DENCO AREA 9-1-1 DISTRICT

Draft Budget

Fiscal Year 2026 - 2027

1075 Princeton Street • Lewisville, TX 75067
972.221.0911 • Denco911.gov

Reliable
We are here 24/7 for our community.

Collaborative
We work together with our partners for a safer community.

Professional
We uphold the highest standards in all we do.

Accountable
We are responsible stewards of public resources.

Mission

The mission of the Denco Area 9-1-1 District is to provide a highly advanced and efficient enhanced 9-1-1 emergency telecommunications system as the primary emergency access for citizens and visitors in the district to quickly obtain the emergency services needed to protect life, health and property.

Vision

The Denco vision is to maintain the highest level of public and partner agency confidence while providing service in a manner that fosters excellence, integrity and accountability. To be a recognized leader in the 9-1-1 profession and a valued partner of the public safety community.

Goal 1

Provide and maintain advanced, effective 9-1-1 Systems that are constantly available and compatible with changing communication technologies

Goal 2

Represent the public and partner agencies in ongoing development of 9-1-1 systems technologies and public policy

Goal 3

Manage the Denco Area 9-1-1 District in an objective, efficient, effective and responsive manner ensuring long-term sustainability

Goal 4

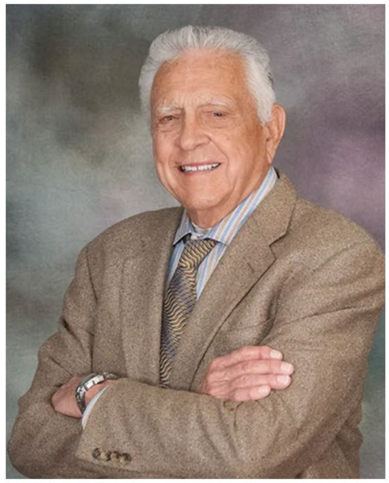
Increase public awareness of 9-1-1 issues and promote the proper use of the 9-1-1 system

Goal 5

Provide training and support programs which enable Emergency Communications Center (ECC) personnel to effectively process 9-1-1 calls

Denco Board of Managers

Bill Lawrence
Representing Denton County Commissioners Court, Board Chairman



Jim Carter
Representing Participating Cities, Board Vice Chairman

Jason Cole
Representing Denton County Commissioners Court, Board Secretary

Steve Southwell
Representing Participating Cities

Chief Eric Schlotter
Representing Denton County Fire Chiefs Association

Gregory S. Ballentine
Executive Director

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Section 6: Budget Summary

Section 6 provides the summary of both anticipated revenues and proposed expenditures in a single table, reflecting the percentage distribution of budget across the major budget categories, as well as the estimated Fund Balance.

Section 7: Five-Year Projections

Section 7 includes the five-year projection summary depicting projecting changes in the District's fund balance for the next five years.

Section 8: Reference Materials

Section 8 includes reference material that provides guidelines under which the District operates. Included are copies of resolutions defining the budget approval process, House Bill 1984 that provides the statutory requirements for budget approval, legislation under which Denco operates and Denco goals. It also provides background information about the 9-1-1 system, its terminology and the benefits it provides.

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 1

Budget Message

Denco Area 9-1-1 District
1075 Princeton Street ▪ Lewisville, TX 75067
Phone: 972-221-0911 ▪ Fax: 972-420-0709 ▪ DENCO.ORG

To: Denco Area 9-1-1 District Board of Managers

Date: July 9, 2026

Subject: Denco Area 9-1-1 District Fiscal Year 2027 Financial Plan

Pursuant to applicable state statutes and the policies of the Board of Managers, I am pleased to submit the proposed Fiscal Year 2027 budget for the Board's review and consideration.

The proposed budget projects total revenues of $6,915,000 and total expenditures of $9,011,375. These figures reflect a realistic and carefully considered financial outlook grounded in current operational data and anticipated service trends for the coming fiscal year. The FY2027 budget reaffirms the District's commitment to delivering a state-of-the-art, high-availability emergency 9-1-1 system to residents throughout the service area, while sustaining the critical operational needs of our partner emergency communications centers. A five-year financial forecast is included to support long-range planning and guide decision-making as the District navigates rising operational costs and continued declines in wireline subscription revenue.

No new staff positions are proposed for FY2027. The budget maintains the District's investment in its existing workforce through competitive compensation practices and continued support for professional development. The budget proposes a 2.6% cost-of-living adjustment, indexed to the Consumer Price Index, along with a 3% merit pool available for performance-based salary increases.

The FY2027 budget includes several targeted investments aligned with the District's long-term service delivery goals:

- Migration to upgraded 9-1-1 mapping software provides enhanced functionality and improved situational awareness for emergency communications center personnel.
- Continued funding for software licensing, training, certification, and quality assurance activities supporting Emergency Medical Dispatch programs at partner agencies.
- Ongoing support for indoor mapping and vertical location initiatives designed to improve the accuracy of caller location data for first responders.

This budget also reflects anticipated increases in recurring operational costs, including adjustments to software licensing, office supplies, interpreter services, instructor contracts, and utility expenses. These increases reflect broader market conditions and the District's expanded service commitments.

In recent years, the District has received substantial grant funding in support of Next Generation 9-1-1 initiatives. Grant revenues, which supported reserve growth in FY2023-2025, have concluded.

These funds have strengthened reserves and enabled planned technology investments while sustaining the ongoing operations of next generation 9-1-1 services. As accumulated grant balances are drawn down to support operations, reserve levels will decline over the forecast period. The 90th Texas Legislature, convening in January 2027, presents a renewed opportunity to advance a sustainable 9-1-1 funding mechanism, and the District will actively engage in that process alongside the Texas 9-1-1 Alliance and other public safety stakeholders.

No change is proposed to the wireline 9-1-1 service fee for Fiscal Year 2027. Future adjustments to fee structures will be evaluated as part of the annual budget process to ensure continued alignment between projected revenues, operational requirements, and reserve fund targets established for upcoming system enhancements.

This proposed budget reflects the strategic priorities established by the Board and positions the District to meet its FY2027 service obligations while laying the groundwork for continued investment in public safety infrastructure. I appreciate the Board's ongoing leadership and dedication to the Denco Area 9-1-1 District mission. I respectfully submit this budget for your review and approval.

Respectfully submitted,

Gregory S. Ballentine

Gregory S. Ballentine, Executive Director

Denco Area 9-1-1 District

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Section 2

District Overview

DENCO AREA 9-1-1 DISTRICT

District Overview

Formation of the Denco Area 9-1-1 District

Legislation

During its 1985 session, the 69th Texas Legislature passed Article 1432e (Section 772, Texas Health and Safety Code), Emergency Telephone Number Act, which provided for the creation, administration, expansion, funding and dissolution of emergency communication districts in certain counties in Texas. The Emergency Telephone Number Act is the legislation under which the Denco Area 9-1-1 District operates.

Purpose

Section 772.302, Texas Health and Safety Code, states the purpose of the Act to be the following:

> *"To establish the number 9-1-1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local governments and combinations of those units of local government to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9-1-1 seeking police, fire, medical, rescue and other emergency services."*

Creation of Denco Area 9-1-1 District

In the 1980s, citizens in Denton County were using a myriad of seven-digit phone numbers for Police, Fire, and EMS assistance. The Emergency Telephone Number Act (established 1985) laid the foundation for a better method. The purpose of the act was to establish the number 9-1-1 as the primary emergency telephone number to improve emergency communication and response. The act allowed for the creation of districts in counties with a population of more than 75,000.

To establish the District, an election was required within the proposed district jurisdiction. The election would allow for the establishment of the District and authorize the collection of a 9-1-1 emergency service fee. The election occurred on August 8, 1987. Voters approved the emergency communication district with 81% of votes cast, and 9-1-1 service began three years later, on August 8, 1990.

Over the past several years, the District has experienced many internal and external influences that have changed the way it conducts business. For example, the Telecommunications Act of 1996 led to multiple new telephone companies entering the area. The explosion in the popularity of wireless telephones significantly affected call volume in virtually every area of the District. Identified needs for joint training and educational programs resulted in development of robust, cooperative activities on a district level and the evolution of technology has paved the way for implementation of Next Generation 9-1-1 services to include text-to-911. Denco continues to build and maintain reliable 9-1-1 systems as technologies, populations, and public communication practices evolve. Denco Area 9-1-1 District provides:

- A fully redundant telecommunications network
- 24/7 support of call processing equipment
- Multiple 9-1-1 location databases
- Enhanced functionality to accommodate cell phones, hearing-impaired callers, and text-to-911
- Training for emergency telecommunicators, supervisors, trainers, and responders
- Resource tools for hiring and retaining 9-1-1 telecommunicators
- Texas licensure testing services for telecommunicators, peace officers, and jailers
- Digital mapping and addressing of rural areas to display caller's location
- Community education to promote appropriate use of 9-1-1
- Legislative and industry advocacy for 9-1-1 matters at local, state, and national levels

District Overview

The District supports seven primary emergency communications centers operated by local government and two secondary emergency communications centers serving university campuses in the Denton Area. Emergency communications centers supported by the District include: City of Denton, County of Denton, Town of Flower Mound, City of Highland Village, City of Lewisville, City of Roanoke, City of The Colony, Texas Woman's University and University of North Texas.

Major Accomplishments

- 1995: First Digital 9-1-1 Tandem in Texas
- 1999: Interconnected ECCs with Frame Relay
- 1999: First in Texas for Phase I Wireless Location
- 2001: Began Tier 1 Support for 9-1-1 Equipment
- 2002: Among the first in Texas to implement Phase II Wireless
- 2006: Use of Microwave Network for Path Diversity
- 2010: Facility Addition to host Expanded Training
- 2014: First ESInet routed 9-1-1 call in Texas
- 2016: Implemented Text-to-911
- 2019: Constructed Denco Annex for Enhanced Survivability
- 2023: Implemented SD-WAN utilization of multiple networks
- 2024: Implemented video to 9-1-1 technology

Partner Jurisdictions

The participating jurisdictions of the District are the following:

Argyle	*Hackberry*	*Northlake*
Aubrey	*Hebron*	*Oak Point*
Bartonville	*Hickory Creek*	*Pilot Point*
Copper Canyon	*Highland Village*	*Ponder*
Corinth	*Justin*	*Providence Village*
Corral City	*Krugerville*	*Roanoke*
Cross Roads	*Krum*	*Sanger*
Denton	*Lake Dallas*	*Shady Shores*
DISH	*Lakewood Village*	*The Colony*
Double Oak	*Lewisville*	*Trophy Club*
Flower Mound	*Little Elm*	*Unincorporated Denton County*

Governance Structure

The Board of Managers is the governing body for the Denco Area 9-1-1 District. The county, participating cities and the Denton County Fire Chiefs

Association appoint members to the Board. Members serve staggered two-year terms and are eligible for reappointment. The following members currently sit on the Board of Managers:

Board Member	**Appointed By**
Mr. Bill Lawrence, Chair	Denton County Commissioners Court
Mr. Jim Carter, Vice Chair	Participating Municipalities
Mr. Jason Cole, Secretary	Denton County Commissioners Court
Mr. Steve Southwell	Participating Municipalities
Chief Eric Schlotter	Denton County Fire Chiefs' Association
Vacant	Service Provider, Advisory (non-voting)

The Emergency Telephone Number Act states, *"…the board shall manage, control and administer the District. The board may adopt rules for the operation of the District."* The legislation also allows the board to appoint a director of communications for the District who serves as its general manager. The director, with approval from the board, manages the services necessary to carry out the purposes of the Emergency Telephone Number Act.

