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WIRELESS E-911 SERVICES BOARD  
STATEMENT OF NET ASSETS  
As of June 30, 2008

ASSETS	
Current assets:	
Cash with Treasurer of Virginia (Note 2)	\$20,558,067
Cash equivalents with Treasurer of Virginia (Note 2)	1,192,346
Investments with Treasurer of Virginia (Note 2)	4,491,577
Accounts receivable	7,639,292
Due from Other Funds	<u>385,161</u>
 Total current assets	 <u>34,266,443</u>
LIABILITIES	
Current liabilities:	
Accounts payable	6,583,971
Accrued compensated absences (Note 4)	27,808
Due to other funds	540
Due to other state agencies	10,204
Amounts due to other governments	5,158,515
Obligations under securities lending program (Note 2)	<u>5,683,923</u>
 Total current liabilities	 17,464,961
Non-current liabilities:	
Accrued compensated absences (Note 4)	<u>50,991</u>
 Total liabilities	 <u>17,515,952</u>
NET ASSETS	
Unrestricted	<u>16,750,491</u>
 Total net assets	 <u><u>\$16,750,491</u></u>

The accompanying Notes to Financial Statements are an integral part of the financial statements.

WIRELESS E-911 SERVICES BOARD  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
For the Year Ended June 30, 2008

Operating revenues:	
Charges for services	<u>\$ 50,461,828</u>
Operating expenses:	
Personal expenses	909,065
Contractual services	538,342
Supplies and materials	19,126
Rent, insurance, and other related charges	3,555
Expendable equipment/improvements	17,151
Non-recurring cost estimate payments to providers (Note 3)	<u>45,953,750</u>
Total operating expenses	<u>47,440,989</u>
Operating income	<u>3,020,839</u>
Non-operating revenues:	
Interest and other investment income	629,533
Other	<u>(142,903)</u>
Total non-operating revenues	<u>486,630</u>
Income before transfers	3,507,469
Transfer to Virginia Geographic Information Network	<u>(1,970,558)</u>
Changes in net assets	1,536,911
Total net assets, July 1	<u>15,213,580</u>
Total net assets, June 30	<u><u>\$ 16,750,491</u></u>

The accompanying Notes to Financial Statements are an integral part of the financial statements.

WIRELESS E-911 SERVICES BOARD  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2008

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Cash flows from operating activities:	
Cash receipts for services	\$ 48,200,429
Internal activity cash payments to other funds	(3,765,236)
Cash payments to suppliers for goods and services	(43,147)
Cash payments for contractual services	(398,327)
Cash payments to employees	(902,000)
Payments to providers for non-recurring cost estimates	<u>(40,495,109)</u>
Net cash provided by operating activities	<u>2,596,610</u>
Cash flows from noncapital financing activities:	
Cash transfer out to Virginia Geographic Information Network	<u>(2,355,719)</u>
Net cash from noncapital financing activities:	<u>(2,355,719)</u>
Cash flows from investing activities:	
Cash received from interest on cash and investments	<u>486,630</u>
Net cash from investing activities:	<u>486,630</u>
Net increase in cash	727,521
Cash, July 1, 2007	<u>19,830,546</u>
Cash, June 30, 2008	<u><u>\$ 20,558,067</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 3,020,839
Adjustments to reconcile operating income to net cash used by operating activities:	
Changes in assets and liabilities:	
Increase in accounts receivable	(2,261,399)
Increase in accounts payable	4,253,826
Decrease in amounts due to other governments	(2,451,152)
Increase in amounts due to state government	69
Increase in amounts due to other funds	540
Increase in accrued compensated absences	<u>33,887</u>
Net cash used by operating activities	<u><u>\$ 2,596,610</u></u>

The accompanying Notes to Financial Statements are an integral part of the financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

**WIRELESS E-911 SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2008**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

**B. Reporting Entity**

VITA's Wireless E-911 Service Board was created by Chapter 15, Title 56, Code of Virginia 1950, as amended (the "Wireless Enhance Public Safety Telephone Service Act"). The Wireless E-911 Services Board directs the funding used to comply with the June 1996 Federal Communications Commission (FCC) directive (FCC Order 94-102), which mandated a two-phase implementation of E-911 technology by wireless service providers.

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Board is a component unit of the Commonwealth of Virginia and is included in the general purpose financial statements of the Commonwealth.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The accompanying financial statements of the proprietary fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The cash basis of accounting is used during the year. The financial statements are prepared on the accrual basis at the end of the fiscal year.

