, and each will ultimately have to be brought before the Technology Committee and the Board.

Vice Chair Bone asked Mr. Grant if those explanations answered his questions. Mr. Grant replied they did, noting he appreciates the conversation that's been going on, then asked how much the 911 fee would have to be increased to cover the shortfall in the fourth year. Mr. Taylor replied that the committee had run those numbers earlier in the week, and Mr. Corn said they had come up with ~\$16M if the fee were raised by 10¢ today. Donna Wright interjected that she thinks we missed the opportunity to do that earlier this year when the Board discussed raising the fee, observing that the only thing we didn't have at the time was these numbers—that we all saw this coming. Mr. Taylor's response was that we cannot carry this money forward under the current legislation: "That money would not go here, and that's the problem." Heather Campbell asked if we were to increase it that year, would it cover the shortfall. Mr. Taylor speculated if we were to do it the year ahead it might, but it would require a legislative change, pointing out that right now the legislation designates 10% of 911 revenue go into the NG911 Fund, which is a statewide fund. He also pointed out that if money does accumulate over three years, it becomes a target.

Greg Hauser asked if the new funding model meeting on the 30<sup>th</sup> will address any of this, and Mr. Taylor replied it will. Mr. Hauser offered that if the result of the meeting is favorable, then he thinks the Board should re-evaluate the eligible expenditure list, and asked at what point will the entire 911 fund be in the red. Mr. Taylor replied emphatically, “No...no...no. You’re talking just the cost for NG911.” He continued by stressing it is not the PSAP fund, and Mr. Hauser said he understands, but he was going off of input given at the meeting in Wilson using the circumstance of the fund not being in the red yet as part of the justification for not raising the fee. He then asked if there is money in the fund to cover the projected \$12M shortfall. Mr. Taylor replied, “Not in the Next Gen fund today,” reiterating that all we are looking at is the Next Gen fund. Mr. Taylor continued that if the fee had been raised effective July 1 of this year, it would not have changed money going to the PSAPs—it would not increase money going to PSAPs because the PSAP funding model is already established. It would, instead, create a large fund balance not designated to go anywhere, which would in turn become a target for legislative fund raids.

Reminding everyone of the slide Mr. Corn had displayed onscreen regarding conditional approval (negotiate and clarify deliverables and processes, receive NC state government approval), Mr. Bradford noted that while the AT&T BAFO projections covered a period of seven years, administrative rules limit state contracts to a term of three years, unless otherwise approved. He explained that the evaluation committee feels the seven-year term is appropriate, business case-wise and so forth, but that decision is one for the state CIO to make in conjunction with obtaining approval from OSBM. He said the expectation is that will be a topic of negotiation along with a number of others, but all of these relate to details surrounding implementation, how change is managed, service level agreement, commitments, etc.—how those are managed, what the metrics are for them, etc. He reiterated that we already have the commitment from AT&T to provide what the Board has asked for in its RFP, noting, however, this is a big contract that deserves close attention. He concluded that we will be working on that in a team approach.

Mr. Taylor added that when the Technology Committee discussed these types of negotiations and clarifications of deliverables the other day, they applied a sixty-day time frame to completing those tasks, so this conditional approval has a hard stop date; it is not open-ended.

**c) Release of GIS RFP Discussion CLOSED SESSION**—Jim Lockard observed that how we apply GIS to the data models and data that we need to route 911 calls is a critical component of NG911. He said that what has become known as the “GIS RFP” is really more than just providing GIS; it’s a GIS tool or management utility that’s often provided by a vendor to help consolidate, synchronize, and normalize all the data available today. He pointed out that all the required data that we use today in tabular form, such as ALI, MSAG, and supplemental information that is driven just by response areas and similar descriptors, can all be combined in this GIS tool in a mechanism that NG911 can use to route based on geo-location.

Mr. Lockard displayed a bullet-point outline of the GIS RFP onscreen, noting the similarity of the process to the other RFPs the Board has already seen for the ESINet/CPE proposals, with an RFP portion containing general guidelines and an attached technical specifications portion. He related that the RFP portion contains general instructions on how vendors will bid on this, what the rules and guidelines on them are, how the timeline is reflected, and high-level scope of work items, i.e. what we’re asking them to do. By way of example he said we’re asking them to collect all the relevant data; to perform a gap analysis on it; to identify errors which need correction; to identify what won’t fit or won’t route in NG911; and then we’re asking them for suggestions on how to resolve the problems. He observed that we’re asking the vendor to ultimately become a manager of this information for us—to teach us how we can manage it. He noted that over time that may go away, but initially we need to have their guidance and their expertise to say, “This is what you need to be prepared for to manage this through the GIS tool in an NG911 situation.”

Mr. Lockard continued with an overview of the RFP; scope of work items; the technical attachment; GIS layer specifications; managed services and ECRF/LVF integration; and alignment of managed services with the ESINet. Vice Chair Bone asked if anyone had any questions for Mr. Lockard. Jimmy Stewart said that he would like to offer a comment for people who don’t know how important this is becoming, relating that yesterday he previewed an update to their CAD system, and he asked to look at the back end, the administrative end, where he and his staff enter MSAG data and similar types of information. He said the CAD representative said you don’t enter MSAG data in this update, so Mr. Stewart asked her where it comes from. Her reply was that it comes from your maps—it’s embedded in your map information and draws from the lat/long. Joking that after he passed out

and came to, Mr. Stewart said he thought, “Okay—that’s next generation.” He then related that because his PSAP maintains map data for all adjacent counties, it recently was able to start response to a house fire in a neighboring PSAP’s jurisdiction before that PSAP was even aware of it, offering that as an example of how important the mapping part of E911 is.

Hearing no further discussion, Vice Chair Bone turned to Mr. Taylor to provide instructions on how to return to open session, which he then did. Vice Chair Bone subsequently announced the meeting was returning to open session at 12:04pm.

Once remote participants had been given enough time to reconnect to the open session WebEx portal and phone bridge, Mr. Taylor once again called the roll. Heather Campbell, Andrew Grant, and Dinah Jeffries responded to the roll call over the phone bridge; Jeff Ledford did not.

**b) Award ESINet Contract Discussion OPEN SESSION** Officially returning to open session, Vice Chair Bone indicated the meeting would pick up at agenda item 9b and asked Mr. Shipp to proceed. Mr. Shipp said the Technology Committee recommends to the 911 Board an award for the ESINet/CPE, subject to a completed contract within a time period of sixty days, to AT&T. Observing that a recommendation coming from committee required no second, Vice Chair Bone opened the floor to discussion, and hearing none, called the vote, which passed unanimously.

**c) Release of GIS RFP OPEN SESSION**, Vice Chair Bone again offered the floor to Mr. Shipp, who advised that the Technology Committee recommends the release of the GIS RFP. Once again observing that a recommendation coming from committee required no second, Vice Chair Bone opened the floor to discussion, and hearing none, called the vote, which passed unanimously.

**10. Status of Back-up PSAP Plan Compliance**—Mr. Taylor reported that all but three PSAPs will have their back-up PSAP plans implemented by the July 1 deadline. He related that staff has been working diligently to get everyone ready, saying he has to give kudos to Tina Bone for all her work, even while during her vacation. He added that in a brainstorming session on CAD interoperability with Southern Software a simple back-up solution for sharing call for service data was identified that would work regardless of CAD vendor, so while PSAPs are waiting for vendors to fulfill orders necessary to implement their formal back-up plans, they can use this work-around instead. He mentioned that of the three PSAPs he alluded to earlier, Currituck County is “working out the kinks” with Dare County, Rocky Mount PD is doing the same with Nash County, and Tina Bone advised that Sampson County is working through a power problem that they expect to have resolved in time.

With that news, Mr. Taylor said he didn’t think the need to reduce, suspend, or terminate funding for non-compliance will arise, and on July 5<sup>th</sup> he will be notifying the Joint Committee on IT of that. Vice Chair Bone declared he was sure that was very welcome news to everyone on the Board, and he was very excited to hear that. He also thanked Ms. Bone for all of her efforts throughout the process. She replied she couldn’t have done it without Marsha Tapler, and he expressed his thanks to her as well.

Vice Chair Bone then asked Mr. Taylor if the “little brainstorming fix” is only a temporary arrangement, and Mr. Taylor replied that it could be a permanent one, and is simple enough that every PSAP in the state has the ability to use it if necessary, explaining that this solution relies on the fact that CAD call data can be sent to a PSAP or a smart phone or a laptop utilizing CAD messaging (a feature of all CAD applications used in the state) without any additional connections, so all that remains to be done is for the recipient to be able to dispatch that CAD call information to the appropriate responders. He credited Vic Williams with planting the seed for that part of the solution in Beaufort County’s original back-up plan proposal, which suggested utilizing a fire station with radio capability to do provide dispatch should the PSAP go down.

Vice Chair Bone thanked Mr. Williams for his contribution to this solution, and thanked staff for taking the ball and running with it. Mr. Taylor observed that between radio and CAD interoperability he’s “about to have a fit”, reiterating that he had to give kudos to Southern Software for taking the time to sit down with staff to work this out, to provide a solution that works across all platforms.

**11. Regional PSAP Managers Meetings and July 911 Board Meeting Logistics—**Mr. Taylor related that July ushers in the next round of regional PSAP Managers meetings, as he reviewed the dates and locations of each. He offered that the ESINet award will certainly be one of the big topics of discussion, as will the peer review process. He also shared that this year's annual PSAP Managers meeting in October (4<sup>th</sup>-6<sup>th</sup>) will feature two awesome speakers: a professional in the field of employee retention will be coming from Arizona to spend the better part of a day with the PSAP managers, as will Jay English from Homeland Security, as he speaks to cybersecurity. He encouraged Board members to attend any of the upcoming regional PSAP Managers meetings if they possibly can, saying that it really means a lot to PSAP managers for Board members to interact with them.

Turning to the Board's next meeting in Woodfin, near Asheville, Mr. Taylor advised that Ronnie Cashwell has taken care of securing a hotel and will be contacting everyone, hopefully sometime next week, regarding reservations on a master bill.

**Other Items—**Vice Chair Bone asked Mr. Taylor to mention the fact that he is going to be presenting to the NCACC at its upcoming conference. Mr. Taylor confirmed that he will be doing that, adding that he plans to call on a couple of PSAP managers, such as Donna Wright and Greg Hauser, among others, to be part of a panel discussion that he has outlined which he feels will be of great benefit to county managers. He asked Vice Chair Bone to remind him of the date, which he said will be Thursday, August 10<sup>th</sup> at 2:45.

**Adjourn—**Vice Chair Bone asked if there was anything more to come before the Board today. Hearing no response, he observed this has been a very productive meeting, thanked everyone for all their efforts, noting there are a lot of exciting things moving forward, and adjourned the meeting at 12:21pmnc.



Grant Fund Balance \$ 2,852,371

1) Grant Fund Encumbered

\$ 30,493,836

**PSAP Grant-Statewide 911 Projects Fund**

		<b>Total Disbursed</b>		<b>Remaining Expenditures Grant Balance</b>
		<b>FY2011-2016</b>	<b>Jun-17</b>	
			\$35,034,510.31	
<b>FY2012</b>	<b>Award Amount</b>			
Rockingham County	7,826,000.00	<b>-7,280,630.00</b>		220,959.10
<b>FY2013</b>	<b>Award Amount</b>			
Lenoir County	7,400,000.00	<b>-7,236,114.23</b>		65,313.59
<b>FY2014</b>	<b>Award Amount</b>			
Anson County G2014-01	949,000.00	<b>-797,434.36</b>		151,565.64
Henderson County G2014-04	3,600,000.00	<b>-3,433,293.71</b>		166,706.29
Hertford County G2014-05	4,250,000.00	<b>-3,339,551.86</b>		32,408.33
<b>FY2015</b>	<b>Award Amount</b>			
Caldwell County G2015-001	1,022,399.00	<b>-995,299.62</b>		
Dare County G2015-002	7,002,795.00	<b>-747,957.72</b>	<b>-1,016,889.61</b>	0.00
Haywood County G2015-003	2,694,827.00	<b>-1,797,619.21</b>		0.00
Swain-Jackson Co G2015-004	859,681.00	<b>-859,681.00</b>		0.00
<b>FY2016</b>	<b>Award Amount</b>			
Graham County G2016-01	3,401,528.00	<b>-11,407.00</b>		3,212,856.22
Hyde County G2016-02	1,266,887.00	<b>-17,689.14</b>		773,880.36
Richmond County G2016-03	6,357,537.00	<b>-48,992.60</b>	<b>-191,904.76</b>	5,798,172.53
<b>FY2017</b>	<b>Award Amount</b>			
Catawba G2017-1A	296,827.00			204,732.58
Chowan G2017-2	247,917.00			247,917.00
Forsyth G2017-3	1,085,000.00		<b>-195,267.42</b>	889,732.58
Halifax G2017-4	2,000,000.00			2,000,000.00
Lincoln G2017-6	2,000,000.00			1,982,746.56
Martin G2017-7	4,315,437.00			4,315,437.00
McDowell G2017-8A	63,822.00		<b>-1,322.51</b>	62,499.49
Mitchell G2017-9	2,000,000.00		<b>-45,095.65</b>	1,923,902.67
Moore G2017-10	586,404.00			586,404.00
Pasquotank G2017-11	1,010,779.00		<b>-150,825.50</b>	859,953.50
Perquimans G2017-12A	176,206.00		<b>-38,446.51</b>	134,509.49
Rocky Mount G2017-13A	166,749.00			166,749.00
Rowan G2017-14	862,905.00			862,905.00
Shelby G2017-15	920,993.00			920,993.00
Washington G2017-16	344,524.00			344,524.00
Wilson G2017-17	48,185.00			48,185.00
<b>STATEWIDE PROJECTS:</b>	<b>Award Amount</b>			
E-CATS II	1,354,880.00	<b>-355,423.65</b>	<b>-68,442.56</b>	158,914.40
Interpretive Services	1,155,000.00	<b>0.00</b>	<b>-24,388.50</b>	1,055,518.50
Ortho Project III Image 15	3,719,332.00	<b>-3,483,256.27</b>		0.00
Ortho Project III Image 16	4,076,752.00	<b>-1,587,983.61</b>	<b>12,640.97</b>	860,571.08
Ortho Project III Image 17	3,815,129.00	<b>0.00</b>		2,445,779.01
Approved Transfer from PSAP Fund Interest			31,639.09	
<b>Total Ending Fund Balance</b>		\$ 27,672,073.85	\$33,346,207.35	

