

**GREATER HARRIS COUNTY
9-1-1 EMERGENCY NETWORK**

FINANCIAL STATEMENTS
December 31, 2024 and 2023

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 FINANCIAL STATEMENTS
 December 31, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Managers of
Greater Harris County 9-1-1 Emergency Network
Houston, Texas

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the business-type activities of the Greater Harris County 9-1-1 Emergency Network (GHC 9-1-1), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise GHC 9-1-1's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of GHC 9-1-1, as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of GHC 9-1-1, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about GHC 9-1-1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GHC 9-1-1's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about GHC 9-1-1's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of net pension liability (asset) and related ratios, schedule of contributions, and schedules of changes in the total OPEB liability and related ratios on pages 37-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise GHC 9-1-1's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2025 on our consideration of GHC 9-1-1'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 solely 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 effectiveness of GHC 9-1-1's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering GHC 9-1-1's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Houston, Texas
August 13, 2025

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)
December 31, 2024 and 2023

The following is a discussion and analysis of the Greater Harris County 9-1-1 Emergency Network's (GHC 9-1-1) financial activities for the years ended December 31, 2024 and 2023. The discussion and analysis should be read along with GHC 9-1-1's financial statements and accompanying footnotes.

Financial Highlights

- GHC 9-1-1's cash and investment balances increased by a total of \$32.4 million during 2024 to a total balance of \$69.0 million—the increase was primarily due to funds received from the Broadband Infrastructure Fund \$28.7 million. The majority of the funds are reserved for specific future capital expenditures—ongoing capital replacement, upgrades to the 9-1-1 infrastructure, and specific capital projects over the next five years.
 - GHC 9-1-1's goal is to continue to allocate funds for future capital outlay to avoid financing costs, while pursuing and leveraging the best technology to reduce operating costs in order to position GHC 9-1-1 to meet the growing demands on the 9-1-1 system.
- The decrease of about \$2.2 in net capital assets is due to normal capital asset additions and depreciation.
- Total liabilities balance was \$11.2 million. About \$1.8 million of the balance is due to monthly invoices for operating expenses pending payment, while the remaining portion is for employee compensation accruals and long-term postemployment benefits.
- The 9-1-1 service fee revenue of \$46.4 million reflected a \$0.7 million decrease compared to the prior year. GHC 9-1-1's revenues are key to continue to upgrade the 9-1-1 infrastructure to the Next Generation 9-1-1 (NG 9-1-1) core systems without having to eliminate necessary services or incur financing costs. Ongoing system maintenance costs will continue to increase.
- Salaries and Benefits increased by 6.97%, \$0.4 million due mainly to normal annual employee compensation increases. Total Other Postemployment Benefits (OPEB) Liabilities accrual increased about \$2.8 million, which is based on actuarial estimates.
- The total operating expenses increased by 1.50% or \$0.8 million mainly due to an increase in salaries and benefits and an increase in depreciation expense related to capital asset additions offset by a slight decrease in PSAP Call Center expense and Contract Services.

Overview of the Financial Statements: This annual report consists of two parts: (1) Management's Discussion and Analysis and (2) Financial Statements. The Financial Statements also include notes that explain, in more detail, some of the information included in the report.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)
December 31, 2024 and 2023

Financial Analysis of GHC 9-1-1's Funds: GHC 9-1-1's financial net position increased as reflected in the net position table presented in the table below, which reflects an increase of \$32.9 million or 53.2%.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 81.8	\$ 47.8	\$ 39.2
Capital and other assets	21.6	23.6	25.6
Total assets	<u>103.4</u>	<u>71.4</u>	<u>64.8</u>
Deferred outflows	4.9	3.9	3.9
Current liabilities	2.6	4.0	4.7
Noncurrent liabilities	8.6	6.6	5.6
Total liabilities	<u>11.2</u>	<u>10.6</u>	<u>10.3</u>
Deferred inflows	<u>2.4</u>	<u>2.8</u>	<u>5.7</u>
Net position	<u>\$ 94.7</u>	<u>\$ 61.8</u>	<u>\$ 52.9</u>

Changes in GHC 9-1-1's net position are reflected in the table below, which presents the condensed Statements of Revenues, Expenses, and Changes in Net Position for the year.

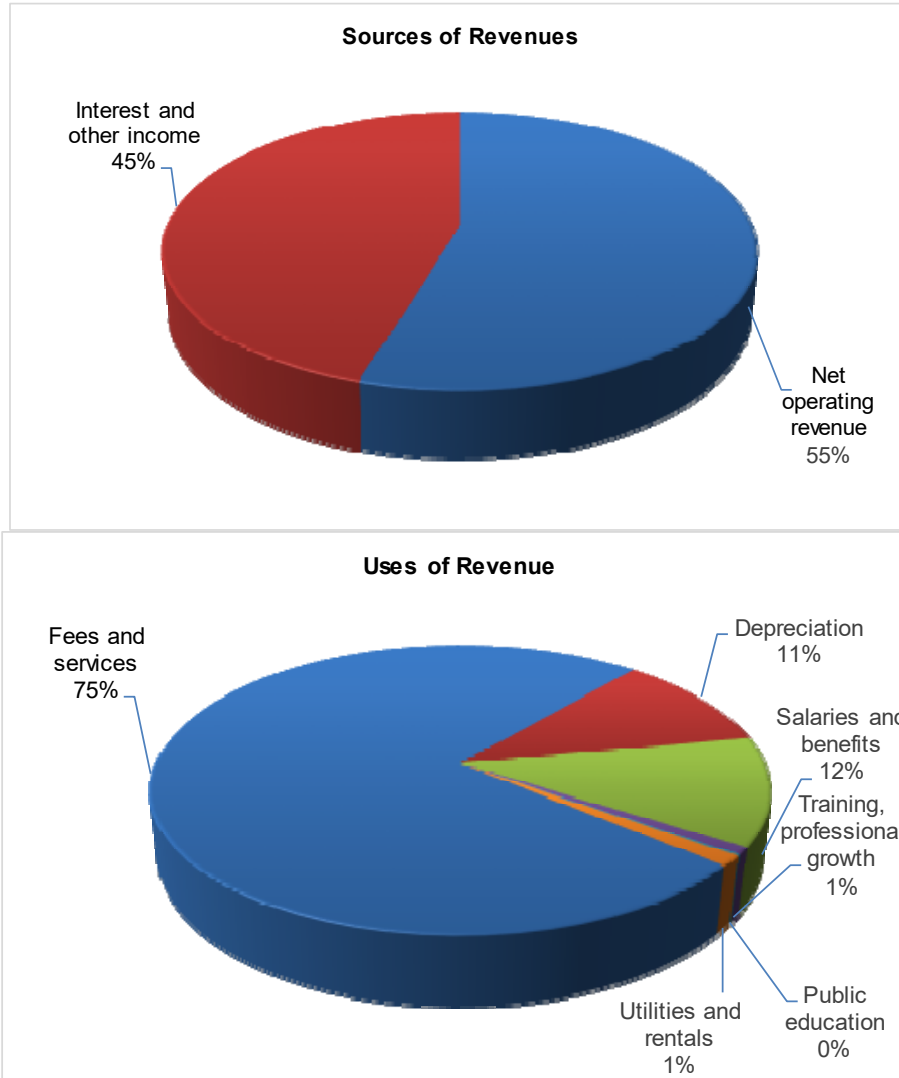
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenues			
Net operating revenue	\$ 46.4	\$ 47.1	\$ 46.5
Interest and other income	38.6	13.2	0.4
Total revenues	<u>85.0</u>	<u>60.3</u>	<u>46.9</u>
Expenses			
Operating expense	<u>52.1</u>	<u>51.4</u>	<u>44.7</u>
Total expenses	52.1	51.4	44.7
Change in net assets - excess of revenues			
over expenses	32.9	8.9	2.2
Net assets, beginning of year	<u>61.8</u>	<u>52.9</u>	<u>50.7</u>
Net assets, end of year	<u>\$ 94.7</u>	<u>\$ 61.8</u>	<u>\$ 52.9</u>

In the table above, Total Revenues increased by \$24.7 million due mainly to funds received via the Broadband Instructure Fund and 2021 ARPA Grant and increased interest income from investments. Total Expenses increased \$0.7 million due to increases in depreciation and salaries and benefits.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (REQUIRED SUPPLEMENTARY INFORMATION)
 December 31, 2024 and 2023

The table below presents the sources and uses of GHC 9-1-1's revenue.



The Service Fees (100%) category is the main source of funding, while 75% of the uses of funds are for Operational Fees & Services, which include networking and telephone charges for connectivity from the telephone companies' central offices to the telephone company's selective router to GHC 9-1-1's 30 public safety answering points (PSAPs) and seven secondary safety answering points (SSAPs), 9-1-1 database services, PSAP expenses for the City of Houston and Harris County, operation and maintenance expenses, and contract services. The Salaries & Benefits category is 12% of the uses of revenue (see the table above on the previous page). This category includes mainly operational staff—the operational staff consists of system engineers, administrators, and technicians that deploy and provide technical support and maintenance for all 9-1-1 systems on a 24-hour, 365 days per year basis for an area spanning approximately 2,664 square miles with a population of approximately 5.8 million or nearly 20% of Texas' population.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
(REQUIRED SUPPLEMENTARY INFORMATION)
December 31, 2024 and 2023

Capital Assets and Long-Term Debt: GHC 9-1-1's capital assets, net of accumulated depreciation, totaled \$21.3 million as of December 31, 2024. The capital assets include hardware/software, call taker workstation equipment, backup power infrastructure, telecommunication equipment, technician vehicles, and the land and building for the headquarters location (also serving as a 9-1-1 call center backup location for contingencies).

