

**Greater Harris County
9-1-1 Emergency Network**

**Financial Statements and Auditors' Report
December 31, 2019 and 2018**

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INDEPENDENT AUDITORS' REPORT

To the Board or Managers
Greater Harris County 9-1-1 Emergency Network

Report on the Financial Statements

We have audited the accompanying 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 years ended December 31, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Board or Managers
Greater Harris County 9-1-1 Emergency Network

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of GHC 9-1-1, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 15 to the financial statements, GHC 9-1-1 adopted the provisions of Government Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, and other post-employment benefit information, identified as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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.

The image shows a handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
June 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 year ended December 31, 2019. 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 \$1.9 million during 2019 to a total balance of \$17.2 million—the funds are reserved for specific future capital expenditures. The funds will be used to pay for 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 better meet the growing demands on the 9-1-1 system.
- The decrease of \$1.0 million in net capital assets is due to normal depreciation.
- Total liabilities balance remains at a low \$7.4 million. About \$2.0 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 and net pension liability.
- The 9-1-1 service fee revenue of \$45.0 million reflected a \$6.5 million increase compared to the prior year due to a service fee rate increase on wireline services effective January 2019. The service fee had not been changed for 15 years. The increase is to position GHC 9-1-1 financially to continue to upgrade the 9-1-1 infrastructure to the Next Generation of 9-1-1 core systems without having to eliminate necessary services or incur financing costs.
- Salaries and Benefits increased by 17.0% (\$824,732) due to an increase for the Net Pension Liability accrual which is based on actuarial estimates. Another portion is due to employee position vacancies during 2018, which were filled during 2019.
- The total operating expenses increased by 1.7% (\$754,201) mainly due to an increase in Salaries and Benefits expense discussed above.

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.

Financial Analysis Of GHC 9-1-1's Funds

GHC 9-1-1's financial net position decreased as reflected in the net position table presented in Table 1, below, which reflects a minor decrease of 1.0% (\$49.9 million for 2018 compared to \$49.4 million for 2019).

	2019	Restated 2018
Current Assets	\$ 26.1	\$ 24.2
Capital and Other Assets	29.3	31.2
Total Assets	55.4	55.4
Deferred Outflows - Pension	1.6	0.6
Current Liabilities	2.4	2.6
Noncurrent Liabilities	5.0	3.3
Total Liabilities	7.4	5.9
Deferred Inflows - Pension	0.2	0.2
Net Position	\$ 49.4	\$ 49.9

Changes in GHC 9-1-1's net position are reflected in Table 2, below, which presents the condensed Statements of Revenues, Expenses, and Changes in Net Position for the year.

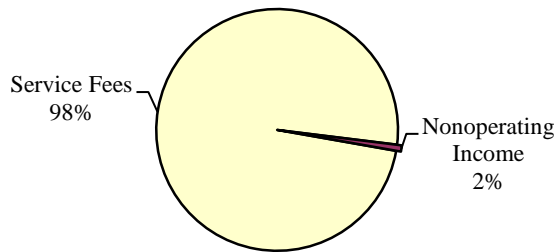
	2019	Restated 2018
Revenues:		
Operating Revenue	\$ 45.0	\$ 38.5
Interest and Other Income	0.9	0.5
Total Revenues	45.9	39.0
Expenses:		
Operating Expense	46.4	45.6
Total Expenses	46.4	45.6
Change in Net Position	(0.5)	(6.6)
Net Position - Beginning Of Year	49.9	57.9
Restatement for Prior Years	-	(1.4)
Net Position - End Of Year	\$ 49.4	\$ 49.9

In Table 2 above, operating revenues increased by 17.0% (\$6.5 million) as projected. The growth in 9-1-1 service fee revenue was due to a wireline service fee rate increase necessary to offset the continued decreases in the wireline customers. The wireline rate had not been increased for 15 years—GHC 9-1-1 strives to maintain the lowest rates possible, while maintaining the most advanced 9-1-1 system to serve those in need of emergency services.

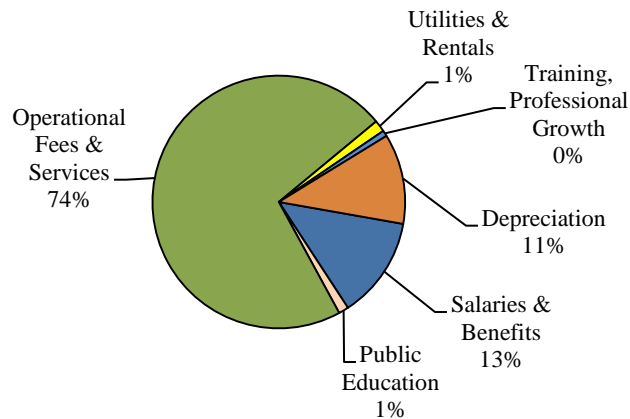
Operating expenses increased by 1.7% (\$0.8 million) mainly due to an increase of Salaries and Benefits and Operational Fees and Services expense. The increase in Salaries and Benefits is due mainly to no vacancies during 2019 compared to 2018 along with an increase in the Net Pension Liability accrual. The increase in Operational Fees and Services was mainly due to increases in expenses at the emergency call centers.