<b>Encumbered:</b>	<b>\$ 30,493,835.92</b>
<b>Grant Fund Total</b>	<b>\$2,852,371.43</b>

g) NG911 Fund Balance \$ 12,276,455

1) NG911 Fund Disbursements \$ 0.00

NG 911 FUND		NG 911 Disbursement	NG 911 Fund Balance
Beginning Fund Balance:			\$ 4,203,563.24
July 2016	\$ 606,312.83	\$ 2,670.51	4,812,546.58
August 2016	695,427.18	3,971.87	5,511,945.63
September 2016	645,510.31	5,220.10	6,162,676.04
October 2016	536,548.42	3,651.62	6,702,876.08
November 2016	835,527.68	5,126.93	7,543,530.69
December 2016	663,112.42	5,419.13	8,212,062.24
January 2017	685,092.61	6,245.94	8,903,400.79
February 2017	646,329.96	6,497.97	9,556,228.72
March 2017	683,143.76	7,446.87	10,246,819.35
April 2017	653,212.71	9,673.14	10,909,705.20
May 2017	731,731.32	9,063.46	11,650,499.98
June 2017	615,433.42	10,521.38	12,276,454.78

h) CMRS Fund Balance \$ 5,774,604

1) CMRS Disbursements \$ 624,661

<b>CMRS FUND:</b>	<b>CMRS Revenue</b>	<b>Interest</b>	<b>CMRS Disbursement</b>	<b>GRANT Allocation</b>	<b>CMRS Fund Balance</b>
<b>Beginning Fund Balance:</b>					<b>\$ 3,632,364.39</b>
<b>July 2016</b>	\$ 656,844.67	\$ 2,307.63	<b>\$ 560,421.36</b>		3,731,095.33
<b>August 2016</b>	693,002.96	3,079.33	-		4,427,177.62
<b>September 2016</b>	603,575.13	4,192.77	<b>900,314.49</b>		4,134,631.03
<b>October 2016</b>	400,529.28	2,449.93	<b>202,463.75</b>		4,335,146.49
<b>November 2016</b>	942,860.67	3,315.89	-		5,281,323.05
<b>December 2016</b>	479,663.71	3,794.00	<b>195,307.51</b>		5,569,473.25
<b>January 2017</b>	496,441.95	4,236.04	<b>519,540.84</b>		5,550,610.40
<b>February 2017</b>	478,948.22	4,051.00	<b>327,360.56</b>		5,706,249.06
<b>March 2017</b>	499,592.62	4,446.70	<b>340,667.99</b>		5,869,620.39
<b>April 2017</b>	497,425.77	5,541.00	<b>595,101.55</b>		5,777,485.61
<b>May 2017</b>	533,659.49	4,799.76	<b>413,986.84</b>		5,901,958.02
<b>June 2017</b>	491,976.68	5,329.96	<b>624,661.07</b>		5,774,603.59

- i) PSAP Fund Balance \$ 10,402,970
  - 1) PrePaid CMRS Revenue \$ 307,152

	Revenue						GRANT Allocation Transfer out	Monthly Expenditure	Fund Balance
PSAP FUND	PSAP 80%	Wireline	VOIP	Prepaid Wireless	Interest	Total			\$ 17,961,526.84
July 2016	\$ 2,627,378.63	\$1,139,878.21	\$ 978,145.51		\$ 11,410.88	\$ 4,756,813.23		\$ 4,162,300.21	18,556,039.86
August 2016	2,772,011.87	984,540.29	944,856.09	801,844.70	15,314.61	5,518,567.56		4,341,807.49	19,732,799.93
September 2016	2,414,300.50	993,822.34	905,472.90	834,325.65	18,687.98	5,166,609.37	19,661,220.20	4,295,332.42	942,856.68
October 2016	1,602,117.15	956,372.87	988,880.03	832,747.00	558.68	4,380,675.73		4,281,584.90	1,041,947.51
November 2016	3,771,442.67	952,258.00	955,512.76	822,477.41	796.97	6,502,487.81		4,288,687.91	3,255,747.41
December 2016	2,718,094.37	924,999.17	948,100.12	837,474.51	2,338.87	5,431,007.04		-	8,686,754.45
January 2017	2,813,171.10	957,089.06	989,442.91	848,030.06	6,606.98	5,614,340.11		8,601,541.47	5,699,553.09
February 2017	2,714,039.87	912,885.25	850,231.12	802,695.40	4,159.71	5,284,011.35		4,323,015.73	6,660,548.71
March 2017	2,831,024.95	929,826.38	860,332.16	966,034.83	5,190.36	5,592,408.68		4,300,793.57	7,952,163.82
April 2017	2,818,745.95	738,432.01	925,042.68	840,479.00	7,506.96	5,330,206.60		4,301,540.85	8,980,829.57
May 2017	3,024,070.46	1,092,893.11	1,029,570.43	839,532.65	7,461.00	5,993,527.65		4,439,700.94	10,534,656.28
June 2017	2,787,867.87	891,330.69	1,005,184.43	307,151.66	9,513.68	5,001,048.33		5,132,735.02	10,402,969.59



# Consent Agenda *(vote required)*

# Executive Director Report

## a) 911 Board Staff Update

Richard Taylor

# Executive Director Report

## b) FCC Report Update

Richard Taylor



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Washington, D.C. 20554

Approved by OMB  
3060-1122  
Expires: March 31, 2018  
Estimated time per response: 10-55  
hours

Annual Collection of Information

Related to the Collection and Use of 911 and E911 Fees by States and Other Jurisdictions

Pursuant to OMB authorization 3060-1122, the FCC's Public Safety and Homeland Security Bureau seeks the following specific information in order to fulfill the Commission's obligations under Section 6(f)(2) of the NET 911 Act:

**A. Filing Information**

**1. Name of State or Jurisdiction**

State or Jurisdiction
North Carolina

**2. Name, Title and Organization of Individual Filing Report**

Name	Title	Organization
Richard Taylor	Executive Director	North Carolina 911 Board



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**B. Overview of State or Jurisdiction 911 System**

1. Please provide the total number of active Public Safety Answering Points (PSAPs) in your state or jurisdiction that receive funding derived from the collection of 911/E911 fees during the annual period ending December 31, 2016:

PSAP Type <sup>1</sup>	Total
Primary	117
Secondary	11
<b>Total</b>	128

2. Please provide the total number of active telecommunicators<sup>2</sup> in your state or jurisdiction that were funded through the collection of 911 and E911 fees during the annual period ending December 31, 2016:

Number of Active Telecommunicators	Total
Full-Time	Telecommunicators are not funded with 911 fees
Part-time	Telecommunicators are not funded with 911 fees

3. For the annual period ending December 31, 2016, please provide an estimate of the total cost to provide 911/E911 service in your state or jurisdiction.

<sup>1</sup> A Primary PSAP is one to which 911 calls are routed directly from the 911 Control office. A secondary PSAP is one to which 911 calls are transferred from a Primary PSAP. See National Emergency Number Association, Master Glossary of 9-1-1 Terminology (*Master Glossary*), July 29, 2014, at 118, 126, available at [https://c.ymcdn.com/sites/www.nena.org/resource/resmgr/Standards/NENA-ADM-000.18-2014\\_2014072.pdf](https://c.ymcdn.com/sites/www.nena.org/resource/resmgr/Standards/NENA-ADM-000.18-2014_2014072.pdf).

<sup>2</sup> A telecommunicator, also known as a call taker or a dispatcher, is a person employed by a PSAP who is qualified to answer incoming emergency telephone calls and/or who provides for the appropriate emergency response either directly or through communication with the appropriate PSAP. See *Master Glossary* at 137.



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<b>Amount</b> <b>(\$)</b>	\$ 112,792,750
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3a. If an amount cannot be provided, please explain why.

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4. Please provide the total number of 911 calls your state or jurisdiction received during the period January 1, 2016 to December 31, 2016.

Type of Service	Total 911 Calls
Wireline	1,343,033
Wireless	5,646,736
VoIP	587,296
Other	
<b>Total</b>	7,577,065

**C. Description of Authority Enabling Establishment of 911/E911 Funding Mechanisms**

1. Has your State, or any political subdivision, Indian tribe, village or regional corporation therein as defined by Section 6(f)(1) of the NET 911 Act, established a funding mechanism designated for or imposed for the purposes of 911 or E911 support or implementation (please include a citation to the legal authority for such mechanism)? *Check one.*

- Yes ..... ☒
- No ..... ☐



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**1a. If YES, provide a citation to the legal authority for such a mechanism.**

N.C.G.S. § 143B-1403

**1b. If YES, during the annual period January 1, 2016 to December 31, 2016, did your state or jurisdiction amend, enlarge, or in any way alter the funding mechanism.**

No

**2. Which of the following best describes the type of authority arrangement for the collection of 911/E911 fees? Check one.**

- The State collects the fees ..... ☒
- A Local Authority collects the fees ..... ☐
- A hybrid approach where two or more governing bodies  
(e.g., state and local authority) collect the fees ..... ☐

**3. Describe how the funds collected are made available to localities.**

N.C.G.S. § 143B-1406; Funds are distributed to PSAPs monthly based on a formula of a 5 year rolling average of eligible 911 expenses reported by the individual PSAPs.



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**D. Description of State or Jurisdictional Authority That Determines How 911/E911 Fees are Spent**

<b>1. Indicate which entities in your state have the authority to approve the expenditure of funds collected for 911 or E911 purposes.</b>		
Jurisdiction	Authority to Approve Expenditure of Funds (Check one)	
	Yes	No
State	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Local (e.g., county, city, municipality)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>1b. Please briefly describe any limitations on the approval authority per jurisdiction (e.g., limited to fees collected by the entity, limited to wireline or wireless service, etc.)</b>		
Limited to 911 fees distributed to the PSAPs from the NC 911 Board		

**2. Has your state established a funding mechanism that mandates *how* collected funds can be used? Check one.**

- Yes ..... ☒
- No ..... ☐

**2a. If you checked YES, provide a legal citation to the funding mechanism of any such criteria.**

N.C.G.S. § 143B-1404(b)





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**2b. If you checked NO, describe how your state or jurisdiction decides how collected funds can be used.**

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**E. Description of Uses of Collected 911/E911 Fees**

- 1. Provide a statement identifying with specificity all activities, programs, and organizations for whose benefit your state, or political subdivision thereof, has obligated or expended funds collected for 911 or E911 purposes and how these activities, programs, and organizations support 911 and E911 services or enhancements of such services.**

The NC 911 Board provides funding of the collected 911 fee totally for the support of E911 within the State of North Carolina. Funds collected were allocated during calendar year 2016 to 117 primary PSAPs, 11 secondary PSAPs for their costs of providing E911 services in their jurisdictions, six CMRS providers for cost recovery of providing E911, 11 PSAPs in grants for the enhancement of their 911 systems, 3 Statewide grants to benefit all PSAPs in North Carolina and to the administrative fund of the NC 911 Board to pay for the costs of administering the 911 fund.

