



STATE OF INDIANA
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October 6, 2008

Mr. Kenneth D. Lowden, ENP, Executive Director
Indiana Wireless Enhanced 911 Advisory Board
242 Statehouse
Indianapolis, IN 46204

Dear Mr. Lowden:

We have received the audit report prepared by London Witte Group, LLC, Independent Public Accountants, for the biennial period ending June 30, 2008. 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, 2008, 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

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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, 2008 and 2007, and the related statements of revenues, 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, 2008 and 2007, 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.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. Additional information is presented for purposes of further analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2008, 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.

London Witte Group, LLC

August 4, 2008

Certified Public Accountants

One American Square, Suite 2600 Indianapolis, Indiana 46282

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WIRELESS ENHANCED 911 ADVISORY BOARD

STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

ASSETS

	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash	\$ 5,796,080	\$ 5,107,819
Accounts receivable	<u>3,439,718</u>	<u>2,374,640</u>
TOTAL CURRENT ASSETS	<u>\$ 9,235,798</u>	<u>\$ 7,482,459</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	\$ 135,120	\$ 116,854
Accrued PSAP distributions	3,731,609	3,234,515
Accrued PSAP equal distributions	<u>423,060</u>	<u>366,703</u>
TOTAL CURRENT LIABILITIES	<u>\$ 4,289,789</u>	<u>\$ 3,718,072</u>

NET ASSETS

RESTRICTED	<u>\$ 4,946,009</u>	<u>\$ 3,764,387</u>
TOTAL NET ASSETS	<u><u>\$ 4,946,009</u></u>	<u><u>\$ 3,764,387</u></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, 2008 and 2007

	Amount		Percent	
	2008	2007	2008	2007
OPERATING REVENUES				
PSAP fees	\$ 17,957,144	\$ 17,168,357	69.7	69.6
Administrative fees	522,010	499,170	2.0	2.0
PSAP equal fees	2,035,217	1,943,596	7.9	7.9
Technology fees	5,237,194	5,044,675	20.3	20.5
TOTAL OPERATING REVENUE	<u>25,751,565</u>	<u>24,655,798</u>	<u>100.0</u>	<u>100.0</u>
OPERATING EXPENSES				
PSAP distribution	17,957,144	24,452,483	69.7	99.2
PSAP equal distribution	2,035,217	2,768,400	7.9	11.2
Administrative expenses	228,337	260,880	0.9	1.1
Technology distribution	4,366,774	2,936,370	17.0	11.9
TOTAL OPERATING EXPENSES	<u>24,587,472</u>	<u>30,418,133</u>	<u>95.5</u>	<u>123.4</u>
OPERATING INCOME (LOSS)	<u>1,164,093</u>	<u>(5,762,335)</u>	<u>4.5</u>	<u>(23.4)</u>
OTHER INCOME				
Interest income	17,529	4,718	0.1	0.0
TOTAL OTHER INCOME	<u>17,529</u>	<u>4,718</u>	<u>0.1</u>	<u>0.0</u>
CHANGE IN NET ASSETS	1,181,622	(5,757,617)	<u>4.6</u>	<u>(23.4)</u>
TRANSFER FROM (TO) OTHER FUNDS	0	0		
NET ASSETS, BEGINNING OF YEAR	<u>3,764,387</u>	<u>9,522,004</u>		
NET ASSETS, END OF YEAR	<u>\$ 4,946,009</u>	<u>\$ 3,764,387</u>		

The accompanying notes are an integral part of these statements.

WIRELESS ENHANCED 911 ADVISORY BOARD

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 24,686,487	\$ 23,863,977
Cash paid to suppliers and employees	(24,015,755)	(29,373,934)
Interest income	17,529	4,718
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>688,261</u>	<u>(5,505,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	688,261	(5,505,239)
CASH, BEGINNING OF YEAR	<u>5,107,819</u>	<u>10,613,058</u>
CASH, END OF YEAR	<u>\$ 5,796,080</u>	<u>\$ 5,107,819</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 1,164,093	\$ (5,762,335)
Non-operating income		
Interest income	17,529	4,718
Decrease (increase) in assets		
Accounts receivable	(1,065,078)	(791,821)
Increase (decrease) in liabilities		
Accounts payable	18,266	96,965
Accrued expenses	553,451	947,234
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 688,261</u>	<u>\$ (5,505,239)</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, 2008 and 2007

(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 Wireless Enhanced 911 Advisory 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.

CMRS providers and Public Safety Answering Points ("PSAPs") were able to recover costs associated with the implementation of phase II of the FCC order if those costs were incurred before July 1, 2005 and invoiced to the Board not later than December 31, 2005. CMRS providers were also able to request funds for true cost recovery incurred before July 1, 2005 and invoiced to the Board before December 31, 2005. At that time, the CMRS and Phase II funds were no longer allocated a portion of the monthly wireless enhanced 911 fee received monthly by the Board.