Agency Services, Programs and Organization

The Denco Area 9-1-1 District has established organizational units that support the overall mission of the agency. The organizational units include administration, technical services, geographic information services/data integrity, public education/outreach, emergency communications center support and the public safety training academy. Each of the organizational units requires personnel and operational expenditures to provide all of the elements of the 9-1-1 system. The proposed budget provides for eighteen full-time staff positions to provide the planning, operations, and maintenance functions of the District. The organizational structure of the District includes program areas that serve the citizens, 9-1-1 emergency communication centers and emergency service providers within the district. As a small governmental agency with a lean staffing model, several personnel overlap support of more than one organizational unit. Therefore, within the budget framework, personnel services are not allocated to specific functions.

Administration

The administrative function encompasses agency governance, executive leadership, program oversight, and support operations. Key responsibilities include legislative and regulatory advocacy, legal and human resources services, financial management, strategic planning, inter-agency coordination, and records management. This function also establishes internal controls to ensure compliance with agency policies, legal and contractual obligations, and accreditation standards. In addition to monitoring overall program effectiveness, administration supports the achievement of the agency's strategic goals:

- Ensure adequate technical and financial planning to support continuous enhancement of the systems to leverage technology advancements and integrate emerging communications methods.
- Actively participate in local, state and federal legislative and regulatory processes to ensure that 9-1-1 service integrity focuses on the needs of citizens and public safety response agencies remain a priority.
- Maintain leadership roles in the Texas 9-1-1 Alliance, Association of Public Safety Communications Officials, National Emergency Number Association and other industry associations and standards setting bodies to support policy development and maintenance in accordance with the Denco Area 9-1-1 District mission, values, goals and objectives.
- Establish stakeholder communications opportunities to ensure partner agencies are engaged on relevant 9-1-1 industry trends and public safety service issues. Provide mechanisms for active engagement by partner agencies.
- Ensure financial stability of the Denco Area 9-1-1 District as a state-of-the-art communications network serving citizens and partner agencies through effective long-term financial planning.
- Ensure consistent service and financial equity throughout the district contributing to an enhanced quality of life for all citizens of the district.
- Maintain a conservative approach to establishment of service fees at a level to maintain the 9-1-1 systems and programs, and funding of capital investments.
- Establish a competent and stable workforce of industry leaders to achieve the Denco Area 9-1-1 District mission, goals, vision and objectives.

Technical Services

Technical Services is Denco's most mission-critical function, focused on ensuring the continuous operation of the 9-1-1 system. This activity encompasses monitoring and maintaining network reliability, security, and performance; ensuring software functionality; conducting preventive hardware maintenance and critical repairs; and managing related responsibilities such as facility oversight, user support, and dial plan maintenance. Technical Services staff play a key role in advancing the agency's strategic goals:

- Ensure the 9-1-1 system is comprised of industry leading redundancy, diversity, security, and failover systems to achieve maximum availability to citizens and partner agencies.
- Ensure as close to 100% up-time as possible within available resources for all critical components of the 9-1-1 system by planning, managing and performing system monitoring, maintenance and repair activities.
- Rapidly and effectively respond to emergency communications center requests for 9-1-1 system technical support.
- Maintain Denco equipment and facilities to ensure asset accountability and long-term functionality.
- Ensure Denco's security practices are continually enhanced and responsive to emerging threats, by applying the principles and best practices of risk management to improve the security and resilience of Denco's NG9-1-1 critical infrastructure and administrative systems.
- Establish and maintain procedures for real-time network monitoring, threat analysis, and early warning notifications of cyber threats and attacks.

Geographical Information Services/Data Integrity

The Denco Area 9-1-1 District is responsible for maintaining the accuracy and integrity of public safety GIS data used for routing 9-1-1 calls and mapping caller locations within Emergency Communications Centers (ECCs). GIS data is collected from multiple sources, including direct contributions from local government partners. Denco staff review, standardize, and compile this information into a single, district-wide public safety dataset. This dataset is distributed to ECCs for use in 9-1-1 call mapping and, upon request, Computer Aided Dispatch (CAD) systems. In addition, Denco GIS staff issue addresses for unincorporated areas of Denton County and serve as a resource to municipal GIS staff to ensure all location data used for 9-1-1 call routing remains accurate and up to date. GIS/Data Integrity staff contribute to the advancement of the following strategic goals:

- Ensure that 9-1-1 calls, from all sources, are quickly and accurately routed to ECCs and that ECCs have the most accurate, reliable, and usable data at all times.
- Ensure GIS data preparation for spatial routing by aggregating each partner jurisdiction's GIS data into a seamless district dataset to maximize use of clean data and superior geometry.

- Ensure accurate indoor and outdoor locations are visually depicted on detailed maps at emergency communications centers when accurate location data is obtainable from telecommunications service providers.

Education Services

Denco Area 9-1-1 District Education Services encompasses two crucial activities: community engagement and the public safety training academy.

Community Engagement: The Denco Public Education and Outreach program educates the public about the District's 9-1-1 system. Denco has long believed that an informed caller leads to a more successful 9-1-1 call. The public education and outreach staff engage citizens through various strategic approaches, which together constitute the integrated education and outreach program. Denco has developed a variety of materials to educate the public on specific 9-1-1 related topics and materials directed to specific audiences. Educational materials are distributed to citizens at public events, fairs and festivals and are provided to local partner agencies for distribution. Educational materials are placed in many public facilities. Denco coordinates media campaigns locally on jurisdiction specific information such as texting to 9-1-1 and with regional partners in metropolitan-wide broadcast media activities. The Denco Education Services staff support the following strategic goals:

- Establish and maintain education programs for all demographics to contribute to educated 9-1-1 callers in the district; supporting the likelihood of more successful emergency calls.
- Establish and maintain awareness activities focusing on fast-changing technologies, such as mobile applications, SMS messaging, Real-Time-Text, wearable biometric devices, and the growing "Internet of Things" (IoT) that seek to connect to emergency services, and to mitigate public confusion and manage expectations.
- Participate in general awareness and education activities to promote citizen confidence in the 9-1-1 system as the most effective method to summon emergency help.

Public Safety Training Academy: Denco operates one of the most comprehensive and well-regarded 9-1-1 training academies in the nation, leveraging both in-house expertise and contract instructors. The academy provides high-quality basic, intermediate, and advanced training for public safety personnel, along with specialized courses for fire services, emergency medical dispatch, and supervisory/management roles. Denco's academy is a licensed training provider through the Texas Commission on Law Enforcement (TCOLE) and is one of the few 9-1-1 academies in the nation accredited by the Commission on Accreditation for Law Enforcement Agencies (CALEA). Education Services staff play a vital role in supporting the following strategic goals:

- Ensure high quality training programs and courses are available locally for telecommunications personnel of partner agencies to achieve all required basic licensing and continuing education requirements.
- Enhance basic training opportunities by providing high quality, industry relevant advanced training opportunities for partner agencies.
- Conduct continual training needs analysis to ensure training curricula remain contemporary and relevant.

Emergency Communications Center Support

The Denco Area 9-1-1 District provides important support services to partner jurisdictions to enhance the ability to respond to calls for emergency assistance including support of the Emergency Medical Dispatching activities, recruitment and pre-employment testing, licensure testing, and analytics support. Denco staff support the following ECC support goals:

- Maintain support for Emergency Medical Dispatch activities of partner agencies to include providing the latest version of operating and quality assurance software and program operational support.
- Assist partner agencies to recruit and test telecommunicator candidates.
- Enhance and support opportunities to assist partner agencies retain high quality 9-1-1 staff and minimize the adverse impact of telecommunicator turnover.

Staff Summary

The table below summarizes budgeted positions.

Department	Positions	FTE Count
Administration	Administrative Services Manager Financial Services Manager Administrative Specialist 9-1-1 Analyst	4
Technical Services	Technical Services Manager Technical Specialist (4)	5
GIS Services	GIS Manager GIS Specialist (3)	4
Education Services	Education Services Manager Training Specialist Community Engagement Specialist Administrative Specialist	4
Total (including Executive Director)		**18**

Note: FTE counts reflect budgeted positions. Figures in parentheses indicate multiple positions within a single title. Emergency Communications Center Support functions are provided by personnel assigned across the departments and are not listed as a separate organizational unit in this table.

Denco Area 9-1-1 District

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Section 3

Budget Process and

Financial Policies

DENCO AREA 9-1-1 DISTRICT

Budget Process

Texas statute requires that the District Executive Director prepare an annual budget for the District under the direction of the Board of Managers. The District fiscal year begins on the first day of October and ends on the last day of September of each calendar year. The budget process occurs over a seven-month period through the collective efforts of Denco staff members, supervisors/managers, the executive director and Board of Managers. Preparation of the budget is composed of six steps.

Step #1 - Preliminary Analysis, Planning and Forecasting

The executive director formally initiates the annual budget process in March by engaging all employees of the district. During emergency communications center manager meetings, Denco notifies partner agency representatives responsible for overseeing the emergency communications centers of budget preparation and deadlines for notification of projects involving Denco's equipment or services. Initial submissions are due in April. The management team reviews the strategic plan and goals for the current fiscal year to determine which initiatives will be completed and any that need to be carried forward. An examination of the current year budget is conducted to examine actual revenue trends, expenditure needs for the remaining period and a reforecast of end of year position.

Staff are challenged to consider activities and enhancements proposed for the following fiscal year, including identification of equipment, vehicle, software, facilities or other items needed over the next 5-year period for longer-term financial planning. Denco desires to identify all major expense items as far in advance as possible to allow accurate multi-year cost projections.

Staff identifies any program areas that will likely experience significant growth or activity reduction, and the potential cost impact associated with the change in activity. Additionally, Denco considers any program enhancements or new investment (tied to the mission statement and strategic plan goals) and develops revenue/cost detail. Finally, each year staff is challenged to consider opportunities to reduce costs within current programs and operations without significantly degrading service quality.

<u>Step #2 - Budget Development</u>

During April – June, the executive director, working with agency personnel, reviews all revenue trends, re-forecasted revenues and expenditures, planned projects and program requests from step #1 to prepare the proposed budget and recommended service fees for presentation to the Board of Managers.

After assessing relevant information, the executive director prioritizes proposed expenses and reviews all revenue sources to compile the proposed budget recommendations and draft document. If necessary, a budget workshop may be scheduled with the Board of Managers in advance of the formal proposed budget presentation.

<u>Step #3 - Adoption of Draft Budget and Setting of Service Fees</u>

The executive director presents the proposed budget to the Board of Managers at the July board meeting. Board members discuss policy objectives and the proposed spending plan in relation to strategic plan, statutory and contractual obligations and Board priorities. The Board makes any modifications to the proposed budget prior to considering a resolution to adopt the draft budget and set the wireline 9-1-1 service fee for the following fiscal year.

<u>Step #4 - Partner Agency Review of Draft Budget</u>

Following adoption of the draft budget, the executive director, on behalf of the Board of Managers, makes the draft budget available to each of the governing bodies of the partner jurisdictions. In a transmittal letter, the executive director will include a statement requesting that the governing bodies of each of the participating jurisdictions review the draft and submit any comments to the Board prior to the date the budget is scheduled for final consideration and adoption by the Board.

Denton County and the municipalities approving the draft proposed budget by resolution will submit a copy of the resolution to Denco. If the governing body of a municipality does not formally act on the budget before the sixty-first day after the date the body received the proposed budget for review, the budget is considered approved by the governing body by operation of law.

