Statewide 911 Board

Financial Statements
with
Additional Information

Years Ended June 30, 2017 and 2016

STATEWIDE 911 BOARD

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CPAS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Statewide 911 Board

We have audited the accompanying financial statements of the Statewide 911 Board, which comprise of the statements of net position as of June 30, 2017 and 2016, and the related statements of revenues, expenditures, changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditors' 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating significant accounting estimates made by management as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Statewide 911 Board as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Statewide 911 Board collects, disburses and uses the Statewide 911 fee assessed under Indiana Code Title 36, Article 8, Chapter 16.7, Section 37. Our opinion is not modified with respect the Statewide 911 Board's compliance with this state statute.

Other Matters

In accordance with Government Auditing Standards, we have issued our report dated December 12, 2017 on our consideration of the Statewide 911 Board's internal control over financial reporting and 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 has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of American require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires that the retirement plan schedule of funding progress and employer contributions on pages 14-15 be presented to supplement the basic financial statements. The additional information (pages 14-15) is presented for the purpose of additional analysis and although it is not a part of the basic financial statements, it 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 financial statements. Such information has not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
December 12, 2017

Statewide 911 Board

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Cash	$ 20,528,168	$ 18,297,713
Accounts receivable	8,580,788	8,267,755
Prepaid expenses	5,528	1,655
Other receivables	2,558	2,558
Capital assets	52,744	60,924
TOTAL ASSETS	29,169,786	26,630,605
DEFERRED OUTFLOWS		
Pension expense - outflow	128,994	76,518
TOTAL DEFERRED OUTFLOWS	128,994	76,518
LIABILITIES		
Accounts payable	1,092,960	1,101,181
Accrued Hold Harmless distributions	10,129,683	10,129,683
Accrued 90/10 distributions	4,500,000	5,300,000
Net pension liability	189,253	122,594
TOTAL LIABILITIES	15,911,896	16,653,458
DEFERRED INFLOWS		
Pension expense - inflow	13,211	11,784
TOTAL DEFERRED INFLOWS	13,211	11,784
NET POSITION		
Restricted	13,373,673	10,041,881
TOTAL NET POSITION	$ 13,373,673	$ 10,041,881

The accompanying notes are an integral part of these statements.

Statewide 911 Board

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION

Years Ended June 30, 2017 and 2016

	Amount 2017	Amount 2016	Percent 2017	Percent 2016
OPERATING REVENUES				
Wireless fees	$ 51,442,098	$ 51,474,003	59.0	59.7
Landline fees	12,184,234	12,917,666	14.0	15.0
VOIP fees	9,927,261	9,582,246	11.4	11.1
Prepaid fees	13,462,143	12,109,055	15.5	14.0
Lifeline fees	110,200	168,184	0.1	0.2
TOTAL OPERATING REVENUES	87,125,936	86,251,154	100.0	100.0
OPERATING EXPENSES				
Hold harmless distribution	60,778,104	60,778,104	69.8	70.5
90/10 distribution	9,800,000	10,287,275	11.2	11.9
Operating expense	13,197,090	11,640,318	15.1	13.5
Depreciation and amortization expense	19,441	17,321	0.0	0.0
TOTAL OPERATING EXPENSES	83,794,635	82,723,018	96.1	95.9
OPERATING INCOME (LOSS)	3,331,301	3,528,136	3.9	4.1
OTHER INCOME / (EXPENSE)				
Other income/expense	491	12,122	0.0	0.0
TOTAL OTHER INCOME	491	12,122	0.0	0.0
CHANGE IN NET POSITION	3,331,792	3,540,258	3.9	4.1
NET POSITION, BEGINNING OF YEAR	10,041,881	6,501,623		
NET POSITION, END OF YEAR	$ 13,373,673	$ 10,041,881		

The accompanying notes are an integral part of these statements.

