

February 9, 2021

The Honorable Lawrence J. Hogan, Jr.
Governor of Maryland
State of Maryland Executive Department
State House
Annapolis MD 21401

Re: William H. Amoss Fire, Rescue and Ambulance Fund for Year Ended June 30, 2019

Dear Governor Hogan:

The enclosed William H. Amoss Fund (Amoss) report is submitted by the Maryland Emergency Management Agency (MEMA) in accordance with the provisions of Section 8-105 of the Public Safety Article, Annotated Code of Maryland. This report provides information from each county, regarding the distribution and use of these funds, for the period beginning July 1, 2018 and ending June 30, 2019. The term "county" includes Baltimore City. The following is a summary of the results of this engagement:

- All counties accurately reported expenditures for fire protection in the manner required by Section 8-105.
- All counties provided adequate matching funds per Section 8-104.
- All counties participated in the Maryland Fire Incident Reporting System (MFIRS) as required by Section 8-103.
- All counties participated in the Ambulance Information System (AIS) as required by Section 8-103.
- With the exception of Prince George's County, all of the counties selected for testing expended Amoss funds for purposes allowed by Section 8-102.
- With the exception of Anne Arundel County, all of the counties maintained the Maintenance of Effort standard required by Section 8-104
- The volunteer fire companies in all of the counties selected for testing maintained a separate account for Amoss funds as required by Section 8-104.

Based on the results of the enclosed report, we believe that the purposes of the Amoss program were achieved in the State Fiscal Year ended June 30, 2019. The Maryland Emergency Management Agency is pleased to administer the funding for this important program.

Sincerely,
Russell J. Strickland
Executive Director

Digitally signed by
Russell J. Strickland
Date: 2021.02.09
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Cc: Department of Legislative Services
Honorable Bill Ferguson
Honorable Adrienne A. Jones

Purpose of Engagement

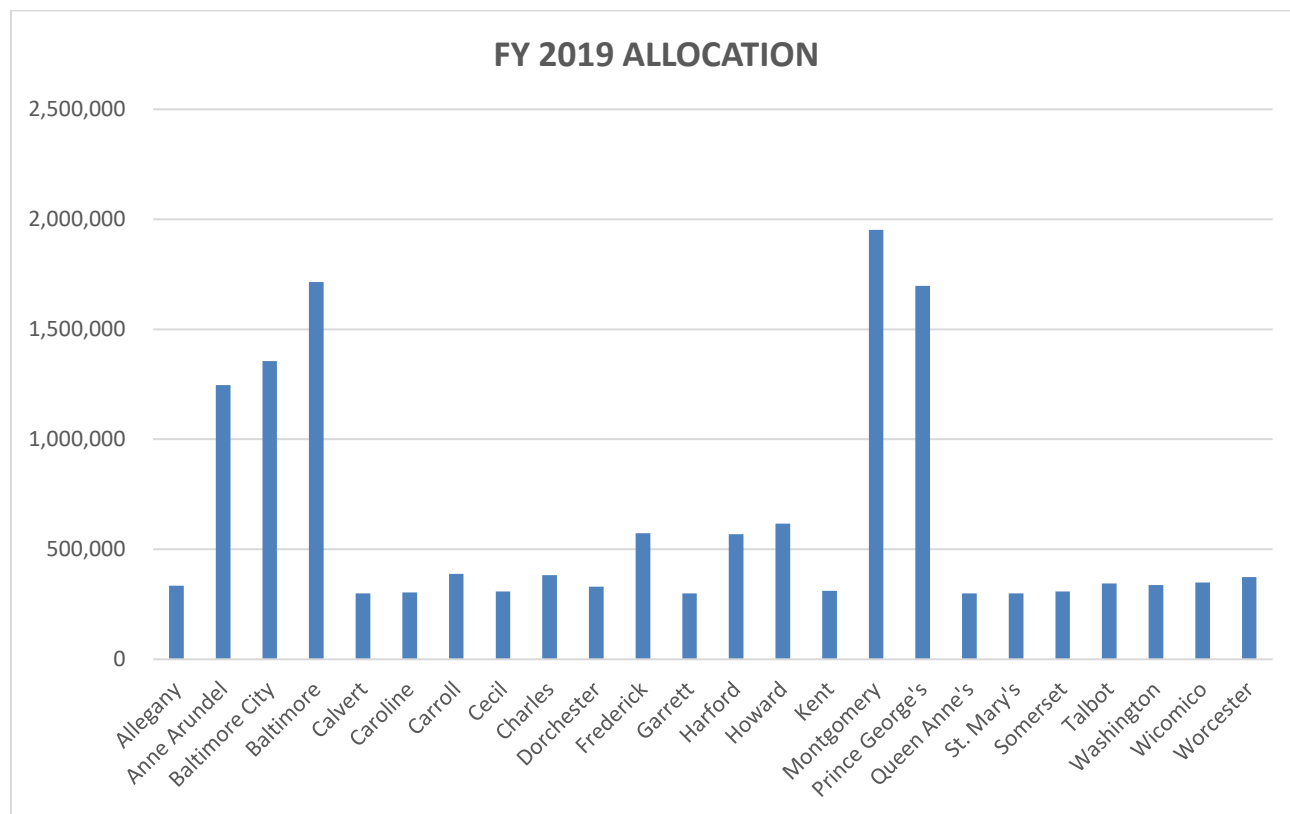
We have performed an attestation engagement based upon “agreed upon procedures” in accordance with the requirements specified in Title 8 of the Public Safety Article of the Annotated Code of Maryland. This statute delineates the purpose, administration and monitoring requirements of the Senator William H. Amoss Fire, Rescue, and Ambulance Award (Amoss fund). Our engagement was for the period beginning July 1, 2018 and ending June 30, 2019.