GHC 9-1-1 has been able to purchase all capital assets without incurring debt and financing charges. Aside from compensated absences payable totaling \$0.3 million the only other outstanding long-term liability consists of Other Postemployment Benefits (OPEB) totaling \$8.6 million, which is an estimate of future health insurance costs and group life insurance for retired staff. In addition, a Net Pension Asset totaling \$262,871 is also reported to reflect the amount of the actuarially estimated pension asset in excess of the fiduciary net position as of December 31, 2023.

Economic Factors and Next Year's Budget and 9-1-1 Fee Rates: GHC 9-1-1's revenue is based on cellular and landline phones. The growth in cellular phones has leveled off due to market saturation—the slight growth in cellular phones is offsetting some of the decrease in traditional landline phones resulting in homeowners relying solely on their wireless devices. More devices with newer technology are being used to contact 9-1-1, which require upgrades to the 9-1-1 infrastructure and network.

2021 ARPA Grant (American Rescue Plan Act)

In 2021, the Federal government enacted the American Rescue Plan Act (ARPA). In 2023, GHC 9-1-1 applied for and received funds totaling \$18.6 million dollars and received \$1.7 million in 2025.

2024 Texas Senate Bill 8 - Broadband

In 2024, the 87th Texas Legislature approved Senate Bill 8 and appropriated \$150 million to fund the Next Generation 9-1-1 Service Fund (NG 9-1-1 Fund) created by House Bill 2911 during the Legislature regular session. Of this amount, GHC received \$28.7 million and will be used to fund the Networks normal operations and capital project for the next few years.

The above \$49.0 million will help GHC 9-1-1 fund the deployment of NG 9-1-1 systems and GHC 9-1-1 operating costs, however, additional funds will be needed before 2029 for GHC 9-1-1 to be able to fund the systems and operating costs.

GHC 9-1-1 has two goals to address the above:

Goal 1: Telecom fees from wireless devices and other telecom related fees are the primary source of revenue funding GHC 9-1-1's monthly operating and capital project costs. These fees (\$0.50) per device/per month have not been increased in over 28+ years. GHC's goal is (working with the State of Texas legislative process) to have the \$0.50 per device fee increased to a level that will sustain GHC 9-1-1's ongoing operational and capital projects costs.

Goal 2: GHC 9-1-1 can apply for "Grants" from Federal, State and Private sources and have gained some experience with grant funding over the last three years. The goal is to establish a consistent and well planned process to actively look for and obtain "Grants" funds applicable to the business we operate.

Contacting GHC 9-1-1: This financial report is designed to provide a general overview of GHC 9-1-1's finances. If you have questions, contact GHC 9-1-1 at 10220 Fairbanks N. Houston Road, Houston, Texas 77064.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
STATEMENTS OF NET POSITION
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets - unrestricted		
Cash and cash equivalents (Note 3)	\$ 14,559,319	\$ 26,666,332
Investment funds for operations/capital (Note 3)	54,449,477	9,973,800
Accounts receivable	7,110,752	7,030,921
Intergovernmental accounts receivable	3,647,253	2,557,810
Accrued interest receivable	20,790	-
Prepaid expenses	1,995,864	1,554,671
Total current assets	81,783,455	47,783,534
Capital assets		
Inventoried assets (Note 7)	80,878,431	77,704,504
Land	3,219,411	3,219,411
Less: accumulated depreciation	(62,786,876)	(57,438,064)
Total capital assets, net	21,310,966	23,485,851
Prepaid expenses, net of current portion	29,512	103,642
Net pension asset (Note 4)	262,871	-
Total assets	103,386,804	71,373,027
Deferred outflows - pension (Note 4)	1,385,511	2,073,274
Deferred outflows - OPEB (Notes 5 and 6)	3,539,790	1,804,982
Total deferred outflows	4,925,301	3,878,256
LIABILITIES		
Current liabilities		
Accounts payable	1,829,549	3,631,764
Salary and accrued benefits payable	426,081	101,062
Compensated absences payable	298,480	269,072
Total current liabilities	2,554,110	4,001,898
Compensated absences payable	33,164	29,897
Other postemployment benefits (Notes 5 and 6)	8,582,322	5,736,009
Net pension liability (Note 4)	-	869,044
Total long-term liabilities	8,615,486	6,634,950
Total liabilities	11,169,596	10,636,848
Deferred inflows - pension (Note 4)	382,715	373,683
Deferred inflows - OPEB (Notes 5 and 6)	1,994,892	2,413,509
Total deferred inflows	2,377,607	2,787,192
Net investment in capital assets	21,310,966	23,485,851
Unrestricted	73,453,936	38,341,392
Total net position	\$ 94,764,902	\$ 61,827,243

See notes to financial statements.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
9-1-1 network service fees	\$ 46,435,051	\$ 47,149,009
Operating expenses		
Salaries and benefits (Note 10)	6,209,135	5,804,334
Office supplies	22,001	27,804
Public education materials	75,028	126,831
Operational fees and services (Note 11)	38,873,764	39,048,495
Advertising	384,738	454,935
Rentals	17,664	18,963
Utilities	588,054	542,823
Training and travel	422,847	339,739
Subtotal	46,593,231	46,363,924
Depreciation	5,545,439	5,001,944
Total operating expenses	52,138,670	51,365,868
Operating (loss) income	(5,703,619)	(4,216,859)
Nonoperating revenues (expenses)		
Interest earnings	3,130,436	1,701,085
Intergovernmental revenues	35,510,842	11,423,286
Miscellaneous income	-	35,368
Total nonoperating revenues	38,641,278	13,159,739
Change in net position	32,937,659	8,942,880
Net position, beginning of year	61,827,243	52,884,363
Net position, end of year	\$ 94,764,902	\$ 61,827,243

See notes to financial statements.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Cash received from fees	\$ 46,334,430	\$ 44,516,801
Cash payments for goods and services	(42,553,374)	(40,448,285)
Cash payments to employees for services	(5,593,673)	(5,540,112)
Net cash from operating activities	<u>(1,812,617)</u>	<u>(1,471,596)</u>
Cash flows from noncapital financing activities		
Other revenue	-	35,368
Intergovernmental revenues	34,421,399	11,423,286
Net cash from noncapital financing activities	<u>34,421,399</u>	<u>11,458,654</u>
Cash flows from capital and related financing activities		
Acquisition of capital assets	(3,370,554)	(4,836,268)
Net cash from capital and related financing activities	<u>(3,370,554)</u>	<u>(4,836,268)</u>
Cash flows from investing activities		
Investment purchases	(54,449,477)	(9,973,800)
Investment maturities	9,973,800	13,742,431
Interest received	3,130,436	1,701,085
Net cash from investing activities	<u>(41,345,241)</u>	<u>5,469,716</u>
Net change in cash and cash equivalents	(12,107,013)	10,620,506
Cash and cash equivalents, beginning of year	<u>26,666,332</u>	<u>16,045,826</u>
Cash and cash equivalents, end of year	<u>\$ 14,559,319</u>	<u>\$ 26,666,332</u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income	\$ (5,703,619)	\$ (4,216,859)
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	5,545,439	5,001,944
Changes in assets and liabilities		
Accounts receivable	(79,831)	(2,632,208)
Accrued interest receivable	(20,790)	-
Prepays	(367,063)	839,887
Deferred outflows	(1,047,045)	42,790
Accounts payable	(1,802,215)	(728,582)
Salaries and accrued benefits payable	325,019	86,940
Compensated absences	32,675	(39,957)
Other postemployment benefits	2,846,313	180,657
Net pension liability (asset)	(1,131,915)	2,864,471
Deferred inflows	(409,585)	(2,870,679)
Total adjustments	<u>3,891,002</u>	<u>2,745,263</u>
Net cash from operating activities	<u>\$ (1,812,617)</u>	<u>\$ (1,471,596)</u>

See notes to financial statements.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

The Greater Harris County 9-1-1 Emergency Network (GHC 9-1-1) is a special purpose emergency communications district, authorized by the 9-1-1 Emergency Number Act of May 10, 1983 (Texas Revised Civil Statutes Annotated, Art. 1432c), and confirmed by the voters of Harris County on November 8, 1983 (legislation now codified as Chapter 772, Subchapter B, of the Texas Health and Safety Code).

GHC 9-1-1 was organized on April 1, 1984 with the appointment of an executive director by the Board of Managers. The purpose of GHC 9-1-1 is to establish and administer the primary emergency telephone service in the Harris County and Fort Bend County area, which covers approximately 2,664 square miles and has a population of approximately 5.9 million, which is approximately 20% of Texas' total population.

GHC 9-1-1 provides 9-1-1 equipment, a 24/7 Network Operations Center, in-house maintenance, and support of all 9-1-1 systems, database management services, and other GHC 9-1-1 equipment used by the 49 cities and two counties (Harris and Fort Bend counties) served by GHC 9-1-1 to receive and process the initial 9-1-1 emergency calls.