Statewide 911 Board

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$ 86,812,903	$ 84,552,388
Cash paid for PSAP distributions and operations	(84,571,518)	(78,063,610)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,241,385	6,488,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(11,421)	(30,040)
Other receipts and payments - nonoperating	491	12,122
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(10,930)	(17,918)
NET INCREASE (DECREASE) IN CASH	2,230,455	6,470,860
CASH, BEGINNING OF YEAR	18,297,713	11,826,853
CASH, END OF YEAR	$ 20,528,168	$ 18,297,713
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$ 3,331,301	$ 3,528,136
Non-cash items		
Gain (loss) on disposition of capital assets	160	1,200
Depreciation and amortization	19,441	17,321
Decrease (increase) in assets		
Accounts receivable	(313,033)	(1,698,766)
Prepaid expenses	(3,873)	2,941
Other receivables	-	18,485
Increase (decrease) in liabilities		
Net pension liability	66,659	51,377
Net deferred inflow (outflow)	(51,049)	(51,175)
Accounts payable and accrued expenses	(8,221)	198,643
PSAP distributions payable	(800,000)	5,739,692
Non-compliant reserve	-	(1,319,076)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,241,385	$ 6,488,778

The accompanying notes are an integral part of these statements.

STATEWIDE 911 BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

(1) **Summary of significant accounting policies**

The significant policies followed by the Statewide 911 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 purpose of the Statewide 911 Board is to insure the safekeeping of funds to be used in the implementation of Statewide 911 Services.

Fees – Communication Services Providers who are authorized to offer communication services to customers and/or users of the service in the State of Indiana are required to charge each customer/user a monthly fee for 911 services. IC 36-8-16.7-32(a) and IC 36-8-16.6-11 states the fee for all communication services used by the customer/user are billed one dollar, ($1.00) per month. Providers and/or retailers are permitted to retain a percentage of the fee collected for administrative purposes. The remaining amount must be remitted to the Board for deposit into the fund. Prepaid fees are remitted by the retailer to the Indiana Department of Revenue and subsequently transferred to the Board.

Cash – The Board considers cash to be cash on hand and in demand accounts. Cash is held by PNC Bank. At times, such cash may be in excess of the FDIC insurance limit. However, additional coverage is provided by the Indiana Public Deposit Insurance Fund for funds that exceed the FDIC limits. The cash balance at June 30, 2017 and 2016 is held in a demand checking account.

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, 2017 and 2016.

Prepaid expenses – Prepaid expenses consists of expenditures for assets that have not yet been fully utilized. The Board amortizes these expenses over the expected life of assets.

Capital assets – Additions to capital assets are capitalized at cost. The cost of maintenance and repairs are charged to operations as incurred. Depreciation of capital assets is computed by the straight-line method of depreciation using the following useful lives: computer equipment and website design – 3 years; furniture – 6 years, and vehicles – 9 years.

Accrued hold harmless distributions – The Board accounts for monthly PSAP distributions not yet disbursed. Additionally, the non-compliant reserve for any county that had not consolidated its PSAPs in compliance with IC 36-8-16.7-47 has its distributions held in reserve until such time that it is in compliance.

(1) Summary of significant accounting policies (continued)

Accrued 90/10 distributions – If any fees remain in the fund after distributions according to IC 36-8-16.7-37(2) shall be distributed in compliance with IC 36-8-16.7-37(3). Ninety percent (90%) of the fees shall be distributed to the counties based upon each county's percentage of the state's population. Ten percent (10%) of the fees shall be distributed equally amount the counties.

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. Operating revenue consist of fees collected for all communication services used by the customer/user as described in IC 36-8-16.7-32(a) and IC 36-8-16.6-11. All other items are considered nonoperating.

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 position - The Board's resources are classified for accounting and financial reporting purposes as restricted distribution to county government for operation of PSAP's and board responsibilities. The Board's expense is administering the chapter and to develop, operate, and maintain a statewide 911 system.

Subsequent events – Subsequent events have been evaluated through the date of the Independent Auditor's Report, the date of which the financial statements were available for distribution.