In each allocation of collected 911 funds, the North Carolina general statutes clearly define that the expenditures must be in support of providing E911 services. Those expenditures are reviewed and approved by the 911 Board staff and the North Carolina State Auditor.



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<b>2. Please identify the allowed uses of the collected funds. <i>Check all that apply.</i></b>			
<b>Type of Cost</b>		<b>Yes</b>	<b>No</b>
<b>Operating Costs</b>	Lease, purchase, maintenance of customer premises equipment (CPE) (hardware and software)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Lease, purchase, maintenance of computer aided dispatch (CAD) equipment (hardware and software)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Lease, purchase, maintenance of building/facility	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Personnel Costs</b>	Telecommunicators' Salaries	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Training of Telecommunicators	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Administrative Costs</b>	Program Administration	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Travel Expenses	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Dispatch Costs</b>	Reimbursement to other law enforcement entities providing dispatch	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Lease, purchase, maintenance of Radio Dispatch Networks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Grant Programs</b>		<input checked="" type="checkbox"/> If YES, see 2a.	<input type="checkbox"/>
<b>2a. During the annual period ending December 31, 2016, describe the grants that your state paid for through the use of collected 911/E911 fees and the purpose of the grant.</b>			



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Rockingham County	PSAP Consolidation Rockingham Sheriff, Eden Police, Reidsville Police, Madison PD, Mayodan Police, Stoneville Police, Rockingham Fire, Rockingham EMS, Rockingham Co Rescue Squad
Lenoir County	PSAP Consolidation Lenoir Co and Jones Co for all Law Enforcement, EMS and Fire Depts. within each county
Henderson County	PSAP Relocation
Hertford County	PSAP Consolidation Hertford Co, Murfreesboro PD & Ahoskie PD
Caldwell County	PSAP Upgrade and create a backup PSAP
Dare County	PSAP Consolidation with Tyrell County
Haywood County	PSAP Consolidation with Sheriff's Dept. and upgrade PSAP Equipment
Swain-Jackson County	Regional PSAP Connectivity
Graham County	Participant in the Regional PSAP Initiative, in cooperation with the PSAPs of Jackson and Swain Counties.
Hyde County	PSAP consolidation with Dare and Tyrell Counties
Richmond County	PSAP consolidation of the primary 9 1 1 Center and three secondary centers within the county
E-CATS	Emergency Call Tracking System (call answering statistics)
Ortho Project Image 15	Southern Piedmont 24 Counties (Orthoimagery Mapping)
Ortho Project Image 16	Coastal 26 Counties (Orthoimagery Mapping)

**F. Description of 911/E911 Fees Collected**

1. Please describe the amount of the fees or charges imposed for the implementation and support of 911 and E911 services. Please distinguish between state and local fees for each service type.		
Service Type	Fee/Charge Imposed	Jurisdiction Receiving Remittance (e.g., state, county, local authority, or a combination)
Wireline	\$ .60	State of North Carolina
Wireless	\$ .60	State of North Carolina
Prepaid Wireless	\$ .60	State of North Carolina
Voice Over Internet Protocol (VoIP)	\$ .60	State of North Carolina



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Other		
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2. For the annual period ending December 31, 2016, please report the total amount collected pursuant to the assessed fees or charges described in Question F 1.

Service Type	Total Amount Collected (\$)
Wireline	\$ 12,439,582
Wireless	\$ 44,045,195
Prepaid Wireless	\$ 12,702,141
Voice Over Internet Protocol (VoIP)	\$ 12,614,581
Other	
<b>Total</b>	<b>\$ 81,801,499</b>

2a. If an amount cannot be provided, please explain why.

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3. Please identify any other sources of 911/E911 funding.

None
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Question	Yes	No
<b>4. For the annual period ending December 31, 2016, were any 911/E911 fees that were collected by your state or jurisdiction combined with any federal, state or local funds, grants, special collections, or general budget appropriations that were designated to support 911/E911/NG911 services? <i>Check one.</i></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>4a. If YES, please describe the federal, state or local funds and amounts that were combined with 911/E911 fees.</b>		
<p>E911 funds were combined with general fund allocations from each of the 117 Primary PSAPs and 11 Secondary PSAPs to pay for expenses not allowed by NC General Statutes to provide for E911 services. Examples of expenses not allowed from collected 911 fees are telecommunicator salaries, facility maintenance, and radio network infrastructure.</p>		



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5. Please provide an estimate of the proportional contribution from each funding source towards the total cost to support 911 in your state or jurisdiction.	Percent
State 911 Fees	49%
Local 911 Fees	0
General Fund - State	0
General Fund - County	48%
Federal Grants	0
State Grants	3%



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**G. Description of Diversion or Transfer of 911/E911 Fees for Other Uses**

Question	Yes	No
<b>1. In the annual period ending December 31, 2016, were funds collected for 911 or E911 purposes in your state or jurisdiction made available or used solely for the purposes designated by the funding mechanism? <i>Check one.</i></b>	<input checked="checked" type="checkbox"/>	<input type="checkbox"/>
<b>1a. If NO, please identify what amount of funds collected for 911 or E911 purposes were made available or used for any purposes other than the ones designated by the funding mechanism or used for purposes otherwise unrelated to 911 or E911 implementation or support, including any funds transferred, loaned, or otherwise used for the state's general fund. Along with identifying the amount, please include a statement identifying the non-related purposes for which the collected 911 or E911 funds were made available or used.</b>		
<b>Amount of Funds (\$)</b>	<b>Identify the non-related purpose(s) for which the 911/E911 funds were used. <i>(Add lines as necessary)</i></b>	





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**H. Oversight and Auditing of Collection and Use of 911/E911 Fees**

Question	Yes	No
<b>1. Has your state established any oversight or auditing mechanisms or procedures to determine whether collected funds have been made available or used for the purposes designated by the funding mechanism or otherwise used to implement or support 911? Check one.</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>1a. If YES, provide a description of the mechanisms or procedures and any enforcement or other corrective actions undertaken in connection with such auditing authority, for the annual period ending December 31, 2016. (Enter "None" if no actions were taken.)</b>		
<p>N.C.G.S. § 143B-1402(b)(5) The NC 911 Board staff conducts an annual "Revenue/Expenditure Review" of each PSAP receiving 911 funds. Any expenditures identified as not an eligible 911 expense, the PSAP is required to reimburse the 911 Fund the amount determined ineligible.</p>		





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**I. Description of Next Generation 911 Services and Expenditures**

Question	Yes	No
<b>1. Does your state or jurisdiction classify expenditures on Next Generation 911 as within the scope of permissible expenditures of funds for 911 or E911 purposes? <i>Check one.</i></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>1a. If YES, in the space below, please cite any specific legal authority:</b>		
N.C.G.S. § 143B-1406(a)(3)(e1), § 143B-1407(e)		

Question	Yes	No
<b>2. In the annual period ending December 31, 2016, has your state or jurisdiction expended funds on Next Generation 911 programs? <i>Check one.</i></b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>2a. If YES, in the space below, please enter the dollar amount that has been expended.</b>		
<b>Amount (\$)</b>	\$4,690,978	



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3. For the annual period ending December 31, 2016, please describe the type and number of NG911 Emergency Service IP Network(s) (ESInets) that operated within your state.					
Type of ESInet	Yes	No	If Yes, Enter Total PSAPs Operating on the ESInet	If Yes, does the type of ESInet interconnect with other state, regional or local ESInets?	
				Yes	No
a. A single, state-wide ESInet	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
b. Local ( <i>e.g.</i> , county) ESInet	<input checked="" type="checkbox"/>	<input type="checkbox"/>	19	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. Regional ESInets	<input type="checkbox"/>	<input type="checkbox"/>	[If more than one Regional ESInet is in operation, in the space below, provide the total PSAPs operating on each ESInet]	<input type="checkbox"/>	<input type="checkbox"/>
Name of Regional ESInet:				<input type="checkbox"/>	<input type="checkbox"/>
Name of Regional ESInet:				<input type="checkbox"/>	<input type="checkbox"/>



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**4. Please provide a description of any NG911 projects completed or underway during the annual period ending December 31, 2016.**

In July of 2016, the NC 911 Board released the first of a planned 4 RFP towards the implementation of a statewide NG911 network. That RFP was for the ESINet and Hosted CPE. There were 11 responses and the 911 Board Technology Committee is conducting their evaluation of the responses with an anticipated award expected in August 2017. The RFP for Network Management (NMAC) was released in September 2016 and only had two respondents, both were evaluated as non-compliant and so the committee will seek other vendors.

Question	Total PSAPs Accepting Texts
5. During the annual period ending December 31, 2016, how many PSAPs within your state implemented text-to-911 and are accepting texts?	92
Question	Estimated Number of PSAPs that will Become Text Capable
6. In the next annual period ending December 31, 2017, how many PSAPs do you anticipate will become text capable?	25



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**J. Description of Cybersecurity Expenditures**

Question	Check the appropriate box		If Yes, Amount Expended (\$)
1. During the annual period ending December 31, 2016, did your state expend funds on cybersecurity programs for PSAPs?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	

Question	Total PSAPs
2. During the annual period ending December 31, 2016, how many PSAPs in your state either implemented a cybersecurity program or participated in a regional or state-run cybersecurity program?	Unknown

Question	Yes	No	Unknown
3. Does your state or jurisdiction adhere to the National Institute of Standards and Technology <i>Framework for Improving Critical Infrastructure Cybersecurity</i> (February 2014) for networks supporting one or more PSAPs in your state or jurisdiction?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>



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**K. Measuring Effective Utilization of 911/E911 Fees**

- 1. Please provide an assessment of the effects achieved from the expenditure of state 911/E911 or NG911 funds, including any criteria your state or jurisdiction uses to measure the effectiveness of the use of 911/E911 fees and charges. If your state conducts annual or other periodic assessments, please provide an electronic copy (e.g., Word, PDF) of the latest such report upon submission of this questionnaire to the FCC or provide links to online versions of such reports in the space below.**

The North Carolina 911 Board completed the rule making process to established administrative rules for the Primary PSAPs that receive 911 funding. The effective date of those rules was July 1, 2016. In anticipation of assessing individual PSAPs after the rules become effective, the Standards Committee of the NC 911 Board has developed an assessment tool to assist PSAP managers. Peer review assessment teams are expected to begin PSAP compliance visits in 2017.

The NC 911 Board utilizes the Electronic Call Analysis Tracking System (ECaTS) to measure individual call answer times by PSAP. In January 2014, 33% of the PSAPs (42) did not meet the 10 second answer time of 90% of all 911 calls. In December 2014, that number had decreased to 23%. In December 2015, that number had decreased to 8.2%. In December 2016, there was a slight increase to 8.69%. This increase of .5% is not worrisome but it does bear watching. Better training, better equipment and more attention to performance is still given as a direct result of 911 funding. With the peer review program starting in 2017, call answer times is one of the focal points in the assessment and will certainly create more attention.

<b>2016 PSAP Answer Time</b>	<b>Answer Times In Seconds</b>							
	0 - 10	11 - 15	16 - 20	21 - 40	41 - 60	61 – 120	120+	Totals
Total	6,918,252	352,809	96,595	133,702	40,757	29,782	4,759	7,576,656
Overall Percentage	91.31%	4.66%	1.27%	1.76%	0.54%	0.39%	0.06%	100.00%
% answered ≤ 15 seconds	95.97%							
% answered ≤ 40 seconds	99.00%							

# Executive Director Report

Richard Taylor

c) Grant Extension Request

i. Catawba County

*(vote required)*



# Executive Director Report

Richard Taylor

c) Grant Extension Request

ii. Chowan County

*(vote required)*

**CHOWAN COUNTY SHERIFF'S OFFICE**

**POST OFFICE BOX 78**

**EDENTON, NORTH CAROLINA 27932**

**DWAYNE GOODWIN  
SHERIFF**

**OFFICE PHONE:  
(252) 482-8484  
FAX NUMBER:  
(252) 482-5813**

June 30, 2017

Richard Taylor, Executive Director  
N.C. 911 Board  
P.O. Box 17209  
Raleigh, NC 27609

RE: Request for change in project period

Richard,

Reference Section 3 of the grant agreement we request a change in project period.

The request for proposal (RFP) for the radio tower has been distributed and the deadline for the proposals is July 26<sup>th</sup> 2017. County staff will review and offer a recommendation to the Chowan County Board of Commissioners at their regular meeting on August 7<sup>th</sup> 2017.

Upon approval by the board of commissioners we will move forward with the two applications submitted to the Town of Edenton. The first is the variance request and the second is the conditional use permit. Town officials anticipate this process taking six to eight weeks. The end of the eighth week will be September 30<sup>th</sup> 2017 which is the current end of term of the grant agreement.

Completion of the tower including installation of equipment on the tower is anticipated to take 90 days. We request the project period to be extended through December 31<sup>st</sup> 2017.