GHC 9-1-1 levies service fees on users of telecommunications devices within the jurisdictions in GHC 9-1-1 territory. The wireline telephone companies and private switch providers serving GHC 9-1-1 territory collect the fees and transmit them to GHC 9-1-1, while the wireless service providers collect the fees and transmit them to the State Comptroller, which distributes the fees as described below.

The following fees were levied for 2024 and 2023:

<u>Wireline</u>	Residential: a flat rate of \$.80 per line per month Business: a flat rate of \$1.40 per line and per trunk per month, up to 100 lines per company location for both
<u>Internet Protocol</u>	apply rates as wireline services above
<u>Wireless</u>	During the 75th State Legislative Session, the fee was set at a statewide flat rate of \$.50 per subscriber number per month effective September 1997. During the 81st State Legislative Session, as set forth in Texas Health and Safety Code Section 771.0712, a two percent (2%) prepaid wireless 9-1-1 emergency service fee became effective June 1, 2010. The fee is collected based on two percent (2%) of the purchase price of each prepaid wireless telecommunications service purchased by any method. Both fees are billed and collected by all wireless providers or retailers in Texas, transmitted to the State Comptroller, and distributed within 15 days of receipt to all 9-1-1 entities in the State. Distribution is determined by the population of citizens that are served by each 9-1-1 entity as a percentage of the total State population (population counts provided by Texas State Data Center/Office of the State Demographer).

The landline telephone companies and wireless carriers are permitted to retain one percent (1%) of the collected 9-1-1 fees as an administrative fee to cover their cost of collection, while prepaid wireless sellers can retain two percent (2%). The fees collected by the telephone companies are due 30 days after the last day of the calendar month. AT&T adjusts its estimated uncollectible rate on a monthly basis for 9-1-1 fees not collected; other telephone companies adjust on an annual basis.

On June 12, 1996, the Federal Communication Commission (FCC) issued regulations pursuant to FCC Docket No. 94-102, which required the wireless industry to provide to the 9-1-1 entities a true call back number by 1998 (Phase I) and location identification no later than October 2002 (Phase II), depending on the technology adopted by the wireless carriers. All wireless carriers serving GHC 9-1-1's territory are Phase II compliant and will continue to modify the system on an ongoing basis to improve accuracy. It is the responsibility of the carriers to meet FCC requirements.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY (Continued)

Through an interlocal agreement, Harris County provides to GHC 9-1-1 payroll services provided by the Harris County Auditor, purchasing services by the Harris County Purchasing Agent, staffing of the Harris County Public Safety Answering Point (PSAP) by the Sheriff's Department, and legal services by the Harris County Attorney's Office.

GHC 9-1-1 has an interlocal agreement with the City of Houston to fund staffing and other administrative expenses of the City of Houston PSAP, known as Houston Emergency Center, while the management responsibility remains with the City, as with Harris County.

GHC 9-1-1 also has an interlocal agreement with Fort Bend County to fund staffing and other administrative expenses of Fort Bend County PSAP, while the management responsibility remains with Fort Bend County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of GHC 9-1-1 have been prepared in conformity with generally accepted accounting principles (GAAP) as accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GHC 9-1-1's significant accounting and reporting policies are described in the following notes to the financial statements.

GHC 9-1-1 applies all applicable GASB pronouncements, as well as Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Presentation and Accounting: GHC 9-1-1 represents its financials as an enterprise fund. Enterprise funds are proprietary funds used to account for operations in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned, and expenses are recognized and recorded when they are incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of GHC 9-1-1's enterprise fund are charges to customers on their telecommunication services bills. Operating expenses for GHC 9-1-1 include the cost of network connectivity services, operation and maintenance services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are stated at historical cost. Depreciation is determined using the straight-line method at rates expected to amortize the cost of depreciable assets over estimated useful lives of seven years for furniture and fixtures, ten to twenty five years for buildings and building improvements, and three to ten years for equipment. Capital asset purchases and improvements with a cost greater than \$1,000 are capitalized.

Compensated Absences: Accumulated compensated absences for the employees of GHC 9-1-1 are recorded as an expense and liability as the benefits accrue for both vacation and compensated time. The vacation policy allows employees to accrue vacation time every pay period, subject to a maximum balance cap of 280 hours per employee for all full-time employees. The liability for vacation time is based on estimated hours accrued for all employees as of the end of the year. The second component of the compensated absences liability is comp-time which is defined as the total hours worked in excess of any employee's required time (40 hours per week), not to exceed a total accumulation of 240 hours.

Prepaid Assets: Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenses) and are recognized as expenses when utilized.

Accounts Receivable: Accounts receivable and grants receivable are recorded net of allowance for uncollectibles. There were no allowances for uncollectibles for the years ending December 31, 2024 and 2023.

Statement of Cash Flows: For purposes of the statement of cash flows, GHC 9-1-1 considers only money market funds as cash equivalents. All other short-term securities are classified as investments.

Estimates: The preparation of financial statements in conformity with GAAP as accepted in the United States of America requires the use of management's estimates. Accordingly, actual results could differ from those estimates.

Advertising Expense: Educational advertising campaign costs for proper use of 9-1-1 during emergencies are expensed as incurred and are reflected in the statements of revenues, expenses, and changes in net position.

Net Position Classifications: Net position is displayed in three components:

- *Net Investment in Capital Assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted Net Position* - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, GHC 9-1-1's policy is to apply restricted net position first.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For the purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County District Retirement System (TCDRS) and additions to/deductions from TCDRS's fiduciary net position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB): GHC 9-1-1 participates in a retiree Group Term Life program administered by the Texas County & District Retirement System (TCDRS). GHC 9-1-1 reports the total OPEB liability for this plan. Information regarding GHC 9-1-1's total OPEB liability is obtained from TCDRS through a report prepared for GHC 9-1-1 by TCDRS' consulting actuary, Milliman, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

GHC 9-1-1 participates in an agent multiple-employer defined benefit postemployment healthcare administered by Harris County that covers retired employees of Harris County, Flood Control District, Toll Road, Juvenile Board, Community Supervision, and GHC 9-1-1. Information regarding GHC 9-1-1's total OPEB liability is obtained from Harris County through a report prepared for GHC 9-1-1 by Harris County's consulting actuary, Foster & Foster Consulting Actuaries, Inc., in compliance with GASB Statement No. 75.

Deferred Outflows/Inflows of Resources: Deferred outflows/inflows of resources are deferred and amortized over the average of the expected service lives of pension and OPEB plan members. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. GHC 9-1-1 has four items that qualify for reporting in this category on the Statement of Net Position. A deferred charge has been recognized as a result of differences between the actuarial expectations and the actual economic experience related to GHC 9-1-1's defined benefit pension and OPEB plan. These amounts are deferred and amortized over the average of the expected service lives of the pension and OPEB plan members. A deferred charge has been recognized for employer pension and OPEB plan contributions that were made subsequent to the measurement date through the end of the fiscal year. These amounts are deferred and recognized as a reduction to the net pension liability/asset and total OPEB liability, respectively, during the measurement period in which the contributions were made. Another deferred charge has been recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for the changes in actuarial assumptions. The amount is deferred and amortized over the average of the expected service lives of the pension and OPEB plan members.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. GHC 9-1-1 has two items that qualify for reporting in this category in the Statement of Net Position. Deferred inflows of resources have been recognized as a result of differences between the actuarial expectations and the actual economic experience related to GHC 9-1-1's defined benefit pension and OPEB plans. This amount is deferred and amortized over the average of the expected service lives of pension and OPEB plan members. A deferred charge has been recognized for the changes in actuarial assumptions. The amount is deferred and amortized over the average of the expected service lives of the pension and OPEB plan members.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget: In accordance with GHC 9-1-1's enabling legislation, the Board of Managers adopts an annual budget for operating and capital expenditures. The budget is adopted on a cash basis and is submitted to the Harris County Commissioners' Court and the Houston City Council for approval.

Grant Funding for System Upgrades and Services: In November 2021, the 87th Texas Legislature in Senate Bill 8 Senate Bill 8 (3rd) appropriated \$150 million to fund the Next Generation 9-1-1 Service Fund (NG9-1-1 Fund) created by House Bill 2911 during the Legislature's regular session. The appropriation was made pursuant to the revenue reduction provisions of the federal American Rescue Plan Act of 2022 (ARPA); specifically "for the provision of government services to the extent of the reduction in revenue of such State due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the State." which was codified at 42 U.S.C. § 802.602(c)(1)(C). In 2022 during the 88th Texas Legislature the reimbursement period was extended from 2024 to 2026. GHC 9-1-1 received reimbursements for NG 9-1-1 costs incurred of approximately \$11.4 million in 2023 and \$6.1 million in 2024.

The total funding totaling \$20.3 million will help GHC 9-1-1 fund the deployment of NG 9-1-1 systems; however, ongoing operation and maintenance will require additional funding. GHC 9-1-1's goal is to update the legislation to have the ability to set the lowest single flat rate for all services, wireline and wireless, within Harris and Fort Bend counties to maintain the best 9-1-1 service.

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Cash Equivalents: State statutes authorize GHC 9-1-1 to invest in fully collateralized or insured time deposits, direct debt securities of the United States or its agencies, commercial paper, money market mutual funds, and fully collateralized repurchase agreements. GHC 9-1-1's book value of cash and cash equivalents totaled \$14,559,319 and \$26,666,332 as of December 31, 2024 and 2023, respectively.

