



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B41311

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 23, 2012

Mr. Richard Murdock, Treasurer of State
Wireless Enhanced 911 Advisory Board
242 Statehouse
Indianapolis, IN 46204

Dear Mr. Murdock:

We have received the audit report prepared by London Witte Group, LLC, Independent Public Accountants, for the biennial period ending June 30, 2012. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of the Wireless Enhanced 911 Advisory Board as of June 30, 2012, and the results of its operations for the biennial period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS

***WIRELESS ENHANCED 911
ADVISORY BOARD***

***Financial Statements
with
Additional Information***

Years Ended June 30, 2012 and 2011

WIRELESS ENHANCED 911 ADVISORY BOARD

CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Net Assets	2
Statements of Revenue, Expenditures, and Changes in Net Assets	3
Statements of Cash Flows	4
Notes to Financial Statements	5-8
Additional Information	9-12
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Compliance and Internal Control Over Financial Reporting Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	15-16
Schedule of Federal Expenditures, Findings and Questioned Costs	17-18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Wireless Enhanced 911 Advisory Board

We have audited the statements of net assets of the **Wireless Enhanced 911 Advisory Board** as of June 30, 2012 and 2011, and the related statements of revenue, expenditures and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Wireless Enhanced 911 Advisory Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wireless Enhanced 911 Advisory Board as of June 30, 2012 and 2011, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2012, on our consideration of the Wireless Enhanced 911 Advisory Board'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the GASB. Management's Discussion and Analysis has not been included with the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supporting information included in the report is presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

London Witte Group, LLC

October 15, 2012

WIRELESS ENHANCED 911 ADVISORY BOARD

STATEMENTS OF NET ASSETS

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CAPITAL ASSETS	\$ 48,774	\$ 31,568
CURRENT ASSETS		
Cash	6,802,644	9,114,362
Accounts receivable	2,469,389	3,704,373
Deposits	2,558	0
TOTAL CURRENT ASSETS	<u>9,274,591</u>	<u>12,818,735</u>
TOTAL ASSETS	<u>9,323,365</u>	<u>12,850,303</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	776,528	771,084
Accrued PSAP distributions	3,781,261	3,864,245
Accrued PSAP equal distributions	428,691	438,098
TOTAL CURRENT LIABILITIES	<u>4,986,480</u>	<u>5,073,427</u>
NET ASSETS		
RESTRICTED	<u>4,336,885</u>	<u>7,776,876</u>
TOTAL NET ASSETS	<u>\$ 4,336,885</u>	<u>\$ 7,776,876</u>

The accompanying notes are an integral part of these statements.

WIRELESS ENHANCED 911 ADVISORY BOARD

STATEMENTS OF REVENUE, EXPENDITURES, AND CHANGES IN NET ASSETS

Years Ended June 30, 2012 and 2011

	Amount		Percent	
	2012	2011	2012	2011
OPERATING REVENUES				
PSAP fees	\$ 18,892,998	\$ 21,322,046	69.7	69.6
Administrative fees	552,223	620,009	2.0	2.0
PSAP equal fees	2,141,940	2,417,326	7.9	7.9
Technology fees	5,526,390	6,280,005	20.4	20.5
Interest income	-	862	0.0	0.0
	<u>27,113,551</u>	<u>30,640,248</u>	<u>100.0</u>	<u>100.0</u>
OPERATING EXPENSES				
PSAP distribution	18,892,998	21,322,028	69.7	69.6
PSAP equal distribution	2,141,940	2,417,326	7.9	7.9
Administrative expenses	379,154	327,604	1.4	1.1
Technology distribution	9,240,342	4,604,858	34.1	15.0
	<u>30,654,434</u>	<u>28,671,816</u>	<u>113.1</u>	<u>93.6</u>
TOTAL OPERATING EXPENSES				
	<u>30,654,434</u>	<u>28,671,816</u>	<u>113.1</u>	<u>93.6</u>
OPERATING INCOME (LOSS)	<u>(3,540,883)</u>	<u>1,968,432</u>	<u>(13.1)</u>	<u>6.4</u>
OTHER INCOME				
Grant proceeds	601,268	961,872	2.2	3.1
Grant distribution	(500,376)	(632,144)	(1.8)	(2.1)
	<u>100,892</u>	<u>329,728</u>	<u>0.4</u>	<u>1.0</u>
TOTAL OTHER INCOME				
	<u>100,892</u>	<u>329,728</u>	<u>0.4</u>	<u>1.0</u>
CHANGE IN NET ASSETS	<u>(3,439,991)</u>	<u>2,298,160</u>	<u>(12.7)</u>	<u>7.4</u>
NET ASSETS, BEGINNING OF YEAR	<u>7,776,876</u>	<u>5,478,716</u>		
NET ASSETS, END OF YEAR	<u>\$ 4,336,885</u>	<u>\$ 7,776,876</u>		

The accompanying notes are an integral part of these statements.