Table 3 below presents the sources and uses of GHC 9-1-1’s revenue.

Table 3
Sources of Revenue



Uses of Revenue



The Service Fees (98%) category is the main source of funding, while 74% 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 night 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 13% of the uses of revenue (see Table 3 on the previous page). This category includes mainly operational staff and some administrative staff—the operational staff consists of technicians that 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 20% of Texas' population.

Capital Assets and Long-Term Debt

GHC 9-1-1's capital assets, net of accumulated depreciation, totaled \$28.2 million as of December 31, 2019. 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 \$282,007, the only other outstanding long-term liability consists of Other Postemployment Benefits (OPEB) totaling \$3,459,233, which is an estimate of future health insurance costs and group life insurance for retired staff. In addition, a Net Pension Liability totaling \$1,573,030 is also reported to reflect the amount of the actuarially estimated pension liability in excess of the fiduciary net position as of December 31, 2018.

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 now barely offsetting 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 requires upgrades to the 9-1-1 infrastructure and network.

The GHC 9-1-1 Board of Managers approved the 2020 operational budget totaling \$46.1 million, which included a decrease totaling \$1.1 million or 2%.

The 9-1-1 service fees for wireline services for 2020 remained the same—the monthly fees are \$0.80 for residential customers, \$1.40 for business lines and business trunks. The service fee for wireless subscribers are set under Texas State Statute and has remained unchanged since 1997 at \$0.50 per month. 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.

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

STATEMENT OF NET POSITION

As Of December 31, 2019 and 2018

	<u>2019</u>	<u>Restated 2018</u>
ASSETS		
Current Assets-Unrestricted:		
Cash and Cash Equivalents (Note 3)	\$ 5,366,901	\$ 3,459,815
Invested Funds For Operations/Capital (Note 3)	11,822,108	11,869,275
Accounts Receivable	6,732,487	6,572,861
Accrued Interest Receivable	69,367	105,482
Prepaid Expenses	2,147,622	2,244,966
Total Current Assets	<u>26,138,485</u>	<u>24,252,399</u>
Capital Assets		
Inventoried Assets (Note 7)	70,476,580	69,340,532
Land	3,219,411	3,219,411
Work In Progress	869,171	768,758
Less: Accumulated Depreciation and Amortization	(46,357,542)	(44,076,241)
Total Capital Assets, Net	<u>28,207,620</u>	<u>29,252,460</u>
Prepays, Net Of Current Portion	<u>1,027,519</u>	<u>1,938,339</u>
TOTAL ASSETS	<u>55,373,624</u>	<u>55,443,198</u>
DEFERRED OUTFLOWS-PENSION AND OPEB	<u>1,598,054</u>	<u>552,889</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,969,242	2,213,982
Salary and Accrued Benefits Payable	168,266	115,032
Compensated Absences Payable	255,939	234,621
Total Current Liabilities	<u>2,393,447</u>	<u>2,563,635</u>
Long-Term Liabilities:		
Compensated Absences Payable	26,069	26,068
Other Post Employment Benefits (Notes 5 and 6)	3,459,233	3,154,395
Net Pension Liability (Asset) (Note 4)	1,573,030	163,058
Total Long-Term Liabilities	<u>5,058,332</u>	<u>3,343,521</u>
TOTAL LIABILITIES	<u>7,451,779</u>	<u>5,907,156</u>
DEFERRED INFLOWS-PENSION AND OPEB	<u>159,255</u>	<u>225,730</u>
NET POSITION (Note 15)		
Net Investment in Capital Assets	28,207,620	29,198,637
Unrestricted	21,153,024	20,664,564
TOTAL NET POSITION	<u>\$ 49,360,644</u>	<u>\$ 49,863,201</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

Greater Harris County 9-1-1 Emergency Network

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ending December 31, 2019 and 2018

	2019	Restated 2018
Operating Revenues:		
9-1-1 Network Service Fees (Note 1)	\$ 44,996,874	\$ 38,475,247
Operating Expenses:		
Salaries and Benefits (Note 11)	5,958,078	5,133,346
Office Supplies	40,309	32,751
Public Education Materials	135,675	77,610
Operational Fees and Services (Note 12)	34,160,549	33,751,657
Advertising (Note 2)	340,899	340,426
Rentals	31,856	80,993
Utilities	504,968	536,783
Training and Travel	201,903	212,127
Subtotal	<u>41,374,237</u>	<u>40,165,693</u>
Depreciation and Amortization	4,985,048	5,439,390
Total Operating Expenses	<u>46,359,285</u>	<u>45,605,083</u>
Operating (Loss)	<u>(1,362,411)</u>	<u>(7,129,836)</u>
Nonoperating Revenues (Expenses):		
Interest Earnings	457,718	448,558
Miscellaneous Income	402,136	56,976
Total Nonoperating Revenues	<u>859,854</u>	<u>505,534</u>
Change in Net Position	(502,557)	(6,624,302)
Net Position - Beginning Of Year	<u>49,863,201</u>	<u>57,927,219</u>
Prior Year Adjustment-Restatement	-	(1,439,716)
Net Position - End Of Year	<u>\$ 49,360,644</u>	<u>\$ 49,863,201</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

