

State of Florida



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: May 16, 2001
TO: Division of Competitive Services (Paula Isler/Rick Wright)
FROM: Division of Regulatory Oversight (Vandiver) *W*
RE: Undocketed; Audit revenues reported on 1999 and 2000 RAF returns; Audit Control No. 01-082-1-1

Attached is the final audit report for the utility stated above. I am sending the utility a copy of this memo and the audit report. If the utility desires to file a response to the audit report, it should send the response to me for distribution. There are no confidential work papers associated with this audit.

Attachment

cc: Division of Regulatory Oversight (Hoppe, Harvey, District Offices, File Folder)
Division of Legal Services
Office of Public Counsel

Evercom Systems, Inc. D/b/a Correctional Billing Services
Mr. Mike Smith
8201 Trister Drive
Irving, Tx. 75063-2834

DOCUMENT NUMBER-DATE

07718 JUN 21 06

FPSC-RECORDS/REPORTING

MEMORANDUM

Date: May 15, 2001

**TO: DENISE VANDIVER, CHIEF
BUREAU OF AUDITING SERVICES**

**FROM: MICHAEL BUCKLEY
PROFESSIONAL ACCOUNTANT SPECIALIST**

RE: COMPLETED AUDIT SUMMARY REPORT

Originator: Division of Competitive Services , Florida Public Service Commision

Company: Evercom Systems, Inc. d/b/a Correctional Billing Services (TJ054)

AFAD Control No.: 01-082-1-1 Docket No.: 001296-TI

Purpose of Audit: RAF Compliance Review

Actual Hours

Audit Manager Mike Buckley 64

Date Field Work Began: April 15, 2001 Field Work Ended: May 15, 2001

Total dollars audited: INVESTMENT: \$ REVENUE: \$3,820,012.73

EXPENSE: \$



FLORIDA PUBLIC SERVICE COMMISSION

*DIVISION OF REGULATORY OVERSIGHT
BUREAU OF AUDITING SERVICES*

Tallahassee District Office

EVERCOM SYSTEMS, INC. d/b/a CORRECTIONAL BILLING SERVICES (TJ054)

REGULATORY ASSESSMENT FEE AUDIT

HISTORICAL YEARS ENDED DECEMBER 31, 1999 AND 2000

DOCKET NO. 001296-TI

AUDIT CONTROL NO. 01-082-1-1

Michael Buckley
Michael Buckley, Audit Manager

Denise Vandiver
Denise Vandiver, Bureau Chief of Auditing Services

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**DIVISION OF REGULATORY OVERSIGHT
AUDITOR'S REPORT**

May 9, 2001

TO: FLORIDA PUBLIC SERVICE COMMISSION AND OTHER INTERESTED PARTIES

We have applied the procedures described later in this report to audit the accompanying Regulatory Assessment Fee returns for the historical years ended December 31, 1999 and December 31, 2000, for Evercom Systems, Inc.(TG225) and Evercom Systems, Inc. d/b/a Correctional Billing Services (TJ054). The above referenced Regulatory Assessment Fees returns have been included as exhibits in this report.

This is an internal accounting report prepared after performing a limited scope audit. Accordingly, this report should not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

SUMMARY OF SIGNIFICANT PROCEDURES

Our audit was performed by examining certain transactions and account balances which we believe are sufficient to base our opinion. Our examination did not entail a complete review of all financial transactions of the utility. Our more important audit procedures are summarized below. The following definitions apply when used in this report.

Scanned - The documents or accounts were read quickly looking for obvious errors.

Verify - The item was tested for accuracy and compared to the substantiating documentation.

Obtained documentation used by the utility to prepare the Regulatory Assessment Fee (RAF) schedules for the historical years ended December 31, 1999 and 2000.

Scanned the RAF schedules and reconciled revenues to the utility's general ledger.

Recomputed the RAF schedules and verified whether the utility has any outstanding RAFs, penalties, or interest.

Obtained copies of complaints against the utility.

Researched the fact that all revenue is listed with Evercom Systems, Inc. and none with Evercom Systems, Inc. d/b/a Correctional Billing Services.

DISCLOSURES

Disclosure No. 1

Subject: Regulatory Assessment Fees

Statement of Fact: Evercom Systems, Inc. has two certificates. One is listed for Evercom Systems, Inc. and the second for Evercom Systems, Inc. d/b/a Correctional Billing Services. Revenue for both certificates are reported under Evercom Systems, Inc. Correctional Billing Services is not a separate subsidiary or division and does not have nor report revenue.

For the year 1999 Evercom Systems, Inc. reported revenue of \$3,766,579.00. The Utility paid the Regulatory Assessment Fees (RAF) of \$5,649.87. The Utility also paid a penalty of \$1,412.47 and interest of \$451.99 for late filing.

For the year 2000, Evercom Systems, Inc. reported estimated revenue of \$3,449,949.00 and paid a RAF of \$5,174.92. The Utility revised the revenue reported in the General Ledger on April 19, 2001 to \$3,820,012.73. The RAF on this amount should be \$5,730.02 resulting in an underpayment of \$555.10.

Evercom Systems, Inc. d/b/a Correctional Billing Services reported no revenue for 1999 and 2000 and paid a RAF of \$50.00 for each year. In 1999, the Utility also paid a penalty of \$12.50 and interest of \$6.00 for late filing.