WIRELESS ENHANCED 911 ADVISORY BOARD

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 28,348,535	\$ 29,312,194
Cash paid to suppliers and employees	(30,739,443)	(27,443,383)
Interest income	0	862
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,390,908)</u>	<u>1,869,673</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(21,702)	(33,672)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(21,702)</u>	<u>(33,672)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Grant proceeds	601,268	961,872
Grant expenditures	(500,376)	(632,144)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>100,892</u>	<u>329,728</u>
 NET INCREASE (DECREASE) IN CASH	(2,311,718)	2,165,729
 CASH, BEGINNING OF YEAR	<u>9,114,362</u>	<u>6,948,633</u>
 CASH, END OF YEAR	<u>\$ 6,802,644</u>	<u>\$ 9,114,362</u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income	\$ (3,540,883)	\$ 1,968,432
Non-cash items		
Depreciation	4,497	2,105
Decrease (increase) in assets		
Accounts receivable	1,234,984	(1,327,192)
Deposits	(2,558)	-
Increase (decrease) in liabilities		
Accounts payable	5,443	617,422
Accrued expenses	(92,391)	608,906
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (2,390,908)</u>	<u>\$ 1,869,673</u>

The accompanying notes are an integral part of these statements.

WIRELESS ENHANCED 911 ADVISORY BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

(1) Summary of significant accounting policies

The significant policies followed by the Wireless Enhanced 911 Advisory Board ("the Board") are summarized as follows:

Organization – The Board was created under the applicable State of Indiana statutes. It exists as a separate body constituting an instrumentality for public purposes set forth in the statutes.

Nature of operations – The Board is a component unit of the State of Indiana. The purpose of the Board is to insure the safekeeping of funds to be used in the implementation of Wireless Enhanced 911 Services.

Programs – The Board collects and distributes funds for the following programs:

CMRS – Commercial mobile radio service ("CMRS") providers are required to bill each CMRS mobile telephone number for the emergency wireless enhanced 911 fee each month. The CMRS provider may keep seven tenths of a cent (\$0.007) of the fee collected for administrative purposes. The remaining amount must be remitted to the Board for deposit into a fund no later than sixty (60) days after the end of the calendar month in which the fees are collected by the provider.

Pre-paid wireless service – Effective July 1, 2010, pre-paid wireless service providers are required to bill each pre-paid wireless service retail transaction for the enhanced pre-paid wireless charge, which is equal to one half of the monthly wireless enhanced 911 fee. The pre-paid wireless service provider may keep one percent (1%) of the fee collected for administrative purposes. The remaining amount must be remitted to the Indiana Department of Revenue for deposit into the Board's Pre-paid Wireless 911 Fee fund on or before the due date of their Indiana sales tax return.

The Board shall manage the distribution of the pre-paid wireless service funds equal to one half the distribution of the wireless enhanced 911 funds. The Board shall manage the distribution of the wireless enhanced 911 funds in the following manner:

Administration - One cent (\$0.01) of the fee collected from each subscriber may be used by the Board to recover the Board's expenses in administering this chapter.

WIRELESS ENHANCED 911 ADVISORY BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

(1) Summary of significant accounting policies (continued)

PSAP – Thirty-eight and three tenths cents (\$0.383) of the fee collected from each subscriber must be held in escrow and used for monthly distributions to eligible PSAPs that provide wireless enhanced 911 service and that have submitted written notice to the Board. The funds held in escrow must be distributed in the following manner:

- a. Thirty-four and four tenths cents (\$0.344) of fees held in escrow are allocated among the 92 counties based upon the percentage of the state's population (as reported in the most recent official United States census) served by each PSAP. Fees are then distributed among the eligible PSAPs.
- b. Three and nine tenths cents (\$0.039) of fees held in escrow are allocated and distributed equally among the eligible PSAPs.

