

**TARRANT COUNTY  
9-1-1 DISTRICT  
Fort Worth, Texas**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2019**

Prepared by:  
Tarrant County 9-1-1 District, Finance Department

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# TARRANT COUNTY 9-1-1 DISTRICT

SEPTEMBER 30, 2019

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## **INTRODUCTORY SECTION**

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February 18, 2020

Members of the Board of Managers and Constituents of Tarrant County 9-1-1 District:

We are pleased to submit the Comprehensive Annual Financial Report of Tarrant County 9-1-1 District (the District) for the fiscal year ended September 30, 2019. Texas Health and Safety Code, Chapter 772.200 requires that “as soon as practicable after the end of each District fiscal year, the Director shall prepare and present to the Board and to each participating jurisdiction in writing a sworn statement of all money received by the District and how the money was used during the preceding fiscal year covered report.” The District is also required by legislation to have an independent financial audit of the District performed annually. This report is published to fulfill that requirement for the fiscal year ended September 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown and Hill, L.L.P., Certified Public Accountants, have issued an unmodified (“clean”) opinion on Tarrant County 9-1-1 District’s financial statements for the year ended September 30, 2019. The Independent Auditor’s Report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **Profile of the Government**

The establishment of the District was authorized by the State Legislature and ratified by voters in 1985 for the express purpose of implementing and maintaining an Enhanced 9-1-1 emergency call network for residents of the District. Service was established in August 1987. District boundaries include all of Tarrant County, all areas outside Tarrant County included in the corporate limits of a member city, plus DFW Airport and the City of Irving.

The District is governed by an eight-member Board of Managers, comprised of two members appointed by the City of Fort Worth, one member appointed by Tarrant County Commissioners Court, City of Arlington, City of Grand Prairie, City of Irving, and the Tarrant County Mayor's Council. One non-voting member represents the major service supplier. Board members are appointed for staggered terms of two years, with three members' terms expiring each year. Board members serve without compensation. The Board has the responsibility of appointing a District Director, establish the Director's compensation, control and management of the District, and adopting rules for the operation of the District.

The District provides 9-1-1 service and equipment to a population base of over 2.1 million through 41 Public Safety Answering Points (PSAPs). It is the District's mission to provide reliable, accurate, responsive and effective emergency communication networks and services to our member jurisdictions ensuring the protection of life and property for citizens in our community. The District supports 9-1-1 calls from more than fifty landline companies, four wireless providers, several VoIP (Voice over Internet Protocol) providers and numerous private telephone systems. In 2018, the District's Public Safety Answering Points (PSAPs) processed 1,931,720 nine-one-one (9-1-1) calls with over 86% of those being processed from wireless callers.

The District's Director is required to prepare, under the direction of the Board of Managers, an annual budget for the District. To be effective, the budget must be approved by the Board, and be presented and approved by Tarrant County Commissioners Court. The budget must also be presented and approved by the governing body of each municipality eligible to appoint a member to the Board of Managers, and approved by a majority of the governing bodies. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the object level.

## **Local Economy**

The District is located in Tarrant County, Texas which is in the Dallas/Fort Worth (DFW) metro area. From 2018 to 2019 DFW gained more than 34,000 new residents. Tarrant County is an urban county located in the north central part of Texas and has a population of approximately 2.1 million.

The District boundaries have a diverse nature of business sectors that make up the local economy, without an overwhelming dominance by any one industry. Business sectors include aircraft, automobile and electronic manufacturing, tourism, livestock and agri-business, transportation, financial services and tourism. Four major sports franchises, as well as DFW International Airport and Texas Motor Speedway are located within the District's boundaries.

According to the 2018 Census Bureau report the median household income within the District boundaries of Tarrant County was \$66,063. The area has a cost of living index of 94.4.



Legislation under which the District was created authorizes the District to receive a monthly per-line fee from each telephone customer of up to six percent of the dominate telephone service provider's base rate. The following monthly 9-1-1 service fees on each telephone line remain at the amount they were initially assessed in 1985:

Residential Lines:	.20 per line
Business Lines:	.46 per line
Trunk Lines:	.74 per line
Nomadic VoIP Lines:	.50 per line

In addition to the fee established by the Board of Managers, the District also receives a portion of the statewide surcharge on wireless telephone service. The surcharge is assessed at 50 cents per activated handset and is distributed to 9-1-1 jurisdictions based on population.

## **Long-term financial planning and major initiatives**

Unrestricted resources (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was 151.07 percent of total general fund expenditures.

On an annual basis, the District develops a 5-year financial forecast which is considered for adoption by the Board during its May workshop. This financial forecasting provides the Board and management with a long-term view of the financial health of the District.

The District operates with three major types of reserve funds: Legally Restricted Reserves, Board Designated Reserves and Unrestricted Reserves. Legally Restricted Reserves have restrictions imposed by an outside source, such as bond covenants, contractual obligations, etc. Board Designated Reserves are set aside for a specific purpose as determined by the Board of Managers. The Board of Managers has the authority to redirect the use of these reserves as the needs of the District change. Unrestricted Reserves are planned for use within a budget year for contingencies.

### **Legally Restricted Reserves**

#### **9-1-1 Emergency Equipment Fund**

This fund was established by the Board to fund equipment acquisition and replacement projects as planned in the Capital Improvement Program (CIP) and the Five-Year Financial Plan. The balance shall not exceed total expenditures planned in the Capital Improvement Program and Five-Year Financial Plan.

### **Board Designated Reserves**

#### **Employee Benefits Payable Fund**

Long-term financial obligations of the District.

**Sick Leave Payable:** It is the policy of the District to reward an employee upon retirement for up to 900 hours of their unused sick leave in accordance with the provision of the Personnel Policy.

**Vacation Payable:** Upon termination of employment, each employee is eligible for their accrued vacation up to a maximum amount which is determined by years of service.

**TCDRS Underfunding:** If at any time the District's Texas County and District Retirement System (TCDRS) account is underfunded, the District will establish sufficient reserves to fully fund that account.

**Unemployment Compensation:** The District is self-insured against unemployment liabilities. The District shall maintain sufficient reserves for this self-insurance.

#### PSAP Assistance Fund

The minimum balance in this fund shall be three (3) million dollars. Any excess revenue, after all obligations for operating, 9-1-1 emergency equipment and employee benefits payable reserve funds have been met, shall be transferred to this account and be made available two budget years later. Example; excess revenue in FY19 shall be budgeted in the PSAP Assistance Account in FY20. All disbursements shall be made in accordance with the PSAP Assistance Program policy manual.

#### **Unrestricted Undesignated Reserves**

Any remaining balance shall be considered unrestricted reserves. Any excess reserves in this category may result in an adjustment to the District's service fee.

In a strategic planning process, the following Budget Performance goals were developed:

- Additional Revenue Opportunities – Staff will review and report on any additional revenue opportunities that may be available to the District;
- Customer Service – Staff will maintain the highest levels of customer service to all member entities and the general public;
- Efficiencies – Staff will explore all avenues to make District operations even more efficient;
- Cost-containment – Staff will continue to be as conservative as possible in managing the cost/quality margin resulting in as much cost-containment as possible without compromising the quality of service;
- Service Delivery – Staff will continue to provide the level of service our member entities expect and deserve.

#### **Relevant Financial Policies**

The District developed a Comprehensive Investment Policy to comply with Section 772 of the Health and Safety Code and Chapter 2256 of the Government Code ("Public Funds Investment Act"), which requires each Entity to adopt a written investment policy regarding the investment of its funds and funds under its control. The Investment Policy addresses the methods, procedures and practices that must be exercised to ensure effective and judicious fiscal management of the District's funds.

The Investment Policy governs the investment of all financial assets of the District. The funds covered by this Policy are:

- General Fund
- Revenue Funds
- Capital Projects Funds
- Trusts and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately
- Any new fund created by the District, unless specifically exempted from this Policy by the Board of Managers or by law.

The District will manage and invest its cash with four primary objectives, listed in order of priority: safety, liquidity, public trust, and yield, expressed as optimization of interest earnings. The safety of the principal invested always remains the primary objective. All investments will be designed and managed in a manner responsive to the public trust and consistent with state and local law.