Step #5 - Final Adoption of Budget

The Board of Managers considers final adoption of the draft budget at its regular meeting in September, occurring at least forty-five days after the July meeting. The executive director informs the Board of partner agencies approving, disapproving and commenting on the draft budget along with presenting any comments received. The Board makes any modifications to the proposed budget and passes a resolution adopting the final budget.

Step #6 - Implementation

Within three business days of the Board meeting, the executive director, on behalf of the Board, will:

- send a letter to each of the governing bodies of the partner jurisdictions stating that the Board adopted the draft budget without any changes, or
- send a copy of the budget adopted by the Board and include, in a letter, the differences between the proposed and adopted budget. If the adopted budget is different from the previously approved draft budget the executive director will include a statement requesting approval of the Board's adopted budget by the governing bodies of the partner jurisdictions within sixty days of receipt.

Budget Amendment, if necessary

Texas statute permits the Board of Managers to amend the budget at any time during the fiscal year. If the budget amendment results in an increase in the bottom line, the Board of Managers will follow the same process for amendment approval as for adoption of the approved budget.

Budget Calendar

The schedule for the budget approval process this year is the following:

March 2026: Preliminary Analysis, Planning and Forecasting.

April 2026 – June 2026: Budget Development.

July 9, 2026: The Board of Managers considers approval of the Draft Denco Area 9-1-1 District Fiscal Year 2027 Budget and Financial Plan and sets 9-1-1 service fees.

July 10, 2026: Partner jurisdictions are notified the Draft 2027 Budget is available for review and consideration.

July 10 through August 24, 2026: As required by statute, partner jurisdictions have 45 days to review the draft budget and provide comments to the Board of Managers for consideration.

September 10, 2026: The Board of Managers considers comments on the Draft 2027 Budget and adopts a final budget for fiscal year 2027.

September 14, 2026: If changes are made to the draft budget, Denco sends the approved budget to participating jurisdictions with a letter outlining the changes. If the draft budget is approved without changes, a letter is sent to jurisdictions advising of budget approval.

Financial Policies

The Denco Area 9-1-1 District budget is developed and managed consistent with the policy framework of the Board of Managers. Current financial policies include:

Financial Standards

The fiscal year of the District begins on October 1 and ends on September 30 of each year. The operating budget will be balanced such that current and projected revenues, plus prior year surpluses, are greater than or equal to expenditures. Generally, the District does not spend more on routine expenses in any given financial period than it expects to receive in income. Other than reserve grant funds received specifically for operational support, excess cash balances are reserved for planned or capital expenditures of a non-recurring nature and unforeseen emergencies.

Routine replacement of capital equipment is treated as an operating expense for purposes of this standard but may be funded from accumulated balances identified through the budgeting process.

The District will make all capital improvements in accordance with an adopted multi-year plan for revenues and expenses, updated annually.

Basis of Budgeting and Accounting

The budgetary and accounting policies governing District operations conform to generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB). During the fiscal year, financial records and reports are developed on a cash accounting basis; revenues are recorded as they are received, and expenses are recorded as disbursements are made.

The formal audit at the end of the fiscal year transitions the method of reporting to a modified accrual basis of accounting in which revenues are recorded when accrued and expenses are recorded when incurred. Expenditures represent a decrease in net financial resources and are recorded when the fund liability is incurred, if measurable. Based on this transition from cash to accrual reporting, there are slight differences in the end of year financial statements consistent with GAAP. These modifications are fully disclosed by the auditor.

Independent Audit and Report

Texas statute requires the Board of Managers to engage an independent financial audit of the district annually. The audit is performed as soon as practicable after the end of each fiscal year. Upon completion of the audit, the executive director presents to the Board and to each partner jurisdiction a sworn written statement of all funds received and expended by the District during the preceding fiscal year.

As a non-Federal entity, in fiscal years that Denco expends $1,000,000 or more in Federal funds, Denco is required to have a single or program-specific audit conducted. An independent single audit is conducted for each year in which this spending threshold is surpassed.

Pension Plan Funding

Denco participates in the Texas County and District Retirement System and annually contributes its actuarially determined contribution (ADC) as a minimum. Recognizing the inherent uncertainties surrounding public sector pensions, Denco desires to manage and smooth the volatility of its required ADC by maintaining the previous year's rate in years that the ADC rate drops. This excess contribution is evaluated annually and generally is kept within a range of 0 to 1 percentage points above the upcoming year's ADC. The Board of Managers, as part of its annual budget deliberations, will determine contributions taking into consideration overall funded status, recent trends in both the ADC and other budgetary needs. For Fiscal Year 2027, the budget inclul des an elected rate of 10%, modestly above the actuarially required contribution, and $170,000 designated by the board for potential retiree cost of living adjustments.

Contingent Budget Planning

The revenues and expenditures are monitored and reported at each meeting of the Board of Managers including an analysis of whether projected revenues and expenditures are forecast to end the fiscal year within budget. The executive director is ultimately responsible for determining when a projected shortfall requires corrective action.

Budgetary Controls

The executive director and authorized management staff exercise budgetary control. A system of internal controls safeguards assets and ensures timely, accurate financial reporting. These controls are reviewed annually as part of the independent financial audit. Revenues and expenditures are reported to the

Board of Managers through monthly financial statements presented at each board meeting. If the executive director determines a projected shortfall requires corrective action, steps may include a variety of measures to produce short-term savings to the district. With approval of the executive director, expenditure allocations are transferred between line items, provided the line-item adjustment does not exceed the total approved budget.

Budget Amendments

Texas statute permits the Board of Managers to amend the budget at any time during the fiscal year. If the budget amendment results in an increase to the bottom line, the Board of Managers will follow the same process for the amendment as for adoption of the approved budget.

Service Fee Revenue

Texas statute authorizes the District to establish a monthly per-line fee from each telephone customer of up to six percent of the principal telephone service provider's base rate. Annually, the board establishes the service fee rate for the following fiscal year as part of the budget process. Texas Statute Sec. 772.314. Subsection D (e) requires the Board of Managers to "attempt to match the district's revenues to its operating expenditures and to provide reasonable reserves for contingencies and for the purchase and installation of 9-1-1 emergency service equipment." 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 the statutory rate per activated handset and is distributed to authorized 9-1-1 jurisdictions based upon population.

Investments

Investments shall be made in conformance with the District's Investment Policy, with the primary objectives of:

1. Safety – preservation of capital in the investment portfolio;
2. Liquidity – portfolio remains sufficiently liquid to meet operating requirements;
3. Yield – earn the maximum rate of return allowed on investments within the policies imposed by safety and liquidity objectives, investment strategies, and state and federal laws governing the investment of public funds.

Grants

The District will pursue grant opportunities based on financial need. Each project grant is evaluated on the financial need and the long-term sustainability of the project. The District will only accept project grants for one-time or capital items or when the continued funding of the program is incorporated into future budgets. All grants and other federal and state funds are managed to comply with the laws, regulations, and guidance of the grantor, and all gifts and donations shall be managed and expended according to the wishes and instructions of the donor.

Reserve Fund Balance

When making multi-year projections, accumulated funds are allocated to one of the following categories:

- Committed Fund Balance: Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Managers are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the Board of Managers removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned Fund Balance: Amounts that are constrained by the agency's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance.
- Unassigned Fund Balance: This classification represents a fund balance that is not assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

The District does not have any non-spendable, restricted, or committed fund balances projected at the end of fiscal year 2026.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, then unassigned funds.

The Government Finance Officers Association recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating expenditures. For FY2026, the projected end of year fund balance is $11,459,416, exceeding Denco's practice of maintaining a minimum of

20% operating budget as a reserve target. This amount includes surplus reserve needs anticipated for future operations and technology upgrades.

Workforce Compensation

To achieve Denco's mission and vision, the agency must attract, motivate, and retain highly qualified and dedicated employees. Employee compensation shall be externally competitive in the metropolitan area, following budgetary guidelines and financial responsibility. The District shall also strive for internal organizational equity in employee compensation.

The compensation philosophy reflects the importance District employees play in the delivery of public safety related services and programs that support partner agencies and directly serve the community. Denco's approach establishes a commitment to maintaining comparability with jurisdictions that are most likely to affect recruitment and retention of the District's workforce.

The small workforce of specialized personnel results in significant operational impact when unexpected staff turnover occurs. The highly technical nature of the District's systems, equipment, and processes limits the recruiting pool from which to fill personnel vacancies in specific classifications. Denco strives to maintain a competitive benefits package as part of its overall compensation program.

The District's pay classifications are benchmarked to the 70th percentile (the midpoint of the District's 65th–75th percentile target range) of comparator organizations in the primary labor market. For management and technical staff, the primary labor market includes Texas 9-1-1 Districts, other local governments, and public/private Information Technology agencies. For administrative and GIS staff, the primary labor market is defined as Denton, Collin, Dallas, and Tarrant counties.

At least every three years, the District conducts a market study utilizing a qualified independent contractor to establish benchmark positions based on job descriptions. During Fiscal Year 2025, Denco engaged a contractor to evaluate the District's competitive posture and recommend a plan of action. Due to the fast-changing economic and workforce conditions, a refresh of the market analysis is planned in 2027.

Annually, the executive director will recommend a budget for general salary adjustments based upon the cost-of-living impacts of consumer price indexes, the overall competitive posture of the organization, market rate adjustments, comparator organizations in the primary labor market, and financial affordability. The proposed budget includes merit increases in recognition of performance that meets or exceeds expectations. Despite the existence of approved funding, merit increases are not automatic for any employee.

Assets, Technology Enhancements and Replacement

Infrastructure, technology, and major equipment are the material foundation for providing services and meeting statutory obligations. The procurement, design, construction, maintenance, and operation of capital assets are a critical activity of the District and therefore require careful planning. Technology planning is extremely dynamic given the rapid pace of change in technologies used by the public to call for help, location and call delivery enhancements, uncertain fiscal resources and other external influences. The equipment replacement strategy serves as a planning tool; structured to present a meaningful, multi-year perspective of equipment needs.

The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life exceeding one year. Denco records such assets at cost when acquired or constructed and estimated lifecycle is determined for planned replacement purposes. The District maintains its physical assets at a level adequate to protect the District's capital investment, to minimize future maintenance and replacement costs, and to continue service levels.

The equipment replacement strategy is a five-year or longer forecast of equipment replacement needs. The plan alerts the Board and partner agencies of equipment replacement projects needed to maintain the efficiency of the 9-1-1 system and Denco services. The adopted budget becomes the first year of the plan. The remaining four years represent estimated replacement needs and the related funding.

Each year staff re-evaluate the equipment needs and adjust the schedule accordingly. The time periods specified for the strategies, projects and actions in the projections reflect the best estimates possible, but the District will modify timelines in response to changing priorities and economic conditions. The results of actual equipment refurbishments, extended life expectancy and more precise cost estimates will be included in the annual budget.

As the District does not issue debt for capital projects, the reserve fund balance will experience dramatic movement as Denco continues its save-spend-save cycle (accumulating reserves in advance of major capital expenditures, then drawing them down when investments are made).

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 4

Revenue

DENCO AREA 9-1-1 DISTRICT

Revenue

The District has several revenue sources with 9-1-1 service fees accounting for the largest percentage. The 9-1-1 service fees are derived from wireline and wireless phone service in the district. Other sources of revenue include interest income, training course registrations, service contracts, disposal of surplus equipment, and grants.

The Board of Managers is required by Texas statute to assess and adjust the wireline 9-1-1 service fee, at least annually, to ensure that current revenue streams are sufficient to support current and future operational needs, as well as save for future capital improvement needs that deliver enhanced mission critical services.