The remainder of the fee collected from each subscriber must be held in escrow and used for costs associated with other wireless enhanced 911 services mandated by the FCC and specified in the FCC order but not incurred by the PSAPs. As of June 30, 2012, the Board is allocating this fee to the Technology fund. This fund is currently being used to pay for a wireless E911 call delivery network renamed from Wireless Direct to IN911 wireless network, in order to provide Indiana with a more effective and efficient wireless E911 call delivery system.

Capital assets – Capital assets are defined as assets with an initial individual cost of more than \$300 and an estimated useful life in excess of 3 years. The Board depreciates capital assets on a straight line basis. Furniture and computer equipment are depreciated over 3 years and automobiles are depreciated over 8 years. Current capital assets include an automobile, office furniture and computer equipment with a historical cost of \$55,375 and \$33,672 as of June 30, 2012 and 2011, respectively; and with accumulated depreciation of \$6,602 and \$2,105 as of June 30, 2012 and 2011, respectively. Depreciation expense is included in operating expenses and amounts to \$4,497 and \$2,105 as of June 30, 2012 and 2011, respectively.

Cash – The Board considers cash to be cash on hand and in demand accounts. Most cash is held by the Treasurer of the State of Indiana. At times, such cash may be in excess of the FDIC insurance limit.

Revenue recognition – The Board accounts for its operations on an accrual basis where fees earned and expenditures incurred are recorded in the period earned and incurred.

WIRELESS ENHANCED 911 ADVISORY BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

(1) Summary of significant accounting policies (continued)

Accounts receivable – The Board accounts for fees earned through year end, but not yet collected in the accounts receivable account. There is no allowance for doubtful accounts as all accounts are considered collectable as of June 30, 2012 and 2011.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted net assets – The Board's resources are classified for accounting and financial reporting purposes as restricted for the reimbursement of wireless enhanced 911 costs to PSAP and CMRS providers, as well as payments for technological advancement and for administrative costs of the Board.

Operating and non-operating revenues – Revenues are classified as either operating or non-operating. Operating revenues consist of Administrative, PSAP, PSAP Equal and Technology fees. All other items are considered non-operating.

Grant proceeds – Grant proceeds are Federal monies awarded under the ENHANCE 911 Act of 2004 from the National Highway Traffic Safety Administration, U.S. Departments of Transportation and National Telecommunications and Information Administration, and U.S. Department of Commerce. Grant proceeds are to be used for the implementation and operation of Phase II Enhanced 911 (E-911) services and for migration to an Internet-Protocol (IP) based emergency network. The Board must provide a 50 percent match for the grant proceeds and all funds must be expended by September 30, 2012.

Subsequent events – Management has evaluated subsequent events through October 15, 2012, the date the financial statements were made available to be issued. On July 1, 2012 the Board was dissolved and the Statewide 911 Board was established as a separate entity from the State of Indiana to take over the operations. In addition, fees for land lines and cell phones will be set at \$0.90 and prepaid cell phones at \$0.50, effective July 1, 2012.

WIRELESS ENHANCED 911 ADVISORY BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2012 and 2011

(2) Pension plan

The Board is a member of the Indiana Public Retirement System (INPRS), which is a defined benefit plan covering employees meeting certain eligibility requirements. The INPRS Retirement Plan is a multi-employer plan, which acts as a common investment and administrative agent for State of Indiana employees of the various subdivisions and instrumentalities of the State of Indiana. All employees of the Board participate in this plan.

Employer contributions for the years ended June 30, 2012 and 2011 were \$4,375 and \$6,709, respectively. Separate information concerning the accumulated benefit obligation and actuarially determined benefit obligation is not material to the financial position of the Board and, accordingly, is not presented.

The plan is a contributory defined benefit plan. INPRS retirement benefits vest after 10 years of service. Effective July 1, 1995, Senate Bill 74 enabled INPRS members to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. An employee may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the employee's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions are met, an employee may retire with 100% of the defined pension at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the employee's highest five years of employment earning. Employees who retire between the age of 50 and 65 with 15 or more years of service receive a pension benefit ranging from 44.0% to 98.8% of the pension benefit described above.

In addition, the State contributes the employee portion of 3% of the compensation to an annuity savings account. These accumulated employee contributions and allocated interest income are maintained by INPRS in a separate system-wide fund for all members. Upon retirement, members may elect a lump sum distribution of all or part of the savings account. Employees who leave employment before qualifying for benefits receive their balance in the savings account.