Greater Harris County 9-1-1 Emergency Network

STATEMENTS OF CASH FLOW

For the Years Ending December 31, 2019 and 2018

	2019	Restated 2018
Cash Flows From Operating Activities:		
Cash Received From Fees	\$ 44,837,248	\$ 38,120,884
Cash Payments For Goods and Services	(34,652,738)	(35,282,878)
Cash Payments To Employees For Services	(5,280,355)	(4,947,244)
Net Cash Provided (Used) By Operating Activities	<u>4,904,155</u>	<u>(2,109,238)</u>
Cash Flows From Noncapital Financing Activities:		
Other Revenue	402,136	56,976
Net Cash Provided By Noncapital Financing Activities	<u>402,136</u>	<u>56,976</u>
Cash Flows From Capital And Related Financing Activities:		
Acquisition Of Capital Assets	(3,940,209)	(8,177,597)
Net Cash (Used) By Capital And Related Financing Activities	<u>(3,940,209)</u>	<u>(8,177,597)</u>
Cash Flows From Investing Activities:		
Investment Purchases	(18,686,131)	(18,788,226)
Investment Maturities	18,733,302	28,749,430
Interest Received	493,833	433,237
Net Cash Provided By Investing Activities	<u>541,004</u>	<u>10,394,441</u>
Net Increase (Decrease) In Cash And Cash Equivalents	1,907,086	164,582
Cash And Cash Equivalents - Beginning of Year	3,459,815	3,295,233
Cash And Cash Equivalents - End of Year	<u>\$ 5,366,901</u>	<u>\$ 3,459,815</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activity		
Operating (Loss)	<u>\$ (1,362,411)</u>	<u>\$ (7,129,836)</u>
Adjustments to Reconcile Operating (Loss) To Net Cash Provided (Used) By Operating Activities:		
Depreciation and Amortization	4,985,048	5,439,390
Change In Assets And Liabilities:		
Decrease (Increase) In Accounts Receivables	(159,626)	(354,363)
Decrease (Increase) In Prepays	1,008,164	(891,908)
Decrease (Increase) In Deferred Outflows-Pension	(1,045,165)	866,669
Increase (Decrease) In Accounts Payable	(244,743)	641,377
Increase (Decrease) In Salaries and Accrued Benefits Payable	53,234	(99,726)
Increase (Decrease) In Compensated Absences	21,319	(19,436)
Increase (Decrease) In Other Post Employment Benefits	304,838	338,264
Increase (Decrease) In Net Pension Liability	1,409,972	(977,968)
Increase (Decrease) In Deferred Inflows-Pension	(66,475)	78,299
Total Adjustments	<u>6,266,566</u>	<u>5,020,598</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 4,904,155</u>	<u>\$ (2,109,238)</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements

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 5.8 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 2019 and 2018:

Wireline:

Residential: a flat rate of \$.80 per line per month for 2019, and \$.50 for 2018

Business: a flat rate of \$1.40 per line and per trunk per month for 2019, and \$.80 per line and \$.87 per trunk for 2018, up to 100 lines per company location for both 2019 and 2018.

Internet Protocol: apply rates as wireline services above

Wireless:

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.

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 also 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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(A) Financial Statements

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.

(B) 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.

(C) Property and Equipment

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

(D) 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 maximum balance cap of 280 hours for all 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.

(E) Prepaid Assets

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

(F) 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, 2019 and 2018.

(G) 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.

(H) 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.

(I) 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.

(J) Equity Classifications

Equity is classified as net position and 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.

(K) Pensions

For the purposes of measuring the net pension liability, 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 TCERS’s fiduciary net position have been determined on the same basis as they are reported by TCERS. 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.

(L) 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 (TCERS). GHC 9-1-1 reports the total OPEB liability for this plan. Information regarding the GHC 9-1-1’s total OPEB liability is obtained from TCERS through a report prepared for GHC 9-1-1 by TCERS’ consulting actuary, Milliman, in compliance with GASB Statement No. 75.

(M) Deferred Outflows/Inflows Of Resources

Deferred outflows/inflows of resources are deferred and amortized over the average of the expected service lives of pension 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 position that applies to a future period and so 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 the GHC 9-1-1's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of the pension 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. This amount is deferred and recognized as a reduction to the net pension liability 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 position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. GHC 9-1-1 has three 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 the GHC 9-1-1's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. 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.