Custodial credit risk related to deposits is the risk that, in the event of a bank failure, GHC 9-1-1's deposits might not be recovered. It is the policy of GHC 9-1-1 that all deposited funds in each of GHC 9-1-1's accounts be insured by the Federal Depository Insurance Coverage (FDIC), or its successor, or secured by collateral pledged to the extent of the fair market value of the amount not insured in compliance with the Collateral Act of Chapter 2256 of the Texas Government Code. As of December 31, 2024, GHC 9-1-1 had a cash bank balance of \$14,559,319 in the checking/money market sweep accounts. The balance was held in the money market sweep account, which is made up of investments of US treasury securities-the entire checking account balance was covered under FDIC and a Federal Home Loan Bank letter of credit is held to cover deposits in excess of \$250,000.

Investments: Chapter 2256 of the Texas Government Code is known as the Public Funds Investment Act. This act authorizes GHC 9-1-1 to invest its funds pursuant to a written investment policy, which primarily emphasizes the safety of principal and liquidity, and addresses investment diversification, yield, and maturity.

GHC 9-1-1 investments are managed by the Harris County Office of Financial Services, as authorized by an interlocal agreement. GHC 9-1-1's Investment Policy is reviewed and approved annually by GHC 9-1-1's Board of Managers. The Investment Policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy. Additionally, the policy includes specific investment strategies that address investment options and describes the priorities for suitable investments.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Authorized Investments: GHC 9-1-1 funds may be invested in the following investment instruments provided that such instruments meet the guidelines of the investment policy:

1. Obligations of the U.S. or its agencies and instrumentalities.
2. Direct obligations of the State of Texas or its agencies and instrumentalities.
3. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, with a stated final maturity of 10 years or less.
4. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of this state or the U.S.
5. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent.
6. Certificates of deposit issued by a state or national bank domiciled in this state or a savings and loan association domiciled in this state that are guaranteed or insured by the FDIC or secured by authorized investments that have a market value of not less than the principal amount of the certificates.
7. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act.
8. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by the Public Funds Investment Act.
9. No-load money market mutual funds regulated by the Securities and Exchange Commission (SEC), with a dollar-weighted average stated maturity of 90 days or fewer and which include in their investment objectives the maintenance of a stable net asset value of \$1 per share as authorized by the Public Funds Investment Act.
10. Guaranteed Investment Contracts as authorized by the Public Funds Investment Act.
11. Public Funds Investment Pools as authorized by the Public Funds Investment Act.

Summary of Cash and Investments: GHC 9-1-1's cash and investments are recorded at fair value. Total investment book value as of December 31, 2024 was greater than total fair market value by \$-0- on the investment with a maturity date of less than one year for the US Treasury Bill. The information in the following table presents the fair market value, percentage of portfolio, maturity value, and credit rating of GHC 9-1-1's investments as of December 31, 2024, summarized by security type.

	<u>Security</u>	<u>Credit Rating (S&P/Moody's)</u>	<u>Fair Market Value</u>	<u>% of Portfolio</u>
US Bank	Open Commercial Paper Sweep	AA-	\$ 10,088,627	15 %
U.S. Treasury	Treasury Bill	AA+	9,814,900	14
Banco Santander SA	U.S. Commercial Paper	A-1	9,721,900	14
Barclays Capital Inc	Discount Commercial Paper	A-1	9,961,000	14
MacQuarie Bank Ltd	Discount Commercial Paper	A-1	14,863,050	22
Cash and cash equivalents			<u>14,559,319</u>	<u>21</u>
			<u>\$ 69,008,796</u>	<u>100 %</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

GHC 9-1-1's cash and investments are recorded at fair value. Total investment book value as of December 31, 2023 was greater than total fair market value by \$-0- on the investment with a maturity date of less than one year for the US Treasury Bill. The information in the following table presents the fair market value, percentage of portfolio, maturity value, and credit rating of GHC 9-1-1's investments as of December 31, 2023, summarized by security type.

	<u>Security</u>	<u>Credit Rating</u> (S&P/Moody's)	<u>Fair Market</u> <u>Value</u>	<u>% of</u> <u>Portfolio</u>
Toyota com. paper	Toyota Commercial Paper	Aaa/AA+	\$ 9,973,800	27 %
Cash and cash equivalents			26,666,032	73
Petty cash			<u>300</u>	<u>-</u>
			<u>\$ 36,640,132</u>	<u>100 %</u>

Fair Value Measurements: GASB Statement No. 72, Fair Value Measurement and Application, establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. GHC 9-1-1 categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, GHC 9-1-1 will measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

As of December 31, 2024, GHC 9-1-1 held the following at fair value measurements:

	<u>Fair Value Measurements</u>
	<u>Level 1</u>
Investments by Fair Value Level	
Open Commercial Paper Sweep	\$ 10,088,627
Treasury Bill	9,814,900
U.S. Commercial Paper	9,721,900
Discount Commercial Paper	<u>24,824,050</u>
Total	<u>\$ 54,449,477</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 3 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

As of December 31, 2023, GHC 9-1-1 held the following at fair value measurements:

	Fair Value Measurements
	Level 1
Investments by Fair Value Level	
Toyota Commercial Paper	\$ 9,973,800
Total	\$ 9,973,800

Risk Disclosures:

Interest Rate Risk - All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that GHC 9-1-1 manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations. As of December 31, 2024, GHC 9-1-1 was in compliance with these guidelines to manage interest rate risk.

Credit Risk and Concentration of Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. GHC 9-1-1 mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 50% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer.

Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimal. GHC 9-1-1's Investment Policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities, and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as "A" or its equivalent. Money market mutual funds and public funds investment pools must be rated "Aaa" by Moody's Investor Rating Service. The investment portfolio includes one U.S. Treasury Bill investment, which represents the majority of GHC 9-1-1's investment balance.

Custodial Credit Risk - Custodial credit risk related to investments is the risk that GHC 9-1-1 will not be able to recover the value of investments or collateral securities that are in possession of an outside party if the counterparty to the transaction fails. Portfolio diversification is employed as an investment policy to control this risk.

Foreign Currency Risk - Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the US dollar. GHC 9-1-1's Investment Policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, GHC 9-1-1 is not exposed to foreign currency risk.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN

Plan Description: The Texas County and District Retirement System (TCDRS) is a statewide, agent multiple-employer, public-employee retirement system. The system serves nearly 870 participating counties and districts throughout Texas. Each employer maintains its own customized plan of benefits. Plan provisions are adopted by the governing bodies of each employer, within the options available in the TCERS Act. As a result, GHC 9-1-1 has the flexibility and local control to select benefits and pay for those benefits based on its needs and budgets.

Each employer has a defined benefit plan that functions similarly to a cash balance plan. The assets of the plans are pooled for investment purposes, but each employer's plan assets may be used only for the payment of benefits to the members of that employer's plan. In accordance with Texas law, it is intended that the pension plan be construed and administered in a manner that the retirement system will be considered a tax qualified plan under Section 401(a) of the Internal Revenue Code. TCERS issues a publicly available comprehensive annual financial report that can be obtained at www.tcds.org.

All eligible employees (except temporary staff) of GHC 9-1-1 must be enrolled in the plan.

Benefits Provided: TCERS provides retirement, disability, and death benefits. The benefits provisions are adopted by GHC 9-1-1's Board of Managers within the options available in Texas state statutes governing TCERS. Members can retire at age 60 and above with eight or more years of service, with 20 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service, but must leave their accumulated contributions in the plan to receive any GHC 9-1-1-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by GHC 9-1-1.

Benefit amounts are determined by the sum of the employee's contribution to the plan, with interest, and GHC 9-1-1-financed monetary credits. The level of these monetary credits are adopted by the Board of Managers within the actuarial constraints imposed by the TCERS Act so that the resulting benefits can be expected to be adequately financed by GHC 9-1-1's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the GHC 9-1-1-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCERS Act.

Employees Covered by Benefit Terms: As of December 31, 2023 and 2022, the respective valuation and measurement dates for fiscal years 2024 and 2023, the following employees were covered by the benefit terms:

	<u>2023</u>	<u>2022</u>
Employees covered by benefit terms		
Inactive employees or beneficiaries currently receiving benefits	17	15
Inactive employees entitled to, but not yet receiving, benefits	24	18
Active employees	43	41
Total	84	74

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN (Continued)

Contributions: A combination of three elements fund each employer's plan: employee deposits, employer contributions, and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at a minimum the actuarially required rates, which are determined annually. Employers have the option of paying more than the required contribution rate each year. Extra contributions can help employers "prefund" benefit increases, such as a cost-of-living adjustment to retirees, and they can be used to help offset or mitigate future increases in the required rate due to negative plan experience. There are two approaches for making extra contributions:
 - paying an elected contribution rate higher than the required rate and
 - making an extra lump-sum contribution to the employer account.
- Investment income funds a large part of the benefits employees earn.

Employees for GHC 9-1-1 were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for GHC 9-1-1 were 15.37%, 15.51%, and 15.39% in calendar years 2024, 2023, and 2022, respectively. GHC 9-1-1's contributions to TCDRS for the fiscal years ended December 31, 2024, 2023, and 2022 were \$651,499, \$616,797, and \$ 580,377, respectively, which were greater than the required contributions for each year.