ADDITIONAL INFORMATION

WIRELESS ENHANCED 911 ADVISORY BOARD

ADDITIONAL INFORMATION – STATEMENT OF NET ASSETS

June 30, 2012

ASSETS

	<u>Admin</u>	<u>PSAP</u>	<u>PSAP Equal</u>	<u>Technology</u>	<u>Total</u>
CAPITAL ASSETS, NET	\$ 48,774	\$ -	\$ -	\$ -	\$ 48,774
CURRENT ASSETS					
Cash	1,429,570	2,204,991	249,985	2,918,098	6,802,644
Accounts receivable	248,680	1,578,466	178,954	463,289	2,469,389
Deposits	2,558	-	-	-	2,558
TOTAL CURRENT ASSETS	<u>1,680,808</u>	<u>3,783,457</u>	<u>428,939</u>	<u>3,381,387</u>	<u>9,274,591</u>
TOTAL ASSETS	<u>1,729,582</u>	<u>3,783,457</u>	<u>428,939</u>	<u>3,381,387</u>	<u>9,323,365</u>
CURRENT LIABILITIES					
Accounts payable	159,110	2,196	248	614,974	776,528
Accrued PSAP distributions	-	3,781,261	-	-	3,781,261
Accrued PSAP equal distributions	-	-	428,691	-	428,691
TOTAL CURRENT LIABILITIES	<u>159,110</u>	<u>3,783,457</u>	<u>428,939</u>	<u>614,974</u>	<u>4,986,480</u>
RESTRICTED					
	<u>1,570,472</u>	<u>-</u>	<u>-</u>	<u>2,766,413</u>	<u>4,336,885</u>
TOTAL NET ASSETS	<u>\$ 1,570,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,766,413</u>	<u>\$ 4,336,885</u>

WIRELESS ENHANCED 911 ADVISORY BOARD

ADDITIONAL INFORMATION – STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2012

	<u>Admin</u>	<u>PSAP</u>	<u>PSAP Equal</u>	<u>Technology</u>	<u>Total</u>
OPERATING REVENUES					
PSAP fees	\$ -	\$ 18,892,998	\$ -	\$ -	\$ 18,892,998
Administrative fees	552,223	-	-	-	552,223
PSAP equal fees	-	-	2,141,940	-	2,141,940
Technology fees	-	-	-	5,526,390	5,526,390
TOTAL OPERATING REVENUES	<u>552,223</u>	<u>18,892,998</u>	<u>2,141,940</u>	<u>5,526,390</u>	<u>27,113,551</u>
OPERATING EXPENSES					
PSAP distribution	-	18,892,998	-	-	18,892,998
PSAP equal distribution	-	-	2,141,940	-	2,141,940
Administrative expenses	379,154	-	-	-	379,154
Technology distribution	-	-	-	9,240,342	9,240,342
TOTAL OPERATING EXPENSES	<u>379,154</u>	<u>18,892,998</u>	<u>2,141,940</u>	<u>9,240,342</u>	<u>30,654,434</u>
OPERATING INCOME	<u>173,069</u>	<u>-</u>	<u>-</u>	<u>(3,713,952)</u>	<u>(3,540,883)</u>
OTHER INCOME					
Grant Proceeds	601,268	-	-	-	601,268
Grant distribution	(500,376)	-	-	-	(500,376)
TOTAL OTHER INCOME	<u>100,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,892</u>
CHANGE IN NET ASSETS	<u>273,961</u>	<u>-</u>	<u>-</u>	<u>(3,713,952)</u>	<u>(3,439,991)</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,296,511</u>	<u>-</u>	<u>-</u>	<u>6,480,365</u>	<u>7,776,876</u>
NET ASSETS, END OF YEAR	<u>\$ 1,570,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,766,413</u>	<u>\$ 4,336,885</u>

WIRELESS ENHANCED 911 ADVISORY BOARD

ADDITIONAL INFORMATION – STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET ASSETS