Sincerely,

Cordell Palmer, Director  
Chowan Central Communications

# Executive Director Report

Richard Taylor

c) Grant Extension Request

iii. Perquimans County

*(vote required)*



## PERQUIMANS COUNTY EMERGENCY SERVICES

P.O. Box 563 - 159 Creek Drive - Hertford, NC 27944

(252) 426-5646 Phone - (252) 426-3306 Fax

Jonathan A. Nixon, Director

May 31, 2017

North Carolina 911 Board  
Attn: Richard Taylor, Executive Director  
PO Box 17209  
Raleigh, NC 27619-7209

Re: Request for Grant Extension

Mr. Taylor,

Perquimans County 911 Communications is requesting an extension for the current grant related to our Back-up Center. Please see the attached timeline for projections. Specifically, pay close attention to the timelines under section 4-Perquimans Phone Equipment at Back-up 911 Center and section 12-Perquimans Radio Equipment at Back-up 911 Center. Based on the current projections, we would like to request an extension through September 30, 2017.

Should you have any questions or concerns feel free to call or email.

Sincerely,

Jonathan A. Nixon  
Perquimans County Emergency Services Director

Attachment

- c. Frank Heath, Perquimans County Manager
- Tracy Mathews, Perquimans Finance Officer
- Cord Palmer, Chowan 911 Center

# PERQUIMANS COUNTY 911 COMMUNICATIONS

## BACKUP 911 CENTER/FUNDING RECONSIDERATION/GRANT PROJECT TIMELINE WITH MILESTONES

### ACTIVITY

### COMPLETE

### UPCOMING

1. General Timelines	<u>05/16/16</u> Original MOU Approved & Signed <u>05/19/16</u> Requested Extension for Back-up PSAP <u>06/03/16</u> Grant Application Submitted <u>06/30/16</u> Back-up PSAP Extension Approved <u>08/12/16</u> Funding Reconsideration Submitted <u>08/31/16</u> Grant Denied <u>10/12/16</u> Grant Approved (Partial Funding) <u>12/02/16</u> Funding Reconsideration Approved <u>02/01/17</u> Attended Grant Workshop	<u>09/30/17</u> Back-up Center On-line
2. Town of Winfall Zoning Permit	<u>12/08/16</u> Approved	
3. Dedicated Fiber Connection	<u>10/19/16</u> Initial Request from DIT through 911 Board Staff Member Marsha Tapler (TO-4 Form) <u>10/24/16</u> Email received from DIT (\$1,047.60) <u>12/10/16</u> Quote received from CenturyLink (\$1,009.00) <u>03/02/17</u> 2nd Request from DIT through 911 Board Staff Marsha Tapler per 911 Board Director Richard Taylor (TO-4 Form) <u>03/17/17</u> Email from Richard Taylor stating cost from DIT (\$754.00) <u>05/02/17</u> CenturyLink Installed Dedicated Fiber	
4. Perquimans Phone Equipment at Back-up 911 Center	<u>12/19/16</u> Purchase Order Issued CenturyLink <u>03/15/17</u> Scope of Work Signed <u>04/07/17</u> CenturyLink has assigned a project manager - Marti Langham	



	<u>05/31/17 - Marti Langham confirmed the equipment has been ordered</u>	<u>08/12/17</u> Begin Installation <u>08/20/17</u> Installation Complete
5. MCTs for 5 Perquimans EMS Units (Software)	<u>12/19/16</u> Purchase Order issued to Southern Software <u>03/08/17</u> Project Conference Call <u>03/27/17 - 03/30/17</u> Southern Software On-site for installation of software and staff training <u>03/31/17</u> On-line with MDIS	
6. Emergency Medical Dispatch (EMD)	<u>08/03/16</u> Purchase Order issued to Priority Dispatch <u>11/01/16 - 11/03/16</u> 1st EMD Class at Perquimans County 911 <u>11/29/16 - 12/01/16</u> 2nd EMD Class at Perquimans County 911  <u>12/06/16</u> 2nd Purchase Order to Priority Dispatch <u>12/06/16 - 12/07/16</u> EMD-Q Class at Perquimans County 911 <u>01/09/17 - 01/11/17</u> EMD Kickoff Meeting <u>01/24/17</u> Pro-QA Classes held at Perquimans County 911 <u>01/25/17</u> AQUA Class held at Perquimans County 911 <u>02/14/17</u> Go-live with EMD	
7. Voice Logging Server - Recorder Upgrade & NAS	<u>12/19/16</u> Purchase Order issued to EdgeOne Solutions, Inc. <u>03/01/17</u> Project Conference Call - equipment ordered and license in-hand <u>04/07/17</u> Recorder upgrades complete	

		<u>09/30/2017</u> Chowan Radio & Phone Channels added to the Recorder
8. Move CAD Server to Back-up 911 Center	<u>12/19/16</u> Purchase Order issued to Southern Software <u>03/08/17</u> Project Conference Call <u>05/15/17</u> Southern Software Tech, Practical Computing and Perq 911 on-site - Backup CAD Server to moved to Chowan and on-line <u>05/16/17</u> Test Neverfail for Servers complete	<u>09/25/17</u> Southern Software on-line at Chowan
9. Additional CAD (Laptop) Workstation to be used at Back-up 911 Center	<u>01/17/17</u> Purchase Order issued to Practical Computing <u>02/20/17</u> Delivered to Perquimans 911 Communications	<u>06/26/17</u> CAD Software to be installed by Southern Software
10. Firewall	<u>07/14/16</u> Purchase Order issued to Pratical Computing <u>7/18/16</u> Firewall On-line	
11. Radio Upgrades for Perquimans County	<u>03/17/17</u> Purchase Order Issued to Motorola <u>03/27/17</u> Equipment began arriving at Perquimans 911 <u>04/24/17</u> Wireless Comm began installation <u>05/16/17</u> Installation Complete in Perquimans	
12. Perquimans Radio Equipment at Back-up 911 Center	<u>03/17/17</u> Purchase Order Issued to Motorola <u>03/27/17</u> Equipment began arriving at Perquimans 911	



		<u>09/25/17</u> Wireless Comm to begin installing equipment in Chowan on new tower <u>09/30/17</u> Chowan Tower Complete & Perquimans Radio Equipment On-line
13. New 150' Tower at Perquimans 911 Center	<u>12/12/16</u> Purchase Order issued to GET Solutions for Geotechnical Investigation & Engineering Services for Tower Site. Note: This was issued prior to the Feb 1st meeting in order to meet the grant timeline for the new tower. <u>01/31/17</u> GET Solutions, Inc. issued Preliminary Report of Subsurface Investigation & Geotechnical Engineering Services <u>02/14/17</u> RFP released for the "Perquimans 911 Tower Project" <u>03/14/17</u> Received bid for the "Perquimans 911 Tower Project" <u>03/27/17</u> Notice to Proceed - Sabre Industries <u>04/07/17</u> Sabre industries assigned Project Manager - Steve Jones <u>04/21/17</u> Engineering Reviewed by Local Building Inspector	<u>06/05/17</u> Start Tower Foundation <u>06/07/17</u> Finish Tower Foundation <u>06/19/17</u> Deliver Tower/Start Installation <u>05/26/17</u> Complete Tower Installation including Antennas and Fencing
14. ECaTS in Back-up 911 Center	<u>04/11/17</u> Conference Call with ECaTS - Courtney Mau will be the project manager <u>05/25/17</u> ECaTS Equipment Received at the Chowan 911 Center <u>05/31/17</u> ECaTS equipment at Back-up Center Online	



15. Staff Training and Test All Equipment

09/30/17 Staff Training and Equipment Testing  
Complete - Back-up Center Online

05/31/17

# 911 Funding Committee Report

## a) Update On PSAP Funding Model Task

David Bone

## **911 Board Funding Committee Final Report**

Presented by: Talana Bell, Anthony Berghammer, Taylor Douglas, Mark Jacobs, Kyle McMakin

### **Summary of Business Understanding**

The North Carolina 911 Board (hereinafter referred to as “Board”) is charged by the General Assembly to oversee the operations of North Carolina’s 117 PSAPs (Public Safety Answering Point aka, 911 centers) and to fund them from receipts of the 911 fee charged by all telephone (wireline, wireless & VoIP) providers.

The team from Appalachian State University (hereinafter referred to as “Team”) has been charged with developing a model that can be used for several years with minimal intervention and is also fair and equitable. This model is based on data provided by the Board as well as other data elements considered necessary for the project by the Team.

The successful model will be one that fairly and equitably distributes funds to each PSAP and will be accepted by each political concern involved.

### **Summary of Data Mining Process**

Using PSAP data provided by Dave Corn and population demographic data from the USDA, the Team accumulated calls by PSAP for as many years as possible, data related to population, ages, education levels, household incomes, crime rates, and unemployment.

The Team then ran various models to determine the correlation of data parameters to the number of calls by PSAP or to the existing funding. Two models emerged as the primary models to use: time series and proxy regression.

### **Summary of Data Mining Results**

Once the models were run and correlations determined, it became apparent that the primary data elements that affected each PSAP were number of calls and population of each PSAP. Population is highly correlated to the number of calls, so it was utilized in the Proxy Regression model to determine a formula to use to predict calls. The Time Series model was used to predict the number of calls for 2018 and 2019 as an option for the Board.

While the Team thought that crime rates, education levels, unemployment, and household income would strongly correlate with the number of calls, it was determined that those data elements were not the right elements for the final models. As a result, we developed funding models based off predicted call volume and population.

### **Summary of Results Evaluation**

As stated, the final models used are proxy regression and time series. Time series can only

predict the number of 911 calls for 2018 and 2019 due to the limited number of years available of historical data. However, for option 1 below, it will work well for those two years.

The proxy regression model predicts the number of 911 calls based on a formula ( $-5000.66 + .728 * \text{PSAP population}$ ). Once the number of calls has been predicted, funding can be allocated based on each PSAP's proportion of the total number of predicted calls. Since the proxy regression model is based on population, it is difficult to game the numbers as population is determined by external parties rather than internal systems. The results of the proxy regression are as follows:

p value:  $<.0001$   
t value: 28.25  
Adjusted r squared: .8729  
Intercept: -5002.66  
Independent variable coefficient: .728

### **Proposed Models**

Based on the foregoing information, the Team has determined three different overall options, including sub options, from which the Board can choose to allocate funds to each PSAP. The three options and their respective sub options are listed below along with pros and cons of each:

1. Time Series Option
  - a. Allocate the funding dollars evenly based on the actual number of calls
  - b. Pros
    - i. Easiest method
    - ii. Data availability within internal system
  - c. Cons
    - i. Data can be gamed by PSAPs
    - ii. Inefficient
    - iii. Fails to consider population impacts
2. Proxy Regression
  - a. Formula Option: The formula,  $(-5002.66 + .728 * \text{population})$ , calculates the predicted number of calls by PSAP which will be used as a proportion to the total number of predicted calls to allocate the dollars to each PSAP.
    - i. Pros
      1. Fair and equitable
      2. Cannot be gamed
      3. Utilizes external data to calculate funding
      4. Easily calculated once population data is available
    - ii. Cons
      1. Must be updated every 3 to 5 years
  - b. Base Option: Begin with a base of \$90,000 per PSAP and allocate the remaining dollars using the formula above.
    - i. Pros
      1. Fair and equitable
      2. Cannot be gamed
      3. Gives each PSAP a base amount and doesn't limit funding to

- population changes
    - 4. Utilizes external data to calculate funding
    - 5. Easily calculated once population data is available
  - ii. Cons
    - 1. Must be updated every 3 to 5 years
    - 2. May have to update base amount annually
- 3. Consolidation (best and most efficient, but probably most difficult politically)
  - a. One PSAP per county (based on Indiana model) – fund based on county population
    - i. Pros
      - 1. Eliminates nearly 17 PSAPs
      - 2. Population will be based on external data, preventing gaming
    - ii. Cons
      - 1. A couple of counties are so small, they may not need a PSAP
      - 2. It will add a couple of PSAPs as not all 100 counties have a PSAP inside the county borders
  - b. Calculate each PSAP's proportion of 911 calls and multiply by current funding. Any who fall below \$90,000 will be consolidated into other PSAPs
    - i. Pros
      - 1. Eliminates nearly 30 existing PSAPs
      - 2. More efficient with fewer PSAPs
    - ii. Cons
      - 1. Dollar savings low simply because the PSAPs being consolidated have less funding already

The Team will provide the Board with an Excel spreadsheet that contains calculations and input sections based on the options selected by the Board to allow the Board to move forward with any of the three models.

### **Summary of Deployment and Maintenance Plans**

The deployment and maintenance plans will be determined once the 911 Board Funding Committee decides which model to implement.