(2) Pension plan

The Board is a participating employer in the Public Employers' Retirement Fund (PERF), as administered by Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employers' Retirement Fund (PERF) and the Teacher's Retirement Fund (TRF), with the merger of the funds being effective July 1, 2011. The Board contributes to the INPRS, a cost sharing multiple employer plan, which acts as a common investment and administrative agent for units of state and local government in Indiana. INPRS is governed by state statutes I.C.S. 5-10.2 and 5-10.3, effective July 1, 1995. As such, it is INPRS's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. INPRS is a qualified plan under the Internal Revenue Code Section 401(a) and is tax exempt. INPRS is a contributory defined benefit plan that covers substantially all of the Board's employees.

(2) Pension plan (continued)

INPRS retirement benefits vest after 10 years of service. Senate Bill 74 enabled INPRS participants to be eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more (Rule of 85). If neither of the above conditions is met, a participant may retire with 100% of the pension benefit 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 and months of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

Participants who retire between the ages of 50 and 55 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

In addition, the participants are required to contribute to an annuity savings account. Legislation permits an INPRS employer to make the participant's contributions on behalf of the participants. Participants may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or, they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension described above. The participant's balance in the annuity savings account may be withdrawn at any time with interest should a participant terminate employment.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to INPRS, One North Capitol Avenue, Suite 001, Indianapolis, Indiana, 46204.

The Board is required to contribute to the Plan at an actuarially determined rate. The current rate is 11.2% of annual covered payroll. The Board contributed 3% of the participant's annual salary to the annuity savings account. The contribution requirements of participants are determined by State statute.

The Board reported a liability of $189,253 and $122,594 as of June 30, 2017 and 2016, respectively, for its proportionate share of the net pension liability. The Board's proportionate share of the net pension liability was based on a projection of long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017 and 2016, the Board's proportion was 0.0000417 and 0.0000301, respectively.

STATEWIDE 911 BOARD

NOTES TO THE FINANCIAL STATEMENTS

Years Ended June 30, 2017 and 2016

(2) Pension plan (continued)

For the year ended June 30, 2017 and 2016, the Board recognized pension expense of $51,603 and $24,235, respectively. At June 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 32,795	$ 2,213
Differences between expected and actual experience	4,240	349
Net difference of projected and actual investment earnings	41,625	10,649
Change of assumptions	8,350	-
Contribution subsequent to the measurement date	41,984	-
Total	$ 128,994	$ 13,211

At June 30, 2016, the Board reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	$ 11,864	$ -
Differences between expected and actual experience	5,262	254
Net difference of projected and actual investment earnings	20,671	11,530
Change of assumptions	10,363	-
Contribution subsequent to the measurement date	28,358	-
Total	$ 76,518	$ 11,784

(2) Pension plan (continued)

Amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Fiscal Year Ending June 30:

2017	$	31,562
2018		23,368
2019		13,833
2020		5,036
Total	$	73,799

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. The liability valuation date was June 30, 2015. Member census data as of June 30, 2015 was used in the valuation and adjusted, where appropriate, to reflect changes between June 30, 2015 and June 30, 2016. Standard actuarial roll forward techniques were then used to project the total pension liability computed as of June 30, 2015 to June 30, 2016.

Inflation	2.25%
Salary increases, including inflation	2.50% - 4.25%
Investment rate of return	6.75%
Cost of living adjustment	1.00%

Mortality rates were based on the RP-2014 Total Data Set Mortality Tables, with Social Security generational improvements from 2006 based on the Social Security Administration's 2014 Trustee Report.