The District has also developed a Financial Contingency Plan to establish triggers and actions in response to an unexpected financial crisis. There are four phases of this Contingency Plan, which are:

- Phase 1, Financial Advisory: National, State or Local financial instability that may adversely affect the District's revenue stream;
- Phase 2, Financial Watch: Revenue (actual or projected) falls below 95% of budget – based on a three (3) month rolling average;
- Phase 3, Financial Warning: A financial watch condition has been in effect for more than 180 days; or actual revenue falls below 90% of budget; or projected revenue falls below 80% of budget – based on a three (3) month rolling average;
- Phase 4, Financial Emergency: A financial warning condition has been in effect for more than 90 days; or revenue (actual or projected) falls below 60% - based on a three (3) month rolling average.

## **Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tarrant County 9-1-1 District for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the fifth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the District had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current year CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Tarrant County 9-1-1 District. Credit is also due to the Board of Managers for their unfailing support for maintaining the highest standard of professionalism in the management of the Tarrant County 9-1-1 Emergency Assistance district finances.

Respectfully submitted,



Shinar Haynes  
Executive Director



Aniel Austin  
Finance Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

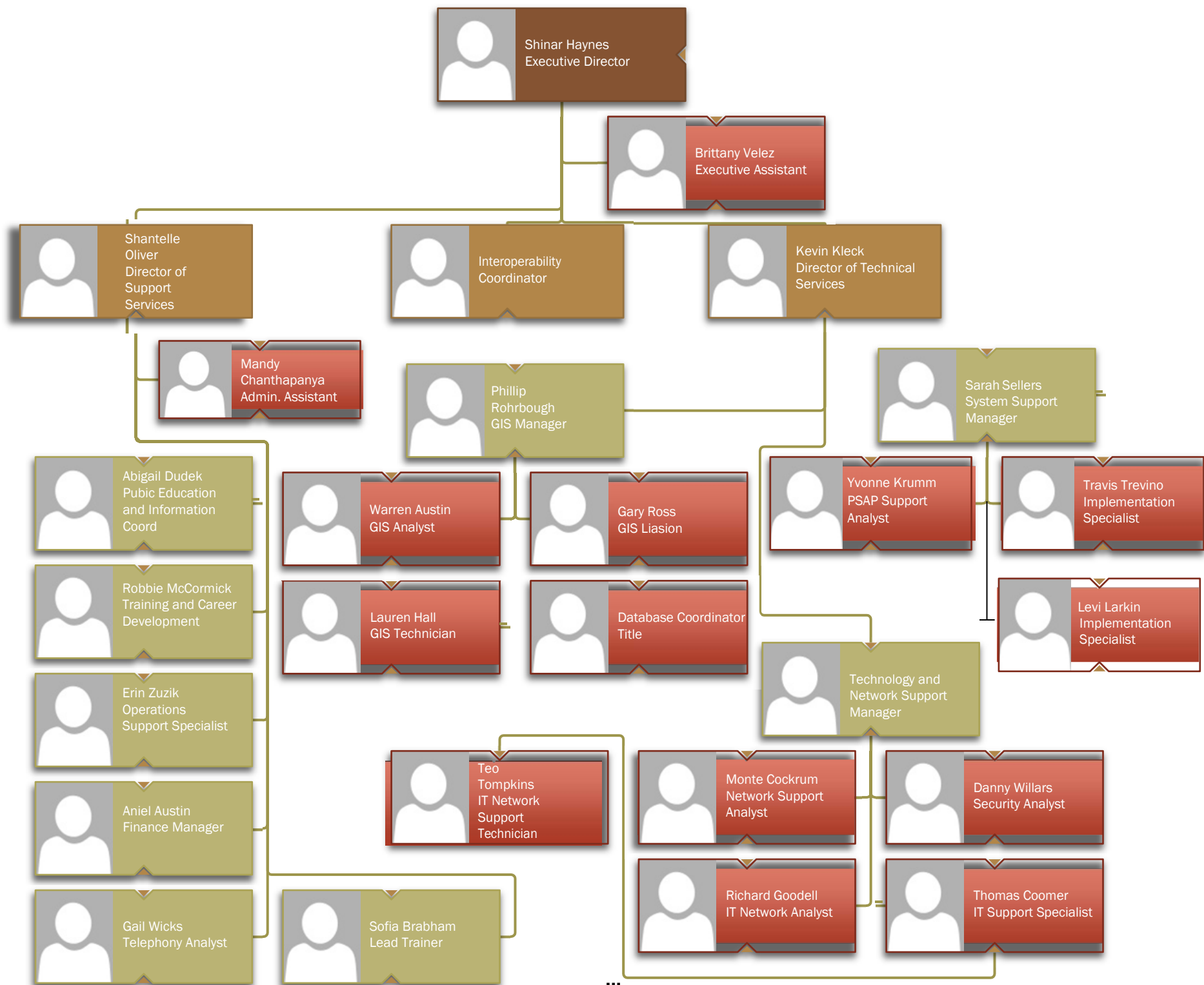
**Tarrant County 9-1-1  
District**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morill*

Executive Director/CEO



**TARRANT COUNTY 9-1-1**

**BOARD OF MANAGERS AND MANAGEMENT**

SEPTEMBER 30, 2019

**Board of Managers**

**Don Crowson**

Chair  
City of Arlington

**Robert Brooks**

Secretary  
AT&T

**Rick Brunson**

Vice Chair  
Tarrant County Commissioners Court

**Jim Davis**

Fort Worth Fire Department

**Aubry Insko**

City of Grand Prairie

**Jeff Spivey**

Chief of Police Irving

**Brian Johnson**

Mayor City of Kennedale

**Doug Hooten**

CEO, MedStar Mobile Healthcare

**Management**

**Shinar Haynes**

Executive Director

**Aniel Austin**

Finance Manager

**Shantelle Oliver**

Director of Support Services

**Phillip Rohrbough**

GIS Manager

**Kevin Kleck**

Director of Technical Services

**Sarah Sellers**

System Support Manager

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Board of Managers  
Tarrant County 9-1-1 District  
Fort Worth, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Tarrant County 9-1-1 District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise Tarrant County 9-1-1 District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Tarrant County 9-1-1 District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston  
NEW MEXICO | Albuquerque

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Tarrant County 9-1-1 District, as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed 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 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tarrant County 9-1-1 District's basic financial statements. The introductory section, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2020, on our consideration of Tarrant County 9-1-1 District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Tarrant County 9-1-1 District's internal control over financial reporting and compliance.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 18, 2020

## **Management's Discussion and Analysis**

As management of the Tarrant County 9-1-1 District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – vi of this report.

### ***Financial Highlights:***

- The assets and deferred outflows of the Tarrant County 9-1-1 District exceeded its liabilities and deferred inflows as of September 30, 2019 by \$25,435,074 (Net position). Of this amount, \$6,565,237 is invested in capital assets. The remaining amount is unrestricted (unrestricted net position) and may be used to meet the District's ongoing obligations to citizens in accordance with the District's bylaws and fiscal policies.
- The District's total net position decreased by \$127,747, before a prior period adjustment of \$790,610, during the current fiscal year. The decrease in net position was a result of pension expense and depreciation of capital assets.

### ***Overview of the Financial Statements:***

This discussion and analysis is intended to serve as an introduction to the Tarrant County 9-1-1 District's basic financial statements. The District's basic financial statements comprise two components: (1) government-wide financial statements, which include the fund financial statements, and (2) notes to the financial statements.

The Statement of Net Position presents information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The General Fund is a governmental fund. Governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

**Notes to the Financial Statements** – The notes provide additional information that is necessary to acquire a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 8 – 18 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary schedule for the General Fund. The District adopts an annual budget for this fund. A budgetary comparison schedule, which includes the original and final budget and actual figures, has been provided to demonstrate compliance with this budget. The budgetary information can be found on pages 19 – 24 of this report, along with additional required pension related information.

### ***Financial Analysis:***

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of September 30, 2019, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$25,435,074.