The authority and parameters for levying the 9-1-1 service fee in the district are also statutorily defined. The Board of Managers sets the service fee rate annually as part of the budget process. The service fee, as derived through this assessed rate, is based on a percentage of the “base rate charge,” or its equivalent. The fee may not be imposed on more than 100 local exchange access lines or their equivalent for a single business entity at a single location, unless residents of the location use the lines.

The statutory definition of a base rate charge is the "rate or rates billed by a service supplier, as stated in the service supplier's charges approved by the appropriate regulatory authority, that represent the service supplier's recurring charges for local exchange access lines or their equivalent, exclusive of all taxes, fees, license costs, or similar charges."

With telecommunications deregulation, base rates are becoming antiquated from the rate-regulated system of the Texas Public Utilities Commission but have not disappeared completely. While local exchange carriers may still file tariffs, they are not subject to approval in deregulated areas. Most wireline Competitive Local Exchange Carriers (CLECs) and Voice over Internet Protocol (VoIP) providers do not have filed rates.

Annually, as part of the rate setting process, Denco identifies the principal service supplier, the entity providing the most central office lines in the district, via the 9-1-1 database, and determines that supplier's official base rate for both residential and business service.

For Fiscal Year 2027, the principal supplier for the district is Frontier Communications. Frontier Communications' general exchange Schedule of Rates lists residential service at $31.00 per month and Business Line/Trunk service at $49.99.

The 9-1-1 service fee may be any amount set by the Board of Managers up to a maximum of six percent of the monthly base rate charged a service user by the principal service supplier in the district. Once the fee is set, it is applied districtwide to all residential and business classifications regardless of CLEC or signaling (i.e., VoIP) provisioning.

Based on these rates and the fee cap in Texas statute, the maximum allowable fees for FY2027 are $1.86 per month for residential service and $3.00 per month for business service. During the July 2025 Board meeting, the FY2026 wireline 9-1-1 service fee rates were established. These rates are proposed to remain unchanged at $1.50 for residential and $1.80 for business service.

For several legislative sessions, bills have been introduced to increase the wireless 9-1-1 fee in Texas. In 2021 and 2023, the Texas Legislature authorized federal and state grants to support the implementation and ongoing operation of next generation 9-1-1 services in lieu of a fee increase. During the 2025 legislative session neither grants nor a fee increase was authorized. Until such time as a sustainable revenue increase is authorized, the current wireline fees are recommended to remain unchanged.

<u>Wireline Service Fee Assumptions</u>

Traditional wireline telecommunications providers will continue to experience a decline in total line count, as seen over the past several years. Competitive carriers offering VoIP service will also see reductions but at a slower pace. Based on the 9-1-1 service fee level established by the Board of Managers, total wireline revenues anticipated for fiscal year 2027 are $1,625,000.

<u>Wireless 9-1-1 Service Fee</u>

The revenue associated with wireless 9-1-1 service is authorized in Texas Health and Safety Code, Chapter 771. The statute establishes the statewide emergency service fee for wireless telecommunications connections to provide for automatic number identification and automatic location identification of wireless 9-1-1 calls. The fee is imposed on each wireless telecommunications connection and the statute prohibits political subdivisions from imposing another fee on a wireless service provider or subscriber for 9-1-1 emergency service.

The wireless service provider collects the fee in an amount equal to $0.50 a month for each wireless telecommunications connection from its subscribers and remits the money collected, minus an allowed one percent administrative fee, to the Texas State Comptroller not later than the thirtieth day after the last day of the month during which the fees were collected.

The Comptroller distributes wireless service fees collected to each emergency communication district in the state. The amount distributed is the pro-rata share of total service fees collected, proportional to the District's share of state population. The Comptroller distributes Denco's pro-rata share of wireless service fees directly to the District.

A prepaid wireless 9-1-1 emergency service fee of two percent of the purchase price of each prepaid wireless telecommunications service purchased, by any method, shall be collected by the seller from the consumer at the time of each retail transaction of prepaid wireless telecommunications service occurring in this state and remitted to the Comptroller. A seller may deduct and retain two percent of prepaid wireless 9-1-1 emergency services fees that it collects under this section to offset its costs in administering this fee. The Comptroller distributes prepaid wireless service fees consistent with the procedures in place for wireless emergency services fees.

Distribution Percentage

According to Texas Administrative Code, the Commission on State Emergency Communications (CSEC) shall use the most recent annual population estimates from the Texas Demographic Center to determine the proportionate amount of wireless and prepaid wireless service fees remitted attributable to each emergency communication district. In the Dallas/Ft. Worth metroplex, due to the number of overlapping jurisdictions, CSEC modifies the adopted distribution percentages to account for changes in 9-1-1 service boundaries not reflected in the state demographer's population estimates. Denco Area 9-1-1 District, North Central Texas 9-1-1 and Tarrant County 9-1-1 District collaborate and reach consensus on this calculation to ensure its accuracy.

Denco Area 9-1-1 District's population percentage is calculated at 2.5184% by the Texas Demographic Center and used for wireless fee distribution by the Texas Comptroller.

Wireless Service Fee Assumptions

The amount of wireless service fee collected at the state level has continued to increase slightly over the past few years and is expected to remain relatively constant, with a slight increase. Based on this assumption, no change in the wireless service fee rate, projected statewide fee collections and the District's 2.5184% distribution share, total wireless revenue for fiscal year 2027 is estimated at $4,800,000.

Non-Service Fee Revenue

Non-service fee revenue includes grant income, investment income, charges for services and sale of surplus property.

Non-Service Fee Assumptions

- During Fiscal Year 2027, Denco does not expect to receive grant funding.
- Denco will continue to charge a nominal fee to training program participants from outside the district. For fiscal year 2027, training program revenue is estimated to remain steady at $45,000.
- Denco and Denton County have a long-standing agreement for District staff to coordinate the issuance of addresses in unincorporated Denton County. This agreement will be continued at the previously established rate of $20,000 per year.
- Estimated interest earned on investments is projected at approximately $425,000, consistent with prior year.

Based on the noted assumptions, non-service fee revenues anticipated for fiscal year 2027 are $490,000.

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Anticipated Revenues

Fiscal Year 2027

	Proposed	Percent of Total Revenue
Wireline Service Fee Revenue		
Business	$ 1,150,000	16.6%
Residential	$ 475,000	6.9%
Net Wireline Service Fee Revenue	$ 1,625,000	23.5%
Wireless Service Fee Revenue	$ 4,800,000	69.4%
Total Service Fee Revenue	**$ 6,425,000**	**92.9%**
Non-Service Fee Revenue		
Grants and Contributions	$ -	0.0%
Interest Revenue	$ 425,000	6.1%
Contract Services Revenue	$ 20,000	0.3%
Miscellaneous Revenue (Expenses)	$ 45,000	0.7%
Total Non-Service Fee Revenue	**$ 490,000**	**7.1%**
Total Anticipated Revenues	**$ 6,915,000**	**100.0%**

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 5

Expenditures

DENCO AREA 9-1-1 DISTRICT

Expenditures

Expenses

The total expenditures proposed in the fiscal year 2027 budget reflect a $931,394 increase in spending when compared to the estimated expenditures for fiscal year 2026, and a $675,690 increase in spending compared to the fiscal year 2026 approved budget.

Administration – General Government

The Fiscal Year 2027 budget is structured in alignment with the annual audit accounting for both personnel and administrative expenditures in the combined category of general government. This category reflects organizational functions that support the overall operation of the agency. Expenses include personnel, benefits, business software, contract services, office equipment, travel and professional development for administrative functions. Expenditures proposed for fiscal year 2027 are $3,608,875 or 40% of the total budgeted expenditures. Total personnel expenditures proposed in 2027 are $2,994,525 or 33.2% of the total budget.

Personnel

The Fiscal Year 2027 budget maintains current staffing levels with no new positions proposed. Compensation budgeted for existing staff reflects two components: a 3% provision for merit-based pay increases and a 2.6% cost-of-living adjustment. The cost-of-living figure is derived from consumer price index data published by the U.S. Bureau of Labor Statistics for the Dallas-Fort Worth-Arlington area for the year ending May 2026. Together, these adjustments support the District's ability to attract and retain qualified personnel in a competitive regional employment market.

Denco took proactive steps in early 2025 to validate the competitiveness of its compensation structure by engaging an independent human resources consulting firm to conduct a thorough classification and pay study. The study evaluated Denco positions against comparable roles at peer organizations, examining job duties, required competencies, and minimum qualifications. A follow-up compensation review is planned for Spring 2027 and is included in this proposed budget. Retirement benefits are provided through the Texas County and District Retirement System (TCDRS), a statewide plan in which both Denco and its employees participate. The Fiscal Year 2027 budget reflects no change to the required TCDRS contribution rate. However, in keeping with the District's longstanding practice of maintaining a fully funded retirement plan, the budget includes an elected contribution rate of 10%, modestly above what is actuarially required. This approach provides a buffer against future rate volatility and reinforces the long-term financial health of the plan.

The Board of Managers has authorized inclusion of $170,000 to potentially fund cost-of-living adjustments for Denco retirees. TCDRS is structured around a long-term investment philosophy, with approximately 74 cents of every benefit dollar derived from investment earnings rather than employer and employee contributions. The system's diversified portfolio generated a net return of 12.6% in 2025, contributing to a 30-year annualized return of 7.7% as of December 31, 2025.

Health insurance is provided to Denco employees through the Texas Health Benefits Pool. The Fiscal Year 2027 budget reflects a 25% increase in medical insurance premiums, a market-driven adjustment consistent with trends experienced by many public employers. The District absorbs the full cost of individual employee coverage. For employees carrying family coverage, the premium is shared between the District and the employee, with each contributing a defined percentage of the total cost. Dental insurance premiums remain unchanged.

New in Fiscal Year 2027 is the addition of a short-term disability plan. This benefit provides income protection for employees who experience a qualifying disability resulting from physical illness, injury, pregnancy, or mental health conditions, and is designed to work in conjunction with the District's existing sick leave provisions.

The budget also provides for a temporary intern position within the financial services function to support continuity of operations during a planned employee absence. This approach addresses a short-term staffing need without creating a permanent position.

Facilities

Budgeted facility expenditures support the safe and efficient operation of both the administrative headquarters and the annex building. Recurring costs include utilities such as electricity, natural gas, water, and waste disposal, as well as scheduled safety inspections, regulatory compliance activities, and routine building maintenance and repair.

These expenditures address identified needs necessary to preserve the condition and functionality of District facilities and support a reliable working environment for staff and a constantly ready, multi-jurisdictional backup emergency communications center for partner agencies.

Direct Services

Direct Services encompasses the programs and activities that constitute the core public safety mission of the District. This includes 9-1-1 technical and operational functions, Geographic Information Systems, database management, rural addressing, the Public Safety Training Academy, community engagement, and related capital projects. In the aggregate, Direct Services expenditures total $5,402,500, representing 60% of the Fiscal Year 2027 budget.

Technical Services

Maintaining the uninterrupted operation of the 9-1-1 system is the most fundamental responsibility of the District, and Technical Services is the function through which that responsibility is carried out. Staff assigned to this area manage network reliability and performance, oversee hardware and software systems, conduct preventive maintenance, and coordinate repairs and configuration updates across facilities, users, and system components.

9-1-1 Support and Managed Services

Fiscal Year 2027 funding continues the District's investment in software support and managed services for the 9-1-1 call-handling platform. These services underpin the reliability and security of the emergency communications infrastructure and are essential to day-to-day operations.

Software support covers the full scope of maintenance activity for the call-taking platform, including security patches, software updates, and version upgrades issued during the term of the service agreement. These updates keep the system aligned with current industry standards and address emerging vulnerabilities as they are identified.