Net Pension Liability/Asset: GHC 9-1-1's Net Pension Liability/(Asset) (NPL/A) was measured as of December 31, 2023 and the Total Pension Liability (TPL) used to calculate the NPL/A was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The actuarial assumptions that determined the TPL as of December 31, 2023 and 2022 were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 68.

The following are the key assumptions and methods used in the December 31, 2023 and 2022 actuarial valuations:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in the which the contributions are reported.
Methods and assumptions used to determine contribution rates:	
Actuarial Cost Method	Entry age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	11.2 years (based on contribution rate calculated in 12/31/2023 valuation). 15.7 years (based on contribution rate calculated in 12/31/2022 valuation).
Asset Valuation Method	Five-year smoothed market
Inflation	2.50%
Salary Increases	4.7%, average over career, including inflation
Investment Rate of Return	7.50%, net of investment expenses, including inflation

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN (Continued)

Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in Schedule.

*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.

The long-term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

The target allocation and best estimate of geometric real rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Benchmark</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>	
			<u>2023</u>	<u>2022</u>
U.S. equities	Dow Jones U.S. Total Stock Market Index	11.50 %	4.75 %	4.95 %
Global equities	MSCI World (net) Index	2.50	4.75	4.95
International Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00	4.75	4.95
International Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00	4.75	4.95
Investment - Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00	2.35	2.40
Strategic Credit	FTSE High-Yield Cash Pay Capped Index	9.00	3.65	3.39
Direct Lending	Morning Star LSTA US Leveraged Loan TR USD Index	16.00	7.25	6.95
Distressed Debt	Cambridge Associates Distressed Securities Index	4.00	6.90	7.60
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00	4.10	4.15
Master Limited Partnership (MLP)	Alerian MLP Index	2.00	5.20	5.30
Private Real Estate Partnership	Cambridge Associates Real Estate Index	6.00	5.70	5.70
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00	7.75	7.95
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00	3.25	2.90
Cash Equivalents	90-Day U.S. Treasury	2.00	0.60	0.20

Discount Rate: The discount rate used to measure the TPL was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN (Continued)

Changes in the NPL/(A):

	<u>2023</u>		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Changes for the year			
Service cost	\$ 656,394	\$ -	\$ 656,394
Interest	1,986,559	-	1,986,559
Effect of economic/demographic gains or losses	(135,078)	-	(135,078)
Refund of contributions	(915)	(915)	-
Benefit payments	(817,432)	(817,432)	-
Administrative expense	-	(14,535)	14,535
Contributions - employee	-	273,958	(273,958)
Net investment income	-	2,749,911	(2,749,911)
Contributions - employer	-	616,797	(616,797)
Other changes	-	13,659	(13,659)
Net changes	<u>1,689,528</u>	<u>2,821,443</u>	<u>(1,131,915)</u>
Balance at December 31, 2022	<u>25,884,218</u>	<u>25,015,174</u>	<u>869,044</u>
Balance at December 31, 2023	<u>\$ 27,573,746</u>	<u>\$ 27,836,617</u>	<u>\$ (262,871)</u>
	<u>2022</u>		
	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Changes for the year			
Service cost	\$ 684,747	\$ -	\$ 684,747
Interest	1,876,544	-	1,876,544
Effect of economic/demographic gains or losses	(379,461)	-	(379,461)
Benefit payments	(597,532)	(597,532)	-
Administrative expense	-	(14,659)	14,659
Contributions - employee	-	257,782	(257,782)
Net investment income	-	(1,561,994)	1,561,994
Contributions - employer	-	580,377	(580,377)
Other changes	-	55,853	(55,853)
Net changes	<u>1,584,298</u>	<u>(1,280,173)</u>	<u>2,864,471</u>
Balance at December 31, 2021	<u>24,299,920</u>	<u>26,295,347</u>	<u>(1,995,427)</u>
Balance at December 31, 2022	<u>\$ 25,884,218</u>	<u>\$ 25,015,174</u>	<u>\$ 869,044</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN (Continued)

Sensitivity of the NPL/(A) to Changes in the Discount Rate: The following presents the NPL/(A) of GHC 9-1-1, calculated using the discount rate of 7.60%, as well as what GHC 9-1-1's NPL would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease in Discount Rate <u>(6.6%)</u>	Discount Rate <u>(7.6%)</u>	1% Decrease in Discount Rate <u>(8.6%)</u>
Net pension liability (asset) at 12/31/2023	\$ 35,537,427	\$ (262,871)	\$ (3,448,731)
Net pension liability (asset) at 12/31/2022	<u>\$ 4,478,803</u>	<u>\$ 869,044</u>	<u>\$ (2,158,043)</u>

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in a separately issued TCDRS financial report. That report may be obtained on the Internet at www.tcdrs.org.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions: For the fiscal years ended December 31, 2024 and 2023, GHC 9-1-1 recognized pension expense (income) of \$281,173 and \$496,364, respectively.

At December 31, 2024, GHC 9-1-1 reported deferred outflows of resources and deferred inflows of resources related to pensions as of the measurement date December 31, 2023 from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 46,254	\$ (382,715)
Changes in actuarial assumptions	524,444	-
Differences between projected actual investment earnings	163,313	-
Contributions subsequent to the measurement date	<u>651,500</u>	<u>-</u>
Total	<u>\$ 1,385,511</u>	<u>\$ (382,715)</u>

At December 31, 2023, GHC 9-1-1 reported deferred outflows of resources and deferred inflows of resources related to pensions as of the measurement date December 31, 2022 from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	\$ 70,403	\$ (370,258)
Changes in actuarial assumptions	776,785	(3,425)
Differences between projected actual investment earnings	611,083	-
Contributions subsequent to the measurement date	<u>615,003</u>	<u>-</u>
Total	<u>\$ 2,073,274</u>	<u>\$ (373,683)</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 4 - EMPLOYEE PENSION PLAN (Continued)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$651,499, and \$ 615,003 will be recognized as a reduction of the net pension liability for the fiscal years ending December 31, 2024 and 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Pension Expense (Income)			
Year Ended December 31,	2024	Year Ended December 31,	2023
2025	\$ 7,757	2024	\$ (51,643)
2026	91,577	2025	203,991
2027	448,193	2026	287,811
2028	(196,231)	2027	644,429
	\$ 351,296		\$ 1,084,588

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HEALTH INSURANCE

Plan Description: GHC 9-1-1 voluntarily participates in the Harris County, Texas health insurance plan for the benefit of GHC 9-1-1's employees and retirees. Harris County administers an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating governmental entities that includes GHC 9-1-1. The plan provides medical, dental, vision, and basic life insurance benefits to plan members. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Harris County Commissioners' Court. Membership in the Plan at September 30, 2024, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	6,524
Active plan members	18,362

Benefits Provided: GHC 9-1-1 maintains the same healthcare plans for its retirees as for its active employees, except for the "Base Healthy Actions," and "Plus Healthy Actions" plans. GHC 9-1-1's contribution depends on age and years of service with GHC 9-1-1 at the time of retirement. Employees of GHC 9-1-1 are eligible to retire either: (i) upon being vested with 8 years of creditable Texas County and District Retirement System (TCDRS) service and reaching age 60, or (ii) upon satisfying the "Rule of 75" (age plus vested service equals at least 75).

Total OPEB Liability: The Total OPEB Liability (TOL) was measured as of September 30, 2024 and was determined by an actuarial valuation as of September 30, 2024. The TOL measured as of September 30, 2023 was determined by an actuarial valuation as of March 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions: The TOL was determined using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified:

Actuarial Cost Method:	Entry Age Level Percent of Salary
Salary Increase:	3%
Inflation rate:	2.75%

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HEALTH INSURANCE (Continued)

Healthcare Cost Trend Rate:	7.50% for 2023, 5.50% for 2024 decreasing for 2029, 5.25% for 2030-2034, 4.60% for 2035-2049, 4.50% for 2050-2064, 4.25% for 2065-2074, and 4.00% for 2070 and later years.
Pre-retirement Mortality:	Males: 135% of Pub-2010 General Employees Headcount-Weighted. Females: 120% of Pub-2010 General Retirees Headcount-Weighted.
Post-retirement Mortality:	Males: 135% of Pub-2010 General Employees Headcount-Weighted. Females: 120% of Pub-2010 General Retirees Headcount-Weighted.
Mortality improvement:	100% of the MP-2021 Ultimate Projection Scale.

Actuarial assumptions used in the September 30, 2024 valuation were based on a review of plan experience during the period March 1, 2022 to September 30, 2024.

Contributions: Local Government Code Section 157.102 assigns to Harris County Commissioners' Court the authority to establish and amend contribution requirements of the plan members and the participating employers. The plan rates charged to retirees are set annually by Harris County Commissioners' Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The plan is funded on a pay-as-you-go basis.