### TARRANT COUNTY 9-1-1'S NET POSITION

	2019	2018
Current and other assets	\$ 22,011,662	\$ 23,962,438
Capital assets	<u>6,565,237</u>	<u>5,116,824</u>
Total assets	<u>28,576,899</u>	<u>29,079,262</u>
Deferred outflow of resources	<u>959,104</u>	<u>250,905</u>
Other liabilities	655,378	555,621
Long-term liabilities	<u>3,143,479</u>	<u>1,973,307</u>
Total liabilities	<u>3,798,857</u>	<u>2,528,928</u>
Deferred inflow of resources	<u>302,072</u>	<u>447,808</u>
Net position:		
Invested in capital assets	6,565,237	5,116,824
Unrestricted	<u>18,869,837</u>	<u>21,236,607</u>
Total net position	<u>\$ 25,435,074</u>	<u>\$ 26,353,431</u>

**Analysis of the District's Operations** – Overall, the District had a decrease in revenues in fiscal year 2019 of \$266,654. The District experienced a decrease in current and other assets of \$1,950,776 in fiscal year 2019. The District's total expenses in 2019 were \$437,107 less than in 2018 due to a decrease in operations, and revenues were \$266,654 less than 2018. This was a result of a decrease in 9-1-1 taxes. The District's long-term focus will be to increase wireless 9-1-1 activity through continued wireless accuracy testing, testing of new wireless devices and services and expansion of wireless one-on-one training in PSAPs. The overall decrease in assets can be attributed to paying down current liabilities.

### TARRANT COUNTY 9-1-1'S CHANGE IN NET POSITION

	2019	2018
Revenues:		
General revenues:		
9-1-1 taxes	\$ 14,891,088	\$ 15,453,136
Interest	<u>569,479</u>	<u>274,085</u>
Total revenues	<u>15,460,567</u>	<u>15,727,221</u>
Expenses:		
Emergency communications:		
9-1-1 service fees	5,606,794	5,948,514
Personnel	3,071,406	2,429,465
Operations	5,840,532	6,872,186
Depreciation	<u>1,069,582</u>	<u>775,256</u>
Total expenses	<u>15,588,314</u>	<u>16,025,421</u>
Change in net position	( 127,747)	( 298,200)
Net position, beginning	<u>26,353,431</u>	<u>26,651,631</u>
Prior period adjustment	( 790,610)	-
Net position, ending	<u>\$ 25,435,074</u>	<u>\$ 26,353,431</u>

### **Financial Analysis of the General Fund**

The focus of the governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the District's Board of Managers.

At September 30, 2019, the District General Fund reported a fund balance of \$21,407,683, a decrease of \$1,280,670, in comparison of the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 75.3% of total General Fund expenditures.

The fund balance of the District decreased by \$1,280,670 during the current fiscal year. This was due to the purchase of \$2.4 million of PSAP equipment. The District completed the install of the call processing equipment project and is in the final stages of testing and site visits to close out the project. The anticipated \$6 million of the remaining cost is on schedule to be paid in the 2020 fiscal budget. As the final stages are in progress the funds to complete the contractual obligation remain invested and will be made available when needed.

### ***General Fund Budgetary Highlights***

During the year there were no amendments to increase either the original estimated revenues or original budgeted appropriations.

The most significant difference between the actual amounts and budgeted expenditures related to 9-1-1 service fees and lease and contractual services by \$4,677,634 and \$2,571,362, respectively. These variances were a result of contractual payments being paid from Encumbered Funds.

### ***Capital Assets:***

At the end of 2019, the District had approximately \$12,580,811 invested in a broad range of capital assets, including land, facilities and equipment. More detailed information about the District's capital assets is presented in the notes to the financial statements on page 13. Major capital purchases in the current year include \$2.4 million of PSAP equipment.

### ***Debt Administration:***

The District does not have any outstanding debt.

### **Discussion of Currently Known Facts, Decisions or Conditions for Fiscal Year 2020:**

An excess of expenditures over revenue in 2019-2020 will result in a decrease in the equipment replacement fund of \$6 million by the end of September 30, 2020, leaving an estimated \$20 million remaining in the fund at the close of the year.

As the nation is experiencing more and more national disasters the need for redundancy in the emergency response networks is vital. The District has three regional back-up centers that can handle the call volume for the 9-1-1 centers that do not have individual back-up centers. The next steps for these back-up centers will be adding radio interoperability functionality. This process impacted the current budget year by \$1.5 million with approximately \$2 million impacting the next budget year. This new equipment will make the District's back-up centers more compatible with the primary 9-1-1 answering points within Tarrant County. The approval of the Text to 9-1-1 upgrade will impact the 2020 budget with an initial installation of approximately \$500k and an annual payment of \$200k in the upcoming budget years.

The District's administrative offices are located in a building built in 1986 and is no longer reflective of the growth and changes in the District's mission and obligations. Funding was set aside in the 2020 budget to renovate the premises in order to support recent changes in personnel and the need for more efficient 9-1-1 network monitoring and maintenance. This budget year will also involve an evaluation of future needs of the District offices and the funding considerations involved.

### ***Requests for Information:***

This financial report is designed to provide our citizens with a general overview of the District's finances. If you have any questions about this report or need any additional information, please contact the Executive Director at 2600 Airport Freeway, Fort Worth, Texas 76111, or call (817) 334-0911.

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## **BASIC FINANCIAL STATEMENTS**

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# TARRANT COUNTY 9-1-1 DISTRICT

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

SEPTEMBER 30, 2019

	Statement of Net Position	Adjustments	General
<b>ASSETS</b>			
Cash and investments	\$ 20,918,613	\$ -	\$ 20,918,613
9-1-1 tax receivable	1,081,578	-	1,081,578
Prepaid items	11,471	-	11,471
Nondepreciable capital assets	188,602	( 188,602)	-
Depreciable capital assets, net	6,376,635	( 6,376,635)	-
Total assets	<u>28,576,899</u>	<u>( 6,565,237)</u>	<u>22,011,662</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred resource outflows related to pensions	959,104	( 959,104)	-
Total deferred outflows of resources	<u>959,104</u>	<u>( 959,104)</u>	<u>-</u>
<b>LIABILITIES</b>			
Accounts payable	573,900	-	573,900
Accrued wages	30,079	-	30,079
Long-term liabilities:			
Due within one year-compensated absences	51,399	( 51,399)	-
Due in more than one year:			
Compensated absences	154,195	( 154,195)	-
Net pension liability	2,989,284	( 2,989,284)	-
Total liabilities	<u>3,798,857</u>	<u>( 3,194,878)</u>	<u>603,979</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred resource inflows related to pensions	302,072	( 302,072)	-
Total deferred inflows of resources	<u>302,072</u>	<u>( 302,072)</u>	<u>-</u>
<b>FUND BALANCE/NET POSITION</b>			
Fund balance:			
Nonspendable - prepaid items	-	11,471	11,471
Assigned - Subsequent year's appropriation of fund balance	-	8,786,599	8,786,599
Unassigned	-	12,609,613	12,609,613
Total fund balance	<u>-</u>	<u>21,407,683</u>	<u>21,407,683</u>
Total liabilities and fund balance	<u>-</u>	<u>-</u>	<u>22,011,662</u>
Net position:			
Net investment in capital assets	6,565,237	( 6,565,237)	-
Unrestricted	18,869,837	( 18,869,837)	-
Total net position	<u>\$ 25,435,074</u>	<u>\$( 25,435,074)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**TARRANT COUNTY 9-1--1 DISTRICT**

STATEMENT OF ACTIVITIES  
AND GOVERNMENTAL FUND REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>Statement of Activities</u>	<u>Adjustments</u>	<u>General</u>
Expenditures/expenses:			
Emergency communications:			
9-1-1 service fees	\$ 5,606,794	\$ 2,410,125	\$ 8,016,919
Personnel	3,071,406	( 296,402)	2,775,004
Lease and contractual services	4,873,104	-	4,873,104
Supplies and materials	184,541	108,782	293,323
Other fees and services	782,887	-	782,887
Depreciation	<u>1,069,582</u>	<u>( 1,069,582)</u>	<u>-</u>
Total emergency communications	<u>15,588,314</u>	<u>1,152,923</u>	<u>16,741,237</u>
General revenues:			
9-1-1 tax	14,891,088	-	14,891,088
Interest income	<u>569,479</u>	<u>-</u>	<u>569,479</u>
Total general revenues	<u>15,460,567</u>	<u>-</u>	<u>15,460,567</u>
Net change in fund balance	-	( 1,280,670)	( 1,280,670)
Change in net position	<u>( 127,747)</u>	<u>127,747</u>	<u>-</u>
Fund balance/net position:			
Beginning	<u>26,353,431</u>	<u>( 2,874,468)</u>	<u>23,478,963</u>
Prior period adjustment	<u>( 790,610)</u>	<u>-</u>	<u>( 790,610)</u>
Ending	\$ <u>25,435,074</u>	\$ <u>( 4,027,391)</u>	\$ <u>21,407,683</u>

## TARRANT COUNTY 9-1-1 DISTRICT

### NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Tarrant County 9-1-1 District (the "District") as reflected in the accompanying financial statements for the year ended September 30, 2019, conform to generally accepted accounting principles for local governmental units as prescribed by the Governmental Accounting Standards Board. A summary of the District's significant accounting policies applied in the preparation of the accompanying financial statements follows:

##### **Reporting Entity**

The financial statements of the District include all governmental activities, organizations and functions as required by generally accepted accounting principles. The District is a special communications district authorized by the Emergency Communication District Act (Article 1432d, Vernon's Texas Civil Statutes) of May 10, 1983, and confirmed by the voters of Tarrant County on April 6, 1985. The number 9-1-1 is the primary emergency telephone number in the Tarrant County area which facilitates a quick response to any person calling the number seeking police, fire, medical and other emergency services. There are no component units of the District as so defined by generally accepted accounting principles.

##### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the District's activities. *Governmental activities* are supported by 9-1-1 franchise taxes and investment revenue. There are no internal activities and therefore no eliminations are necessary to present the government-wide statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenue. *Direct expenses* are those that are identifiable with a specific function, personnel, operations or direct services. Direct services are 9-1-1 system related expenses. *General revenue* includes a 9-1-1 franchise tax collected by vendors for telephone services and remitted to the District and interest on District deposits and investments.

The government-wide and fund financial statements are provided for the governmental fund of the District with a column for adjustments between the two statements.

##### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 9-1-1 taxes are recognized as revenue in the year for which they are earned.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when the payment is due.

9-1-1 franchise taxes and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The District reports the following major governmental fund:

The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the government.

**Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position or Fund Balance**

***Cash and Investments***

Cash deposits consist of demand deposits with financial institutions. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

***9-1-1 Tax Receivable***

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since the District believes it will collect a substantial amount of the receivable.

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Building	40
Furniture and equipment	1 - 7

***Pensions***

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, District specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the District'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. Information regarding the District's Total Pension Liability is obtained from TCERS through a report prepared for the District by TCERS consulting actuary.

***Compensated Absences***

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from the District. Vacation and sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

### ***Deferred Outflows and Inflows of Resources***

In addition to assets, the statement of financial position and/or balance sheet 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following items that qualify for reporting in this category.

- Pension contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Change in actuarial assumptions – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

In addition to liabilities, the statement of financial position and/or balance sheet 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(s) and so will not be recognized as an inflow of resources until then. The District has the following items that qualify for reporting in this category.

- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Change in actuarial assumptions – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

### ***9-1-1 Taxes***

A tax is assessed by the District on telephone customers within the North Texas area, to be collected from customers and remitted to the District by the telephone companies providing services in the area.

The following fees were assessed for 2019:

Residential: \$.20 flat fee per line  
Business lines: \$.46 flat fee per line  
Business trunks: \$.74 flat fee per line  
Nomadic VoIP: \$.50 flat fee per line

The telephone companies are permitted to retain 1% of the collected 9-1-1 fees as an administrative fee to cover the cost of collection. The amounts collected in any one calendar month by the telephone companies are due in 30 days after the last day of the calendar month. The 9-1-1 taxes are paid to telephone companies based upon equipment and line usage.

Texas House Bill 2129 established a statewide flat 50-cent monthly fee to all wireless customers. This monthly fee is to be collected by the cellular providers and is to be remitted to the Commission on State Emergency Communications in Austin, Texas, within 30 days following collection. Within 15 working days, the Commission distributes all funds collected to the emergency assistance districts according to the districts' populations. Tarrant County 9-1-1 District receives approximately 8.704% of all funds collected by the Commission.

### ***Net Position Flow Assumption***

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

### ***Fund Balance Flow Assumption***

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Managers is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Managers (Board) has by resolution authorized the Executive Director to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Estimates***

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.



## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### **Explanation of Certain Differences Between the Statement of Net Position and Governmental Fund Balance Sheet**

The Statement of Net Position and Governmental Fund Balance sheet includes adjustments between *fund balance* and *net position*. The reasons for these adjustments follow:

Net pension liability and deferred resources related to pensions in the statement of net assets are not current financial resources and, therefore, are not reported in the governmental funds balance sheet.	\$( 2,332,252)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,565,237
Long-term liabilities (compensated absences) are not due and payable in the current period and, therefore, are not reported in the funds.	( 205,594)

### **Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

The Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance includes adjustments between the *change in fund balance* and *change in net position*. The reasons for these adjustments follow:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay for the year.	\$ 2,517,995
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense for the year.	( 1,069,582)
Some expenses (compensated absences) reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported in the funds.	82,989
Annual pension contributions are reported as expenditures in the governmental funds. However, in the government-wide statement of activities, the annual pension cost is expensed.	( 378,479)

## 3. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

### **Deposits and Investments**

As of September 30, 2019 the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Months</u>
Certificate of Deposits	\$ 979,914	6.5
U.S. Treasury Bonds	<u>17,556,774</u>	5.8
Total Fair Value	<u>\$ 18,536,688</u>	
Portfolio Weighted Average Maturity		5.8

*Interest Rate Risk.* In accordance with its investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to twelve months or less.

*Custodial Credit Risk.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that all deposits in financial institutions be fully collateralized by U. S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2019, the District's deposit balance was collateralized with securities held by the pledging financial institution in the District's name or by FDIC insurance.

*Credit Risk.* It is the District's policy to limit its investments in these investment types to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of September 30, 2019, the District's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

As of September 30, 2019 the District has the recurring fair value measurements for brokered certificates of deposits in the amount of \$979,914 valued using a present value of expected future cash flow pricing model (Level 2 inputs) and U.S. Treasury Bonds in the amount of \$17,556,774 valued using a documented trade history in exact security pricing model (Level 1 inputs).

### **Capital Assets**

Capital asset activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Increases	Reclassifications/ Decreases	Ending Balance
Government activities:				
Capital assets, not being depreciated:				
Land	\$ 188,602	\$ -	\$ -	\$ 188,602
Total capital assets, not being depreciated	188,602	-	-	188,602
Capital assets, being depreciated:				
Building	1,171,711	-	-	1,171,711
PSAP equipment	13,395,633	2,410,125	( 5,204,852)	10,600,906
Furniture and equipment	511,722	107,870	-	619,592
Total capital assets, being depreciated	15,079,066	2,517,995	( 5,204,852)	12,392,209
Less accumulated depreciation:				
Building	( 291,009)	( 29,293)	-	( 320,302)
PSAP equipment	( 9,536,905)	( 961,745)	5,204,852	( 5,293,798)
Furniture and equipment	( 322,930)	( 78,544)	-	( 401,474)
Total accumulated depreciation	( 10,150,844)	( 1,069,582)	5,204,852	( 6,015,574)
Total capital assets, being depreciated, net	4,928,222	1,448,413	-	6,376,635
Governmental activities capital assets, net	\$ 5,116,824	\$ 1,448,413	\$ -	\$ 6,565,237

## **Long-term Liabilities**

Long-term liability activity from the year ended September 30, 2019, was as follows:

	<u>Balance</u> <u>09/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>09/30/19</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Compensated absences	\$ 288,583	\$ 144,665	\$ ( 227,654)	\$ 205,594	\$ 51,399
Governmental activities					
long-term liabilities	\$ 288,583	\$ 144,665	\$ ( 227,654)	\$ 205,594	\$ 51,399

The liability for compensated absences is fully liquidated by the general fund.

## **4. OTHER INFORMATION**

### **Defined Benefit Pension Plan**

**Plan Description.** The District participates in a defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent, multiple-employer, public employee retirement system consisting of nontraditional defined benefit pension plans. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at [www.tcdrs.org](http://www.tcdrs.org).

All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.

**Benefits Provided.** TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 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 employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

### ***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	8
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>22</u>
	<u>33</u>

**Contributions.** The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer's governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer's plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

Employees for the District were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rate for the District was 10% in calendar years 2017 and 2018. The District's contributions to TCDRS for the year ended September 30, 2019, were \$207,097, and were equal to the required contributions.

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

### ***Actuarial Assumptions***

The Total Pension Liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	2.25% per year
Investment rate of return	8.0%, net of investment expense, including inflation

Cost-of-Living adjustments (COLA) for the District are considered to be substantively automatic. Therefore, an annual 100% CPI cost-of-living adjustment is included in the actuarial valuation. Each year, the District may elect an ad-hoc COLA for retirees.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members	90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014.
Service retirees, beneficiaries and non-depositing members	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.