(N) 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.

(O) Implementation of New Accounting Standards

In the current fiscal year, GHC 9-1-1 implemented the following new standards. The applicable provisions of these new standards are summarized here. Implementation is reflected in the financial statements and the notes to the financial statements.

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

- GASB Statement No. 85, *Omnibus 2017*. This Statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

(A) 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 \$5,366,901 and \$3,459,815 as of December 31, 2019 and 2018, 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, 2019, GHC 9-1-1 had a bank balance of \$11,467,633 in the checking and money market sweep accounts. The checking account bank balance totaled \$250,000 and \$11,217,633 was held in the money market sweep account. The money market sweep account 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.

(B) 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 the 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.

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, 2019 was greater than total fair market value by \$3,283 on the investments with maturity dates of less than one year for both commercial paper investments. 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, 2019, summarized by security type.

	Security	Credit Rating (S&P/Moody's)	Fair Market Value	% of Portfolio
Commercial Paper	Toyota Motor Credit-Discount	A-1+, P-1	\$ 4,917,304	29%
Commercial Paper	Toyota Motor Credit-Discount	A-1+, P-1	6,904,804	40%
Money Market				
Sweep Accounts	US Treasury Securities	AAAm/AAA-mf	5,116,601	30%
Cash in Bank			250,000	1%
Petty Cash			300	0%
			<u>\$ 17,189,009</u>	<u>100%</u>

GHC 9-1-1's cash and investments are recorded at fair value. Total investment book value as of December 31, 2018 was greater than total fair market value by \$9,953 on the investments with maturity dates of less than one year for one commercial paper investment and one discount note investment with maturity date of less than one year. 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, 2018, summarized by security type.

	Security	Credit Rating (S&P/Moody's)	Fair Market Value	% of Portfolio
Commercial Paper	Toyota Motor Credit-Discount	A-1+, P-1	\$ 6,869,275	45%
Bond	Federal Home Loan Mortgage	AA+, Aaa	5,000,000	33%
Money Market				
Sweep Accounts	US Treasury Securities	AAAm/AAA-mf	3,209,515	21%
Cash in Bank			250,000	2%
Petty Cash			300	0%
			<u>\$ 15,329,090</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, 2019, GHC 9-1-1 held the following at fair value measurements:

Investments by Fair Value Level:	Fair Value Measurements	
	Level 1	Level 2
Money Market Mutual Fund	\$ 5,116,601	\$ -
Commercial Paper	-	11,822,108
Total	<u>\$ 5,116,601</u>	<u>\$ 11,822,108</u>

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, 2019, 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 Toyota Motor Credit Commercial Paper investment-, which represents 33% 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.

NOTE 4 – EMPLOYEE PENSION PLAN

(A) Plan Description

The Texas County and District Retirement System (TCDRS) is a statewide, agent multiple-employer, public-employee retirement system. The system serves more than 760 actively 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 TCDRS 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 budget.

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. TCDRS issues a publicly available comprehensive annual financial report that can be obtained at www.tcdrs.org.

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

(B) Benefits Provided

TCDRS 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 TCDRS. 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 TCDRS 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 TCDRS Act.

(C) Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving, benefits	6
Active employees	43
Total	<u>63</u>

(D) Contributions

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

- The deposit rate for employees is 7% of compensation, as adopted by the employer's governing body.
- Participating employers are required, by law, to contribute at actuarially determined rates, which are determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method.
- Investment income funds a large part of the benefits employees earn.

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.

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 12.79% and 12.79% in calendar years 2018 and 2019, respectively. GHC 9-1-1's contributions to TCDRS for the fiscal year ended December 31, 2018 and 2019 were \$460,891 and \$508,360, respectively, which were equal to the required contributions for each year.

(E) Net Pension Liability

GHC 9-1-1's Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

(F) Actuarial Assumptions

The actuarial assumptions that determined the TPL as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2016, except where required to be different by GASB 68.

Following are the key assumptions and methods used in the December 31, 2018 actuarial valuation:

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	14.8 years (based on contribution rate calculated in 12/31/2018 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	4.9%, average over career, including inflation
Investment Rate of Return	8.00%, net of investment expenses, including inflation
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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Plan Provisions Reflected in the Schedule*	No changes in plan provisions are reflected in the Schedule of Employer Contributions; however, new Annuity Purchase Rates were reflected for benefits earned after 2017.

**Only changes 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:

Asset Class	Benchmark	Target Allocation	Rate of Return (Expected minus Inflation)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
International Equities - Developed	MSCI World Ex USA (net) Index	10.00%	5.40%
International Equities - Emerging	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLP)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

(G) Discount Rate

The discount rate used to measure the TPL was 8.10%. 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.