Recommendation: The Evercom Systems, Inc. certificate is for Pay Telephone Service. The Evercom Systems, Inc. d/b/a Correctional Billing Services certificate is for Interexchange Telephone Service. A separate RAF return is necessary for each certificate. The Utilities can not separate revenue, therefore, Evercom Systems, Inc. and Evercom Systems, Inc. d/b/a Correctional Billing Services should be allowed to continue to file separate RAFs with all revenue included on Evercom Systems, Inc.

Evercom Systems, Inc. also should file an amended RAF return and pay an additional Fee of \$555.10.

COMPANY IDENTIFICATION

Printed on 04/05/2001 at 10:39:06 by DLV

Complete Name: Evercom Systems, Inc.

Mailing Name: Evercom Systems, Inc.

Company Code: TG225 FEID Number: 75-2722144

RAF ACCOUNT FOR THE PERIOD 01/01/1999 THROUGH 12/31/1999

Reg. Date: 12/17/1997 Inactive Date:
 Service: PAT - Pay Telephone
 Received: Actual RAF Form
 Status: Satisfied
 Amended: No Extension: No
 Frozen: No Comments: No
 Payment Count: 1 Payment Made to Date
 Operating Rev: \$3,766,579.00 Interstate Rev: \$0.00
 RAF Rate: 0.0015 Net RAF Due: \$5,649.87

Assessment	Due	Paid	Owe
RAF	\$5,649.87	\$5,649.87	\$0.00
Penalty	\$1,412.47	\$1,412.47	\$0.00
Interest	\$451.99	\$451.99	\$0.00
Extension Fee	\$0.00	\$0.00	\$0.00
Total	\$7,514.33	\$7,514.33	\$0.00

Last modification was made on Tuesday, December 5, 2000 at 8:42 AM by Jackie Knight

COMPANY IDENTIFICATION

Printed on 03/26/2001 at 11:13:17 by DLV

Complete Name: Evercom Systems, Inc. d/b/a Correctional Billing Services

Mailing Name: Correctional Billing Services

Company Code: TJ054 FEID Number: 75-2722144

RAF ACCOUNT FOR THE PERIOD 01/01/1999 THROUGH 12/31/1999

Reg. Date: 09/15/1998 Inactive Date:
 Service: IXC - Interexchange Telephone
 Received: No RAF Form
 Status: Satisfied
 Amended: No Extension: No
 Frozen: No Comments: No
 Payment Count: 1 Payment Made to Date
 Operating Rev: \$0.00 Interstate Rev: \$0.00
 RAF Rate: 0.0015 Net RAF Due: \$50.00

Assessment	Due	Paid	Owe
RAF	\$50.00	\$50.00	\$0.00
Penalty	\$12.50	\$12.50	\$0.00
Interest	\$6.00	\$6.00	\$0.00
Extension Fee	\$0.00	\$0.00	\$0.00
Total	\$68.50	\$68.50	\$0.00

Last modification was made on Friday, February 2, 2001 at 2:20 PM by Jackie Knight

COMPANY IDENTIFICATION

Printed on 04/05/2001 at 10:38:48 by DLV

Complete Name: Evercom Systems, Inc.

Mailing Name: Evercom Systems, Inc.

Company Code: TG225 FEID Number: 75-2722144

RAF ACCOUNT FOR THE PERIOD 01/01/2000 THROUGH 12/31/2000

Reg. Date: 12/17/1997 Inactive Date:
 Service: PAT - Pay Telephone
 Received: Actual RAF Form
 Status: Satisfied
 Amended: No Extension: No
 Frozen: No Comments: No
 Payment Count: 1 Payment Made to Date
 Operating Rev: \$3,449,949.00 Interstate Rev: \$0.00
 RAF Rate: 0.0015 Net RAF Due: \$5,174.92

Assessment	Due	Paid	Owe
RAF	\$5,174.92	\$5,174.92	\$0.00
Penalty	\$0.00	\$0.00	\$0.00
Interest	\$0.00	\$0.00	\$0.00
Extension Fee	\$0.00	\$0.00	\$0.00
Total	\$5,174.92	\$5,174.92	\$0.00

Last modification was made on Tuesday, February 6, 2001 at 11:06 AM by Jackie Knight

COMPANY IDENTIFICATION

Printed on 03/26/2001 at 11:11:10 by DLV

Complete Name: Evercom Systems, Inc. d/b/a Correctional Billing Services

Mailing Name: Correctional Billing Services

Company Code: TJ054 FEID Number: 75-2722144

RAF ACCOUNT FOR THE PERIOD 01/01/2000 THROUGH 12/31/2000

Reg. Date: 09/15/1998 Inactive Date:
 Service: IXC - Interexchange Telephone
 Received: Actual RAF Form
 Status: Satisfied
 Amended: No Extension: No
 Frozen: No Comments: No
 Payment Count: 1 Payment Made to Date
 Operating Rev: \$0.00 Interstate Rev: \$0.00
 RAF Rate: 0.0015 Net RAF Due: \$50.00

Assessment	Due	Paid	Owe
RAF	\$50.00	\$50.00	\$0.00
Penalty	\$0.00	\$0.00	\$0.00
Interest	\$0.00	\$0.00	\$0.00
Extension Fee	\$0.00	\$0.00	\$0.00
Total	\$50.00	\$50.00	\$0.00

Last modification was made on Tuesday, February 6, 2001 at 11:06 AM by Jackie Knight