The managed services component adds a layer of proactive oversight, including around-the-clock performance monitoring, automated incident alerting, routine virus protection updates, and patch management services. Collectively, these capabilities reduce the risk of unplanned outages and support rapid response when issues arise.

This budget reflects the second year of a five-year service agreement that was structured to provide long-term stability and predictability for the District's most critical technology investment. Multi-year agreements of this type allow for consistent vendor engagement and reduce the administrative burden of repeated procurement cycles.

Network

Work completed during Fiscal Years 2025 and 2026 substantially upgraded the District's network infrastructure to accommodate growing bandwidth demands driven by workstation expansion and the transmission of increasingly data-rich content across the system. The result is a next generation 9-1-1 network built on a multi-layer, high-availability architecture that incorporates SD-WAN management and packet duplication technology to maximize reliability.

Separate from the network improvements and cost increases, fiscal year 2027 marks the beginning of a new five-year agreement for next generation core network services. Costs under the new agreement are modestly higher than those under the prior arrangement, reflecting current market conditions and the expanded capabilities of the updated platform.

Cybersecurity

Protecting the District's systems and data from an evolving threat environment remains a standing priority. The Fiscal Year 2027 budget sustains a multi-layered cybersecurity posture delivered through a combination of internal staff activity and services provided by specialized external partners.

Denco personnel maintain active situational awareness by monitoring threat intelligence resources from federal and nonprofit sources, including guidance and alerts from the Cybersecurity and Infrastructure Security Agency (CISA). This is supplemented by subscriptions to advanced network monitoring tools that provide real-time detection of potential intrusions and anomalous activity, with automated alerting to support prompt response.

The District has also continued a deliberate shift of appropriate business functions to secure cloud-based platforms. Compared to maintaining legacy on-premise systems, this approach has yielded improvements in system resilience and security posture while generating operational cost efficiencies. Cloud environments offer built-in redundancy, scalability, and managed security features that strengthen the overall framework protecting mission-critical operations.

Microwave System

The microwave communication system, jointly owned by Denco and Denton County, provides the backbone infrastructure through which 9-1-1 calls are delivered and the Denton County Public Safety Radio System operates. The reliability of this system is fundamental to emergency communications throughout the region.

The Fiscal Year 2027 budget funds the continued operation and maintenance of this shared asset, covering routine operational costs as well as technical support services required to sustain optimal performance. Investments in this infrastructure reflect the shared commitment of both entities to uninterrupted public safety communications.

Geographic Information Services/Database Integrity

A major initiative in the proposed budget is the migration of the District's GIS and mapping environment from the current Vesta Map on-premise platform to Radius Mapping, a cloud-native Next Generation 9-1-1 mapping solution developed by Motorola Solutions/RapidDeploy. The Radius platform is deployed across more than 1,500 Emergency Communications Centers in 24 states and is natively aligned with emerging federal and state NG9-1-1 standards, positioning Denco favorably for future interoperability requirements and funding eligibility.

The current on-premise infrastructure has reached a point where continued investment is difficult to justify. Aging servers, rising maintenance costs, and growing capability gaps relative to NG9-1-1 standards collectively present operational and financial risk. Transitioning to a cloud-hosted environment addresses these concerns while delivering meaningful improvements in reliability, data currency, and interoperability with neighboring agencies and partner systems.

The Radius subscription consolidates capabilities that were previously licensed separately, including Smart Transcription and Citizen Input. The integration of Smart911 caller profiles that surface voluntarily submitted household and health information to telecommunicators at the time of a call will support faster and better-informed dispatch decisions. Additional platform capabilities include two-way text messaging, translation services, live video from callers, indoor mapping and 3D floor plan layers, and integration with more than 20 GIS and mapping data sources.

The budget also includes deployment of the Lightning mobile application for first responders. Powered by the Radius platform, Lightning extends situational awareness from the emergency communications center to the field by delivering 9-1-1 call notifications, authoritative GIS data, indoor mapping, and real-time responder tracking directly to first responders' mobile devices.

The annual subscription cost for the Radius platform is $420,000, which will be partially offset through a reduction of $125,000 with consolidation of previously separate Citizen Input and Smart Transcription licenses. Shifting from on-premise capital expenditures to a subscription model also improves budget predictability by replacing unpredictable hardware replacement cycles with a stable, recurring cost.

Indoor Mapping

Indoor mapping has become one of Denco's most impactful contributions to situational awareness for emergency responders. Every public school in the district is now fully mapped and incorporated into the emergency communications system, giving telecommunicators accurate floor-level location data when calls originate from within school buildings.

This work is ongoing, with staff currently extending coverage to hospitals, event venues, shopping centers, hotels, and large multi-unit residential properties. Facility managers and other stakeholders are engaged throughout the process to ensure that digitized data is complete, current, and operationally useful.

Denco is also actively supporting local school districts as they work toward compliance with a state mandate requiring direct-connect panic buttons that link school facilities to public safety responders. Denco is encouraging schools to select panic button solutions compatible with the District's indoor mapping platform. When properly integrated, these systems allow precise location data to be displayed at the time of a panic button activation, giving responding personnel the specific information they need to act quickly.

Public Education and Outreach

Keeping the public informed about 9-1-1 services and how to use them effectively is a core function of the District. Denco's community engagement program supports this goal through a coordinated strategy that combines direct outreach, media engagement, educational programming, and partnerships with community organizations, schools, and local government.

Priority outreach topics in Fiscal Year 2027 include the PulsePoint AED Registry, which encourages public participation in registering automated external defibrillators to improve cardiac emergency response; indoor mapping, with a focus on helping facility managers and stakeholders understand how their participation supports better emergency outcomes; and compliance education around Kari's Law and RAY BAUM's Act for organizations operating multi-line telephone systems.

Outreach efforts will also promote registration of Smart911 safety profiles, a free service that allows residents to voluntarily share household, health, and location information that becomes available to telecommunicators in the event of a 9-1-1 call. Profiles are portable, meaning they follow the registrant and are accessible to call takers in any Smart911 enabled jurisdiction. Encouraging broad community participation in the program strengthens the District's ability to connect callers with an appropriate and informed emergency response.

Outreach activities are supported by a mix of paid media placements in digital and print channels and earned media opportunities developed through ongoing relationships with news organizations and community partners. Staff also maintain a regular schedule of presentations and meetings with citizen groups, school administrators, and elected and appointed officials to share program updates and gather input from the community.

Emergency Communications Center Support

Denco provides a broad range of operational support services to the Emergency Communications Centers operated by its partner jurisdictions. These services are designed to strengthen the capacity of those centers to deliver consistent, high-quality emergency response.

Support for the Emergency Medical Dispatching program continues in Fiscal Year 2027, including training, system maintenance, quality assurance activities, and funding for EMD Academy Analytics. The analytics platform enables data-driven review of dispatcher performance and supports ongoing operational improvement.

The District also assists partner agencies with recruitment and pre-employment screening for telecommunicator candidates, providing access to industry-standard testing tools. Denco holds authorization from the Texas

Commission on Law Enforcement (TCOLE) to serve as a licensure examination site for telecommunicators, law enforcement officers, and jailers, a designation that extends the District's value to partner agencies beyond the 9-1-1 function.

Technology support in the proposed budget includes continued funding for the Motorola Vesta and Intrado ECaTS platforms. These systems provide call data analytics and reporting capabilities that Emergency Communications Centers rely on to monitor operational performance and meet state and federal reporting obligations.

Public Safety Training Academy

The Denco Public Safety Training Academy is a nationally accredited training facility and an authorized TCOLE contract training site. The Academy delivers programs across all proficiency levels, from foundational to advanced, with specialized curricula designed for telecommunicators working in emergency medical dispatch, fire communications, and supervisory or management roles. Instruction is provided by a combination of full-time professional staff and contract subject matter experts drawn from the field.

Curriculum development and program planning are guided in part by a regional Training Advisory Committee whose members represent a broad cross-section of stakeholder agencies. An annual training needs analysis is conducted to ensure that Academy offerings remain aligned with the current and emerging priorities of Emergency Communications Centers across the district.

All training programs are available at no cost to personnel from partner agencies within the district. A nominal registration fee is charged to participants from out-of-district agencies to support partial cost recovery.

The proposed budget includes continued investment in video-based training content. These modules are developed to support the introduction of new technologies and system features provided by Denco and are designed to accelerate adoption, promote consistent understanding, and reduce the time and resources required for in-person instruction.

In recognition of the many years of service and dedicated leadership of former Board Member Dr. Alan Groff, the Board of Managers sponsors the Groff Scholarship Program, which provides funding for telecommunicators to attend the Priority Dispatch Navigator Conference. The District also sponsors scholarships for attendance at the Texas Public Safety Conference, reflecting its broader commitment to professional development and regional leadership in the field.

High School Telecommunicator Academy — Pipeline Program

The High School Telecommunicator Academy Pipeline Program is a new pilot initiative representing a distinctive investment in the future workforce of public safety communications. Developed in conjunction with the Texas Commission on Law Enforcement (TCOLE) and in partnership with regional school districts, the Academy Pipeline will provide high school students the opportunity to pursue state-certified telecommunicator training before they graduate, giving them a meaningful professional foundation at the outset of their careers.

The pilot will launch in Spring 2027 with Lewisville Independent School District, with outreach underway to additional school districts in the service area. Participants will complete the TCOLE Basic Telecommunicator curriculum along with expanded training on call-taking, dispatch protocols, and emergency communications standards. This curriculum is the same foundational training required of working public safety telecommunicators. Instruction will be delivered by experienced instructors at the Denco Public Safety Training Academy over the final semester of high school as a new practicum opportunity in the existing law enforcement program. The Academy Pipeline will go beyond the standard curriculum by incorporating additional specialized training, scenario-based simulations, and direct observation opportunities within a functioning 9-1-1 communications center.

Graduates will leave the Academy Pipeline with verified credentials and practical exposure to the demands of the profession, positioning them to enter the workforce or continue their education with a substantial advantage. As the demand for qualified telecommunicators continues to outpace supply in many communities, the Academy Pipeline is intended to build a sustainable flow of trained public safety professionals for the region.

As a pilot, the program will be evaluated at the close of the initial cohort on measures including student interest and enrollment, completion rate, certification pass rate, and post-graduation employment to inform decisions about continuation, scope, and funding in future fiscal years. For Fiscal Year 2027, the estimated cost of the pilot cohort is included in the proposed budget at $10,000, covering instructor time and materials.

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Proposed Expenditures
Fiscal Year 2027

		Proposed	Percent of Budget
Personnel			
Salaries		$ 1,846,512	20.5%
Benefits		$ 1,148,013	12.7%
	Total Personnel	**$ 2,994,525**	
Administration			
Office Expenses		$ 61,500	0.7%
Contract Services		$ 237,000	2.6%
Facilities		$ 227,300	2.5%
Memberships/Subscriptions		$ 12,300	0.1%
Professional Development		$ 33,800	0.4%
Travel		$ 42,450	0.5%
	Total Administration	**$ 614,350**	
	Total General Government	**$ 3,608,875**	**40.0%**
Direct Services			
Operations		$ 2,584,800	28.7%
Network Services		$ 2,474,000	27.5%
Equipment		$ 178,500	2.0%
Facilities — Annex		$ 165,200	1.8%
	Total Direct Services	**$ 5,402,500**	**60.0%**
Capital Projects Expenditures		**$ -**	**0.0%**
	Total Proposed Expenditures	**$ 9,011,375**	**100.0%**

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 6

Budget Summary

Budget Summary

The table below represents a consolidated view of anticipated revenues and proposed expenditures for Fiscal Year 2027, including the percentage distribution across major budget categories and the estimated fund balance.