### **Cost/Benefit Analysis**

No costs were incurred to develop the model and any costs incurred to maintain the model should be no more than current costs incurred for the model in place today.

### **Conclusions for the Business**

Based on the analysis of the data, the Team concluded the following:

- A few PSAPs appear to be less efficient than others. For example, based on funding and the number of calls received by PSAP, Charlotte-Mecklenburg has the lowest funding per call at \$3.21 while Beech Mountain has the highest at \$259.75. There are opportunities for consolidation based on the data.

- It is curious that some smaller counties have more than one PSAP. For example, Watauga County has three PSAPs, which could be consolidated into one based on population and the number of calls received at each PSAP. With today's technology, it is possible to have a call center that handles many areas and consolidates the calls into one place.

### **Conclusions for Future Data Mining**

- If we were able to obtain more data involving the operations of a PSAP, we would likely be able to develop more rigorous models that could help obtain a better understanding of which PSAPs are operating more efficiently than others.
- The Time-Series model would be more accurate at forecasting the number of 911 calls if we were able to obtain more data from years past. As more data is collected, it would likely be a good idea to develop a new Time-Series model.
- Cluster analysis would be a great tool in deciding how to consolidate PSAPs. It would be necessary to have a better insight into the operations of PSAPs and have an idea as to which ones cannot be eliminated.

# Update & Discussion of Regional PSAP Manager Meetings

Richard Taylor

Name	PSAP	Issues
Tricia McKnight	Hoke	Personnel
Jimmy Stewart	Hoke	Personnel
David Poston	CMPD	Personnel and budget
Joe Vanderlip	CMPD	Personnel
Michael Desmond	CMPD	equiptent upgrade
Jeff Shipp	Board Member	understand/accept/education on next gen
Lonnie	Rowan County	personnel and training
AllenCress	Rowan County	equiptent upgrade
Doug Workman	Cary	expanding center
Tammy Dyles	High Point	expanding center
Seal	Hihg Point	ConEd, getting folks scheduled to get hours...logistics
Tammy Watson	Pineville	radio upgrade
christine moore	Guilford Metro	staffing, increase start pay
Melanie Neal	Guilford Metro	Technology replacement and training
Herb Swaim	Forsyth	changing CAD and phone change and relocating to new center
Wes	Forsyth	staffing and ditto
Brown	Surry	Staff
Corinne	Meck EMS	moving to new building, cad upgrade, phone upgrade, staff
Brian Short	Vance	staffing, total cad replacement
Jason	Vance	ditto
Mike Edge	Scotland	staffing, peer review, and figuring out AT&T bill
Jimmy Williamson	Robeson	staffing
Chad Deese	Robeson	ditto
Morris	Montgomery	radio upgrade
Robbie Smith	Montgomery	staff
	Radolph	moving into new building, ad upgrade, phone upgrade
Trent	Granville	staff, phone 911 trunks for backup
Tracey	Chatham	getting new director and em director
Denise	Chatham	radio project
Jaso	Moore	implement new software locution
Kris Sheffield	Moore	find replacement before she retires
Scott Rooks	Moore	Kris' retirement
Jim Soukup	Durham	moving to new facility
Rodney Cataes	Rockingham	staff training
Candy Strezinski	Iredell	911 funding, eligible, etc.
Nicki Carswell	Iredell	ditto, staffing, possible consolidation, construction of new facility
Rodney Pierce	Davie	upgrade cad, staffing
Tammy Myers	Davie	ditto,,part time staff needed
Del Hall	Stokes	Staffing, funding
Rachel Belo	Wake	on tech committee
Johnson	Cumberland	tax base to fund fire dept and financial incentives for retention
	burke	managing implement and upgrade equipment
		retention, hiring, training
ray gillialand	cabarrus	upgrade report system, phones and radios
Dexter Brower	Alamance	Staffing, retention
William Perry		Staffing
Donna Wright	Richmond	growing next generation leaders, moving staff up to sustain 911 service



Name	PSAP	Issues
		changing from starvision to centurylink for fiber network...no faith in cl and moving primary psap
Alisha Evans	Bladen	ditto
Chad	Bladen	ditto
Roberta Parker	Sampson	staff retention. Retiring..getting someone to take positions
Marie Carroll	Sampson	ditto
Randy Beeman	Cumberland	consolidation project, staff retention
Timmy Mitchell	Cumberland	staff retention
Stanley Kite	Craven	staff retention, required training new primary, getting commissioners to understand how funding works, staffing retention
daniel wiggins	Wayne	implementing a pay study..first one in 18 years, hopes to help with retention, implementing merit raise, building new primary
David Bone	Martin	staff retention
Kim Lewis	Brunswick	training and QA
Patty Long	Brunswick	ditto, juggling everything else
Tom Rogers	Brunswick	retention,
Trey Piland	Dare	PSAP Mgr while on maternity leave and staffing
Kristin Cook	Carteret	staff retention,
Brett Renfrow	Johnston	staff retention, and staffing, and training
Lisa Reid	Fayetteville	finding a replacement since he's retiring
Glenn Parnell	Wilson	
Brenda Womble	Wilson	staff retention, ,training, telephone replacement and succession of glenn
Bryant Fisher	Nash	staff retention
Diane Raynor	Harnett	staff retention, training,

<b>Name</b>	<b>PSAP</b>	<b>Issues</b>
Jason Stewart	Martin County	staffing, going forward with new PSAP, training small psap
Liz Hodgis	Currituck County	staffing, financial reporting for implemental functions
Allen Moore	Rocky Mount	staffing, completion of backup
Keith Moore	USCG	bridge gap between county and uscg regards to rescue
Cord Palmer	Chowan County	no concerns
JW Stalls	Bertie County	Staffing
Anthony Johnson	Perquimans	Staffing and backup
	Pasquotank County	training
Jonathon Nixon	Perquimans County	staffing, retention and burn out
Mike Catagnus	Edgecombe County	staffing for small psap, replace equipment
Selby	Dare County	rentention training, staffing, audit
Beth Eaton	Dare County	staff retention
Tammie Piland	Northampton County	staffing, training, radio upgraded
David Brown	Hertford County	train small staff
	Pitt County	radio upgrade
Steve Cody	Pitt County	Staffing,
Jeff Shipp	Board Member	
Angie Shulz	Raleigh/Wake	staffing, learning new technology
Crystal	Perquimans	getting folks trained
Vic Williams	Beaufort County	staffing, retention, training,
Holiday	MartinCounty	Training

Are PSAPs expected to meet all 92 requirements or is a percentage acceptable?

Richmond Community College Class is very informative and put together

Finance needs to be addressed either more staff or each PSAP is treated the same with expenditures

Consistent funding for new purchases with PSAPs

Radio eligibility

CAD should be 100%

Funding eligibility is inconsistent at times

10% Fund balance is not sufficient for budget planning

Restructure the NC911 Board website – it is very difficult to find anything

Dedicated financial advisor for each region to simplify correspondence

How will GIS component of NG911 affect current map layers

Has any legislation been considered regarding the public records law governing the release of photos and videos

We should not have to argue/discuss what something is for if it is on the eligible expenditure list

One person needs to be assigned to no more than 20 PSAPs – they need to know what/who/where PSAPs are and what the need

Why doesn't the 911 Board host more training throughout the state?

More 911 Board member visits to PSAPs meeting with Directors /Managers and IT staff – this will allow Directors, IT and Board members to become better educated in what we have, expectations and recommended enhancements



We have conflicting information from the telcos about what equipment is needed to connect to the ESINet

I love Tina

I love the meetings, great information, should be from 9-5

Staff is always nice, polite and available to answer questions

Quality assurance and training should be an eligible 911 expense

Understanding that the 911 legislation looks only at the call and not what goes on after the call

# Standards Committee Update

## a) Update on Peer Review

Donna Wright

# Presentation of State Auditor's Report

Marsha Tapler

# STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA



## NORTH CAROLINA 911 FUND

RALEIGH, NORTH CAROLINA

FINANCIAL STATEMENT AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2016



**NCOSA**  
The Taxpayers' Watchdog

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

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## **AUDITOR'S TRANSMITTAL**

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The Honorable Roy Cooper, Governor  
The General Assembly of North Carolina  
North Carolina 911 Board

We have completed a financial statement audit of the North Carolina 911 Fund for the year ended June 30, 2016, and our audit results are included in this report. You will note from the independent auditor's report that we determined that the financial statements are presented fairly in all material respects.

The results of our tests disclosed no deficiencies in internal control over financial reporting that we consider to be material weaknesses in relation to our audit scope or any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*North Carolina General Statutes* require the State Auditor to make audit reports available to the public. Copies of audit reports issued by the Office of the State Auditor may be obtained through one of the options listed in the back of this report.

A handwritten signature in black ink that reads "Beth A. Wood".

Beth A. Wood, CPA  
State Auditor



**Beth A. Wood, CPA**  
**State Auditor**

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# **INDEPENDENT AUDITOR'S REPORT**



STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

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## **INDEPENDENT AUDITOR'S REPORT**

---

North Carolina 911 Board  
North Carolina 911 Fund  
Raleigh, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of the North Carolina 911 Fund (911 Fund), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 911 Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 911 Fund's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 911 Fund's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the 911 Fund, as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

As discussed in Note 1, the financial statements of the 911 Fund are intended to present the financial position and changes in financial position that are attributable to the transactions of the 911 Fund. They do not purport to, and do not, present fairly the financial position of the State of North Carolina as of June 30, 2016, or the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles general accepted in the United States of America. Our opinion is not modified with respect to this matter.

### Other Matters – Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017 on our consideration of the 911 Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 911 Fund's internal control over financial reporting and compliance.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

June 20, 2017



# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the North Carolina 911 Fund (911 Fund) and the fund previously identified as the Enhanced Wireless 911 fund, we are providing the readers of these financial statements this narrative overview and analysis of the financial activities of the 911 Fund for the fiscal year ended June 30, 2016.

### Financial Highlights

- The assets of the 911 Fund exceeded its liabilities at the close of the fiscal year by \$58,542,995 all of which is committed.
- The 911 Fund's total fund balance increased by \$14,126,256 for the fiscal year.

### Overview

This discussion and analysis is intended to serve as an introduction to the 911 Fund's financial statements. The 911 Fund's financial statements consist of the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

- The Balance Sheet presents the 911 Fund's assets, deferred outflows, liabilities, and deferred inflows that are considered relevant to an assessment of near-term liquidity. The difference between assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources) is reported as fund balance.
- The Statement of Revenues, Expenditures, and Changes in Fund Balance reports the resource flow (revenues and expenditures) of the 911 Fund.

Notes to the financial statements are designed to give the reader additional information concerning the 911 Fund and further supports the statements noted above.

Required Supplementary Information (RSI) follows the basic financial statements and notes to the financial statements. The RSI is mandated by the Governmental Accounting Standards Board (GASB) and includes 911 Fund's budgetary comparison schedules reconciling the statutory to the generally accepted accounting principles fund balance at fiscal year-end.

The following schedules reflect condensed financial information for the 911 Fund.

#### Condensed Balance Sheet For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015 Unaudited	Change
Assets	\$ 67,553,500	\$ 52,909,446	\$ 14,644,054
Deferred Outflows of Resources	0	0	0
Total Assets and Deferred Outflows	\$ 67,553,500	\$ 52,909,446	\$ 14,644,054
Liabilities	\$ 9,010,505	\$ 8,492,707	\$ 517,798
Deferred Inflows of Resources	0	0	0
Fund Balance			
Committed	58,542,995	44,416,739	14,126,256
Total Fund Balance	58,542,995	44,416,739	14,126,256
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 67,553,500	\$ 52,909,446	\$ 14,644,054

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The focus of the 911 Fund's financial statements is to provide information on the near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the 911 Fund's operating requirements. Specifically, fund balance can be a useful measure of the resources that are available for spending at the end of the fiscal year.

Total assets increased from \$52,909,446 to \$67,553,500 for the year. Assets increased because the 911 Fund is holding cash for Next Generation 911 (NG911) reserve and grants to Public Safety Answering Points (PSAPs) that had not requested reimbursement as of June 30, 2016.

Total liabilities increased from \$8,492,707 to \$9,010,505 for the year. The increase is due to cost recovery reimbursements payable at year end.