The long-term return expectation for the pension plan has been determined by using a building-black approach and assumes a time horizon, as defined in the INPRS Investment Policy Statement. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long term expected normal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

(2) Pension plan (continued)

	Target Asset Allocation	Geometric Basis Long-Term Expected Real Rate of Return 2017	2016
Public equity	22.0%	5.7%	6.0%
Private equity	10.0%	6.2%	7.7%
Fixed income - Ex inflation-linked	24.0%	2.7%	2.1%
Fixed income - Iinflation-linked	7.0%	0.7%	0.5%
Commodities	8.0%	2.0%	2.5%
Real estate	7.0%	2.7%	3.9%
Absolute return	10.0%	4.0%	1.8%
Risk party	12.0%	5.0%	4.3%

Investment Valuation and Benefit Payment Policies

The pooled and non-pooled investments are reported at fair value by INPRS. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Short-term investments consist primarily of cash, money market funds, certificates of deposits and fixed income instruments with maturities of less than one year. Short-term investments are reported at cost, which approximates fair value or, for fixed income instruments, valued using similar methodologies as other fixed income securities described below.

Fixed income securities consists primarily of the U.S. Government, U.S. Government-sponsored agencies, publicly traded debt and commingled investment debt instruments. Equity securities consist primarily of domestic and international stocks in addition to commingled equity instruments. Fixed income and equity securities are generally valued based on published market prices and quotations from national security exchanges and securities pricing services. Securities that are not traded on a national security exchange are valued using modeling techniques that include market observable inputs required to develop a fair value. Commingled funds are valued using the net asset value (NAV) of the entity.

Alternative investments include limited partnership interests in private equity, absolute return, private real estate and risk parity investment strategies. Publicly traded alternative investments are valued based on quoted market prices. In the absence of readily determinable public market values, alternative investments are valued using current estimates of fair value obtained from the general partner or investment manager. Moreover, holdings are generally valued by a general partner or investment manager on a quarterly or semi-annual basis. Valuation assumptions are based upon the nature of the investment and the underlying business. Additionally, valuation techniques will vary by investment type and involve a certain degree of expert judgment. Alternative investments, such as investments in private equity or real estate, are generally considered to be illiquid long-term investments. Due to the inherent uncertainty that exists in the valuation of alternative investments, the realized value upon the sale of an asset may differ from the fair value.

(2) **Pension plan (continued)**

Derivative instruments are marked to market daily with changes in fair value recognized as part of investments and investment income.

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with the current funding policy adopted by the INPRS Board, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level dollar installments over 30 years utilizing a closed period approach. Since the current funding policy was adopted, the employer contribution rate has been set by the INPRS Board at a level equal to or exceeding the actuarially calculated rate. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

The following presents the Board' proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.75%)	Current (6.75%)	1% Increase (7.75%)
Board's proportionate share of the net pension liability	$ 271,812	$ 189,253	$ 120,634

Detailed information about the pension plan's fiduciary net position is available in the separately issued INPRS Report on Allocation of Pension Amounts.

Pension, disability, special death benefits, and distributions of contributions and interest are recognized when due and payable to members or beneficiaries. Benefits are paid once the retirement or survivor applications have been processed and approved. Distributions of contributions and interest are distributions from inactive, non-vested members' ASA. These distributions may be requested by members or auto-distributed by the fund when certain criteria are met.

(3) **Pending litigation**

The individual members of the Board have been names as defendants in a lawsuit concerning 911 fee obligations of certain Eligible Telecommunications Carriers. This case is ongoing and an estimate of the possible loss or range of loss is unknown.

REQUIRED SUPPLEMENTARY INFORMATION

STATEWIDE 911 BOARD

Retirement Plan Schedule of Proportionate Share of Pension Liability

Last 10 Fiscal Years*

	2017	2016	2015
Statutorily required contribution	$ 22,367	$ 16,150	$ 14,805
Contributions in relation to the statutorily required contribution	22,367	16,150	14,805
Deficit (excess)	$ -	$ -	$ -
Board's covered-employee payroll	$ 199,707	$ 144,185	$ 132,178
Contributions as a percentage of covered-employee payroll	11.2%	11.2%	11.2%

* The effect and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2015 for GASB Statement No. 68 purposes.