All actuarial assumptions that determined the total pension liability 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 for mortality assumptions. Mortality assumptions were updated for the 2015 valuation to reflect projected improvements.

The long-term expected rate of return on pension plan investments is 8.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees.

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2019 information for a 10-year time horizon. The valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. The target allocation and best estimates of geometric real rates return for each major assets class are summarized in the following table:

<b>Asset Class</b>	<b>Benchmark</b>	<b>Target Allocation <sup>(1)</sup></b>	<b>Geometric Real Rate of Return (Expected minus Inflation) <sup>(2)</sup></b>
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (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 Index <sup>(4)</sup>	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global Real Estate (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

<sup>(1)</sup> Target asset allocation adopted at the April 2019 TCDRS Board meeting.

<sup>(2)</sup> Geometric real rates of return equal expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.1%. 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 period of projected benefit payments to determine the Total Pension Liability.

## Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2017	\$ 12,367,541	\$ 10,610,671	\$ 1,756,870
Changes for the year:			
Service cost	265,339	-	265,339
Interest on total pension liability <sup>(1)</sup>	1,002,179	-	1,002,179
Effect of economic/demographic gains or losses	39,857	-	39,857
Refund of contributions	( 19,020)	( 19,020)	-
Benefit payments	( 511,908)	( 511,908)	-
Administrative expenses	-	( 8,156)	8,156
Member contributions	-	119,252	( 119,252)
Net investment income	-	( 200,370)	200,370
Employer contributions	-	170,360	( 170,360)
Other <sup>(2)</sup>	-	( 6,125)	6,125
Balance at 12/31/2018	<u>\$ 13,143,988</u>	<u>\$ 10,154,704</u>	<u>\$ 2,989,284</u>

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

<sup>(2)</sup> Relates to allocation of system-wide items.

## Sensitivity Analysis

The following presents the net pension liability of the District, calculated using the discount rate of 8.1%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.1%) or 1-percentage-higher (9.1%) than the current rate:

	1% Decrease 7.1%	Current Discount Rate 8.1%	1% Increase 9.1%
Total pension liability	\$ 14,819,195	\$ 13,143,989	\$ 11,729,708
Fiduciary net position	<u>10,154,705</u>	<u>10,154,705</u>	<u>10,154,705</u>
Net pension liability/(asset)	<u>\$ 4,664,490</u>	<u>\$ 2,989,284</u>	<u>\$ 1,575,003</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. The report may be obtained on the Internet at [www.tcdrs.org](http://www.tcdrs.org).

## **Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2019, the District recognized pension expense of \$585,575. At September 30, 2019, the District reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 49,350	\$ 213,091
Changes in actuarial assumptions	66,716	88,981
Difference between projected and actual investment earnings	685,844	-
Contributions subsequent to the measurement date	<u>157,194</u>	<u>-</u>
Total	<u>\$ 959,104</u>	<u>\$ 302,072</u>

\$157,194 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ended September 30,	
2020	\$ 247,197
2021	49,607
2022	30,537
2023	183,353
2024	5,694

## **Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation. The District purchases commercial insurance to provide coverage for losses from torts' theft of, damage to, or destruction of assets; errors and omissions. The amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

The District is self-insured against workers' compensation risk. The District doesn't have an unpaid claim liability at September 30, 2019, based on the requirements of GASB Statement No. 10, which require that a liability for claims be reported in information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. However, events could occur that would cause the estimate for unpaid claims liability to differ materially in the near term. The claims liability for workers' compensation incurred but not reported is estimated by management using a three-month claims lag analysis. During the previous two fiscal years the District has not had any claims and a liability is not reported in the fiscal statements.

## **Contingencies**

From time to time, the District is a defendant in various lawsuits. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such matters will have a material adverse effect on the District's financial position or results of operations.

## **Prior Period Adjustment**

During the current year, the District determined accounts receivable was overstated by \$790,610 as of September 30, 2018. Therefore, beginning fund balance was restated.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**TARRANT COUNTY 9-1-1 DISTRICT**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>REVENUES</b>				
9-1-1 tax	\$ 14,898,114	\$ 14,898,114	\$ 14,891,088	\$( 7,026)
Interest income	241,925	241,925	569,479	327,554
Total revenues	<u>15,140,039</u>	<u>15,140,039</u>	<u>15,460,567</u>	<u>320,528</u>
<b>EXPENDITURES</b>				
Emergency communications:				
9-1-1 service fees	12,694,553	12,694,553	8,016,919	4,677,634
Personnel	2,740,986	2,740,986	2,775,004	( 34,018)
Lease and contractual services	7,444,466	7,444,466	4,873,104	2,571,362
Supplies and materials	314,935	314,935	293,323	21,612
Other fees and services	<u>954,551</u>	<u>954,551</u>	<u>782,887</u>	<u>171,664</u>
Total expenditures	<u>24,149,491</u>	<u>24,149,491</u>	<u>16,741,237</u>	<u>7,408,254</u>
<b>NET CHANGE IN FUND BALANCE</b>	( 9,009,452)	( 9,009,452)	( 1,280,670)	7,728,782
<b>FUND BALANCE, BEGINNING</b>	<u>23,478,963</u>	<u>23,478,963</u>	<u>23,478,963</u>	<u>-</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>-</u>	<u>-</u>	<u>( 790,610)</u>	<u>( 790,610)</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 14,469,511</u>	<u>\$ 14,469,511</u>	<u>\$ 21,407,683</u>	<u>\$ 6,938,172</u>

**TARRANT COUNTY 9-1-1 DISTRICT**

**NOTES TO BUDGETARY INFORMATION**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Budgetary Information**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General Fund.

The appropriated budget is prepared by fund, function and object. Transfers of appropriations between objects require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the object level. Supplemental budgetary appropriations were not made during the current year.

**Excess of Expenditures over Appropriations**

For the year ended September 30, 2019, expenditures exceeded appropriations in the personnel object (the legal level of budgetary control) within the emergency communications function of the general fund by \$34,018. This overage was funded by other expenditure line items having a positive variance compared to budget.

**TARRANT COUNTY 9-1-1 DISTRICT**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY  
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2019

<b>Measurement Year Ended December 31,</b>	<b>2018</b>	<b>2017</b>
<b>Total Pension Liability</b>		
Service cost	\$ 265,339	\$ 248,886
Interest total pension liability	1,002,179	960,779
Effect of plan changes	-	-
Effect of assumption changes or inputs	-	( 133,472)
Effect of economic/demographic (gains) or losses	39,857	( 193,664)
Benefit payments/refunds of contributions	( 530,928)	( 250,270)
Net change in total pension liability	776,447	632,259
Total pension liability - beginning	<u>12,367,542</u>	<u>11,735,283</u>
Total pension liability - ending (a)	<u>\$ 13,143,989</u>	<u>\$ 12,367,542</u>
<b>Plan Fiduciary Net Position</b>		
Employer contributions	\$ 170,360	\$ 142,861
Member contributions	119,252	100,003
Investment income net of investment expenses	( 200,370)	1,353,273
Benefit payments refunds of contributions	( 530,928)	( 250,270)
Administrative expenses	( 8,156)	( 7,056)
Other	( 6,125)	( 166)
Net change in plan fiduciary net position	( 455,967)	1,338,645
Plan fiduciary net position - beginning	<u>10,610,672</u>	<u>9,272,027</u>
Plan fiduciary net position - ending (b)	<u>10,154,705</u>	<u>10,610,672</u>
Net pension liability - ending (a) - (b)	<u>\$ 2,989,284</u>	<u>\$ 1,756,870</u>
Fiduciary net position as a percentage of total pension liability	77.26%	85.79%
Pensionable covered payroll	\$ 1,703,602	\$ 1,428,611
Net pension liability as a percentage of covered payroll	175.47%	122.98%

Information for the previous 5 years is not available. GASB 68 was implemented in fiscal year 2015.