Year Ended June 30, 2011

	<u>Admin</u>	<u>PSAP</u>	<u>PSAP Equal</u>	<u>Technology</u>	<u>Total</u>
OPERATING REVENUES					
PSAP fees	\$ -	\$ 21,322,046	\$ -	\$ -	\$ 21,322,046
Administrative fees	620,009	-	-	-	620,009
PSAP equal fees	-	-	2,417,326	-	2,417,326
Technology fees	-	-	-	6,280,005	6,280,005
Interest income	862	-	-	-	862
TOTAL OPERATING REVENUES	<u>620,871</u>	<u>21,322,046</u>	<u>2,417,326</u>	<u>6,280,005</u>	<u>30,640,248</u>
OPERATING EXPENSES					
PSAP distribution	-	21,322,028	-	-	21,322,028
PSAP equal distribution	-	-	2,417,326	-	2,417,326
Administrative expenses	327,604	-	-	-	327,604
Technology distribution	-	-	-	4,604,858	4,604,858
TOTAL OPERATING EXPENSES	<u>327,604</u>	<u>21,322,028</u>	<u>2,417,326</u>	<u>4,604,858</u>	<u>28,671,816</u>
OPERATING INCOME	<u>293,267</u>	<u>18</u>	<u>-</u>	<u>1,675,147</u>	<u>1,968,432</u>
OTHER INCOME	632,144	-	-	329,728	961,872
	(632,144)	-	-	-	(632,144)
TOTAL OTHER INCOME	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,728</u>	<u>329,728</u>
CHANGE IN NET ASSETS	293,267	18	-	2,004,875	2,298,160
NET ASSETS, BEGINNING OF YEAR	<u>1,003,244</u>	<u>(18)</u>	<u>-</u>	<u>4,475,490</u>	<u>5,478,716</u>
NET ASSETS, END OF YEAR	<u>\$ 1,296,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,480,365</u>	<u>\$ 7,776,876</u>

INDEPENDENT AUDITORS' REPORTS REQUIRED
UNDER SINGLE AUDIT ACT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Wireless Enhanced 911 Advisory Board
October 15, 2012

We have audited the financial statements of Wireless Enhanced 911 Advisory Board as of and for the year ended June 30, 2012, and have issued our report thereon dated October 15, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Wireless Enhanced 911 Advisory Board's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit we considered Wireless Enhanced 911 Advisory Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Wireless Enhanced 911 Advisory Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wireless Enhanced 911 Advisory Board'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

There is an absence of appropriate segregation of duties in certain accounting areas consistent with control objectives. However, the hiring of additional employees in order to segregate the duties may not be economically practical for the benefit to be derived.

This report is intended for the information of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

London Witte Group, LLC

London Witte Group, LLC

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Directors of
Wireless Enhanced 911 Advisory Board
October 15, 2012

We have audited the compliance of Wireless Enhanced 911 Advisory Board with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Wireless Enhanced 911 Advisory Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management. Our responsibility is to express an opinion on Wireless Enhanced 911 Advisory Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wireless Enhanced 911 Advisory Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Wireless Enhanced 911 Advisory Board's compliance with those requirements.

In our opinion, Wireless Enhanced 911 Advisory Board complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Wireless Enhanced 911 Advisory Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wireless Enhanced 911 Advisory Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wireless Enhanced 911 Advisory Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of, management, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



London Witte Group, LLC

WIRELESS ENHANCED 911 ADVISORY BOARD

SCHEDULE OF FEDERAL EXPENDITURES, FINDINGS, AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SCHEDULE OF FEDERAL EXPENDITURES

<u>Major Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Transportation – E-911 Grant Program	20.615	<u>\$601,268.06</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: UNQUALIFIED

Internal Control over financial reporting:

No material weaknesses were identified

A control deficiency which is also a significant deficiency was identified. This deficiency is not a material weakness.

No noncompliance material to the financial statements was noted

Federal Awards

Internal Control over major programs:

No material weaknesses were identified

No significant control deficiencies were identified

Type of auditor's report issued on compliance for

Major Programs: UNQUALIFIED

Identification of major programs:

E-911 - CFDA Number 20.615

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

The auditee qualifies as a low-risk auditee.

WIRELESS ENHANCED 911 ADVISORY BOARD

SCHEDULE OF FEDERAL EXPENDITURES, FINDINGS, AND QUESTIONED COSTS

For the Year Ended June 30, 2012

Section II – Financial Statement Findings

Significant deficiency – segregation of duties

Condition:

There is an absence of appropriate segregation of duties in certain accounting areas consistent with control objectives.

Criteria:

The financial reporting system should be designed to allow for checks and balances to provide assurance that errors will be detected in a timely manner.

Effect:

Given the limited size of the company, several responsibilities between the book-keeping and record keeping cannot be segregated.

Recommendations:

Compensating controls at the management and board levels should be developed to overcome this lack of segregation of duties.

Amount of Questions Costs:

No amount was noted.

Auditor's summary of Auidtees' Comments:

The Wireless Enhanced 911 Advisory Board agrees with the findings.

Completion Date:

Ongoing

Section III – Federal Award Findings and Questioned Costs

No matters were reported.