### Condensed Statements of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Years Ended June 30, 2016 and 2015

	2016	2015 Unaudited	Change
<b>Revenues</b>			
Service Charge Revenues	\$ 84,189,459	\$ 77,679,273	\$ 6,510,186
Other Revenue	1,170,041	1,006,024	164,017
Total Revenue	85,359,500	78,685,297	6,674,203
<b>Expenditures</b>			
Statutory Distributions	56,437,528	59,215,401	(2,777,873)
Grant Payments	12,814,229	23,807,736	(10,993,507)
Other Expenditures	1,981,487	1,438,296	543,191
Total Expenditures	71,233,244	84,461,433	(13,228,189)
Revenues Over (Under) Expenditures	14,126,256	(5,776,136)	19,902,392
Fund Balance Beginning of Year	44,416,739	50,192,875	(5,776,136)
Fund Balance End of Year	\$ 58,542,995	\$ 44,416,739	\$ 14,126,256

Service charge revenue increased by \$6,510,186 from the prior year. Sources of revenue changed due to a change in legislation, *North Carolina General Statute* 143B-1414, resulting in the collection of 911 service fees for Prepaid Wireless sales that became effective July 1, 2013. Since this is a point of sale collection by retail outlets statewide, a portion of the noted increase in revenues is believed to come from better education and collection efforts by the Department of Revenue with impacted retailers. The increase is also attributable to an increase in the amount of service charge fees remitted to the 911 Fund from voice communication service providers. Service charge revenue and interest earned on the Short-Term Investment Fund (STIF) continue to be the only revenue source of the 911 Fund.

As of June 30, 2016, the North Carolina 911 Board (NC 911 Board) was disbursing funds to 119 Primary and 8 Secondary PSAPs in North Carolina each month, including the Eastern Band of the Cherokee Indians.

Expenditures for the fiscal year were \$71,233,244 and included statutory distributions and other operating expenditures. Grant payment expenditures decreased by \$10,993,507. The decrease is due to ongoing projects to which grant recipients have not yet submitted request for reimbursement.

As of June 30, 2016, the Commercial Mobile Radio Service (CMRS) Cost Recovery fund balance was \$3.7 million with an average monthly disbursement of \$524,734. As of the same date, the average monthly disbursement for the PSAP Distribution fund was \$4.1 million. Average monthly revenue to the PSAP fund as of June 30, 2016 was \$5.8 million.

### **Budget Variations**

Data for the budget variances is presented in Exhibit B-1: Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budgetary Basis – Non-GAAP) of this report.

The 911 Fund budget is based on receipts received from access lines as noted in G.S.143B-1400. It is not unusual for the budget to change during the fiscal year in relation to budget adjustments made to accommodate changes in NC 911 Board activity. Under current state budget management practice, primary emphasis is placed on comparisons of the final authorized budget and actual spending.

### **Variances – Original and Final Budget:**

In general, the variance between the Grant Payments original and final budget is attributable to the timing issue between when the NC 911 Board approves the budget and when it is processed along with the State budget. Grant payments are fluid and the NC 911 Board approval of grant carry forward amounts can change based on payments made by fiscal year close. In addition, the amount budgeted for new awardees, is based on an estimated figure of the PSAP and CMRS funds that will be available for transfer, so the amount budgeted will not be updated until the NC 911 Board approves what, if any, funds are to be moved from the PSAP and CMRS fund to the Grant fund. This is completed in September of the following fiscal year.

Additionally, the variance between the original and final budgeted amounts for Contracted Services was due the awarding of three Statewide projects totaling \$3 million during the fiscal year.

The final budget reflects all budget revisions made throughout the fiscal year to adjust for known facts as well as supplemental adjustments approved by the NC 911 Board Executive Director during the fiscal year.

### **Variances – Final Budget and Actual Results:**

A variance between final and actual occurs as changes are made throughout the year due to new or changing activities. Other changes occurred due to the following:

- 1) Statutory Distribution – CMRS providers decreased reimbursement requests. The NC 911 Board prepares an estimated figure based on prior years' request, however; the CMRS provider is not guaranteed to submit requests. Additionally, the PSAP reconsiderations were less than expected, so this caused the decrease in payments to the PSAPs.
- 2) Grant Payments – Grant recipient's reimbursement requests are based on the recipient's project schedule so the request may or may not occur within the fiscal year; however, it must be budgeted as such to be sure funds are available if requested.
- 3) Contracted Services – Statewide grants were awarded to recipients; however, invoices were not received for payment in the fiscal year funds were budgeted.

### **PSAP Funding Method**

*North Carolina General Statute* 143B-1406 states that "The Board must determine a method for establishing distributions that is equitable and sustainable and that ensures distributions for eligible operating costs and anticipated increases for all funded PSAPs. The Board must establish a formula to determine each PSAP's base amount."

The NC 911 Board approved the current PSAP funding distribution method on December 7, 2010 to be effective July 1, 2011. This method distributes funds to eligible PSAPs based on an average of the most recent five years of eligible 911 expenditures. Each year going forward, the oldest expenses would be removed from the average and the most current year added, creating a "rolling average."

Twenty-two PSAPs made formal funding reconsideration request for fiscal year 2016. Of the twenty-two requests only 12 were increased from the proposed amount after careful review of past expenditures and fund balances within the individual PSAP.

The approved PSAP distribution for fiscal year 2016 was \$49,866,260.

In performing the annual review of revenue/expenditure reports from the PSAPs, the NC 911 Board staff noted that at June 30, 2016, PSAP fund balances (the amount that PSAPs have on hand locally) totaled over \$66.5 million.

### **Grant and Statewide Projects**

The enactment of SL 2010-158 (codified in G.S. 62A-47), expanded the NC 911 Board's grant authority in two significant ways: to consolidate one or more PSAPs with a primary PSAP, and to fund statewide projects.

At the July 31, 2015 meeting, \$11,025,952 was awarded in grants to three PSAPs. Graham County received \$3,401,528 for construction of a new facility on property provided by Graham County and will meet the needs of the regional PSAP initiative with Swain and Jackson counties.

Hyde County was granted \$1,266,887 for the consolidation of 911 operations currently administered by the Hyde County Sheriff's office with similar operations of Dare County and Tyrrell County within a new unified administrative structure within Dare County 911 Communications.

Richmond County was granted \$6,357,537 for construction of a new facility on property provided by Richmond County which will house the 911 system and for the consolidation of 911 operations currently administered by the Richmond County Sheriff's office, Rockingham Police Department, and Hamlet Police Department with similar operations of Richmond County within a new unified administrative structure within Richmond County Emergency Communications.

The NC 911 Board also continued funding for the fourth year of the statewide orthography project in the amount of \$3,719,332.

The NC 911 Board voted to transfer \$18,618,895 from the PSAP Distribution fund to the Grant account at the September 25, 2015 board meeting. The transferred funds were considered excess in the PSAP Distribution fund and did not impact the 911 Fund's ability to meet its fiscal responsibilities.



**911 Fee**

The NC 911 Board reviewed the PSAP and CMRS Cost Recovery fund balances at the March 27, 2016 meeting. The staff presented the financial forecast for fiscal year 2016 and recommended that the 911 fee remain at \$.60 for the next year. The NC 911 Board approved the staff recommendation.

**Future Highlights**

There are several areas in the NC 911 Board's authority that will require additional attention in the near future.

The transition to the NG 911 platform is moving slowly but it is moving forward. Working with our technology consultant, a Cost Analysis was adopted by the NC 911 Board in January 2016. Costs of the present legacy 911 system established a baseline for costs that may be either replaced or impacted by the implementation of an Emergency Services Network (ESInet) and NG911 core services. NG911 replacement costs fall into two categories, costs that will be replaced by NG911 and costs that can be impacted by NG911. Costs that will be replaced by NG911 costs is defined as costs that will shift from the legacy 911 Fund into services provided by the ESInet and NG911 system. These costs will remain but will migrate into the NG911 platform, which offers enhancements and greater reliability over the legacy system.

The cost analysis concludes that \$13,684,110 of the existing annual costs will shift onto the NG911 system once it is operation. An estimated \$22,155,071 of the annual costs is potentially "impacted by NG911" and portions that will shift to the NG911 system. Based on the Concept of Operations the total costs for NG911 network is estimated to be \$27,574,347.

This Cost Analysis is using the best information available and does not reflect the actual costs that may be incurred for implementation until a vendor or vendors are selected. The Request for Proposal was issued in June 2016.

Implementation of operating standards for PSAPs became effective July 1, 2016. PSAPs have been given until July 1, 2017 to make adjustments to their operations before any compliance inspections begin. The cost of implementation remains unknown at this point but could prove to be a negative impact on the PSAP fund. These costs need to be monitored closely by staff.

Implementation of backup plans for all PSAPs has a deadline of July 1, 2017. Because each PSAP has developed its own autonomous plan, the overall financial impact to the 911 Fund is difficult to estimate. However, the 911 Fund staff has been working very closely with each PSAP and their financial needs to accomplish the legislative mandate. At this point it appears the 911 Fund is healthy enough to meet the financial requirements but close attention should be given each month to monitor any significant changes.

**Request for Information**

This report is designed to provide an overview of the 911 Fund's finances for those with an interest in this area. Questions concerning any of the information presented in this report or requests for additional financial information should be directed to the Chief Financial Officer, North Carolina 911 Fund located at 3700 Wake Forest Road, Raleigh, North Carolina 27609.





# FINANCIAL STATEMENTS

**North Carolina 911 Fund**  
**Balance Sheet**  
**June 30, 2016**

**Exhibit A-1**

**ASSETS**

Cash and Cash Equivalents (Note 2)	\$ 54,770,661
Accounts Receivable	7,733,865
Interest Receivable	35,482
Due from Other Funds	1,980,706
Securities Lending Collateral	3,032,786
	<hr/>
Total Assets	67,553,500

**DEFERRED OUTFLOWS OF RESOURCES**

Total Deferred Outflows of Resources	<hr/> 0
	<hr/>
Total Assets and Deferred Outflows	\$ 67,553,500

**LIABILITIES**

Accounts Payable and Accrued Liabilities:	
Accounts Payable	641,693
Intergovernmental Payable	5,334,377
Other Payables	1,649
Obligations Under Securities Lending	3,032,786
	<hr/>
Total Liabilities	9,010,505

**DEFERRED INFLOWS OF RESOURCES**

Total Deferred Inflows of Resources	<hr/> 0
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**FUND BALANCE**

Committed	<hr/> 58,542,995
	<hr/>
Total Liabilities, Deferred Inflows and Fund Balance	\$ 67,553,500

The accompanying notes to the financial statements are an integral part of this statement.

**North Carolina 911 Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2016**

**Exhibit A-2**

**REVENUES**

Service Charges Revenues	\$	84,189,459
Investment Earnings		369,381
Administration Fees		800,660
Total Revenues		<u>85,359,500</u>

**EXPENDITURES**

Statutory Distributions		56,437,528
Grant Payments		12,814,229
Salaries and Benefits		465,293
Contracted Services		1,345,601
Travel		76,970
Communication		11,017
Data Processing		10,958
Vehicle Lease		22,294
Registration Fees		1,644
Postage and Freight		683
Other		44,359
Capital Outlay		2,668
Total Expenditures		<u>71,233,244</u>
Revenues Over Expenditures		<u>14,126,256</u>

**OTHER FINANCING SOURCES (USES)**

Total Other Financing Sources (Uses)		<u>0</u>
Net Change in Fund Balances		14,126,256

**FUND BALANCE**

Fund Balance, July 1, 2015		<u>44,416,739</u>
Fund Balance, June 30, 2016	\$	<u><u>58,542,995</u></u>

The accompanying notes to the financial statements are an integral part of this statement.



# NOTES TO THE FINANCIAL STATEMENTS

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

- A. Organization and Purpose** - On October 1, 1998, the General Assembly of North Carolina (General Assembly) ratified Senate Bill 1242 which established the Enhanced 911 Wireless Fund and the North Carolina Wireless 911 Board. On July 27, 2007, the General Assembly of North Carolina further revised *North Carolina General Statute* 62A, creating a North Carolina 911 Fund (911 Fund) and North Carolina 911 Board (NC 911 Board). The NC 911 Board consolidates the State's Enhanced 911 system under a single board with a uniform 911 service charge to integrate the State's 911 system, enhance efficiency and accountability, and create a level competitive playing field among voice communication providers.

The NC 911 Board continues to provide for an enhanced 911 system for the use of wireless, wireline and Voice over Internet Protocol (VoIP) telephone services. In addition, the 911 Fund provides funding for major improvements in the quality and reliability of statewide 911 services available to the customers of voice communication service providers.

As required by *North Carolina General Statute* 143B-1400, certain elected officials appoint the sixteen members of the NC 911 Fund's Advisory Board. The State Chief Information Officer or the Chief Information Officer's designee serves as the chair. Four members are appointed by the Governor, six members are appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, and six members are appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.

Of the sixteen Board members, three members represent the Commercial Mobile Radio Service (CMRS) providers, four members represent the Local Exchange Carriers, and one member represents VoIP providers and are considered the "Industry" representatives. Of the remaining eight members representing the "Public Sector," there is one member representing a county, one member representing a municipality, one member who is a sheriff, one member who is a police chief, one member who is a fire chief, one member who is rescue or emergency medical services chief, one member representing the NC Chapter of the National Emergency Number Association (NENA), and one member representing the NC Chapter of the Association of Public Safety Communication Officials (ACPO).