Section 8-105 (b) requires the Director of the Maryland Emergency Management Agency (MEMA) “to report to the Governor and General Assembly on the information provided by the counties on the distribution of money provided under this subtitle, including an assessment of the extent to which the purposes of this subtitle are being achieved.” The results of this engagement are found in the section below titled “Findings and Recommendations”.

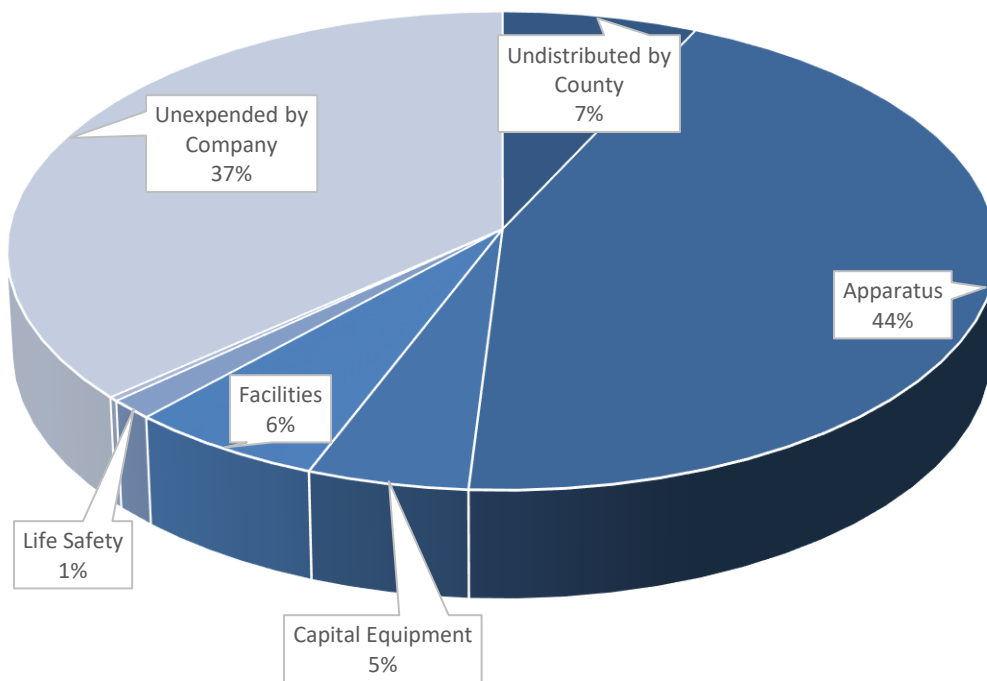
Background Information

The Amoss fund was established to promote: (1) The delivery of effective and high quality fire protection, rescue, and ambulance services to the citizens of this State; (2) Increased financial support for volunteer fire, rescue, and ambulance companies (VFRACs) by local governments; and (3) the continued financial viability of VFRACs given the greatly increased costs of apparatus and other types of equipment.

In fiscal year 2019, the Amoss fund provided grants-in-aid of \$15,000,000 for fire protection, rescue, and ambulance services to all counties. For purposes of this engagement, the term “county” includes Baltimore City. The allocation to each county was determined by the number of property tax accounts within their boundaries. Additional funds were provided to counties with municipalities that had “fire protection” expenditures above a statutory threshold. The bar chart below reports the Amoss funds allocated to each county in fiscal year 2019. The pie chart on page 2 shows the use of funds in fiscal year 2019.



USE OF AMOSS FUNDS FY2019



Findings and Recommendations

Procedure #1

Determine the accuracy of the amount of Fire Protection Expenditures (FPE) reported by each county per 8-105 (a).