Schedule of Changes in Total OPEB Liability:

	<u>2024</u>
Service cost	\$ 249,015
Interest on total OPEB liability	279,029
Benefit payments	(83,460)
Change in difference between expected and actual experience	750,536
Effects of assumptions changes or inputs	<u>1,638,526</u>
Net change in total OPEB liability	2,833,646
Balance as of September 30, 2023	<u>5,666,525</u>
Balance as of September 30, 2024	<u>\$ 8,500,171</u>
Covered payroll	\$ 4,059,555
Total OPEB liability as a percentage of covered payroll	209.39%
	<u>2023</u>
Service cost	\$ 258,080
Interest on total OPEB liability	255,794
Benefit payments	(68,415)
Effects of assumptions changes or inputs	<u>(238,978)</u>
Net change in total OPEB liability	206,481
Balance as of September 30, 2022	<u>5,460,044</u>
Balance as of September 30, 2023	<u>\$ 5,666,525</u>
Covered payroll	\$ 3,831,484
Total OPEB liability as a percentage of covered payroll	147.89%

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HEALTH INSURANCE (Continued)

Changes in Assumptions: The discount rate decreased from 4.50% as of September 30, 2023 to 3.75% as of September 30, 2024 based on the Fidelity General Obligation AA-20 Years Index.

Sensitivity of the Total OPEB to Changes in the Discount Rate: The following presents the Total OPEB Liability, as well, as what the Total OPEB Liability would be if it were calculated using a discount rate of 1% lower or 1% higher than the current discount rate of 3.75%:

	1% Decrease to <u>(2.75%)</u>	Current Discount Rate Assumption <u>(3.75%)</u>	1% Increase to <u>(4.75%)</u>
TOL as of September 30, 2024	<u>\$ 10,155,365</u>	<u>\$ 8,500,171</u>	<u>\$ 7,178,359</u>
	1% Decrease to <u>(3.50%)</u>	Current Discount Rate Assumption <u>(4.50%)</u>	1% Increase to <u>(5.50%)</u>
TOL as of September 30, 2023	<u>\$ 6,706,267</u>	<u>\$ 5,666,525</u>	<u>\$ 4,829,169</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following presents the Total OPEB Liability, as well, as what the Total OPEB Liability would be if it were calculated using a healthcare cost trend rates discount rate of 1% lower or 1% higher than the current healthcare cost trend rates of 7.50%.

	1% Decrease	Current Healthcare Cost Trend Rate <u>(7.50%)</u>	1% Increase
TOL as of September 30, 2024	<u>\$ 7,023,812</u>	<u>\$ 8,500,171</u>	<u>\$ 10,407,856</u>
	1% Decrease	Current Healthcare Cost Trend Rate <u>(6.50%)</u>	1% Increase
TOL as of September 30, 2023	<u>\$ 4,655,136</u>	<u>\$ 5,666,525</u>	<u>\$ 6,969,341</u>

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB: For the measurement periods ending September 30, 2024 and 2023, GHC 9-1-1 recognized OPEB expense of \$748,280 and \$474,923, respectively. GHC 9-1-1's OPEB plan is a pay as you go plan, and therefore has no deferred inflows or outflows of resources.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HEALTH INSURANCE (Continued)

At December 31, 2024, GHC 9-1-1's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 949,993	\$ -
Changes assumptions	<u>2,569,473</u>	<u>(1,969,624)</u>
Total	<u>\$ 3,519,466</u>	<u>\$ (1,969,624)</u>

At December 31, 2023, GHC 9-1-1's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 358,895	\$ -
Changes assumptions	<u>1,428,192</u>	<u>(2,382,491)</u>
Total	<u>\$ 1,787,087</u>	<u>\$ (2,382,491)</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

OPEB Expense (Income)			
<u>Fiscal Year</u>	<u>2024</u>	<u>Fiscal Year</u>	<u>2023</u>
2025	\$ (243,815)	2024	\$ (66,452)
2026	(243,815)	2025	(66,452)
2027	(243,815)	2026	(66,452)
2028	(126,404)	2027	(66,452)
2029	(162,974)	2028	(183,863)
Thereafter	<u>(529,019)</u>	Thereafter	<u>(145,733)</u>
	<u>\$ (1,549,842)</u>		<u>\$ (595,404)</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - HEALTH INSURANCE (Continued)

Additional, Texas Local Government Code, Chapter 175 allows GHC 9-1-1 to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with GHC 9-1-1 ("Continuation Coverage") by permitting covered employees to purchase continued health benefits coverage in retirement. Texas Law does not require governmental entities to fund all or any portion of such coverage. Because GHC 9-1-1 is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as GHC 9-1-1 follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. GHC 9-1-1 has not incurred a legal debt obligation for OPEB and has not levied a tax for the same. GHC 9-1-1 funds the costs associated with OPEB on a "pay as you go" basis every fiscal year through an annual appropriation authorized by GHC 9-1-1's Board of Managers. GASB Statement No. 75 requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits. Accordingly, information and amounts presented in GHC 9-1-1's Annual Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally accepted accounting principles and does not constitute or imply that GHC 9-1-1 has made a commitment or is legally obligated to provide the OPEB benefit.

NOTE 6 - OPEB-TCDRS GROUP TERM LIFE FUND

The following table shows a breakdown of the employer's contributions to the group term life fund (GTL) program for the calendar year 2023. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown on the exhibit on the next page. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so there should be no change in how these amounts are reported.

	2023 <u>GTL Rate</u>	2024 <u>GTL Rate</u>	2023 Fair Market <u>Value</u>	2022 Fair Market <u>Value</u>
Coverage type				
Active member GTL benefit	0.22%	0.14%	\$ 5,479	\$ 8,102
Retiree GTL benefit	0.01%	0.01%	\$ 391	\$ 368

Discount Rate: The GTL program is treated as unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.26% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2023. A discount rate of 3.72% was used as of the measurement date of December 31, 2022.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 6 - OPEB-TCDRS GROUP TERM LIFE FUND (Continued)

Actuarial Assumptions: All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2023 and 2022, were based on the results of an actuarial experience study for the period January 1, 2017 - December 31, 2020, except where required to be different by GASB 75.

Valuation Timing:	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method:	Entry Age Level Percent of Salary
Amortization Method:	Straight-line over expected working life
Asset Valuation Method:	Does not apply
Inflation:	Does not apply
Salary Increases:	Does not affect benefits but are used on the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate):	3.26% 20 Year GO AA Index published by bondbuyer.com as of December 28, 2023. 3.72% 20 Year GO AA Index published by bondbuyer.com as of December 30, 2022.
Cost-of-Living Adjustment:	Does not apply

Changes in the Total OPEB Liability:

	<u>2023</u>
Service cost	\$ 2,584
Interest on total OPEB liability ⁽¹⁾	2,674
Effects of assumptions changes or inputs ⁽²⁾	7,397
Effect of economic/demographic experiences	403
Benefit payments	(391)
Net change in total OPEB liability	<u>12,667</u>
Balance at December 31, 2022	<u>69,484</u>
Balance at December 31, 2023	<u>\$ 82,151</u>
	<u>2022</u>
Service cost	\$ 4,400
Interest on total OPEB liability ⁽¹⁾	2,050
Effects of assumptions changes or inputs ⁽²⁾	(29,491)
Effect of economic/demographic experiences	(2,415)
Benefit payments	(368)
Net change in total OPEB liability	<u>(25,824)</u>
Balance at December 31, 2021	<u>95,308</u>
Balance at December 31, 2022	<u>\$ 69,484</u>

⁽¹⁾ Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

⁽²⁾ Reflects change in discount rate

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 NOTES TO THE FINANCIAL STATEMENTS
 For the years ended December 31, 2024 and 2023

NOTE 6 - OPEB-TCDRS GROUP TERM LIFE FUND (Continued)

Sensitivity Analysis: The following presents the total OPEB liability of the employer, calculated using the discount rate of 3.26%, as well as what the GHC 9-1-1 total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.26%) or 1 percentage point higher (4.26%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease to <u>(2.26%)</u>	Current Discount Rate Assumption <u>(3.26%)</u>	1% Decrease to <u>(4.26%)</u>
TOL as of December 31, 2023	\$ 101,826	\$ 82,151	\$ 67,152
	1% Decrease to <u>(2.72%)</u>	Current Discount Rate Assumption <u>(3.72%)</u>	1% Decrease to <u>(4.72%)</u>
TOL as of December 31, 2022	\$ 85,643	\$ 69,484	\$ 57,065

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity: For the years ending December 31, 2024 and 2023, GHC 9-1-1 recognized OPEB expense of \$5,317 and \$5,209 respectively.

As of December 31, 2024, GHC 9-1-1 reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 644	\$ (2,305)
Changes assumptions	18,853	(22,963)
Contributions subsequent to the measurement date	<u>827</u>	<u>-</u>
Total	<u>\$ 20,324</u>	<u>\$ (25,268)</u>

As of December 31, 2023, GHC 9-1-1 reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 385	\$ (2,893)
Changes assumptions	17,119	(28,125)
Contributions subsequent to the measurement date	<u>391</u>	<u>-</u>
Total	<u>\$ 17,895</u>	<u>\$ (31,018)</u>

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 6 - OPEB-TCDRS GROUP TERM LIFE FUND (Continued)

The \$783 and \$391 reported as deferred outflows of resources related to OPEB resulting from GHC 9-1-1 contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the years ending December 31, 2024 and 2023, respectively.