(H) Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 600,281	\$ -	\$ 600,281
Interest	1,288,468	-	1,288,468
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	(42,559)	-	(42,559)
Changes in assumptions	-	-	-
Refund of contributions	(13,052)	(13,052)	-
Benefit payments	(249,156)	(249,156)	-
Administrative expense	-	(12,406)	12,406
Contributions - employee	-	252,247	(252,247)
Net investment income	-	(279,482)	279,482
Contributions - employer	-	460,891	(460,891)
Other changes	-	14,968	(14,968)
Net changes	1,583,982	174,010	1,409,972
Balance at 12/31/2017	15,435,280	15,272,222	163,058
Balance at 12/31/2018	<u>\$ 17,019,262</u>	<u>\$ 15,446,232</u>	<u>\$ 1,573,030</u>

(I) Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of GHC 9-1-1, calculated using the discount rate of 8.10%, 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 (7.10%) or one percentage point higher (9.10%) than the current rate:

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Net Pension Liability (Asset)	<u>\$ 4,087,143</u>	<u>\$ 1,573,030</u>	<u>\$ (526,341)</u>

(J) 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.

(K) Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended December 31, 2019, GHC 9-1-1 recognized pension expense of \$799,953. At December 31, 2019, GHC 9-1-1 reported deferred outflows of resources and deferred inflows of resources related to pensions as of the measurement date December 31, 2018 from the following resources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 134,766	\$ 21,599
Changes in actuarial assumptions	17,127	49,250
Difference between projected and actual investment earnings	-	1,016,153
Contributions subsequent to the measurement date	N/A	508,360
Total	<u>\$ 151,893</u>	<u>\$ 1,595,362</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$508,360, will be recognized as a reduction of the net pension liability for the fiscal year ending December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense
2020	\$ 386,669
2021	148,081
2022	128,752
2023	286,168
2024	(8,482)
Thereafter	(6,079)
Total	<u>\$ 935,109</u>

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

(A) 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 March 1, 2018, the date of the latest actuarial valuation, consists of the following:

Retirees and beneficiaries receiving benefits	5,154
Active plan members	15,919
Number of participating employers	5

(B) 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.

(C) Schedule of Changes in Net OPEB Liability January 1, 2019 – December 31, 2019

Service cost	\$ 221,179
Interest on total OPEB liability	115,746
Benefit payments	<u>(28,298)</u>
Net change in total OPEB liability	308,627
Balance as of December 31, 2018	<u>3,100,572</u>
Balance as of December 31, 2019	<u><u>\$ 3,409,199</u></u>
Covered payroll	\$ 3,604,348
Total OPEB liability as a percentage of covered payroll	94.59%

(D) Sensitivity of the Net OPEB to Changes in the Discount Rate

The following presents the Net OPEB Liability, as well, as what the Net 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 2.75%	Current Discount Rate Assumption 3.75%	1% Increase to 4.75%
\$ 4,042,770	\$ 3,409,199	\$ 2,897,797

E) Sensitivity of the Net OPEB Liability to Changes in the healthcare cost trend rate

The following presents the Net OPEB Liability, as well, as what the Net 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 6% to 5%:

1% Decrease (5.00% to 4.00%)	Current Healthcare Cost Trend Rate (6.00% to 5.00%)	1% Increase (7.00% to 6.00%)
\$ 2,761,163	\$ 3,409,199	\$ 4,251,730

F) OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the measurement period ending February 28, 2018, GHC 9-1-1 recognized OPEB expense of \$336,925. GHC 9-1-1's OPEB plan is a pay as you go plan, and therefore has no deferred inflows or outflows of resources. At December 31, 2019, GHC 9-1-1's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes assumptions	-	-
Differences between projected and actual return investments	-	-
Total	\$ -	\$ -

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

Fiscal Year	Net deferred outflows (inflows) of resources
2020	\$
2021	-
2022	-
2023	-
2024	-
Thereafter	-
Total	\$ -

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 current "pay as you go" basis for a single fiscal year through an annual appropriation authorized by GHC 9-1-1's Board of Managers during the annual budget adoption process. 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

(A) Plan Description

Greater Harris County 9-1-1 Emergency Network participates in the retiree Group Term Life (GTL) program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.

All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the OPEB plan. The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have

elected participation in the retiree GTL program. The OPEB benefit is a fixed \$5,000 lump-sum benefit. No future increases are assumed in the \$5,000 benefit amount. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year.

Membership in the plan as of the measurement date of December 31, 2018 was as follows:

<u>Members</u>	
Inactive employees entitled to but not yet receiving benefits ⁽¹⁾ :	7
Active employees:	43
Average age of active employees:	47.74
Average length of service in years for active employees:	12.94
 <u>Inactive employees receiving benefits ⁽¹⁾</u>	
Number of benefit recipients ⁽¹⁾	6

⁽¹⁾ “Receiving benefits” indicates the member is retired and receiving monthly pension benefits, and his or her beneficiary is eligible for the \$5,000 lump sum upon the retiree’s death.