The activities of the Wireless E-911 Services Board are accounted for in an enterprise fund, used to account for governmental operations that are financed and operated in a manner similar to private business enterprises. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

*GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, provides governments two options for reporting their proprietary fund activities. All Proprietary Funds reported herein apply all applicable GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless those conflict with or

**WIRELESS E-911 SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2008**

contradict GASB pronouncements. In accordance with GASB Statement No. 20, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

**NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash of the Wireless E-911 Services Board represents cash on deposit with the Treasurer of Virginia. All cash on deposit is covered by the Federal Deposit Insurance Corporation (FDIC), or collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia. Cash equivalents and investments held by the Treasurer of Virginia represent the Board's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of the cash equivalents and investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.

**NOTE 3: PAYMENTS TO PSAP OPERATORS AND CRMS PROVIDERS**

The Wireless E-911 Services Board provides payments to Public Safety Answering Point (PSAP) operators of all wireless E-911 PSAP costs and to Commercial Mobile Radio Service (CMRS) providers of all wireless E-911 CRMS costs as defined in the Code of Virginia Title 56, Chapter 15. Each PSAP operator receives a monthly payment based on the monthly Wireless E-911 remittance and a distribution formula calculated used the prior fiscal year's call and cost information. Each CMRS provider must provide the estimated costs it expects to incur during the next fiscal year. The Wireless E-911 Services Board reviews these estimates and makes quarterly payments CMRS provider for qualifying, actual costs.

The Board made payments to PSAP operators and CMRS providers as follows:

	<b>For the Year Ended June 30, 2008</b>	
	<hr/>	
PSAP Operators	\$	31,157,264
CMRS Providers		<hr/>
		14,796,486
Total	\$	<hr/> <hr/>
		45,953,750

**NOTE 4: LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2008 was as follows:

**WIRELESS E-911 SERVICES BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF JUNE 30, 2008**

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
\$ 44,912	\$ 44,853	\$ 10,966	\$ 78,799	\$ 27,808

**NOTE 5: WIRELESS E-911 SERVICE BOARD**

The 2000 General Assembly enacted the Enhanced Public Safety Telephone Service Act (56-484.12 through 56-484.18). The act established the Wireless E-911 Services Board and the Public Safety Communications Division of the Department of Technology Planning, and continued the Wireless E-911 special fund. The Department of Technology Planning became part of the Virginia Information Technologies Agency (VITA) in 2003 when VITA was created. The Board shall be responsible for promoting and assisting the development, deployment, and maintenance of a statewide enhanced emergency telecommunications system and enhanced wire line emergency telecommunications services in specific local jurisdictions not currently wire line E-911 capable. The Board shall also be responsible for overseeing and allocating the wireless E-911 special funds and managing moneys appropriated for enhanced wire line emergency telecommunication services in local jurisdictions not wire line E-911 capable.

**NOTE 6: PENSION PLAN AND OTHER POST RETIREMENT BENEFITS**

Employees of the Board are employees of the Commonwealth of Virginia. The employees participate in a defined benefit retirement plan administered by the Virginia Retirement System (VRS). The VRS also administers life insurance and health-related plans for retired employees. Information related to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report. The Commonwealth of Virginia, not the Board, has the overall responsibility for contributions to these plans.

**NOTE 7: RISK MANAGEMENT**

The Board is exposed to various risk of loss related to torts: theft or, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Board participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The Board pays premiums to each of these Departments for its insurance coverage. Information related to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Comprehensive Annual Financial Report.



**Walter J. Kucharski, Auditor**

# Commonwealth of Virginia

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

June 18, 2009

The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable M. Kirkland Cox  
Chairman, Joint Legislative Audit  
And Review Commission

Board of Directors  
Wireless E-911 Services Board

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying basic financial statements of the **Wireless E-911 Services Board** (Board) as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Board's management. 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 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the basic financial statements of the Board are intended to present the financial position and the changes in financial position and cash flows of only that portion of the enterprise fund of the Commonwealth of Virginia that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the Commonwealth of Virginia's overall financial position as of June 30, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2008, and the changes in its financial position and its cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Wireless E-911 Services Board has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2009 on our consideration of the 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.



AUDITOR OF PUBLIC ACCOUNTS

BEM/clj