<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 267,688	\$ 239,643	\$ 234,010
878,295	807,694	724,683
-	( 14,399)	-
-	200,149	-
( 60,039)	( 161,886)	91,119
( 122,748)	( 121,802)	( 115,949)
963,196	949,399	933,863
<u>10,772,087</u>	<u>9,822,688</u>	<u>8,888,825</u>
\$ <u>11,735,283</u>	\$ <u>10,772,087</u>	\$ <u>9,822,688</u>
\$ 144,208	\$ 139,872	\$ 140,245
100,945	99,677	98,171
632,295	( 202,096)	532,264
( 122,748)	( 121,802)	( 115,949)
( 6,877)	( 6,188)	( 6,414)
( 17,203)	( 2,801)	( 1,592)
730,620	( 93,338)	646,725
<u>8,541,407</u>	<u>8,634,745</u>	<u>7,988,020</u>
<u>9,272,027</u>	<u>8,541,407</u>	<u>8,634,745</u>
\$ <u>2,463,256</u>	\$ <u>2,230,680</u>	\$ <u>1,187,943</u>
79.01%	79.29%	87.91%
\$ 1,440,186	\$ 1,398,719	\$ 1,402,447
171.04%	159.48%	84.71%

**TARRANT COUNTY 9-1-1 DISTRICT**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<b>Fiscal Year Ended September 30,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Employer Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Pensionable Covered Payroll (1)</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2015	\$ 139,069	\$ 139,069	\$ -	\$ 1,390,691	10.0%
2016	145,364	145,364	-	1,453,636	10.0%
2017	141,375	141,375	-	1,413,750	10.0%
2018	160,276	160,276	-	1,602,764	10.0%
2019	207,097	207,097	-	2,070,967	10.0%

(1) Payroll is calculated based on contributions as reported to TCDRS.

Note: This schedule is required to have 10 years of information, but the information prior to 2015 is not available.

**TARRANT COUNTY 9-1-1 DISTRICT**

**NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

**Methods and Assumptions Used to Determine Contribution Rates:**

<b>Actuarial Cost Method</b>	Entry age
<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Remaining Amortization Period</b>	0.6 years (based on contribution rate calculated in 12/31/2018 valuation)
<b>Asset Valuation Method</b>	5-year smoothed market
<b>Inflation</b>	2.75%
<b>Salary Increases</b>	Varies by age and service. 4.9% average over career including inflation.
<b>Investment Rate of Return</b>	8.0%, net of administrative and investment expenses, including inflation.
<b>Retirement Age</b>	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at retirement for recent retirees is 61.
<b>Mortality</b>	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.
<b>Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions</b>	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
<b>Changes in Plan Provisions Reflected in the Schedule of Employer Contributions</b>	2015: Employer contributions reflect that a 100% CPI COLA was adopted. 2016: Employer contributions reflect that a 100% CPI COLA was adopted. 2017: Employer contributions reflect that a 100% CPI COLA was adopted. Also, new Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that a 100% CPI COLA was adopted.



## **STATISTICAL SECTION**

## STATISTICAL SECTION

(Unaudited)

This part of the Tarrant County 9-1-1 District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	25 - 32
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the 9-1-1 charges.	33
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	34 - 36
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	37 - 44

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**TARRANT COUNTY 9-1-1 DISTRICT**

## NET POSITION BY COMPONENT

## LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities:				
Net investment in capital assets	\$ 5,195,039	\$ 7,405,948	\$ 6,848,800	\$ 5,265,910
Unrestricted	<u>22,976,505</u>	<u>20,804,819</u>	<u>22,375,374</u>	<u>23,358,216</u>
Total governmental activities net position	<u>28,171,544</u>	<u>28,210,767</u>	<u>29,224,174</u>	<u>28,624,126</u>
Primary government:				
Net investment in capital assets	5,195,039	7,405,948	6,848,800	5,265,910
Unrestricted	<u>22,976,505</u>	<u>20,804,819</u>	<u>22,375,374</u>	<u>23,358,216</u>
Total primary government net position	<u>\$ 28,171,544</u>	<u>\$ 28,210,767</u>	<u>\$ 29,224,174</u>	<u>\$ 28,624,126</u>

**TABLE 1**

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 3,778,469	\$ 2,343,734	\$ 1,536,628	\$ 1,536,628	\$ 5,116,824	\$ 6,565,237
<u>24,670,309</u>	<u>24,794,557</u>	<u>25,977,209</u>	<u>25,977,209</u>	<u>21,236,607</u>	<u>18,869,837</u>
<u>28,448,778</u>	<u>27,138,291</u>	<u>27,513,837</u>	<u>27,513,837</u>	<u>26,353,431</u>	<u>25,435,074</u>
3,778,469	2,343,734	1,536,628	1,536,628	5,116,824	6,565,237
<u>24,670,309</u>	<u>24,794,557</u>	<u>25,977,209</u>	<u>25,977,209</u>	<u>21,236,607</u>	<u>18,869,837</u>
\$ <u>28,448,778</u>	\$ <u>27,138,291</u>	\$ <u>27,513,837</u>	\$ <u>27,513,837</u>	\$ <u>26,353,431</u>	\$ <u>25,435,074</u>

**TARRANT COUNTY 9-1-1 DISTRICT****CHANGES IN NET POSITION****LAST TEN FISCAL YEARS**

	Fiscal Year			
	2010	2011	2012	2013
<b>EXPENSES</b>				
Governmental activities:				
Emergency communications	\$ 8,178,231	\$ 13,052,530	\$ 12,960,487	\$ 14,585,526
Total governmental activities expenses	<u>8,178,231</u>	<u>13,052,530</u>	<u>12,960,487</u>	<u>14,585,526</u>
Total primary government program expenses	<u>8,178,231</u>	<u>13,052,530</u>	<u>12,960,487</u>	<u>14,585,526</u>
<b>NET (EXPENSE) REVENUES</b>				
Governmental activities	( 8,178,231)	( 13,052,530)	( 12,960,487)	( 14,585,526)
Total primary government net expense	<u>( 8,178,231)</u>	<u>( 13,052,530)</u>	<u>( 12,960,487)</u>	<u>( 14,585,526)</u>
<b>GENERAL REVENUES</b>				
Governmental activities:				
9-1-1 tax	12,340,121	13,763,541	13,933,451	13,934,304
Interest	<u>73,257</u>	<u>61,144</u>	<u>40,443</u>	<u>51,174</u>
Total governmental activities	<u>12,413,378</u>	<u>13,824,685</u>	<u>13,973,894</u>	<u>13,985,478</u>
Total primary government	<u>12,413,378</u>	<u>13,824,685</u>	<u>13,973,894</u>	<u>13,985,478</u>
<b>CHANGE IN NET POSITION</b>				
Governmental activities	<u>4,235,147</u>	<u>772,155</u>	<u>1,013,407</u>	<u>( 600,048)</u>
Total primary government	<u>\$ 4,235,147</u>	<u>\$ 772,155</u>	<u>\$ 1,013,407</u>	<u>\$ ( 600,048)</u>

**TABLE 2**

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 14,590,206	\$ 14,081,310	\$ 14,663,319	\$ 15,573,438	\$ 16,025,421	\$ 15,588,314
<u>14,590,206</u>	<u>14,081,310</u>	<u>14,663,319</u>	<u>15,573,438</u>	<u>16,025,421</u>	<u>15,588,314</u>
<u>14,590,206</u>	<u>14,081,310</u>	<u>14,663,319</u>	<u>15,573,438</u>	<u>16,025,421</u>	<u>15,588,314</u>
( 14,590,206)	( 14,081,310)	( 14,663,319)	( 15,573,438)	( 16,025,421)	( 15,588,314)
<u>( 14,590,206)</u>	<u>( 14,081,310)</u>	<u>( 14,663,319)</u>	<u>( 15,573,438)</u>	<u>( 16,025,421)</u>	<u>( 15,588,314)</u>
14,362,452	14,703,482	14,813,587	14,525,063	15,453,136	14,891,088
<u>52,406</u>	<u>96,449</u>	<u>225,278</u>	<u>186,169</u>	<u>274,085</u>	<u>569,479</u>
<u>14,414,858</u>	<u>14,799,931</u>	<u>15,038,865</u>	<u>14,711,232</u>	<u>15,727,221</u>	<u>15,460,567</u>
<u>14,414,858</u>	<u>14,799,931</u>	<u>15,038,865</u>	<u>14,711,232</u>	<u>15,727,221</u>	<u>15,460,567</u>
( 175,348)	718,621	375,546	( 862,206)	( 298,200)	( 127,747)
<u>\$( 175,348)</u>	<u>\$ 718,621</u>	<u>\$ 375,546</u>	<u>\$( 862,206)</u>	<u>\$( 298,200)</u>	<u>\$( 127,747)</u>