Amounts currently reported as deferred outflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

OPEB Expense (Income)			
Fiscal Year	2024	Fiscal Year	2023
2025	\$ 53	2024	\$ (1,241)
2026	(291)	2025	(1,247)
2027	736	2026	(1,591)
2028	(3,015)	2027	(564)
2029	(3,254)	2028	(4,315)
Thereafter	-	Thereafter	(4,556)
	\$ (5,771)		\$ (13,514)

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance at January 1, <u>2024</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2024</u>
Equipment	\$ 50,846,258	\$ 3,370,554	\$ (196,628)	\$ 54,020,184
Furniture and fixtures	2,869,091	-	-	2,869,091
Land (non-depreciable)	3,219,411	-	-	3,219,411
Building	22,585,240	-	-	22,585,240
Building/property improvements	1,403,915	-	-	1,403,915
Total fixed assets	80,923,915	3,370,554	(196,628)	84,097,841
Less: equipment accumulated depreciation	(42,051,039)	(4,528,849)	196,628	(46,383,260)
Less: furniture and fixture accumulated depreciation	(2,670,384)	(110,159)	-	(2,780,543)
Less: building accumulated depreciation	(12,716,641)	(906,431)	-	(13,623,072)
Total accumulated depreciation	(57,438,064)	(5,545,439)	196,628	(62,786,875)
Net capital assets	\$ 23,485,851	\$ (2,174,885)	\$ -	\$ 21,310,966

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 7 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance at January 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2023</u>
Equipment	\$ 45,707,755	\$ 5,138,503	\$ -	\$ 50,846,258
Furniture and fixtures	2,869,091	-	-	2,869,091
Land (non-depreciable)	3,219,411	-	-	3,219,411
Work-in-progress	350,000	-	(350,000)	-
Building	22,585,240	-	-	22,585,240
Building/property improvements	1,356,149	47,766	-	1,403,915
Total fixed assets	<u>76,087,646</u>	<u>5,186,269</u>	<u>(350,000)</u>	<u>80,923,915</u>
Less: equipment accumulated depreciation	(38,065,218)	(3,985,821)	-	(42,051,039)
Less: furniture and fixture accumulated depreciation	(2,560,692)	(109,692)	-	(2,670,384)
Less: building accumulated depreciation	(11,810,210)	(906,431)	-	(12,716,641)
Total accumulated depreciation	<u>(52,436,120)</u>	<u>(5,001,944)</u>	<u>-</u>	<u>(57,438,064)</u>
Net capital assets	<u>\$ 23,651,526</u>	<u>\$ 184,325</u>	<u>\$ (350,000)</u>	<u>\$ 23,485,851</u>

NOTE 8 - LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Balance at January 1, <u>2024</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2024</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 298,969	\$ 32,675	\$ -	\$ 331,644	\$ 298,480
Other post employment benefits (OPEB) Health	5,666,525	2,833,646	-	8,500,171	-
Other postemployment benefits (OPEB) Term Life	69,484	12,667	-	82,151	-
Net pension liability (asset)	<u>869,044</u>	<u>-</u>	<u>(1,131,915)</u>	<u>(262,871)</u>	<u>-</u>
Total	<u>\$ 6,904,022</u>	<u>\$ 2,878,988</u>	<u>\$ (1,131,915)</u>	<u>\$ 8,651,095</u>	<u>\$ 298,480</u>
Long-term liability				\$ 8,913,966	
Non-current asset				262,871	
Total				<u>\$ 8,651,095</u>	

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 8 - LONG-TERM LIABILITIES (Continued)

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Balance at January 1, <u>2023</u>	<u>Additions</u>	<u>Retirements</u>	Balance at December 31, <u>2023</u>	Amounts Due Within <u>One Year</u>
Compensated absences	\$ 338,926	\$ -	\$ (39,957)	\$ 298,969	\$ 269,072
Other postemployment benefits (OPEB) Health	5,460,044	206,481	-	5,666,525	-
Other post employment benefits (OPEB) Term Life	95,308	-	(25,824)	69,484	-
Net pension liability (asset)	<u>(1,995,427)</u>	<u>2,864,471</u>	<u>-</u>	<u>869,044</u>	<u>-</u>
Total	<u>\$ 3,898,851</u>	<u>\$ 3,070,952</u>	<u>\$ (65,781)</u>	<u>\$ 6,904,022</u>	<u>\$ 269,072</u>

NOTE 9 – CONTINGENT LIABILITIES

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenses that may be disallowed by the grantor cannot be determined at this time although GHC 9-1-1 expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

NOTE 10 - SALARIES AND BENEFITS

Salary and benefit costs totaling \$6,209,135 and \$5,804,334 for the years 2024 and 2023, respectively, consist mainly of operational staff costs. In general, other 9-1-1 entities contract for first tier 9-1-1 call taker support and database management services; most 9-1-1 entities do not reflect those costs in their salary expenses. GHC 9-1-1 installs and maintains the 9-1-1 systems and has technical staff to perform those tasks in-house (technicians install GHC 9-1-1's call taker workstations/backup power systems, maintain an in-house 24x7x365 helpdesk service, and are dispatched onsite for repairs when necessary). GHC 9-1-1 also employs database/GIS analyst staff to perform the database/GIS maintenance task in-house.

Bringing the operational tasks (i.e., equipment installation/support, helpdesk, and database/GIS management) in-house, GHC 9-1-1 has improved service levels for its critical core systems while leveraging staff resources to perform other numerous functions that would otherwise require external expertise.

(Continued)

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO THE FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

NOTE 11 - OPERATIONAL FEES AND SERVICE

In the accompanying statements of revenue, expenses, and changes in net position, the amounts reported as Operational Fees and Services include major expense components outlined below for the years ending December 31, 2024 and 2023. This note is provided as supplemental information to outline those general components included in the amounts reported as operational fees and services.

	<u>2024</u>	<u>2023</u>
Expense		
Network/connectivity services	\$ 5,560,609	\$ 5,532,609
PSAP operations	26,738,674	25,694,667
IT operations and repairs	243,770	282,555
Maintenance, legal, and other services	5,302,101	6,685,563
Insurance	347,563	300,542
Other general	<u>681,047</u>	<u>552,559</u>
 Total	 <u>\$ 38,873,764</u>	 <u>\$ 39,048,495</u>

NOTE 12 - RISK MANAGEMENT

GHC 9-1-1 is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters for which commercial insurance is purchased; and minimally for tort claims since GHC 9-1-1 is covered by Texas Tort Claims Act.

During the year ended December 31, 2024, insurance coverage levels were not reduced from coverage levels in place as of December 31, 2023. No claims were made during 2024 or 2023.

NOTE 13 - ECONOMIC DEPENDENCE

A majority of GHC 9-1-1's service fee revenue is generated through a few primary service suppliers.

NOTE 14 – CONCENTRATION

Generally accepted accounting principles require disclosure of concentrations in volume of business transacted with a particular customer, supplier, lender, grantor, or contributor that meet certain criteria.

The following concentration with a particular contributor existed at the financial statement date:

Harris County – GHC 9-1-1 has an interlocal agreement with the Harris County auditor for payroll services, the Harris County purchasing agent for purchasing services, and the Harris County sheriff department for staffing of the Harris County Public Safety Answering Point (PSAP).

REQUIRED SUPPLEMENTARY INFORMATION

**GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
SCHEDULE OF NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the last 10 years**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 656,394	\$ 684,747	\$ 723,868	\$ 625,089	\$ 581,638	\$ 600,281	\$ 664,023	\$ 707,061	\$ 625,982	\$ 590,676
Interest on the total pension liability	1,986,559	1,876,544	1,727,244	1,558,889	1,412,980	1,288,468	1,168,879	1,026,519	934,687	838,452
Effect of plan changes			-	-	-	-	-	-	(144,032)	-
Effect of economic/demographic gains or losses	(135,078)	(379,461)	(81,796)	104,971	39,428	(42,559)	7,153	(22,105)	(171,312)	43,974
Effect of assumption changes or inputs	-	-	118,577	1,395,468	-	-	(23,979)	-	98,498	-
Benefit payments/refunds of contributions	(818,347)	(597,532)	(375,134)	(230,946)	(319,617)	(262,208)	(289,117)	(254,221)	(289,423)	(270,951)
Net changes in total pension liability	1,689,528	1,584,298	2,112,759	3,453,471	1,714,429	1,583,982	1,526,959	1,457,254	1,054,400	1,202,151
Beginning total pension liability	25,884,218	24,299,920	22,187,161	18,733,690	17,019,261	15,435,279	13,908,320	12,451,066	11,396,666	10,194,515
Ending Total pension liability	<u>\$ 27,573,746</u>	<u>\$ 25,884,218</u>	<u>\$ 24,299,920</u>	<u>\$ 22,187,161</u>	<u>\$ 18,733,690</u>	<u>\$ 17,019,261</u>	<u>\$ 15,435,279</u>	<u>\$ 13,908,320</u>	<u>\$ 12,451,066</u>	<u>\$ 11,396,666</u>
Plan fiduciary net income										
Contributions - employer	\$ 616,797	\$ 580,377	\$ 722,512	\$ 540,292	\$ 509,553	\$ 460,891	\$ 656,315	\$ 418,804	\$ 436,085	\$ 403,216
Contributions - employee	273,958	257,782	285,973	295,703	278,879	252,247	265,741	264,111	269,188	244,373
Net investment income	2,749,911	(1,561,994)	4,679,528	1,907,834	2,536,103	(279,482)	1,873,760	849,772	(250,227)	685,974
Benefit payments, including refunds of employee contributions	(818,347)	(597,532)	(375,134)	(230,946)	(319,617)	(262,208)	(289,117)	(254,221)	(289,423)	(270,951)
Administrative expense	(14,535)	(14,659)	(14,226)	(15,346)	(14,064)	(12,406)	(10,157)	(9,234)	(8,231)	(8,361)
Other	13,659	55,853	23,719	19,733	18,620	14,968	8,385	38,404	(68,291)	15,086
Net change in plan fiduciary net position	2,821,443	(1,280,173)	5,322,372	2,517,270	3,009,474	174,010	2,504,927	1,307,636	89,101	1,069,337
Beginning plan fiduciary net position	25,015,174	26,295,347	20,972,975	18,455,705	15,446,231	15,272,221	12,767,294	11,459,658	11,370,557	10,301,220
Ending plan fiduciary net position	<u>\$ 27,836,617</u>	<u>\$ 25,015,174</u>	<u>\$ 26,295,347</u>	<u>\$ 20,972,975</u>	<u>\$ 18,455,705</u>	<u>\$ 15,446,231</u>	<u>\$ 15,272,221</u>	<u>\$ 12,767,294</u>	<u>\$ 11,459,658</u>	<u>\$ 11,370,557</u>
Net pension liability (asset)	<u>\$ (262,871)</u>	<u>\$ 869,044</u>	<u>\$ (1,995,427)</u>	<u>\$ 1,214,186</u>	<u>\$ 277,985</u>	<u>\$ 1,573,030</u>	<u>\$ 163,058</u>	<u>\$ 1,141,026</u>	<u>\$ 991,408</u>	<u>\$ 26,109</u>
Plan fiduciary net position as a percentage of total pension liability	100.95%	96.64%	108.21%	94.53%	98.52%	90.76%	9894.00%	91.80%	92.04%	99.77%
Covered payroll	\$ 3,913,688	\$ 3,682,597	\$ 4,085,318	\$ 4,224,330	\$ 3,983,993	\$ 3,603,524	\$ 3,796,294	\$ 3,773,009	\$ 3,845,544	\$ 3,491,047
Net pension liability as a percentage of Covered payroll	-6.72%	23.60%	-48.84%	28.74%	6.98%	43.65%	4.30%	30.24%	25.78%	0.75%