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Summary of Anticipated Revenues and Proposed Expenditures
Fiscal Year 2027

	Proposed	Percent of Budget
Beginning of Year Estimated Fund Balance	**$ 11,459,416**	
Anticipated Revenues		
9-1-1 Service Fee Revenue	$ 6,425,000	92.9%
Capital Grants and Contributions	$ -	0.0%
Interest Revenue	$ 425,000	6.1%
Contract Services Revenue	$ 20,000	0.3%
Miscellaneous Revenue (Expense)	$ 45,000	0.7%
Total Anticipated Revenues	**$ 6,915,000**	**100.0%**
Personnel	$ 2,994,525	33.2%
Administration - General Government	$ 614,350	6.8%
Direct Services	$ 5,402,500	60.0%
Capital Projects	$ -	0.0%
Total Proposed Expenditures	**$ 9,011,375**	**100.0%**
Increase (Decrease) in Fund Balance	**$ (2,096,375)**	
End of Year Estimated Fund Balance	**$ 9,363,041**	

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 7

Five-Year Projections

DENCO AREA 9-1-1 DISTRICT

Five-Year Projections

Five-Year Projections

The Five-Year Financial Plan, covering fiscal years 2027-2031, is a strategic resource for the Board of Managers, providing a structured outlook for long-term financial planning and decision-making. Through multi-year budget projections, the plan promotes fiscal stability by forecasting future revenues, expenditures, and fund balance requirements across the planning horizon. A central priority is keeping service fee rates as predictable as possible while maintaining adequate reserves to cover anticipated obligations, particularly those tied to major capital investments.

Denco staff work to identify significant capital and operational needs well ahead of when funding decisions must be made. This approach allows the District to address high-cost projects that extend beyond a single fiscal year and to direct resources in a deliberate, sustainable way. The Five-Year Financial Plan draws on several key components:

- Revenue and expenditure projections grounded in historical trends and known cost factors
- Estimated effects of economic conditions and other cost drivers
- Planned use and replenishment of fund balance reserves
- Funding strategies for significant one-time or non-recurring expenses

The plan will evolve as economic conditions shift, regulatory requirements change, or unforeseen needs arise. Even so, it functions as a financial framework that gives concrete form to the fiscal policies articulated by the Board of Managers. The accompanying Five-Year Projections table presents the District's projected financial position across the planning period and reflects Denco's ongoing commitment to long-term fiscal health and operational readiness.

The multi-year projections capture anticipated costs for both ongoing operations and major one-time capital investments expected in the near to medium term. Routine operating expenses have been adjusted to account for a modest inflationary factor, supporting realistic budgeting for predictable cost increases.

Fund Balance Projections

Denco's fund balance reflects the cumulative difference between revenues collected and expenditures incurred. Staff project the ending fund balance as part of the annual budgeting process, and the actual balance is independently audited each fiscal year. Because Denco's ability to issue debt is substantially restricted, the District relies on fund balance reserves to finance major expenditures that exceed what a single year's revenue can support. As a result, reserve levels will shift considerably as the agency moves through planned save-spend-save cycles.

Denco projects that fiscal year 2027 will close with expenditures exceeding revenues by $2,096,375, leaving an ending fund balance of $9,363,041. During fiscal years 2023 through 2025, Denco received substantial grant funding that built up a healthy reserve position. Those grant revenues concluded in fiscal year 2025. In the years ahead, Denco will draw on reserve funds to support operations, and the fund balance is expected to decline as those grant dollars are used. Legislative efforts will continue through 2027 to establish a durable, long-term funding mechanism. Service fee rates will be reviewed and adjusted in future years as needed to align revenues with operational requirements and to rebuild reserves for future system improvements. Absent a new funding mechanism or fee adjustment, the projection turns negative in FY2031, and the board will act before that occurs.

DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Five Year Projections

Fiscal Year 2027

	FY 2026 Estimated	FY 2027 Proposed	FY 2028 Projected	FY 2029 Projected	FY 2030 Projected	FY 2031 Projected
Beginning of Year Fund Balance	**$ 12,748,397**	**$ 11,459,416**	**$ 9,363,041**	**$ 6,723,926**	**$ 4,254,839**	**$ 1,620,827**
Revenue						
Net Service Fee Revenue	$ 6,138,000	$ 6,425,000	$ 6,287,000	$ 6,330,000	$ 6,385,000	$ 6,435,000
Capital Grants and Contributions	$ -	$ -	$ -	$ -	$ -	$ -
Interest Revenue	$ 415,000	$ 425,000	$ 350,000	$ 325,000	$ 300,000	$ 275,000
Contract Services Revenue	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000
Miscellaneous Revenue (Expense)	$ 48,000	$ 45,000	$ 45,000	$ 45,000	$ 50,000	$ 50,000
Total Revenue	**$ 6,621,000**	**$ 6,915,000**	**$ 6,702,000**	**$ 6,720,000**	**$ 6,755,000**	**$ 6,780,000**
Expenditures						
Personnel	$ 2,499,931	$ 2,994,525	$ 2,955,971	$ 3,093,598	$ 3,237,700	$ 3,388,584
Administration	$ 579,950	$ 614,350	$ 626,945	$ 634,964	$ 647,986	$ 661,277
Direct Services	$ 4,830,100	$ 5,402,500	$ 5,758,200	$ 5,460,525	$ 5,503,325	$ 5,442,025
Capital Projects	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenditures	**$ 7,909,981**	**$ 9,011,375**	**$ 9,341,116**	**$ 9,189,087**	**$ 9,389,011**	**$ 9,491,886**
Increase (Decrease) In Fund Balance	**$ (1,288,981)**	**$ (2,096,375)**	**$ (2,639,116)**	**$ (2,469,087)**	**$ (2,634,011)**	**$ (2,711,886)**
End of Year Total Fund Balance	**$ 11,459,416**	**$ 9,363,041**	**$ 6,723,926**	**$ 4,254,839**	**$ 1,620,827**	**$ (1,091,058)**

Denco Area 9-1-1 District

Fiscal Year 2027
Annual Budget

Section 8

Budget Resolutions

House Bill 1984

District Legislation

9-1-1 Basics & Glossary

DENCO AREA 9-1-1 DISTRICT

RESOLUTION

DEFINING PROCEDURES FOR CONSIDERATION AND APPOVAL OF A BUDGET

WHEREAS, Sections 772.309(b)&(c), Texas Health and Safety Code have been amended by the Texas Legislature to specify certain procedures for the consideration and approval of a budget by the Board and governing bodies of participating jurisdictions.

NOW, THEREFORE BE IT RESOLVED BY THE DENCO AREA 9-1-1 DISTRICT BOARD OF MANAGERS:

The Board's procedures for consideration and approval of a budget shall include the following:

1. Not later than the 45th day before the Board adopts a budget, the Executive Director on behalf of the Board will submit a draft of the proposed budget to each of the governing bodies of the participating jurisdictions. In a transmittal letter accompanying the draft of the proposed budget, the Executive Director will include a statement requesting that the governing bodies of each of the participating jurisdictions review the draft of the proposed budget and submit any comments to the Board prior to or on the date the budget is scheduled for consideration and adoption by the Board.
2. Once the Board adopts the budget, the Executive Director on behalf of the Board will within three days either 1) send a letter to each of the governing bodies of the participating jurisdictions stating that the Board adopted the proposed budget without any changes or 2) send a copy of the budget adopted by the Board and include in a letter the differences between the proposed and adopted budget. In the letter to the governing bodies of the participating jurisdictions, the Executive Director will include a statement requesting approval of the Board's adopted budget by the governing bodies of participating jurisdictions within sixty days of receipt.

APPROVED and ADOPTED on this 2nd day of December 1999.

Chairman, Board of Managers

Secretary, Board of Managers

An Act relating to the consolidation of emergency communication districts and to the approval of proposed budgets of certain emergency communication districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 771.001(3), Health and Safety Code, is amended to read as follows:

(3) "Emergency communication district" means:

(A) a public agency or group of public agencies acting jointly that provided 9-1-1 service before September 1, 1987, or that had voted or contracted before that date to provide that service; or

(B) a district created under Subchapter B, C, [~~or~~] D, or F, Chapter 772.

SECTION 2. Sections 772.309(b), (c), and (d), Health and Safety Code, are amended to read as follows:

(b) the board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) if the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) 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. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) The board shall have an independent financial audit of the district performed annually.

SUBCHAPTER D. EMERGENCY COMMUNICATION DISTRICTS: COUNTIES WITH POPULATION OVER 20,000

§ 772.301. Short Title

This subchapter may be cited as the Emergency Telephone Number Act.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.302. Purpose

It is the purpose of this subchapter to establish the number 9–1–1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local government and combinations of those units to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9–1–1 seeking police, fire, medical, rescue, and other emergency services. To this purpose the legislature finds that:

(1) it is in the public interest to shorten the time required for a citizen to request and receive emergency aid;

(2) there exist thousands of different emergency telephone numbers throughout the state, and telephone exchange boundaries and central office service areas do not necessarily correspond to public safety and political boundaries;

(3) a dominant part of the state's population is located in rapidly expanding metropolitan areas that generally cross the boundary lines of local jurisdictions and often extend into two or more counties; and

(4) provision of a single, primary three-digit emergency number through which emergency services can be quickly and efficiently obtained would provide a significant contribution to law enforcement and other public safety efforts by making it less difficult to notify public safety personnel quickly.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.303. Definitions

In this subchapter:

(1) "Board" means the board of managers of a district.

(2) "Director" means the director of communication for a district.

(3) "District" means an emergency communication district created under this subchapter.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.304. Application of Subchapter

(a) This subchapter applies only to a county with a population of more than 20,000 or to a group of two or more contiguous counties each with a population of 20,000 or more in which an emergency communication district was created under Chapter 288, Acts of the 69th Legislature, Regular Session, 1985, before January 1, 1988, or to a public agency or group of public agencies that withdraws from participation in a regional plan under Section 771.058(d).

(b) This subchapter does not affect the authority of a public agency to operate under another law authorizing the creation of a district in which 9–1–1 service is provided.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1405, § 32, eff. Sept. 1, 1999.

§ 772.305. Additional Territory

(a) If a municipality that is part of a district annexes territory that is not part of the district, the annexed territory becomes part of the district.

(b) A public agency located in whole or part in a county adjoining the district, by resolution adopted by its governing body and approved by the board of the district, may become part of the district and subject to its benefits and requirements.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.306. Board of Managers

(a) A district is governed by a board of managers.

(b) If the most populous municipality in the district has a population of more than 140,000, the board consists of:

(1) one member for each county in the district appointed by the commissioners court of each county;

(2) two members appointed by the governing body of the most populous municipality in the district;

(3) one member appointed by the governing body of the second most populous municipality in the district;

(4) one member appointed as provided by this section to represent the other municipalities located in whole or part in the district; and

(5) one member appointed by the principal service supplier.

(c) If Subsection (b) does not apply to a district, the board consists of:

(1) the following members representing the county or counties in the district:

(A) if the district contains only one county, two members appointed by the commissioners court of the county;

(B) if the district originally contained only one county but contains more than one county when the appointment is made, two members appointed by the commissioners court of the county in which the district was originally located, and one member appointed by the commissioners court of each other county in the district; or

(C) if the district originally contained more than one county and the district contains more than one county when the appointment is made, one member appointed by the commissioners court of each county in the district;

(2) two members appointed jointly by all the participating municipalities located in whole or part in the district;

(3) one member appointed jointly by the volunteer fire departments operating wholly or partly in the district, with the appointment process coordinated by the county fire marshal or marshals of the county or counties in the district; and

(4) one member appointed by the principal service supplier.