(B) Contributions

Each participating employer contributes to the GTL program at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is equal to the cost of providing one-year term life insurance. The premium rate is expressed as a percentage of the covered payroll of members employed by the participating employer. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect.

The GTL program is voluntary and employers can cease participation at any time. Therefore, the funding policy of the program is to ensure that adequate resources are available to meet all insurance benefit payments for the upcoming year. It is not the intent of the funding policy to pre-fund retiree term life insurance during employees’ entire careers.

For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer’s benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCDRS GTL Program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retiree covered are included under GASB 75.

The following shows a breakdown of the employer’s contributions to the GTL program for the calendar year 2018. 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.

<u>Coverage Type</u>	<u>2018 GTL Rate</u>	<u>Amount</u>
Active Member GTL Benefit	0.18%	\$ 6,486
Retiree GTL Benefit	0.01%	360

(C) 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 4.10% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. We have estimated the TOL as of December 31, 2017 using a discount rate of 3.44% as of December 31, 2017. Therefore, a discount rate of 4.10% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2018. At transition, GASB Statement No.75 also requires that the total OPEB liability as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. The actuary has estimated the total OPEB liability, as of December 31, 2017, using a discount rate of 3.44%.

(E) Actuarial Assumptions

All actuarial assumptions and methods that determined the total OPEB liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, 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 Normal
Amortization Method:	Straight-line over expected working life
Asset Valuation Method:	Does not apply
Inflation:	Does not apply
Salary Increases:	Does not apply
Investment Rate of Return (Discount Rate):	4.10% 20 Year GO AA Index published by bondbuyer.com as of December 31, 2018
Cost-of-Living Adjustment:	Does not apply

(D) Changes in the Total OPEB Liability

Service cost	\$	2,799
Interest on total OPEB liability ⁽¹⁾		1,942
Changes of benefit terms ⁽²⁾		-
Effect of economic/demographic experiences		(578)
Effect of assumptions changes or inputs ⁽³⁾		(7,592)
Benefit payments		<u>(360)</u>
Net change in total OPEB liability		(3,789)
Balance as of December 31, 2017		<u>53,823</u>
Balance as of December 31, 2018	\$	<u><u>50,034</u></u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013 – December 31, 2016 Investigation of Experience.

(E) Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.10%, as well as what the GHC 911 total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.10%) or 1 percentage point higher (5.10%) 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 3.10%	Current Discount Rate Assumption 4.10%	1% Increase to 5.10%
<u>\$ 62,120</u>	<u>\$ 50,034</u>	<u>\$ 40,847</u>

(F) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Activity

For the year ended December 31, 2019, GHC 911 recognized OPEB expense of \$4,068.

As of December 31, 2019, GHC 911 reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes assumptions	\$ 2,295	\$ 6,643
Contributions subsequent to the measurement date	<u>397</u>	<u>719</u>
Total	<u><u>\$ 2,692</u></u>	<u><u>\$ 7,362</u></u>

The \$397 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 year ending December 31, 2020.

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:

<u>Fiscal Year</u>	<u>Net deferred outflows (inflows) of resources</u>
2019	\$ (673)
2020	(673)
2021	(673)
2022	(673)
2023	(673)
Thereafter	<u>(1,702)</u>
Total	<u>\$ (5,067)</u>

NOTE 7 – CAPITAL ASSETS

	1/1/2019	Additions	Retirements	12/31/2019
Equipment	\$ 42,151,539	\$ 3,547,768	\$ (1,856,773)	\$ 43,842,534
Furniture & Fixtures	3,613,460	-	(846,975)	2,766,485
Land (Non-depreciable)	3,219,411	-	-	3,219,411
Work-In-Progress	768,757	205,991	(105,577)	869,171
Building	22,585,240	-	-	22,585,240
Building/Property Improvements	990,294	292,027	-	1,282,321
Total Fixed Assets	73,328,701	4,045,786	(2,809,325)	74,565,162
Less: Equipment Accumulated Depreciation	(34,256,828)	(3,763,021)	1,842,046	(36,177,803)
Less: Furniture & Fixture Accumulated Depreciation	(2,075,350)	(208,067)	846,975	(1,436,442)
Less: Building Accumulated Depreciation	(7,744,063)	(999,234)	-	(8,743,297)
Total Accumulated Depreciation/Amortization	(44,076,241)	(4,970,322)	2,689,021	(46,357,542)
Net Capital Assets	\$ 29,252,460	\$ (924,536)	\$ (120,304)	\$ 28,207,620