As of April 1, 2006, the emergency wireless enhanced 911 fee was reduced from sixty-five cents (\$0.65) to fifty cents (\$0.50) per subscriber per month. The Board allocated the money remaining in the CMRS fund to the PSAP and Technology funds during the year ended June 30, 2007.

The Board shall manage the distribution of 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.

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:

Wireless Enhanced 911 Advisory Board

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2008 and 2007

(1) Summary of significant accounting policies (continued)

- 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, 2008, 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.

Investment policy – The Board has the authority to invest, reinvest, and exchange investments of the funds in excess of the cash working balance in any of the following:

- a. In bonds, notes, certificates, and other valid obligations of the United States.
- b. In bonds, notes, certificates, and other securities issued by any federal instrumentality and fully guaranteed by the United States.
- c. In all other investments permitted the State of Indiana under Indiana Code Title 5, Article 13.

Investments – Investments are reported at fair value based upon quoted market prices for those or similar investments. Investments that do not have an established market are reported at estimated fair value. As of June 30, 2008 and 2007, there were no investments held by the Fund.

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. The cash balance at June 30, 2008 is held in a demand checking account that is invested through an overnight sweep product.

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.

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.

Wireless Enhanced 911 Advisory Board

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2008 and 2007

(1) Summary of significant accounting policies (continued)

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.

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.

(2) Pension plan

The employees of the State Treasurer's Office that represent the Board are members of the Public Employee Retirement Fund (PERF), which is a defined benefit plan covering employees meeting certain eligibility requirements. The PERF 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 State Treasurer's Office that represent the Board participate in this plan.

Separate information concerning the employer contributions, accumulated benefit obligations, and actuarially determined benefit obligation does not impact the financial position or operations of the Board and, accordingly, is not presented.

The State Treasurer's Office does not allocate these costs to the Board. These costs do not impact the financial position or operations of the Board and are not present in the financial statements.

(3) Commitment, contingencies

The Board has filed a complaint with the Indiana Utility Regulatory Commission against one of the prepaid carriers for underpayment of 911 fees due to the Indiana Wireless 911 Advisory Board. Management has not recorded any of the disputed amounts as revenue or a receivable as of June 30, 2008.

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*

To the Board of Directors of Wireless Enhanced 911 Advisory Board

We have audited the financial statements of the Wireless Enhanced 911 Advisory Board, as of and for the years ended June 30, 2008 and 2007, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 4, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wireless Enhanced 911 Advisory Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

London Witte Group, LLC

August 4, 2008

ADDITIONAL INFORMATION

WIRELESS ENHANCED 911 ADVISORY BOARD

ADDITIONAL INFORMATION – STATEMENT OF NET ASSETS

June 30, 2008

ASSETS

CURRENT ASSETS	Admin	PSAP	CMRS	PSAP Equal	Technology	Total
Cash	\$ 713,446	\$ 1,335,947	\$ 0	\$ 151,459	\$ 3,595,228	\$ 5,796,080
Accounts receivable	69,641	2,395,662	0	271,601	702,814	3,439,718
TOTAL CURRENT ASSETS	783,087	3,731,609	0	423,060	4,298,042	9,235,798

LIABILITIES

CURRENT LIABILITIES						
Accounts payable	14,841	0	0	0	120,279	135,120
Accrued PSAP distributions	0	3,731,609	0	0	0	3,731,609
Accrued PSAP equal distributions	0	0	0	423,060	0	423,060
TOTAL CURRENT LIABILITIES	14,841	3,731,609	0	423,060	120,279	4,289,789

NET ASSETS

RESTRICTED	768,246	0	0	0	4,177,763	4,946,009
TOTAL NET ASSETS	\$ 768,246	\$ 0	\$ 0	\$ 0	\$ 4,177,763	\$ 4,946,009

See independent auditors' report.