(d) The board member appointed by the principal service supplier is a nonvoting member. If the board is appointed under Subsection (c), the principal service supplier may waive its right to appoint the board member and designate another service supplier serving all or part of the district to make the appointment.

(e) The board member appointed under Subsection (b)(4) is appointed by the mayor's council established to administer urban development block grant funds, if one exists in the district. Otherwise, the member is appointed by the other members of the board on the advice and recommendation of the governing bodies of all the municipalities represented by the member.

(f) The initial board members appointed by municipalities under Subsection (c)(2) are appointed by all the municipalities located in whole or part in the district.

(g) Board members are appointed for staggered terms of two years, with as near as possible to one-half of the members' terms expiring each year.

(h) A board member may be removed from office at will by the entity that appointed the member.

(i) A vacancy on the board shall be filled for the remainder of the term in the manner provided for the original appointment to that position.

(j) Board members serve without compensation. The district shall pay all expenses necessarily incurred by the board in performing its functions under this subchapter.

(k) The board may appoint from among its membership a presiding officer and any other officers it considers necessary.

(l) The director or a board member may be appointed as secretary of the board. The board shall require the secretary to keep suitable records of all proceedings of each board meeting. After each meeting the presiding officer at the meeting shall read and sign the record and the secretary shall attest the record.

(m) Voting members of the board may meet in executive session in accordance with Chapter 551, Government Code.

(n) A majority of the voting members of the board constitutes a quorum.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 76, § 5.95(82), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 638, § 15, eff. Sept. 1, 1995.

§ 772.307. Powers and Duties of Board

(a) The board shall control and manage the district.

(b) The board may adopt rules for the operation of the district.

(c) The board may contract with any public or private entity to carry out the purposes of this subchapter, including the operation of a 9–1–1 system.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.308. Director of District

(a) The board shall appoint a director of communication for the district and shall establish the director's compensation. The director must be qualified by training and experience for the position.

(b) The board may remove the director at any time.

(c) With the board's approval, the director may employ any experts, employees, or consultants that the director considers necessary to carry out the purposes of this subchapter.

(d) The director shall perform all duties that the board requires and shall supervise as general manager the operations of the district subject to any limitations prescribed by the board.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.309. Budget; Annual Report; Audit

(a) The director shall prepare under the direction of the board an annual budget for the district. To be effective, the budget must:

(1) be approved by the board;

(2) be presented to and approved by the commissioners court of each county in the district;

(3) be presented to and approved by the governing body of the most populous municipality in the district, if that municipality has a population of more than 140,000; and

(4) be presented to the governing body of each other participating jurisdiction and approved by a majority of those jurisdictions.

(b) The board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) If the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) 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. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) The board shall have an independent financial audit of the district performed annually.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1406, § 2, eff. Aug. 30, 1999.

§ 772.310. Establishment of 9–1–1 Service

(a) A district shall provide 9–1–1 service to each participating jurisdiction through one or a combination of the following methods and features:

(1) the transfer method;

(2) the relay method;

(3) the dispatch method;

(4) automatic number identification;

(5) automatic location identification;

(6) selective routing; or

(7) any equivalent method.

(b) A district shall provide 9–1–1 service using one or both of the following plans:

(1) the district may design, implement, and operate a 9–1–1 system for each participating jurisdiction with the consent of the jurisdiction; or

(2) the district may design, implement, and operate a 9–1–1 system for two or more participating jurisdictions with the consent of each of those jurisdictions if a joint operation would be more economically feasible than separate systems for each jurisdiction.

(c) Under either plan authorized by Subsection (b), the final plans for the particular system must have the approval of each participating jurisdiction covered by the system.

(d) The district shall recommend minimum standards for a 9–1–1 system.

(e) A service supplier involved in providing 9–1–1 service, a manufacturer of equipment used in providing 9–1–1 service, or an officer or employee of a service supplier involved in providing 9–1–1 service is not liable for any claim, damage, or loss arising from the provision of 9–1–1 service unless the act or omission proximately causing the claim, damage, or loss constitutes gross negligence, recklessness, or intentional misconduct.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 638, § 16, eff. Sept. 1, 1995.

§ 772.311. Primary Emergency Telephone Number

The digits 9–1–1 are the primary emergency telephone number in a district. A public safety agency whose services are available through a 9–1–1 system may maintain a separate number or numbers for emergencies and shall maintain a separate number or numbers for nonemergency telephone calls.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.312. Transmitting Requests For Emergency Aid

(a) A 9–1–1 system established under this subchapter must be capable of transmitting requests for fire-fighting, law enforcement, ambulance, and medical services to a public safety agency or agencies that provide the requested service at the place from which the call originates. A 9–1–1 system may also provide for transmitting requests for other emergency services such as poison control, suicide prevention, and civil defense.

(b) A public safety answering point may transmit emergency response requests to private safety entities.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.313. Powers of District

(a) The district is a body corporate and politic, exercising public and essential governmental functions and having all the powers necessary or convenient to carry out the purposes and provisions of this subchapter, including the capacity to sue or be sued.

(b) To fund the district, the district may apply for, accept, and receive federal, state, county, or municipal funds and private funds and may spend those funds for the purposes of this subchapter. The board shall determine the method and sources of funding for the district.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.314. 9–1–1 Emergency Service Fee

(a) The board may impose a 9–1–1 emergency service fee on service users in the district.

(b) The fee may be imposed only on the base rate charge or its equivalent, excluding charges for coin-operated telephone equipment. The fee may not be imposed on more than 100 local exchange access lines or their equivalent for a single business entity at a single location, unless the lines are used by residents of the location. The fee may also not be imposed on any line that the Advisory Commission on State Emergency Communications excluded from the definition of a local exchange access line or an equivalent local exchange access line pursuant to Section 771.063. If a business service user provides residential facilities, each line that terminates at a residential unit and that is a communication link equivalent to a residential local exchange access line shall be charged the 9–1–1 emergency service fee. The fee must have uniform application and must be imposed in each participating jurisdiction.

(c) The rate of the fee may not exceed six percent of the monthly base rate in a service year charged a service user by the principal service supplier in the participating jurisdiction. For purposes of this subsection, the jurisdiction of the county is the unincorporated area of the county.

(d) The board shall set the amount of the fee each year as part of the annual budget. The board shall notify each service supplier of a change in the amount of the fee not later than the 91st day before the date the change takes effect.

(e) In imposing the fee, the board shall attempt to match the district's revenues to its operating expenditures and to provide reasonable reserves for contingencies and for the purchase and installation of 9–1–1 emergency service equipment. If the revenue generated by the fee exceeds the amount of money needed to fund the district, the board by resolution shall reduce the rate of the fee to an amount adequate to fund the district or suspend the imposition of the fee. If the board suspends the imposition of the fee, the board by resolution may reinstitute the fee if money generated by the district is not adequate to fund the district.

(f) In a public agency whose governing body at a later date votes to receive 9–1–1 service from the district, the fee is imposed beginning on the date specified by the board. The board may charge the incoming agency an additional amount of money to cover the initial cost of providing 9–1–1 service to that agency. The fee authorized to be charged in a district applies to new territory added to the district when the territory becomes part of the district.

(g) For the purposes of this section, the jurisdiction of the county is the unincorporated area of the county.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 14, eff. Aug. 30, 1993; Acts 1999, 76th Leg., ch. 1203, § 5, eff. June 18, 1999.

§ 772.315. Collection of Fee

(a) Each billed service user is liable for the fee imposed under Section 772.314 until the fee is paid to the service supplier. The fee must be added to and stated separately in the service user's bill from the service supplier. The service supplier shall collect the fee at the same time as the service charge to the service user in accordance with the regular billing practice of the service supplier. A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall collect the 9–1–1 emergency service fee and transmit the fees monthly to the district.

(b) The amount collected by a service supplier from the fee is due monthly. The service supplier shall remit the amount collected in a calendar month to the district not later than the 60th day after the last day of the calendar month. With each payment the service supplier shall file a return in a form prescribed by the board.

(c) Both a service supplier and a business service user under Subsection (a) shall maintain records of the amount of fees it collects for at least two years after the date of collection. The board may require at the board's expense an annual audit of a service supplier's books and records or the books and records of a business service user described by Subsection (a) with respect to the collection and remittance of the fees.

(d) A business service user that does not collect and remit the 9–1–1 emergency service fee as required is subject to a civil cause of action under Subsection (g). A sworn affidavit by the district specifying the unremitted fees is prima facie evidence that the fees were not remitted and of the amount of the unremitted fees.

(e) A service supplier is entitled to retain an administrative fee from the amount of fees it collects. The amount of the administrative fee is two percent of the amount of fees it collects under this section.

(f) A service supplier is not required to take any legal action to enforce the collection of the 9–1–1 emergency service fee. However, the service supplier shall provide the district with an annual certificate of delinquency that includes the amount of all delinquent fees and the name and address of each nonpaying service user. The certificate of delinquency is prima facie evidence that a fee included in the certificate is delinquent. A service user account is considered delinquent if the fee is not paid to the service supplier before the 31st day after the payment due date stated on the user's bill from the service supplier.

(g) The district may institute legal proceedings to collect fees not paid and may establish internal collection procedures and recover the cost of collection from the nonpaying service user. If the district prevails in legal proceedings instituted to collect a fee, the court may award the district court costs, attorney's fees, and interest in addition to other amounts recovered. A delinquent fee accrues interest at an annual rate of 12% beginning on the date the payment becomes due.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 15, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 17, eff. Sept. 1, 1995.

§ 772.316. District Depository

(a) The board shall select a depository for the district in the manner provided by law for the selection of a county depository.

(b) A depository selected by the board is the district's depository for two years after the date of its selection and until a successor depository is selected and qualified.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.317. Allowable Expenses

Allowable operating expenses of a district include all costs attributable to designing a 9–1–1 system and to all equipment and personnel necessary to establish and operate a public safety answering point and other related answering points that the board considers necessary.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.318. Number and Location Identification

(a) As part of computerized 9–1–1 service, a service supplier shall furnish current telephone numbers of subscribers and the addresses associated with the numbers on a call-by-call basis.

(b) A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall provide to those residential end users the same level of 9–1–1 service that a service supplier is required to provide under Subsection (a) to other residential end users in the district.

(c) Information furnished under this section is confidential and is not available for public inspection.

(d) A service supplier or business service user under Subsection (b) is not liable to a person who uses a 9–1–1 system created under this subchapter for the release to the district of the information specified in Subsections (a) and (b).

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 16, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 18, eff. Sept. 1, 1995.

§ 772.319. Public Review

(a) Periodically, the board shall solicit public comments and hold a public review hearing on the continuation of the district and the 9–1–1 emergency service fee. The first hearing shall be held three years after the date the order certifying the creation of the district is filed with the county clerks. Subsequent hearings shall be held three years after the date each order required by Subsection (d) is adopted.

(b) The board shall publish notice of the time and place of the hearing once a week for two consecutive weeks in a daily newspaper of general circulation published in the district. The first notice must be published not later than the 16th day before the date set for the hearing.

(c) At the hearing, the board shall also solicit comments on the participation of the district in the applicable regional plan for 9–1–1 service under Chapter 771. After the hearing, the board may choose to participate in the regional plan as provided by that chapter.