**TARRANT COUNTY 9-1-1 DISTRICT**

FUND BALANCES  
GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	-
Unassigned	<u>23,045,323</u>	<u>20,341,432</u>	<u>21,832,084</u>	<u>22,861,628</u>
Total general fund	<u>\$ 23,045,323</u>	<u>\$ 20,341,432</u>	<u>\$ 21,832,084</u>	<u>\$ 22,861,628</u>

**TABLE 3**

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,471
-	-	-	-	7,009,513	8,786,599
<u>23,777,140</u>	<u>26,079,202</u>	<u>27,528,707</u>	<u>27,137,941</u>	<u>16,469,450</u>	<u>12,609,613</u>
\$ <u>23,777,140</u>	\$ <u>26,079,202</u>	\$ <u>27,528,707</u>	\$ <u>27,137,941</u>	\$ <u>23,478,963</u>	\$ <u>21,407,683</u>



**TARRANT COUNTY 9-1-1 DISTRICT**CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	Fiscal Year			
	2010	2011	2012	2013
<b>REVENUES</b>				
9-1-1 taxes	\$ 12,340,121	\$ 13,763,541	\$ 13,933,451	\$ 13,934,304
Interest	<u>73,257</u>	<u>61,144</u>	<u>40,443</u>	<u>51,174</u>
Total revenues	<u>12,413,378</u>	<u>13,824,685</u>	<u>13,973,894</u>	<u>13,985,478</u>
<b>EXPENDITURES</b>				
Emergency				
Communications	<u>10,890,865</u>	<u>16,528,576</u>	<u>12,483,242</u>	<u>12,955,934</u>
Total expenditures	<u>10,890,865</u>	<u>16,528,576</u>	<u>12,483,242</u>	<u>12,955,934</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ <u>1,522,513</u>	\$ <u>( 2,703,891)</u>	\$ <u>1,490,652</u>	\$ <u>1,029,544</u>
<b>DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES</b>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>

**TABLE 4**

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 14,362,452	\$ 14,703,482	\$ 14,813,587	\$ 14,525,063	\$ 15,453,136	\$ 14,891,088
<u>52,406</u>	<u>96,449</u>	<u>225,278</u>	<u>186,169</u>	<u>274,085</u>	<u>569,479</u>
<u>14,414,858</u>	<u>14,799,931</u>	<u>15,038,865</u>	<u>14,711,232</u>	<u>15,727,221</u>	<u>15,460,567</u>
<u>13,499,346</u>	<u>12,497,869</u>	<u>13,589,360</u>	<u>15,101,998</u>	<u>19,386,199</u>	<u>16,741,237</u>
<u>13,499,346</u>	<u>12,497,869</u>	<u>13,589,360</u>	<u>15,101,998</u>	<u>19,386,199</u>	<u>16,741,237</u>
\$ <u>915,512</u>	\$ <u>2,302,062</u>	\$ <u>1,449,505</u>	\$ <u>( 390,766)</u>	\$ <u>( 3,658,978)</u>	\$ <u>( 1,280,670)</u>
<u>      -      </u> %	<u>      -      </u> %	<u>      -      </u> %	<u>      -      </u> %	<u>      -      </u> %	<u>      -      </u> %

**TARRANT COUNTY 9-1-1 DISTRICT****TABLE 5**

## PRINCIPAL CONTRACT REVENUE PAYERS

## LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Total</b>	<b>AT&amp;T</b>	<b>Verizon</b>	<b>Frontier</b>	<b>CSEC</b>	<b>Other</b>
2019	\$ 15,087,410	\$ 683,737	\$ -	\$ 235,091	\$ 12,088,934	\$ 2,079,648
2018	14,674,865	937,197	-	241,205	11,829,651	1,666,813
2017	14,542,450	908,332	-	279,724	11,731,062	1,623,332
2016	14,617,996	1,041,896	211,488	153,752	11,673,411	1,537,449
2015	14,328,708	1,190,863	247,254	-	11,618,457	1,272,135
2014	14,062,475	1,325,371	326,367	-	11,258,685	1,152,052
2013	13,718,349	1,479,953	335,234	-	10,699,532	1,203,630
2012	13,784,870	1,652,019	352,592	-	10,784,320	995,939
2011	13,540,733	1,785,751	377,407	-	10,338,845	1,038,730
2010	12,300,450	1,813,299	400,595	-	9,179,752	906,804

Source: The District's financial records

**TARRANT COUNTY 9-1-1 DISTRICT****TABLE 6**

## DEMOGRAPHIC AND ECONOMIC STATISTICS

## LAST TEN FISCAL YEARS

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Per Capita Income<sup>(2)</sup></b>	<b>Total Personal Income (Amounts in thousands)</b>	<b>Unemployment Rate (%)<sup>(3)</sup></b>
2019	2,092,419	-	-	3.10%
2018	2,054,475	NA	NA	3.40%
2017	2,023,985	NA	NA	3.40%
2016	2,343,960	48,050	96,909,978	4.10%
2015	1,959,449	48,727	96,600,949	4.10%
2014	1,884,620	46,169	89,814,369	5.60%
2013	1,858,921	44,417	84,905,643	6.10%
2012	1,831,230	43,044	78,823,464	6.20%
2011	1,817,840	40,965	74,467,816	8.30%
2010	1,809,034	39,367	71,216,241	7.90%

Source: (1) N. Central Texas Council of Governments. Texas Dept. of State and Health Srv. Fort Worth Chamber of Commerce  
 (2) U.S. Bureau of Economic Analysis  
 (3) U.S. Bureau of Labor Statistics  
 NA - Not Available

**TARRANT COUNTY 9-1-1 DISTRICT**

**TEN PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>2019</b>		
	<b>Employees<sup>(1)</sup></b>	<b>Rank</b>	<b>% of Tarrant County Employment<sup>(2)</sup></b>
AMR/American Airlines	25,000	1	2.55%
Lockheed Martin	13,690	2	1.40%
Fort Worth Independent School District	12,000	3	1.22%
Texas Health Resources	12,000	4	1.22%
Naval Air Station Fort Worth Joint Reserve Base	10,000	5	1.02%
Arlington Independent School District	8,500	6	0.87%
University of Texas at Arlington	7,311	7	0.75%
JPS Health Network	6,500	8	0.67%
City of Fort Worth	6,161	9	0.63%
Cooks Children's Health Care System	6,042	10	0.62%
Bell Helicopter			
American Airlines/HQ			
Harris Methodist Fort Worth			
Radio Shack Corp.			

Source: 2014 and forward

(1) Fort Worth Chamber of Commerce

(2) Bureau of Labor Statistics

Prior Source: Now Unavailable

North Central Texas Council of Governments

**TABLE 7**

2010		
<b>Employees</b>	<b>Rank</b>	<b>% of Tarrant County Employment</b>
12,000	2	0.74%
16,000	1	1.40%
5,361	3	0.33%
7,981		
3,337	9	0.21%
3,811	6	0.23%
3,900	5	0.24%
3,478	8	0.21%
4,118	4	0.25%
3,500	7	0.22%
3,337	10	0.21%

**TARRANT COUNTY 9-1-1 DISTRICT****FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION**

LAST TEN FISCAL YEARS

<b>Function</b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Emergency Communications:</b>				
Executive Director	1	1	1	1
Operations Department	1	1	1	1
Technical Operations Department	2	3	3	4
GIS Department	4	4	4	4
Public Education Department	1	1	1	1
Training Department	2	2	2	2
Date Base Department	2	2	2	2
Administration Staff	<u>3</u>	<u>3</u>	<u>2</u>	<u>2</u>
Total	<u>16</u>	<u>17</u>	<u>16</u>	<u>17</u>

Source: The District's finance department.