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance at 1/1/2018	Additions	Retirements	Balance at 12/31/2018
Equipment	\$ 39,323,478	\$ 6,338,799	\$ (3,510,738)	\$ 42,151,539
Furniture & Fixtures	2,079,569	1,562,707	(28,816)	3,613,460
Land (Non-depreciable)	3,219,411	-	-	3,219,411
Work-In-Progress	899,787	1,260,451	(1,391,481)	768,757
Building	22,585,240	-	-	22,585,240
Building/Property Improvements	583,174	407,120	-	990,294
Total Fixed Assets	68,690,659	9,569,077	(4,931,035)	73,328,701
Less: Equipment Accumulated Depreciation	(33,347,493)	(4,420,073)	3,510,738	(34,256,828)
Less: Furniture & Fixture Accumulated Depreciation	(2,041,625)	(62,541)	28,816	(2,075,350)
Less: Building Accumulated Depreciation	(6,787,287)	(956,776)	-	(7,744,063)
Total Accumulated Depreciation/Amortization	(42,176,405)	(5,439,390)	3,539,554	(44,076,241)
Net Capital Assets	\$ 26,514,254	\$ 4,129,687	\$ (1,391,481)	\$ 29,252,460

NOTE 8 – LONG-TERM DEBT

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 260,689	\$ 349,909	\$ 328,590	\$ 282,008	\$ 255,939
Other Post Employment Benefits (OPEB)	3,154,395	308,627	3,789	3,459,233	-
Net Pension Liability	163,058	1,409,972	-	1,573,030	-
Totals	<u>\$ 3,578,142</u>	<u>\$ 2,068,508</u>	<u>\$ 332,379</u>	<u>\$ 5,314,271</u>	<u>\$ 255,939</u>
Long-term debt due in more than one year				<u>\$ 5,058,332</u>	

NOTE 9 – OPERATING LEASES

GHC 9-1-1 has an offsite collocation site lease to house critical redundant systems and a service agreement for a Multiprotocol Label Switching (MPLS) Network for voice and data traffic. A schedule of future operating lease payments as of December 31, 2019 is presented as follows:

<u>Year</u>	<u>Lease Amounts</u>
2020	\$1,771,200
2021	1,060,000
2022	414,000
2023	34,500
2024	-
Total future lease payments	<u>\$3,279,700</u>

Rental expenses for operating leases for 2019 and 2018 were \$31,856 and \$80,993, respectively.

NOTE 10 – COMMITMENTS

GHC 9-1-1's bank depository pledge contract includes a line of credit with a maximum of \$1,000,000 for payment of current year budgeted expenses. Any loan made under the line of credit is to be repaid in the calendar year made. The line of credit was not used during 2019 or 2018.

NOTE 11 – SALARIES AND BENEFITS
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Salary and benefit costs totaling \$5,955,128 and \$5,133,346 for the years 2019 and 2018, 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 don't 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.

NOTE 12 – 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, 2019 and 2018. This note is provided as supplemental information to outline those general components included in the amounts reported as Operational Fees and Services.

Expense	2019	2018
Network/Connectivity Services	\$ 5,800,451	\$ 4,763,952
PSAP Operations	22,074,586	21,034,319
IT Operations and Repairs	412,803	508,334
Maintenance, Legal, and Other Services	5,081,022	6,889,111
Insurance	247,217	245,988
Other General	544,470	309,953
Total	<u>\$34,160,549</u>	<u>\$33,751,657</u>

NOTE 13 – 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, 2019, insurance coverage levels were not reduced from coverage levels in place as of December 31, 2018. No claims were made during 2018, but claims were filed against the insurance policy and with FEMA for Hurricane Harvey for minimal damages incurred during 2017. During 2018, GHC 9-1-1 received an amount totaling \$54,840 for damages covered under the insurance policy. FEMA reimbursed GHC 9-1-1 \$223,087 for the remaining portion of the damages.

NOTE 14 – ECONOMIC DEPENDENCE

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

NOTE 15 – PRIOR PERIOD ADJUSTMENT FOR NEW ACCOUNTING PRONOUNCEMENT

In the current fiscal year, GHC 911 implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. As a result, GHC 911's beginning net position has been restated on the Statement of Revenues, Expenses, and Changes in Net Position as follows:

Beginning Net Position, as Previously Presented		\$51,302,917
Restatement:		
Net OPEB obligation	\$1,660,856	
Total OPEB liability	<u>(3,100,572)</u>	
Total adjustment due to change in accounting principle		<u>(1,439,716)</u>
Beginning Net Position, Restated		<u>\$ 49,863,201</u>

Required Supplementary Information

Greater Harris County 9-1-1 Emergency Network
Schedule of Net Pension Liability and Related Ratios
Texas County and District Retirement System
For the Year Ended December 31, 2019