Findings and Recommendations:

The Director of Finance of each jurisdiction certified the amount of FPE incurred in fiscal year 2019. We compared each county's FPE with supporting documentation such as general ledger reports, line items from annual financial reports as well as actual costs reported in their annual budgets. The results of our procedures support the reliability of the amounts reported.

Procedure #2

Determine whether counties have met the Maintenance of Effort (MOE) standard per 8-104 (a).

Findings and Recommendations:

The matrix on page 4 reports FPE for each county. Section 8-104 requires the use of a 3 year moving average in order to ascertain achievement of the MOE standard. Effective July 1, 2014, the statutory provisions regarding MOE were changed by the General Assembly. Specifically, capital expenditures are now excluded from the calculation of FPE and counties may receive a "waiver" of the MOE requirement. In addition, the state is required to assess a penalty if a county does not meet MOE for the 2 subsequent fiscal years that follow the 3 year period used to determine the average.

To comply with the new statute and to ensure an accurate comparison, FY 2015 was established as the base year for all future 3 year MOE cycles. Going forward, the next 3 year average was determined based on FY 2015, FY 2016 and FY 2017. The subsequent 2 years discussed in the statute are FY 2018 and FY 2019. Only Anne Arundel County did not meet MOE for both FY 2018 and FY 2019. Per written guidance from the Assistant Attorney General (AAG), the required penalty was imposed on Anne Arundel County by reducing their FY 2021 allocation.

Jurisdiction	3-Year Avg (FY15,16,17)	FY 2018 Actual	Met FY2018 Standard?	3-Year Avg (FY16,17,18)	FY 2019 Actual	Met FY2019 Standard?	%	Penalty Amount \$
Allegany	1,357,286.71	1,670,108.80	Yes	1,422,208.27	1,577,450.01	Yes		0.00
Anne Arundel	16,869,005.98	15,652,947.62	No	15,717,415.52	15,457,080.00	No	98.34%	256,023.45
City of Baltimore	15,180,461.41	25,129,851.00	Yes	19,247,617.33	24,195,845.00	Yes		0.00
Baltimore County	11,510,129.82	13,092,168.18	Yes	12,160,991.21	13,913,450.55	Yes		0.00
Calvert	3,889,163.70	4,455,552.91	Yes	4,142,189.45	5,081,686.55	Yes		0.00
Caroline	1,414,907.09	1,591,923.03	Yes	1,501,448.17	1,684,676.26	Yes		0.00
Carroll	11,605,978.34	12,625,811.81	Yes	12,120,067.28	12,816,268.18	Yes		0.00
Cecil	2,689,999.48	2,732,083.58	Yes	2,708,276.01	2,877,140.09	Yes		0.00
Charles	11,218,723.83	12,000,697.31	Yes	11,594,766.27	12,547,353.16	Yes		0.00
Dorchester	1,186,585.33	1,361,345.00	Yes	1,242,482.67	1,488,277.00	Yes		0.00
Frederick	7,201,096.33	8,165,813.00	Yes	7,620,573.00	8,843,120.00	Yes		0.00
Garrett	1,954,035.00	1,964,137.00	Yes	1,950,586.33	2,014,557.00	Yes		0.00
Harford	9,913,617.68	10,442,384.00	Yes	10,160,814.67	11,079,166.00	Yes		0.00
Howard	13,545,677.33	17,833,641.00	Yes	14,315,176.67	19,401,437.00	Yes		0.00
Kent	896,488.48	917,193.10	Yes	903,816.84	921,353.83	Yes		0.00
Montgomery	12,916,805.11	14,061,837.24	Yes	13,162,001.77	13,253,866.64	Yes		0.00
Prince George's	21,985,873.06	25,661,333.66	Yes	24,018,562.62	21,298,756.90	No	88.68%	0.00
Queen Anne's	2,381,930.98	2,480,596.52	Yes	2,431,586.51	2,503,049.68	Yes		0.00
St. Mary's	7,490,859.67	8,356,182.00	Yes	7,840,132.00	8,523,823.00	Yes		0.00
Somerset	834,455.56	846,856.58	Yes	846,571.58	889,539.80	Yes		0.00
Talbot	2,393,377.46	2,551,337.60	Yes	2,462,244.75	2,356,027.46	No	95.69%	0.00
Washington	7,194,471.33	7,147,907.00	No	7,300,673.67	7,359,836.00	Yes		0.00
Wicomico	7,074,303.00	7,930,812.00	Yes	7,721,184.33	7,922,664.00	Yes		0.00
Worcester	8,303,578.81	8,301,401.23	No	8,324,612.05	8,736,602.72	Yes		0.00

Procedure #3

Determine whether counties have provided adequate matching funds per 8-104 (b).

Findings and Recommendations:

In FY 2019, 100% of counties made FPE from their own sources that were greater than or equal to the amount of Amoss money received.

Procedure #4

Determine whether counties expended or encumbered the Amoss funds within the period of time proscribed in 8-104 (e).