(d) After the hearing, the board shall adopt an order on the continuation or dissolution of the district and the 9–1–1 emergency service fee.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.320. Dissolution Procedures

(a) If a district is dissolved, 9–1–1 service must be discontinued on the date of the dissolution. The commissioners court of the county in which the district was located or, if the district contains more than one county, the commissioners courts of those counties acting jointly, shall assume the assets of the district and pay the district's debts. If the district's assets are insufficient to retire all existing debts of the district on the date of dissolution, the commissioners court or courts acting jointly shall continue to impose the 9–1–1 service fee, and each service supplier shall continue to collect the fee for the commissioners court or courts. Proceeds from the imposition of the fee after dissolution of the district may be used only to retire the outstanding debts of the district.

(b) The commissioners court or courts shall retire the district's debts to the extent practicable according to the terms of the instruments creating the debts and the terms of the orders and resolutions authorizing creation of the debts.

(c) The commissioners court or courts by order may adopt the rules necessary to administer this section.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.321. Issuance of Bonds

The board may issue and sell bonds in the name of the district to finance:

(1) the acquisition by any method of facilities, equipment, or supplies necessary for the district to begin providing 9–1–1 service to all participating jurisdictions; and

(2) the installation of equipment necessary for the district to begin providing 9–1–1 service to all participating jurisdictions.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.322. Repayment of Bonds

The board may provide for the payment of the principal of and interest on the bonds by pledging all or any part of the district's revenues from the 9–1–1 emergency service fee or from other sources.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.323. Additional Security for Bonds

(a) The bonds may be additionally secured by a deed of trust or mortgage lien on part or all of the physical properties of the district and the rights appurtenant to those properties, vesting in the trustee power to sell the properties for payment of the indebtedness, power to operate the properties, and all other powers necessary for the further security of the bonds.

(b) The trust indenture, regardless of the existence of the deed of trust or mortgage lien on the properties, may include provisions prescribed by the board for the security of the bonds and the preservation of the trust estate and may make provisions for investment of funds of the district.

(c) A purchaser under a sale under the deed of trust or mortgage lien is the absolute owner of the properties and rights purchased and may maintain and operate them.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.324. Form of Bonds

(a) A district may issue its bonds in various series or issues.

(b) Bonds may mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate permitted by state law.

(c) A district's bonds and interest coupons, if any, are investment securities under the terms of Chapter 8, Business & Commerce Code, may be issued registrable as to principal or as to both principal and interest, and may be made redeemable before maturity, at the option of the district, or contain a mandatory redemption provision.

(d) A district may issue its bonds in the form, denominations, and manner and under the terms, and the bonds shall be signed and executed, as provided by the board in the resolution or order authorizing their issuance.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.325. Provisions of Bonds

(a) In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds and the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds and may make additional covenants with respect to the bonds, the pledge revenues, and the operation and maintenance of any facilities the revenue of which is pledged.

(b) The orders or resolutions of the board authorizing the issuance of bonds may also prohibit the further issuance of bonds or other obligations payable from the pledged revenue or may reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with or subordinate to the lien and pledge in support of the bonds being issued.

(c) The orders or resolutions of the board issuing bonds may contain other provisions and covenants as the board may determine.

(d) The board may adopt and have executed any other proceedings or instruments necessary and convenient in the issuance of bonds.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.326. Approval and Registration of Bonds

(a) Bonds issued by a district must be submitted to the attorney general for examination.

(b) If the attorney general finds that the bonds have been authorized in accordance with law, the attorney general shall approve them. On approval by the attorney general, the comptroller shall register the bonds.

(c) After the approval and registration of bonds, the bonds are incontestable in any court or other forum for any reason and are valid and binding obligations according to their terms for all purposes.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.327. Refunding Bonds

(a) A district may issue bonds to refund all or any part of its outstanding bonds, including matured but unpaid interest coupons.

(b) Refunding bonds shall mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate or rates permitted by state law.

(c) Refunding bonds may be payable from the same source as the bonds being refunded or from other sources.

(d) The refunding bonds must be approved by the attorney general as provided by Section 772.326 and shall be registered by the comptroller on the surrender and cancellation of the bonds refunded.

(e) The orders or resolutions authorizing the issuance of the refunding bonds may provide that they be sold and the proceeds deposited in the place or places at which the bonds being refunded are payable, in which case the refunding bonds may be issued before the cancellation of the bonds being refunded. If refunding bonds are issued before cancellation of the other bonds, an amount sufficient to pay the principal of the bonds being refunded and interest on those bonds accruing to their maturity dates or to their option dates if the bonds have been duly called for payment before maturity according to their terms shall be deposited in the place or places at which the bonds being refunded are payable. The comptroller shall register the refunding bonds without the surrender and cancellation of bonds being refunded.

(f) A refunding may be accomplished in one or in several installment deliveries. Refunding bonds and their interest coupons are investment securities under Chapter 8, Business & Commerce Code.

(g) In lieu of the method set forth in Subsections (a)–(f), a district may refund bonds, notes, or other obligations as provided by the general laws of this state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.328. Bonds as Investments and Security for Deposits

(a) District bonds are legal and authorized investments for:

(1) a bank;

(2) a savings bank;

(3) a trust company;

(4) a savings and loan association;

(5) an insurance company;

(6) a fiduciary;

(7) a trustee;

(8) a guardian; and

(9) a sinking fund of a municipality, county, school district, and other political subdivision of the state and other public funds of the state and its agencies, including the permanent school fund.

(b) District bonds are eligible to secure deposits of public funds of the state and municipalities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value when accompanied by all unmatured coupons.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

§ 772.329. Tax Status of Bonds

Because a district created under this subchapter is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are exempt from taxation by the state or by any municipality, county, special district, or other political subdivision of the state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Supplemental Information

The following overview describes the foundational E9-1-1 system. Denco has transitioned to a Next Generation 9-1-1 (NG9-1-1) platform, and the capabilities described herein represent the baseline upon which the current services are built.

What is E9-1-1?

Enhanced Nine-One-One (E9-1-1) is a single, easy-to-remember number used when reporting emergencies to fire, police and emergency medical service providers. The E9-1-1 system, operational in the Denco Area 9-1-1 District, is designed to automatically route any 9-1-1 call, placed from a telephone instrument (including wireless and Internet) within the District's geographical boundaries, to the proper emergency communication center (ECC) responsible for dispatching emergency services to the caller. (At the current time, there are limitations to both wireless and Internet location technologies.)

Benefits of E9-1-1

The E9-1-1 system has enhanced the ability of emergency service providers to save the lives and property of citizens in the Denco Area 9-1-1 District. Some of the direct benefits of the emergency communication system provided by Denco are the following:

- Only one three-digit number to remember in an emergency situation.
- The 9-1-1 call is routed to the proper agency responsible for dispatching help to the caller.
- Trained telecommunicators answer 9-1-1 calls. (In the Denco Area 9-1-1 District, telecommunicators are trained to provide emergency medical dispatch, thus reducing response time for medical emergencies.)
- Telecommunicators have the equipment and training necessary to communicate with hearing/speech impaired callers using TTY equipment as well as via text messages to 9-1-1.
- The caller's name, address and telephone number, as well as the proper fire, police and emergency medical service designated to respond to the caller's address, is automatically provided to the telecommunicator; thus reducing total response time. In the event the caller is unable to speak, the telecommunicator has the ability

to dispatch help to the caller's location that is provided by the E9-1-1 system.

- All ECCs in the Denco Area 9-1-1 District are part of a common network, allowing each to transfer calls, conference multiple ECCs and/or share information within a closed system.
- ANI/ALI information provides a means to control and reduce prank calls.
- The public education programs associated with E9-1-1 promote citizen awareness and involvement with emergency service providers.
- The E9-1-1 system enhances local government's ability to address the ever growing public expectation of emergency services created by the technology vendors, the media and popular television programming.
- The E9-1-1 system is designed to allow ECCs the ability to directly transfer a caller to another public safety agency or poison control center.
- The E9-1-1 system will identify calls from wireless and Internet phones, advising the telecommunicator to ask proper questions to determine the location of the emergency. Phase I provides the caller's telephone number so that the telecommunicator has the ability to reconnect if the call is terminated. Phase II provides additional location information to telecommunicators. Location information for Internet phones (VoIP) is typically entered by the subscriber through a website.
- The system has the ability to identify telephone companies serving 9-1-1 callers, thus streamlining the process.

Glossary of Terms

9-1-1 (Nine-One-One). A designated easy-to-remember, easy-to-call, three-digit emergency telephone number developed to provide citizens with a reliable, fast and convenient way to access fire, police, or medical service in the event of an emergency.

ANI (Automatic Number Identification). ANI is the feature that provides the caller's telephone number on a console at the ECC.

ALI (Automatic Location Identification). ALI provides the caller's name and address on a computer monitor at the ECC along with the name of the correct police, fire and emergency medical services designated to respond to the caller's location.

Callers should always know their location in the event the ALI information is not available because of limited technology.

Database. The 9-1-1 Database is the information accompanying a 9-1-1 call at the ECC. The information provided is the caller's name, address and telephone number, as well as the emergency service providers designated to respond to the caller's address. The database information is not always available from wireless and VoIP callers.

E9-1-1 (Enhanced 9-1-1). The system that is operational in Denton County providing SR, ANI and ALI (defined herein).

ECC (Emergency Communication Center). Formerly known as a Public Safety Answering Point (PSAP), it is the location of the equipment used to answer 9-1-1 emergency calls.

ESInet (Emergency Services IP Network). An ESInet is a managed IP network that is used for emergency services communications, and which can be shared by all public safety agencies. It provides the IP transport infrastructure upon which independent application platforms and core functional processes can be deployed, including, but not restricted to, those necessary for providing NG9-1-1 services. ESInets may be constructed from a mix of dedicated and shared facilities. ESInets may be interconnected at local, regional, state, federal, national and international levels to form an IP-based inter-network (network of networks).

GIS (Geographic Information Systems). The technology used to develop and display the mapped data used to locate 9-1-1 callers.

i3 or i3 ECC (See also NG9-1-1). NENA's Detailed Functional and Interface Standard for NG9-1-1 (i3), which describes an ECC that is capable of receiving IP-based signaling for delivery of emergency calls and for originating calls and is conformant to NENA specifications for such ECCs.

IWS (Integrated Workstation). The computerized 9-1-1 answering equipment provided by Denco that gives telecommunicators, in addition to the 9-1-1 function, additional tools such as mapping, non-emergency and radio communications integration. Also sometimes referred to as "call-handling" or "call-taking" workstation. Denco has 77 integrated call-taking workstations at its nine (9) ECCs.

NG9-1-1 (Next Generation 9-1-1). NG9-1-1 is an Internet Protocol (IP) based system comprised of managed Emergency Services IP networks (ESInets), functional elements (applications), and databases that replicate traditional E9-1-1 features and functions and provides additional capabilities. NG9-1-1 is designed to provide access to emergency services from all connected communications sources, and provide multimedia data capabilities for ECCs and other emergency service organizations. Denco migrated to NG9-1-1 in April 2014.

<u>Phase I.</u> Wireless Phase I Enhanced 9-1-1 is the Federal Communications Commission (FCC) mandate to the wireless telephone industry and to 9-1-1 requiring the routing of wireless 9-1-1 calls to appropriate ECCs and the provision of the callers' ANI to the telecommunicators.

<u>Phase II.</u> Phase II provides the approximate geographic location of wireless callers, in addition to the FCC's Phase I enhancements.

<u>Public Safety Telecommunicator.</u> The individual answering the 9-1-1 calls; trained to communicate with persons seeking emergency assistance and with agencies and individuals providing such assistance.

<u>SR (Selective Routing).</u> Selective Routing provides automatic routing of 9-1-1 calls, based on the caller's location, to the appropriate ECC. The caller is not required to determine which public safety agency to call. Callers using wireless or VoIP telephones should know their location because the routing technology is not as accurate for these services.