During the year, voice communications providers remit monthly service charges to the 911 Fund and Public Safety Answering Points (PSAPs) receive statutory distributions from the fund. The NC 911 Board manages all revenues remitted to the 911 Fund, establishes procedures for disbursement of funds, and advises all voice communications service providers and eligible counties of such procedures.

- B. Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their

constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The 911 Fund is part of the State of North Carolina and an integral part of the State's *Comprehensive Annual Financial Report*.

The accompanying financial statements present all funds for which the 911 Fund is financially accountable. The 911 Fund's accounts and transactions are included in the State's *Comprehensive Annual Financial Report* as part of the State's governmental funds.

- C. Basis of Presentation** - The 911 Fund's records are maintained on a cash basis throughout the year, but adjustments are made at the end of the fiscal year to convert to GAAP for governmental entities. The financial statements are prepared according to GAAP as follows:

The accompanying financials statements are presented in accordance with principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* require the presentation of both government-wide and fund level financial statements. The financial statements presented are governmental fund financial statements of the 911 Fund. Because the 911 Fund is not a separate legal entity, government-wide financial statements are not prepared.

The 911 Fund reports only one major fund, the Special Revenue Fund. The Special Revenue Fund is the primary operating fund and is used to account for the proceeds of specific revenue sources that are restricted or committed for specified purposes. The primary revenue source is 911 service charge.

- D. Measurement Focus and Basis of Accounting** – Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The operating statement presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources.

Under the modified accrual basis, revenues are recognized when both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the 911 Fund considers revenues to be available if they are collected within 35 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for

certain compensated absences and claims and judgments, which are recognized when payment is due.

Non-exchange transactions occur when one government provides (or receives) value to (or from) another party without receiving (or giving) equal or nearly equal value in return.

The 911 Fund recognizes assets of non-exchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met.

Since pension liability amounts relating to the 911 Fund are reported only at the statewide level, these amounts are not included in the 911 Fund's financial statements. However, the pension liability is reported in Note 3 in the Notes to the Financial Statements.

- E. Cash and Cash Equivalents** - This classification includes deposits held by the State Treasurer in the Short-Term Investment Fund (STIF). The STIF maintained by the State Treasurer has the general characteristics of a demand deposit account in that participants may deposit and withdraw cash at any time without prior notice or penalty.
- F. Accounts Receivable** - This classification consists of service charges for voice communication connections. Accounts receivable are expected to be collected within one year. As of June 30, 2016, the 911 Fund had an accounts receivable balance of \$7,733,865. This amount includes \$7,025,820 in service charge fees, \$637,077 Next Generation 911 Reserve fees and \$70,968 in administration fees from the voice communication providers. As of June 30, 2016, the 911 Fund had an interest receivable of \$35,482 based on the STIF account balance.
- G. Due from Other Funds** - As of June 30, 2016, the Department of Revenue owed the 911 Fund \$1,980,706 for prepaid wireless revenues collected for May and June 2016.
- H. Securities Lending** - While the 911 Fund does not directly engage in securities lending transactions, it deposits certain funds with the State Treasurer's Short-Term Investment Fund which participates in securities lending activities. Based on the State Treasurer's allocation of these transactions, the 911 Fund recognizes its allocable share of the assets and liabilities related to these transactions on the accompanying financial statements as "State Treasurer's Securities Lending Collateral" and "Obligations Under State Treasurer's Securities Lending Agreements." The allocable share of the income and costs arising from the transactions is included on the Statement of Revenues, Expenditures, and Changes in Fund Balance. Based on the authority provided in *North Carolina General Statute* 147-69.3(e), the State Treasurer lends securities from its investment pools to broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Treasurer's securities custodian manages the securities lending program. During the year, the custodian lent U.S. government and agency securities, corporate bonds and notes for collateral. The custodian is permitted to receive cash, U.S. Government and agency securities, or

irrevocable letters of credit as collateral for the securities lent. The collateral is initially pledged at 102 percent of the market value of the securities lent, and additional collateral is required if its value falls to less than 100 percent of the market value of the securities lent. There are no restrictions on the amount of loans that can be made. Substantially all security loans can be terminated on demand by either the State Treasurer or the borrower.

Additional detailed information on the State Treasurer's securities lending program can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

- I. **Accounts Payable** - Accounts payable represent amounts due to vendors, CMRS providers and employees for goods, services or travel provided/incurred by June 30, 2016.
- J. **Intergovernmental Payables** - Intergovernmental payables represent amounts due to eligible Public Safety Answering Points (PSAPs). Eligible PSAPs are those providers that have complied with the provisions of *North Carolina General Statute*, 143B-1406. At June 30, 2016, \$5,334,377 is currently due to the PSAPs.
- K. **Fund Balance** - Fund balance for governmental funds is reported in five categories: non-spendable, restricted, committed, assigned, and unassigned. The fund balance for the 911 Fund is committed since it can only be used for specific purposes pursuant to constraints imposed by formal action of the N.C. General Assembly, the State's highest level of decision-making authority. The N.C. General Assembly establishes commitments through the passage of legislation that becomes State law. Commitments may be changed or lifted only by taking the same formal action that imposed the constraint originally. As of June 30, 2016, the 911 Fund has a committed fund balance of \$58,542,995.
- L. **Service Charge Revenues and Administration Fees** - A monthly service charge is levied on each voice communication service connection. The monthly service charge was initially set on October 1, 1998 and may be adjusted by the NC 911 Board to ensure full cost recovery for voice communication service providers and for primary PSAP's over a reasonable period of time. A change in the rate may become effective only on July 1. The 911 Fund receives a 1% administrative fee from the total service charges remitted by the voice communication providers. The voice communication providers may retain an allowance equal to the greater of 1% or fifty dollars (\$50.00) a month of the \$0.60 collected for their administrative costs.
- M. **Statutory Distributions** - The 911 Fund is required to use the 911 service charge fees, less a 1% administrative fee and 10% Next Generation 911 Reserve Fund fee, to cover the costs associated with developing, maintaining and providing technical assistance to primary PSAPs of the enhanced 911 system and other costs as approved by the



NC 911 Board. A portion of the remaining fees are to be used to reimburse CMRS providers for actual costs incurred in complying with the requirements of enhanced 911 Service. The allocation of funds remitted by CMRS providers is 20% to the CMRS portion of the fund and 80% to the PSAP portion of the fund. Funds received from other voice communication providers are allocated 100% to the PSAP portion of the fund.

- N. Grant Payments** - The NC 911 Board funds grants to PSAPs in rural and other high-cost areas and projects that provide statewide benefits for 911 Service. A PSAP may apply to the NC 911 Board for a grant. The NC 911 Board may approve a grant application and enter into agreement with a PSAP if the NC 911 Board determines the estimated costs are reasonable, the expenses are consistent with the 911 plan, sufficient funds are available, and the costs are authorized PSAP costs or the costs are for consolidating PSAP's, or the relocation costs of a primary PSAP.

The NC 911 Board may use funds for a statewide project if the NC 911 Board determines the project is consistent with the 911 plan, the project is cost-effective and efficient, the project is an eligible expense under *North Carolina General Statute* 143B-1407, and the project will have a statewide benefit for 911 Service.

- O. Next Generation 911 Reserve Fund** – The NC 911 Board must allocate 10% of the total service charge to the Next Generation 911 Reserve Fund per *North Carolina General Statute* 143B-1404. This fund may be used to cover cost associated with the implementation of the next generation 911 systems. The NC 911 Board may provide funds directly to PSAPs to implement the next generation 911 systems.

## **NOTE 2 - DEPOSITS AND FAIR VALUE MEASUREMENT**

- A. Deposits** - Unless specifically exempt, the 911 Fund is required by *North Carolina General Statute* 147-77 to deposit any funds collected or received that belong to the State of North Carolina with the State Treasurer or with a depository institution in the name of the State Treasurer. General Statute 147-69.1 authorizes the State Treasurer to invest all deposits in the following: obligations of or fully guaranteed by the United States; obligations of certain federal agencies; specified repurchase agreements; obligations of the State of North Carolina; certificates of deposit and other deposit accounts of specified financial institutions; prime quality commercial paper; asset-backed securities with specified ratings, specified bills of exchange or time drafts, and corporate bonds/notes with specified ratings; general obligations of other states; general obligations of North Carolina local governments; and obligations of certain entities with specified ratings.

The North Carolina Administrative Code (20 NCAC 7) requires all depositories to collateralize public deposits in excess of federal depository insurance coverage by using one of two methods, dedicated or pooled. Under the dedicated method, a separate escrow account is

established by each depository under the 911 Fund's name and the responsibility of monitoring collateralization rests with each depository. Under the pooling method, each depository establishes an escrow account in the name of the State Treasurer to secure all of its public deposits. This method shifts the monitoring responsibility from the 911 Fund to the State Treasurer.

Custodial credit risk is the risk that in the event of a bank failure, the 911 Fund's deposits may not be returned to it. As of June 30, 2016, the 911 Fund's bank balance in excess of federal depository insurance coverage was covered under pooling method.

At June 30, 2016, the Balance Sheet reported cash and cash equivalents of \$54,770,661 which represents the 911 Fund's equity position in the State Treasurer's Short-Term Investment Fund (STIF). The STIF (a portfolio within the State Treasurer's Investment Pool, an external investment pool that is not registered with the Securities and Exchange Commission subject to any other regulatory oversight and does not have a credit rating) had a weighted average maturity of 1.5 years as of June 30, 2016. Assets and shares of the STIF are valued at fair value. Deposit and investment risks associated with the State Treasurer's Investment Pool (which includes the State Treasurer's STIF) are included in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

- B. Fair Value Measurements** - To the extent available, the 911 Fund's investments are recorded at fair value as of June 30, 2016. GASB Statement No. 72, Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active

markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments classified as Level 3 have unobservable inputs and may require a degree of professional judgment.

**Short-Term Investment Fund** – At year-end, all of the 911 Fund's cash and cash equivalents valued at \$54,770,660 were held in the STIF which is a Level 2 investment. Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian.

### NOTE 3 - PENSION PLANS

#### Defined Benefit Plan

Pension contributions to cost sharing plans are recognized as expenditures in the period to which the payment relates, even if the payment is not due until the subsequent period. Consequently, the net pension liability is not reported on the face of the fund financial statements.

*Plan Administration:* The State of North Carolina administers the Teachers' and State Employees' Retirement System (TSERS) plan. This plan is a cost-sharing, multiple-employer, defined benefit pension plan established by the State to provide pension benefits for general employees and law enforcement officers (LEOs) of the State, general employees and LEOs of its component units, and employees of Local Education Agencies (LEAs) and charter schools not in the reporting entity. Membership is comprised of employees of the State (state agencies and institutions), universities, community colleges, and certain proprietary component units along with the LEAs and charter schools. Benefit provisions are established by General Statute 135-5 and may be amended only by the North Carolina General Assembly.

*Benefits Provided:* TSERS provides retirement and survivor benefits. Retirement benefits are determined as 1.82% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. General employee plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of general members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed five years of service and have reached age 60. Eligible

beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

*Contributions:* Contribution provisions are established by General Statute 135-8 and may be amended only by the North Carolina General Assembly. Employees are required to contribute 6% of their compensation. The contribution rate for employers is set each year by the NC General Assembly in the Appropriations Act based on the actuarially-determined rate recommended by the actuary. The 911 Fund's contractually-required contribution rate for the year ended June 30, 2016 was 9.15% of covered payroll. The 911 Fund's contributions to the pension plan were \$32,024 and employee contributions were \$20,999 for the year ended June 30, 2016.

The TSERS plan's financial information, including all information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position, is included in the State of North Carolina's fiscal year 2015 *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

*TSERS Basis of Accounting:* The financial statements of the TSERS plan were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The plan's fiduciary net position was determined on the same basis used by the pension plan.

*Methods Used to Value TSERS Investment:* Pursuant to *North Carolina General Statutes*, the State Treasurer is the custodian and administrator of the retirement systems. The State Treasurer maintains various investment portfolios in its Investment Pool. The pension trust funds are the primary participants in the Long-term Investment portfolio and the sole participants in the External Fixed Income Investment, Equity Investment, Real Estate Investment, Alternative Investment, Credit Investment, and Inflation Protection Investment portfolios. The investment balance of each pension trust fund represents its share of the fair market value of the net position of the various portfolios within the pool. Detailed descriptions of the methods and significant assumptions regarding investments of the State Treasurer are provided in the 2015 *Comprehensive Annual Financial Report*.