STATEWIDE 911 BOARD

Retirement Plan Schedule of Contributions

Last 10 Fiscal Years*

	2017	2016	2015
Board's proportion of the net pension liability	0.0000417	0.0000301	0.0000271
Board's proportionate share of the net pension liability	$ 189,253	$ 122,594	$ 71,217
Board's covered-employee payroll	$ 199,707	$ 144,185	$ 132,177
Board's proportionate share of the net pension liability as a percentage of its covered-employee payroll	94.8%	85.0%	53.9%
Plan fiduciary net position as a percentage of the total pension liability	75.3%	77.4%	84.3%

* The effect and cost to re-create financial statement information for 10 years was not practical. Information was prepared prospectively from June 30, 2015 for GASB Statement No. 68 purposes.

CPAS ADVISORS

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*

December 12, 2017

To the Board of Directors
of Statewide 911 Board

We have audited the financial statements of Statewide 911 Board as of and for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017. 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 and Other Matters

As part of obtaining reasonable assurance about whether Statewide 911 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 of the financial statements, we considered Statewide 911 Board's internal control over financial reporting (internal control) to determine the audit procedures the are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exists that have not been identified. We did not identify deficiencies in internal control that we consider to be significant deficiencies.

Purpose of the Report

The purpose of these 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering the entity's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

LWG CPAs & Advisors

LWG CPAs & Advisors
Indianapolis, Indiana
December 12, 2017

CPAS ▲ ADVISORS

December 12, 2017

Statewide 911 Board
10 West Market Street, Suite 2420
Indianapolis, IN 46204

To the Board of Directors of the
Statewide 911 Board

We have audited the financial statements of the Statewide 911 Board for the year ended June 30, 2017, and have issued our report thereon dated December 12, 2017. As part of our reporting requirements, the Indiana State Board of Accounts (SBOA) has requested that we make the following certification regarding the Statewide 911 Board's compliance with Indiana Code Title 36, Article 8, Chapter 16.7, Section 37, as defined below:

1) The Board retained 15.1% of fees collected during the fiscal year, which represented the operating expenses necessary to develop, operate, and maintain the statewide 911 system. The fees retained by the Board were in excess of the 10% limit, as allowed by Indiana Code Title 36, Article 8, Chapter 16.7, Section 37, Subsection B, which permits the Board to retain fees in a manner that does not impair the ability of the Board to fulfill its management and administrative obligations.
2) The Board distributed, to the Indiana counties, distributions as defined in Indiana Code Title 36, Article 8, Chapter 16.7, Section 37.
3) The Board did distribute, to the Indiana counties, a portion of the remaining 911 fees in 2017, after the Board's administrative expense and distribution. Ninety percent of this disbursement was paid based upon each counties percentage of the state's population. Ten percent of this disbursement was paid in an equal payment. The Board will accumulate the surplus for the year in a reserve fund.

This letter is supplementary information that is included as part of the financial statements and notes of the Statewide 911 Board. It is intended solely for the use of management and the Indiana State Board of Accounts, and should not be used for any other purposes.

LWG CPAs & Advisors

LWG CPAs & Advisors

CPAS & ADVISORS

December 12, 2017

Board of Directors
Indiana Statewide 911 Board
10 West Market Street, Suite 2420
Indianapolis, IN 46204

We have audited the financial statements of the Indiana Statewide 911 Board for the year ended June 30, 2017 and have issued our report thereon dated December 12, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States and *Government Auditing Standards*

As communicated in our engagement letter dated April 25, 2017, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility as prescribed by professional standards, is to plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial statement. Accordingly, as part of our audit, we considered the internal control of the Statewide 911 Board solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. In addition, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding significant control deficiencies and other matters noted during our audit in a separate letter to you dated December 12, 2017.

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Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Statewide 911 Board is included in Note 1 to the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Statewide 911 Board's financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the attached letter dated December 12, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultation with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Statewide 911 Board, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted on a condition to our retention as Statewide 911 Board' auditors.

This information is intended solely for the use of the board of directors and management of the Statewide 911 Board, and is not intended to be and should not be used by anyone other than these specified parties.

LWG CPAs & Advisors

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