	Measurement Year 2014*	Measurement Year 2015*	Measurement Year 2016*	Measurement Year 2017*	Measurement Year 2018*
Total Pension Liability					
Service cost	\$ 590,676	\$ 625,982	\$ 707,061	\$ 664,023	\$ 600,281
Interest on the Total Pension Liability	838,452	934,687	1,026,519	1,168,879	1,288,468
Effect of plan changes	-	(144,032)	-	-	-
Effect of economic/demographic gains or loss:	43,974	(171,312)	(22,105)	7,153	(42,559)
Effect of assumption changes or inputs	-	98,498	-	(23,979)	-
Benefit payments/refunds of contributions	(270,951)	(289,423)	(254,221)	(289,117)	(262,208)
Net Change in Total Pension Liability	1,202,151	1,054,400	1,457,254	1,526,959	1,583,982
Beginning total pension liability	10,194,515	11,396,666	12,451,066	13,908,320	15,435,279
Ending Total Pension Liability	<u>\$ 11,396,666</u>	<u>\$ 12,451,066</u>	<u>\$ 13,908,320</u>	<u>\$ 15,435,279</u>	<u>\$ 17,019,261</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 403,216	\$ 436,085	\$ 418,804	\$ 656,315	\$ 460,891
Contributions - employee	244,373	269,188	264,111	265,741	252,247
Net investment income	685,974	(250,227)	849,772	1,873,760	(279,482)
Benefit payments, including refunds of employee contributions	(270,951)	(289,423)	(254,221)	(289,117)	(262,208)
Administrative expense	(8,361)	(8,231)	(9,234)	(10,157)	(12,406)
Other	15,086	(68,291)	38,404	8,385	14,968
Net Change in Plan Fiduciary Net Position	1,069,337	89,101	1,307,636	2,504,927	174,010
Beginning plan fiduciary net position	10,301,220	11,370,557	11,459,658	12,767,294	15,272,221
Ending Plan Fiduciary Net Position	<u>\$ 11,370,557</u>	<u>\$ 11,459,658</u>	<u>\$ 12,767,294</u>	<u>\$ 15,272,221</u>	<u>\$ 15,446,231</u>
Net Pension Liability	<u>\$ 26,109</u>	<u>\$ 991,408</u>	<u>\$ 1,141,026</u>	<u>\$ 163,058</u>	<u>\$ 1,573,030</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.77%	92.04%	91.80%	98.94%	90.76%
Covered Employee Payroll	\$ 3,491,047	\$ 3,845,544	\$ 3,773,009	\$ 3,796,294	\$ 3,603,524
Net Pension Liability as a Percentage of Covered Employee Payroll	0.75%	25.78%	30.24%	4.30%	43.65%

* Only five years of information is currently available. GHC9-1-1 will build this schedule over the next five-year period.

Greater Harris County 9-1-1 Emergency Network

Schedule Of Contributions

Texas County and District Retirement System

For the Year Ended December 31, 2019

Fiscal Year	Actuarially Determined Contribution	Contributions In Relation To the		Covered Employee Payroll	Contributions As a Percentage of Covered Employee Payroll
		Actuarially Determined Contribution	Contribution Deficiency (Excess)		
2010	\$ 372,935	\$ 372,935	\$ -	\$ 2,988,263	12.48%
2011	\$ 372,013	\$ 772,424	\$ (400,411)	\$ 2,915,461	26.49%
2012	\$ 404,778	\$ 404,778	\$ -	\$ 3,182,213	12.72%
2013	\$ 381,323	\$ 381,323	\$ -	\$ 3,345,149	11.40%
2014	\$ 403,216	\$ 403,216	\$ -	\$ 3,491,047	11.55%
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	\$ -	\$ 3,603,524	12.79%
2019	\$ 509,553	\$ 509,553	\$ -	\$ 3,983,995	12.79%

Note: There were no benefit changes 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 Measurement Year		
		2019
Total OPEB Liability		
Service cost		\$ 221,179
Interest on total OPEB liability		115,746
Changes of benefit terms		-
Effect of economic/demographic experiences		-
Effect of assumptions changes or inputs		-
Benefit payments		(28,298)
Net change in total OPEB liability		308,627
Total OPEB liability - beginning		3,100,572
Total OPEB liability - ending		<u>\$ 3,409,199</u>
Covered payroll		\$ 3,604,348
Total OPEB liability as a percentage of covered payroll		94.59%
Notes to the Required Supplementary Information		
Amounts presented are for each measurement year, which end the preceding		
February 28 of GHC 911's fiscal year end.		
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 2019.		
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 & District Retirement System Group Term Life

Last Two Measurement Years

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost	\$ 2,799	\$ 3,259
Interest on total OPEB liability	1,942	1,866
Changes of benefit terms	-	-
Effect of economic/demographic experiences	(578)	(283)
Effect of assumptions changes or inputs	(7,592)	3,061
Benefit payments	<u>(360)</u>	<u>(380)</u>
Net change in total OPEB liability	(3,789)	7,523
Total OPEB liability - beginning	<u>53,823</u>	<u>46,300</u>
Total OPEB liability - ending	<u><u>\$ 50,034</u></u>	<u><u>\$ 53,823</u></u>
Covered payroll	\$ 3,603,524	\$ 3,796,294
Total OPEB liability as a percentage of covered payroll	1.39%	1.42%

Notes to the Required Supplementary Information

Amounts presented are for each measurement year, which end the preceding December 31 of GHC 911's fiscal year end.

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.