WIRELESS ENHANCED 911 ADVISORY BOARD

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

Year Ended June 30, 2008

	<u>Admin</u>	<u>PSAP</u>	<u>CMRS</u>	<u>PSAP Equal</u>	<u>Technology</u>	<u>Total</u>
OPERATING REVENUES						
PSAP fees	\$ 0	\$ 17,957,144	\$ 0	\$ 0	\$ 0	\$ 17,957,144
Administrative fees	522,010	0	0	0	0	522,010
PSAP equal fees	0	0	0	2,035,217	0	2,035,217
Technology fees	0	0	0	0	5,237,194	5,237,194
TOTAL OPERATING REVENUES	<u>522,010</u>	<u>17,957,144</u>	<u>0</u>	<u>2,035,217</u>	<u>5,237,194</u>	<u>25,751,565</u>
OPERATING EXPENSES						
PSAP distribution	0	17,957,144	0	0	0	17,957,144
PSAP equal distribution	0	0	0	2,035,217	0	2,035,217
Administrative expenses	228,337	0	0	0	0	228,337
Technology distribution	0	0	0	0	4,366,774	4,366,774
TOTAL OPERATING EXPENSES	<u>228,337</u>	<u>17,957,144</u>	<u>0</u>	<u>2,035,217</u>	<u>4,366,774</u>	<u>24,587,472</u>
OPERATING INCOME	<u>293,673</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>870,420</u>	<u>1,164,093</u>
OTHER INCOME						
Interest income	17,529	0	0	0	0	17,529
TOTAL OTHER INCOME	<u>17,529</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,529</u>
CHANGE IN NET ASSETS	311,202	0	0	0	870,420	1,181,622
NET ASSETS, BEGINNING OF YEAR	<u>457,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,307,343</u>	<u>3,764,387</u>
NET ASSETS, END OF YEAR	<u>\$ 768,246</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,177,763</u>	<u>\$ 4,946,009</u>

See independent auditors' report.

WIRELESS ENHANCED 911 ADVISORY BOARD

ADDITIONAL INFORMATION – STATEMENT OF NET ASSETS

June 30, 2007

	<u>ASSETS</u>					
CURRENT ASSETS	Admin	PSAP	CMRS	PSAP Equal	Technology	Total
Cash	\$ 433,116	\$ 1,595,802	\$ 0	\$ 180,919	\$ 2,897,982	\$ 5,107,819
Accounts receivable	47,637	1,638,713	0	185,784	502,506	2,374,640
TOTAL CURRENT ASSETS	480,753	3,234,515	0	366,703	3,400,488	7,482,459
 <u>LIABILITIES</u> 						
CURRENT LIABILITIES						
Accounts payable	23,709	0	0	0	93,145	116,854
Accrued PSAP distributions	0	3,234,515	0	0	0	3,234,515
Accrued PSAP equal distributions	0	0	0	366,703	0	366,703
TOTAL CURRENT LIABILITIES	23,709	3,234,515	0	366,703	93,145	3,718,072
 <u>NET ASSETS</u> 						
RESTRICTED	457,044	0	0	0	3,307,343	3,764,387
TOTAL NET ASSETS	\$ 457,044	\$ 0	\$ 0	\$ 0	\$ 3,307,343	\$ 3,764,387

See independent auditors' report.

WIRELESS ENHANCED 911 ADVISORY BOARD

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

Year Ended June 30, 2007

	<u>Admin</u>	<u>PSAP</u>	<u>CMRS</u>	<u>PSAP Equal</u>	<u>Technology</u>	<u>Total</u>
OPERATING REVENUES						
PSAP fees	\$ 0	\$ 17,168,357	\$ 0	\$ 0	\$ 0	\$ 17,168,357
Administrative fees	499,170	0	0	0	0	499,170
PSAP equal fees	0	0	0	1,943,596	0	1,943,596
Technology fees	0	0	0	0	5,044,675	5,044,675
TOTAL OPERATING REVENUES	<u>499,170</u>	<u>17,168,357</u>	<u>0</u>	<u>1,943,596</u>	<u>5,044,675</u>	<u>24,655,798</u>
OPERATING EXPENSES						
PSAP distribution	0	24,452,483	0	0	0	24,452,483
PSAP equal distribution	0	0	0	2,768,400	0	2,768,400
Administrative expenses	260,880	0	0	0	0	260,880
Technology distribution	0	0	0	0	2,936,370	2,936,370
TOTAL OPERATING EXPENSES	<u>260,880</u>	<u>24,452,483</u>	<u>0</u>	<u>2,768,400</u>	<u>2,936,370</u>	<u>30,418,133</u>
OPERATING INCOME	<u>238,290</u>	<u>(7,284,126)</u>	<u>0</u>	<u>(824,804)</u>	<u>2,108,305</u>	<u>(5,762,335)</u>
OTHER INCOME						
Interest income	4,718	0	0	0	0	4,718
TOTAL OTHER INCOME	<u>4,718</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,718</u>
CHANGE IN NET ASSETS	243,008	(7,284,126)	0	(824,804)	2,108,305	(5,757,617)
TRANSFER FROM (TO) OTHER FUNDS	(100,000)	7,275,196	(8,210,087)	824,804	210,087	0
NET ASSETS, BEGINNING OF YEAR	314,036	8,930	8,210,087	0	988,951	9,522,004
NET ASSETS, END OF YEAR	<u>\$ 457,044</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,307,343</u>	<u>\$ 3,764,387</u>

See independent auditors' report.