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
For the last 10 years

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2015	\$ 436,085	\$ 436,085	\$ -	\$ 3,845,544	11.34%
2016	418,804	418,804	-	3,773,009	11.10%
2017	456,315	656,315	(200,000)	3,796,294	17.29%
2018	445,396	460,891	(15,495)	3,603,524	12.79%
2019	473,697	509,553	(35,856)	3,983,993	12.79%
2020	538,180	540,292	(2,112)	4,224,330	12.79%
2021	512,299	722,513	(210,213)	4,085,318	17.69%
2022	566,752	580,377	(13,625)	3,682,597	15.76%
2023	607,013	616,797	(9,784)	3,913,688	15.76%
2024	641,164	651,499	(10,335)	4,133,878	15.76%

Notes to required supplementary information:

There were no benefit changes during the year.

There were no changes in assumptions during the year.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
HARRIS COUNTY POST-EMPLOYMENT MEDICAL HEALTH BENEFITS PLAN
Last 6 Measurement Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 249,015	\$ 258,080	\$ 272,457	\$ 625,522	\$ 220,114	\$ 221,179
Interest on the total OPEB liability	279,029	255,794	105,650	138,066	135,469	115,746
Effect of economic/demographic experiences	-	-	(4,560)	201,826	-	-
Benefit payments	(83,460)	(68,415)	(35,275)	(34,970)	(33,922)	-
Difference between expected and actual experience	750,536	-	-	-	-	-
Effect of assumptions changes or inputs	<u>1,638,526</u>	<u>(238,978)</u>	<u>(1,838,295)</u>	<u>772,531</u>	<u>1,526,232</u>	<u>(28,298)</u>
Net changes in total OPEB liability	2,833,646	206,481	(1,500,023)	1,702,975	1,847,893	308,627
Total OPEB liability - beginning	<u>5,666,525</u>	<u>5,460,044</u>	<u>6,960,067</u>	<u>5,257,092</u>	<u>3,409,199</u>	<u>3,100,572</u>
Total OPEB liability - ending	<u>\$ 8,500,171</u>	<u>\$ 5,666,525</u>	<u>\$ 5,460,044</u>	<u>\$ 6,960,067</u>	<u>\$ 5,257,092</u>	<u>\$ 3,409,199</u>
Covered payroll	\$ 4,059,555	\$ 3,831,484	\$ 4,085,318	\$ 4,224,330	\$ 3,974,652	\$ 3,604,348
Total OPEB liability as a percentage of covered payroll	209.39%	147.89%	133.65%	164.76%	132.27%	94.59%

Notes to required supplementary information:

Amounts presented are for each measurement year.

Ten years of data should be presented in this schedule but data was unavailable prior to 2018.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM GROUP TERM LIFE
Last 7 Measurement Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability							
Service cost	\$ 2,584	\$ 4,400	\$ 4,423	\$ 3,385	\$ 2,323	\$ 2,799	\$ 3,259
Interest on the total OPEB liability	2,674	2,050	1,948	2,069	2,139	1,942	1,866
Effect of economic/demographic experiences	7,397	(2,415)	539	(929)	(6)	(578)	(283)
Benefit payments	(391)	(368)	(409)	(422)	(398)	(360)	(380)
Effect of assumptions changes or inputs	<u>403</u>	<u>(29,491)</u>	<u>1,150</u>	<u>11,217</u>	<u>18,245</u>	<u>(7,592)</u>	<u>3,061</u>
Net changes in total OPEB liability	12,667	(25,824)	7,651	15,320	22,303	(3,789)	7,523
Total OPEB liability - beginning	<u>69,484</u>	<u>95,308</u>	<u>87,657</u>	<u>72,337</u>	<u>50,034</u>	<u>53,823</u>	<u>46,300</u>
Total OPEB liability - ending	<u>\$ 82,151</u>	<u>\$ 69,484</u>	<u>\$ 95,308</u>	<u>\$ 87,657</u>	<u>\$ 72,337</u>	<u>\$ 50,034</u>	<u>\$ 53,823</u>
Covered payroll	\$ 3,913,688	\$ 3,682,597	\$ 4,085,318	\$ 4,224,330	\$ 3,974,652	\$ 3,604,348	\$ 3,796,294
Total OPEB liability as a percentage of covered payroll	2.10%	1.89%	2.33%	2.08%	1.82%	1.39%	1.42%

Notes to required supplementary information:

Amounts presented are for each measurement year.

Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

Ten years of data should be presented in this schedule but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

SUPPLEMENTARY INFORMATION

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the year ended December 31, 2024

<u>Federal Grantor/Pass Through Grantor/Program or Cluster Title</u>	<u>Federal AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
U.S Department of Treasury			
<i>Pass Through Commission on State Emergency Communications</i>			
<i>COVID-19 Coronavirus State and Local Fiscal Recovery Funds</i>			
Recovery Funds	21.027	4549601	\$ 6,123,970
Total U.S. Department of Treasury			<u>6,123,970</u>
Total Expenditures of Federal Awards			<u>\$ 6,123,970</u>

See accompanying notes to schedule of expenditures of federal awards.

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2024

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of GHC 9-1-1, and is presented on the accrual basis of accounting.

The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the SEFA, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

Expenditures included in the schedule represent both direct costs and indirect costs. GHC 9-1-1 uses the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE 4 - RELATIONSHIP OF THE SCHEDULE TO FINANCIAL REPORTS SUBMITTED TO GRANT AWARDING AGENCIES

Expenditures included in the schedule may differ from amounts reflected in the financial reports submitted to grant awarding agencies for the following reasons:

- Expenses accrued at the end of GHC 9-1-1's fiscal year may not be included in the financial reports submitted to grant awarding agencies until after year-end; and
- Differences may exist between grant periods and GHC 9-1-1's accounting period.

INDEPENDENT AUDITOR'S 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 Managers of
Greater Harris County 9-1-1 Emergency Network
Houston, Texas

We have audited, in accordance with the 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, the financial statements of the business-type activities of Greater Harris County 9-1-1 Emergency Network (GHC 9-1-1) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise GHC 9-1-1's basic financial statements, and have issued our report thereon dated August 13, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GHC 9-1-1's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GHC 9-1-1's internal control. Accordingly, we do not express an opinion on the effectiveness of GHC 9-1-1'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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GHC 9-1-1's financial statements are free from 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 financial statements. 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*.

(Continued)

Purpose of this Report

The purpose of this 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Houston, Texas
August 13, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM;
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Managers of
Greater Harris County 9-1-1 Emergency Network
Houston, Texas

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited Greater Harris County 9-1-1 Emergency Network's (GHC 9-1-1's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on GHC 9-1-1's major federal program for the year ended December 31, 2024. GHC 9-1-1's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GHC 9-1-1's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GHC 9-1-1 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of GHC 9-1-1's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to GHC 9-1-1's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GHC 9-1-1's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about GHC 9-1-1's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GHC 9-1-1's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of GHC 9-1-1's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GHC 9-1-1's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Houston, Texas
August 13, 2025

GREATER HARRIS COUNTY 9-1-1 EMERGENCY NETWORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended December 31, 2024

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Type of auditor's report issued on compliance for major federal programs:	Unmodified
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No
Identification of major federal programs:	

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

II. FINANCIAL STATEMENT FINDINGS

None identified.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None identified.