*Net Pension Liability:* At June 30, 2016, the 911 Fund's proportionate share of the collective net pension liability was \$81,175. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, and update procedures were used to roll forward the total pension liability to June 30, 2015. The 911 Fund's proportion of the net pension liability was based on the present value of future salaries for the 911 Fund relative to the present value of future salaries for all participating

employers, actuarially-determined. As of June 30, 2015, the 911 Fund's proportion was .00220%, which was an increase of .00017 from its proportion measured as of June 30, 2014.

*Actuarial Assumptions:* The following table presents the actuarial assumptions used to determine the total pension liability for the TSERS plan at the actuarial valuation date:

Valuation Date	12/31/2014
Inflation	3%
Salary Increases*	4.25% - 9.10%
Investment Rate of Return**	7.25%

\* Salary increases include 3.5% inflation and productivity factor.

\*\* Investment rate of return is net of pension plan investment expense, including inflation.

TSERS currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuations were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc Cost of Living Adjustment (COLA) amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (the valuation date) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	2.2%
Global Equity	5.8%
Real Estate	5.2%
Alternatives	9.8%
Credit	6.8%
Inflation Protection	3.4%

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount Rate:* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The following presents the net pension liability of the plan calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

<u>Net Pension Liability (Asset)</u>		
<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
\$ 244,315	\$ 81,175	\$ 57,268

*Deferred Inflows of Resources and Deferred Outflows of Resources Related to Pensions:* For the year ended June 30, 2016, the 911 Fund recognized pension expense of \$10,216. At June 30, 2016, the 911 Fund reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**Employer Balances of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions by Classification:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Actual and Expected Experience	\$ 0	\$ 9,230
Changes of Assumptions		
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		8,795
Change in Proportion and Differences Between Agency's Contributions and Proportionate Share of Contributions	10,693	1,829
Contributions Subsequent to the Measurement Date	32,024	
Total	<u>\$ 42,717</u>	<u>\$ 19,854</u>

The amount of \$32,024 reported as deferred outflows of resources related to pensions will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Schedule of the Net Amount of the Employer's Balances of Deferred Outflows of Resources and Deferred Inflows of Resources That will be Recognized in Pension Expense:**

Year ended June 30:	Amount
2017	\$ (8,263)
2018	(8,263)
2019	(7,793)
2020	15,158
Total	<u>\$ (9,161)</u>

**NOTE 4 - OTHER POSTEMPLOYMENT BENEFITS**

- A. Health Benefits** - The 911 Fund participates in the Comprehensive Major Medical Plan (the Plan), a cost-sharing, multiple-employer defined benefit health care plan that provides postemployment health insurance to eligible former employees. Eligible former employees include long-term disability beneficiaries of the Disability Income Plan of North Carolina and retirees of the Teachers' and State Employees' Retirement System (TSERS). Coverage eligibility varies depending on years of contributory membership service in their retirement system prior to disability or retirement.

The Plan's benefit and contribution provisions are established by Chapter 135, Article 3B, of the General Statutes, and may be amended only by the North Carolina General Assembly. The Plan does not provide for automatic post-retirement benefit increases.

By General Statute, a Retiree Health Benefit Fund (the Fund) has been established as a fund in which accumulated contributions from employers and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and applicable beneficiaries. By statute, the Fund is administered by the Board of Trustees of the TSERS and contributions to the fund are irrevocable. Also by law, Fund assets are dedicated to providing benefits to retired and disabled employees and applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to the Fund. Contribution rates to the Fund, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly.

For the current fiscal year, the 911 Fund contributed 5.60% of the covered payroll under TSERS to the Fund. Required contribution rates for the years ended June 30, 2015 and 2014, were 5.49%, 5.40%, respectively. The 911 Fund made 100% of its annual required contributions to the Plan for the years ended June 30, 2016, 2015, and 2014, which were \$19,599, \$17,078, and \$14,742, respectively. The 911 Fund assumes no liability for retiree health care benefits provided by the programs other than its required contribution.

Additional detailed information about these programs can be located in the State of North Carolina's *Comprehensive Annual Financial Report*. An electronic version of this report is available on the North Carolina Office of the State Controller's website at <http://www.osc.nc.gov/> or by calling the State Controller's Financial Reporting Section at (919) 707-0500.

- B. Disability Income** - The 911 Fund participates in the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan, to provide short-term and long-term disability benefits to eligible members of TSERS. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes, and may be amended only by the North Carolina General Assembly. By statute, the DIPNC is administered by the Department of State Treasurer and the Board of Trustees of TSERS. The Plan does not provide for automatic post-retirement benefit increases.

Disability income benefits are funded by actuarially determined employer contributions that are established by the General Assembly. For the fiscal year ended June 30, 2016, the 911 Fund made a statutory contribution of .41% of covered payroll under the Teachers' and State Employees' Retirement System to the DIPNC. Required contribution rates for the years ended June 30, 2015, and 2014, were .41% and .44%, respectively. The 911 Fund made 100% of its annual required contributions to the DIPNC for the years ended June 30, 2016, 2015, and 2014, which were \$1,435, \$1,275, and \$1,201, respectively. The



911 Fund assumes no liability for long-term disability benefits under the Plan other than its contribution.

Additional detailed information about the DIPNC is disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*.

## **NOTE 5 - RISK MANAGEMENT**

The 911 Fund is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are handled via a combination of methods, including participation in state-administered insurance programs, purchase of commercial insurance, and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

### **A. Employee Benefit Plans**

#### **1. State Health Plan**

The 911 Fund employees and retirees are provided comprehensive major medical benefits. Coverage is funded by contributions to the State Health Plan (Plan), a discretely presented component unit of the State of North Carolina. The Plan is funded by employer and employee contributions. The Plan has contracted with third parties to process claims.

#### **2. Death Benefit Plan of North Carolina**

Term life insurance (death benefits) of \$25,000 to \$50,000 is provided to eligible workers. This Death Benefit Plan is administered by the State Treasurer and funded via employer contributions. The employer contribution rate was .16% for the current fiscal year.

### **B. Other Risk Management and Insurance Activities**

#### **1. Automobile, Fire, and Other Property Losses**

The 911 Fund is required to maintain fire and lightning coverage on all state-owned buildings and contents through the State Property Fire Insurance Fund (the Fund"), an internal service fund of the State. Such coverage is provided at no cost to the 911 Fund for operations supported by State's General Fund. Other operations not supported by the State's General Fund are charged for the coverage. Losses covered by the Fund are subject to a \$5,000 per occurrence deductible. However, some agencies have chosen a higher deductible for a reduction in premium.

State-owned vehicles are covered by liability insurance through a private insurance company and handled by the North Carolina Department of Insurance. The liability limits for losses are \$1,000,000 per claim and \$10,000,000 per occurrence. The 911 Fund pays

premiums to the North Carolina Department of Insurance for the coverage.

## 2. Public Officer's and Employees' Liability Insurance

The risk of tort claims of up to \$1,000,000 per claimant is retained under the authority of the State Tort Claims Act. In addition, the State provides excess public officers' and employees' liability insurance up to \$10,000,000 via contract with a private insurance company. The 911 Fund pays the premium, based on a composite rate, directly to a private insurer.

## 3. Employee Dishonesty and Computer Fraud

The 911 Fund is protected for losses from employee dishonesty and computer fraud for employees paid in whole or part from state funds. The coverage is with a private insurance company and is handled by the North Carolina Department of Insurance. The 911 Fund is charged a premium by the private insurance company. Coverage limit is \$5,000,000 per occurrence. The private insurance company pays 90% of each loss less a \$100,000 deductible.

## 4. Statewide Worker's Compensation Program

The North Carolina Workers' Compensation Program provides benefits to workers injured on the job. All employees of the State and its component units are included in the program. When an employee is injured, the employer's primary responsibility is to arrange for and provide the necessary treatment for work related injury. The 911 Fund is responsible for paying medical benefits and compensation in accordance with the North Carolina Workers' Compensation Act. The 911 Fund retains the risk for workers' compensation.

Additional details on state-administered risk management programs are disclosed in the State of North Carolina's *Comprehensive Annual Financial Report*, issued by the Office of the State Controller.

### NOTE 6 - COMMITMENTS

The NC 911 Board sets aside a portion of its fund balance annually to provide grants to local PSAPs and to fund Statewide 911 projects. At June 30, 2016, the 911 Fund had outstanding commitments on these cost-reimbursement grants and contracts totaling \$25.63 million.

### NOTE 7 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2016, the Department implemented the following pronouncements issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 72, *Fair Value Measurement and Application*

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

GASB Statement No. 72 provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.



# **REQUIRED SUPPLEMENTARY INFORMATION**

**North Carolina 911 Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis-Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2016**

**Exhibit B-1**

	Budgeted Amounts		Actual	Favorable
	Original	Final	(Cash Basis)	(Unfavorable)
REVENUES				
Service Charges Revenues	\$ 82,800,000	\$ 82,800,000	\$ 82,964,747	\$ 164,747
Investment Earnings	247,000	247,000	341,597	94,597
Administration Fees	810,000	810,000	795,633	(14,367)
Total Revenues	83,857,000	83,857,000	84,101,977	244,977
EXPENDITURES				
Statutory Distributions	69,600,000	69,600,000	56,300,157	13,299,843
Grant Payments	40,023,111	37,064,192	12,576,036	24,488,156
Salaries and Benefits	606,725	606,725	464,768	141,957
Contracted Services	805,000	3,814,420	1,310,050	2,504,370
Travel	98,950	100,400	76,839	23,561
Communication	23,340	23,340	11,303	12,037
Data Processing	17,400	18,670	11,828	6,842
Vehicle Lease	29,549	29,549	22,600	6,949
Registration Fees	4,500	4,500	895	3,605
Postage and Freight	300	875	690	185
Other	123,385	98,879	36,550	62,329
Capital Outlay	11,568	15,278	2,866	12,412
Total Expenditures	111,343,828	111,376,828	70,814,582	40,562,246
Excess of Revenues Over (Under) Expenditures	(27,486,828)	(27,519,828)	13,287,395	40,807,223
OTHER FINANCING SOURCES (USES)				
Transfers Out	(33,000)			
Total Other Financing Sources (Uses)	(33,000)			
Net Change in Fund Balance	(27,519,828)	(27,519,828)	13,287,395	40,807,223
Fund Balance - July 1, 2015	44,416,739	44,416,739	44,416,739	
Fund Balance - June 30, 2016	\$ 16,896,911	\$ 16,896,911	\$ 57,704,134	\$ 40,807,223

The accompanying budgetary comparison schedule discloses the annual original budget and final budget for the 911 Fund. Actual amounts in the schedule are presented on the budgetary basis. Accounting principles applied to develop data on a budgetary basis differ significantly from those principles used to present financial statements in conformity with generally accepted accounting principles (GAAP). The following describes the major differences between budgetary financial data and the GAAP financial data.

**Basis differences:** Budgetary fund balance is accounted for on the cash basis of accounting while GAAP fund balance is accounted for on the modified accrual basis of accounting. Accrued revenues and expenditures are recognized in the GAAP financial statements.

The following table presents a reconciliation of resulting basis differences in the fund balances (budgetary basis) at June 30, 2016 to the fund balance on a modified accrual basis (GAAP).

Fund Balance (Budgetary Basis) June 30, 2016	\$ 57,704,134
<u>Reconciling Adjustments:</u>	
<b>Basis Differences:</b>	
Accrued Revenue	1,246,377
Accrued Expenditures	(407,516)
Total Basis Differences	838,861
Fund Balance (GAAP Basis) June 30, 2016	<u>\$ 58,542,995</u>



# **INDEPENDENT AUDITOR'S REPORT**

STATE OF NORTH CAROLINA  
**Office of the State Auditor**



**Beth A. Wood, CPA**  
State Auditor

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**INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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North Carolina 911 Board  
North Carolina 911 Fund  
Raleigh, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the North Carolina 911 Fund (911 Fund), a special revenue fund the State of North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the 911 Fund's basic financial statements, and have issued our report thereon dated June 20, 2017.

As discussed in Note 1, the financial statements of the North Carolina 911 Fund are intended to present the financial position and changes in financial position that are attributable to the transactions of the North Carolina 911 Fund. They do not purport to, and to not, present fairly the financial position of the State of North Carolina as of June 30, 2016, or the changes in the financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 911 Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 911 Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the 911 Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 911 Fund's financial statements will not be

prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 911 Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 911 Fund's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 911 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth A. Wood, CPA  
State Auditor

Raleigh, North Carolina

June 20, 2017



# ORDERING INFORMATION

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For additional information contact:  
Tim Hoegemeyer  
General Counsel  
**919-807-7670**



# NG911 Project Update

Jeff Shipp

# Status of Back-up PSAP Compliance

Richard Taylor

# Other Items

## Adjourn

<b>Next 911 Board Meeting</b>	<b>August 25, 2017 3514 Bush Street Raleigh, NC</b>
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