Findings and Recommendations:

Section 8-104 (e) requires counties to return unexpended/unencumbered Amoss funds after two fiscal years. Based on the reporting, funds that were distributed to counties in FY 2019 and in prior years were expended or encumbered within the parameters of the statute.

Procedure #5

Determine whether counties participated in the Maryland Fire Incident Reporting System (MFIRS) requirements per 8-103 (c). This web-based system is administered by the Office of the State Fire Marshall.

Findings and Recommendations:

As of the date of this report, all counties were compliant in MFIRS reporting for the year ended June 30, 2019.

Procedure #6

Determine whether counties participated in the Ambulance Information System (AIS) reporting requirements per 8-103 (c). This system is administered by the Maryland Institute for Emergency Medical Services Systems (MIEMSS).

Findings and Recommendations:

As of the date of this report all counties were compliant with AIS reporting requirements for the year ended June 30, 2019.

Procedure #7

Determine whether counties reported the nature and amount of any in-kind contributions provided to VFRACs per 8-105 (a).

Findings and Recommendations:

All of the counties reported the nature and amount of any in-kind contributions to VFRACs.

Procedure #8

Determine whether the minimum amount of funds was distributed by each jurisdiction defined by formula per 8-103 (b).

Findings and Recommendations:

Based on their reporting, all counties distributed the minimum amount of funds defined by statutory formula.

Procedure #9

Determine whether recipients expended Amoss funds for uses authorized by 8-102 (f).

Findings and Recommendations:

On January 28, 2020, the Director of the PG County Office of Budget and Management notified MEMA/DMIL that the West Lanham Hills Volunteer Fire Company "misappropriated" \$42,000 of their FY 2019 Amoss Allocation. The company President indicated in writing that the company Treasurer transferred funds electronically from the company's dedicated Amoss account into another account. In accordance with SAS 99 (Statements of Auditing Standards), DMIL performed audit procedures to verify the accuracy of the amount reported by the county. DMIL's procedures included issuing audit confirmation letters to the company's vendors as well as inspection of financial source documentation. Consequently, DMIL was able to corroborate the amount of the reported conversion. DMIL then sent a notice via certified mail to PG County Government formally requesting return of the \$42,000. On Feb 4, 2021, PG responded by email that the misappropriated funds were restored and that the county would issue a refund to DMIL "in a timely manner."

Procedure #10

Determine whether Amoss money distributed to VFRACs were maintained in a separate account per 8-104 (d).

Findings and Recommendations:

All of the VFRACS selected for testing, held their Amoss funds, in separate accounts per 8-104 (d).

Engagement Scope, Objectives and Methodology

Procedures #1 through #8 were performed by testing financial data provided by 100% of counties. Procedures #9 and #10 were performed by testing financial source documentation obtained from a representative sample. Financial source documentation included but was not limited to bank statements, cancelled checks, deposit slips and paid invoices.

Each year, eight (33%) of the twenty four Maryland counties are selected. Per the schedule below, the testing of all counties is completed at the end of each three year cycle. The shaded column represents testing of expenditures incurred in the year ended June 30, 2019 and is the third year of the three year cycle that began in FY 2017. Upon the conclusion of each year's examination a review is made of the findings and a report is prepared for the Governor and the General Assembly.

State Fiscal Year of Expenditure	FY 2017	FY 2018	FY 2019
Allegany			X
Anne Arundel		X	
City of Baltimore			X
Baltimore County			X
Calvert		X	
Caroline		X	
Carroll		X	
Cecil		X	
Charles	X		
Dorchester	X		
Frederick	X		
Garrett		X	
Harford			X
Howard	X		
Kent			X
Montgomery		X	
Prince George's			X
Queen Anne's			X
St. Mary's		X	
Somerset	X		
Talbot			X
Washington	X		
Wicomico	X		
Worcester	X		

Engagement Scope, Objectives and Methodology (Continued)

The counties listed below comprise the sample tested for Procedures #9 and #10 in FY 2019. These counties represent approximately 44% of the total fund allocation. The sample also represents approximately 35% of the total number of VFRACs in the State.

	FY 2019 Allocation	% of Total Appropriation	# of VFRACS	% of Total VFRACS
		\$15,000,000.00		366
Allegany	\$334,380	2.23%	25	6.83%
City of Baltimore	\$1,363,925	9.09%	0	0.00%
Baltimore County	\$1,725,252	11.50%	33	9.02%
Harford	\$572,739	3.82%	12	3.28%
Kent	\$310,710	2.07%	7	1.91%
Prince George's	\$1,699,001	11.33%	35	9.56%
Queen Anne's	\$300,000	2.00%	9	2.46%
Talbot	\$319,140	2.13%	7	1.91%
	\$6,625,147	44.17%	128	34.97%