**TABLE 8**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
1	1	1	1	1	2
1	1	1	1	1	2
4	4	4	5	5	9
4	4	3	3	5	4
1	-	-	1	1	1
2	2	2	2	2	2
2	2	2	2	2	1
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>
<u>17</u>	<u>16</u>	<u>15</u>	<u>17</u>	<u>19</u>	<u>24</u>



**TARRANT COUNTY 9-1-1 DISTRICT**

**OPERATING INDICATORS BY FUNCTION**

LAST TEN FISCAL YEARS

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Emergency communications:				
Total 9-1-1 Calls	1,918,148	1,998,523	2,035,810	1,990,086
Wireless 9-1-1 Calls	1,469,402	1,585,485	1,660,187	1,632,537
% Wireless 9-1-1 Calls	76.6%	79.3%	81.5%	82.0%
Wireline 9-1-1 Calls	437,024	897,462	345,296	325,095
% Wireline 9-1-1 Calls	22.8%	44.9%	17.0%	16.3%
VoIP 9-1-1 Calls	11,722	15,576	30,327	32,454
% VoIP 9-1-1 Calls	0.6%	0.8%	1.5%	1.6%

Source: The District's operation's department.

**TABLE 9**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
2,072,010	2,099,534	2,061,666	1,939,098	1,957,590	1,931,720
1,724,410	1,744,104	1,710,868	1,632,696	1,653,403	1,660,902
83.2%	83.1%	83.0%	84.2%	84.5%	86.0%
304,697	307,635	298,222	250,508	244,230	208,700
14.7%	14.7%	14.5%	12.9%	12.5%	10.8%
42,903	47,875	52,576	55,894	59,957	62,118
2.1%	2.3%	2.6%	2.9%	3.1%	3.2%

**TARRANT COUNTY 9-1-1 DISTRICT**

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

<b>Function</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Emergency communications:</b>				
Land <sup>(1)</sup>	188,602	188,602	188,602	188,602
Building <sup>(1)</sup>	1,234,617	1,262,631	1,262,631	1,171,711
Furniture & Equipment <sup>(1)</sup>	304,531	444,828	413,062	376,482
<b>9-1-1 Equipment by PSAP</b>				
Arlington PD	81,737	1,007,715	1,008,925	1,042,419
Arlington PD - Backup	47,046	552,504	552,504	552,504
Azle	NA	1,580	57,649	57,649
Bedford PD	23,313	40,712	40,712	40,712
Benbrook	NA	15,804	60,972	60,972
Blue Mound	NA	15,804	15,804	15,804
Burleson	NA	43,687	58,477	58,477
Burleson Backup	81,326	81,326	81,326	81,326
Crowley	24,840	40,644	40,644	40,644
Dalworthington Gardens	20,537	15,804	15,804	38,533
DFW Airport	NA	45,656	45,656	45,656
DFW Airport Backup	NA	15,804	15,804	15,804
Eules PD	23,360	39,263	40,758	40,758
Everman	NA	48,290	48,290	48,290
Forest Hill PD	1,495	15,804	61,301	61,301
Ft Worth PD/FD Backup	38,000	899,054	900,549	900,549
Ft Worth PD/FD	NA	1,318,270	1,318,270	1,348,695
Grand Prairie EOC	NA	15,804	170,561	170,561
Grand Prairie	1,495	431,936	433,431	433,431
Grapevine PD	1,495	17,399	70,725	72,590
Haltom City	NA	17,399	1,459	NA
Hurst	NA	17,399	17,399	NA

**TABLE 10**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
188,602	259,529	259,529	259,529	259,529	188,602
1,171,711	1,190,416	1,190,416	1,449,945	1,449,945	1,390,171
376,482	287,779	317,485	608,020	789,899	980,338
1,041,719	1,041,719	1,041,719	1,041,719	1,041,719	157,129
552,504	552,504	552,504	552,504	552,504	56,363
57,649	57,649	57,649	57,649	57,649	57,649
42,924	42,924	42,924	42,924	42,924	261,890
60,972	60,972	60,972	60,972	60,972	216,886
15,804	36,425	36,425	36,425	36,425	36,425
58,477	61,261	61,261	61,261	61,261	61,261
81,326	81,326	81,326	81,326	81,236	81,326
40,644	40,644	40,644	40,644	137,241	137,241
38,553	38,553	38,553	38,553	123,609	123,609
45,656	45,656	45,656	45,656	45,656	45,656
15,804	15,804	15,804	15,804	15,804	15,804
40,758	40,758	40,758	40,758	320,976	320,976
48,290	48,290	48,290	48,290	48,290	48,290
61,301	61,301	61,301	61,301	59,806	59,806
900,549	900,549	900,549	900,549	900,549	56,894
1,348,695	1,348,695	1,348,695	1,348,695	1,348,695	76,081
170,561	170,561	170,561	170,561	170,561	170,561
433,431	433,431	433,431	433,431	433,431	45,656
72,937	72,937	72,937	72,937	69,230	361,658
NA	NA	NA	NA	NA	N/A
NA	2,784	2,784	2,784	237,253	237,253

**TARRANT COUNTY 9-1-1 DISTRICT**

**CAPITAL ASSET STATISTICS BY FUNCTION**

LAST TEN FISCAL YEARS

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Irving PD/FD Backup	34,180	51,579	51,579	72,590
Irving FD	1,495	15,804	49,859	49,859
Irving PD	167,493	211,654	213,149	213,149
Kennedale	NA	39,177	39,117	39,117
NAS JRB	NA	15,804	NA	NA
NetCom	43,215	87,376	88,871	88,871
N. Richland Hills	1,495	15,804	17,299	17,299
Lake Worth	24,711	40,515	40,515	43,127
Mansfield PD	23,360	39,263	40,758	43,370
Medstar	626,073	643,471	643,471	643,471
Pantego	24,711	40,515	40,515	40,515
Regional Backup - Central	88,285	345,125	445,894	589,723
Regional Backup - NE	1,495	239,656	308,690	356,046
Regional Backup - NW	NA	239,656	434,743	467,779
Regional Backup - South	352,584	394,656	420,757	522,598
Richland Hills	NA	36,341	20,537	NA
River Oaks	21,793	37,597	37,597	37,597
Saginaw	20,537	36,341	36,341	36,341
Sansom Park	NA	NA	59,504	59,504
Tarrant County Fire Alarm	24,840	42,239	42,239	42,239
Tarrant County SO	1,495	45,656	455,762	455,762
TC911 Training	157,722	211,254	164,480	156,277
Watauga DPS	17,286	29,297	33,090	33,090
Westover Hills	30,328	46,132	46,132	46,132
Westworth Village PD	24,840	40,644	40,644	40,644
White Settlement PD	25,130	42,529	42,529	45,140

Source: The District's Finance and Technical Operations Departments.

NA: Information is not available.

**TABLE 10**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	146,466	146,466	146,466	146,466	146,466	564,315
	49,859	49,859	49,859	49,859	49,859	324,255
	213,149	218,717	218,717	243,513	242,018	843,720
	15,804	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA
	88,871	88,871	88,871	88,871	340,124	340,124
	17,299	22,867	22,867	22,867	22,867	21,372
	42,727	42,727	42,727	42,727	42,727	42,727
	42,970	42,970	42,970	42,970	309,386	309,386
	643,471	643,471	643,471	643,471	643,471	17,399
	40,515	40,515	40,515	40,515	131,910	131,910
	588,324	497,429	541,212	562,799	1,006,847	986,212
	355,647	390,909	394,046	394,046	1,164,510	1,164,510
	467,380	486,825	499,274	500,400	1,213,587	1,213,587
	613,208	616,863	620,000	620,452	1,563,738	1,563,738
NA	NA	NA	NA	NA	NA	NA
	37,597	37,597	37,597	37,597	140,532	140,532
	36,341	36,341	36,341	36,341	36,341	36,341
	59,504	59,504	59,504	59,504	59,504	59,504
	42,239	42,239	42,239	42,239	42,239	172,306
	455,762	455,762	455,762	455,762	455,762	53,445
	156,277	153,323	153,323	153,323	151,828	24,609
	33,090	NA	NA	NA	NA	NA
	46,132	46,132	46,132	46,132	46,132	46,132
	46,132	40,644	40,644	40,644	40,644	40,644
	45,140	44,741	44,741	44,741	44,741	201,870

## **COMPLIANCE SECTION**

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**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**

Board of Managers  
Tarrant County 9-1-1 District  
Fort Worth, 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 governmental activities, and the major fund of Tarrant County 9-1-1 District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Tarrant County 9-1-1 District's internal control over financial reporting (internal control) to determine the 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 Tarrant County 9-1-1 District's internal control. Accordingly, we do not express an opinion on the effectiveness of Tarrant County 9-1-1 District'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 may exist that have not been identified.

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Tarrant County 9-1-1 District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

*Pattillo, Brown & Hill, L.L.P.*

Waco, Texas  
February 18, 2020